

Licensing Modernization Initiative (DLB/Fuels)

Fall 2024 Consultation

Phil Simeon, Director, Regulatory Policy
Scott Saint, Project Manager



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Purpose

To inform Ontario's municipalities of the:

1. Implementation requirements for TSSA's Licensing Modernization Initiative (LMI)
2. Anticipated fees for licensing

Agenda

1. Introduction to the Licensing Modernization Initiative (LMI)
2. Results of the Spring 2024 consultation
3. Current landscape of Fuels relevant to Municipal Sector:
 - a. Private Fuel Outlets (PFOs)
 - b. Digester, Landfill and Biogas
 - c. Liquid Fuel Distributors & Fuel Oil Distributors
4. Proposed Safety Program for Fuels
5. Proposed Fees for Fuels regulation

Stakeholder Engagement - Objectives & Approach

Objective

- Build awareness amongst affected stakeholders of TSSA's plans from the start of the engagement process through to regulation change

Approach

- TSSA engagement with industry and consumer advisory councils (Fall 2024)
- Sectoral stakeholder outreach online (Fall 2024)
- Review and obtain meaningful feedback from stakeholders on the implementation plans and TSSA industry and consumer advisory councils (Winter 2025, Fall 2025)
- Posting on the Government of Ontario Regulatory Registry (TBD)

TSSA Licensing Modernization Initiative (LMI)

TSSA is proposing annual licensing of specific entities, facilities and activities enabling regular and predictable touchpoints to enhance public safety.

The LMI originates in Auditor-General recommendations that TSSA:

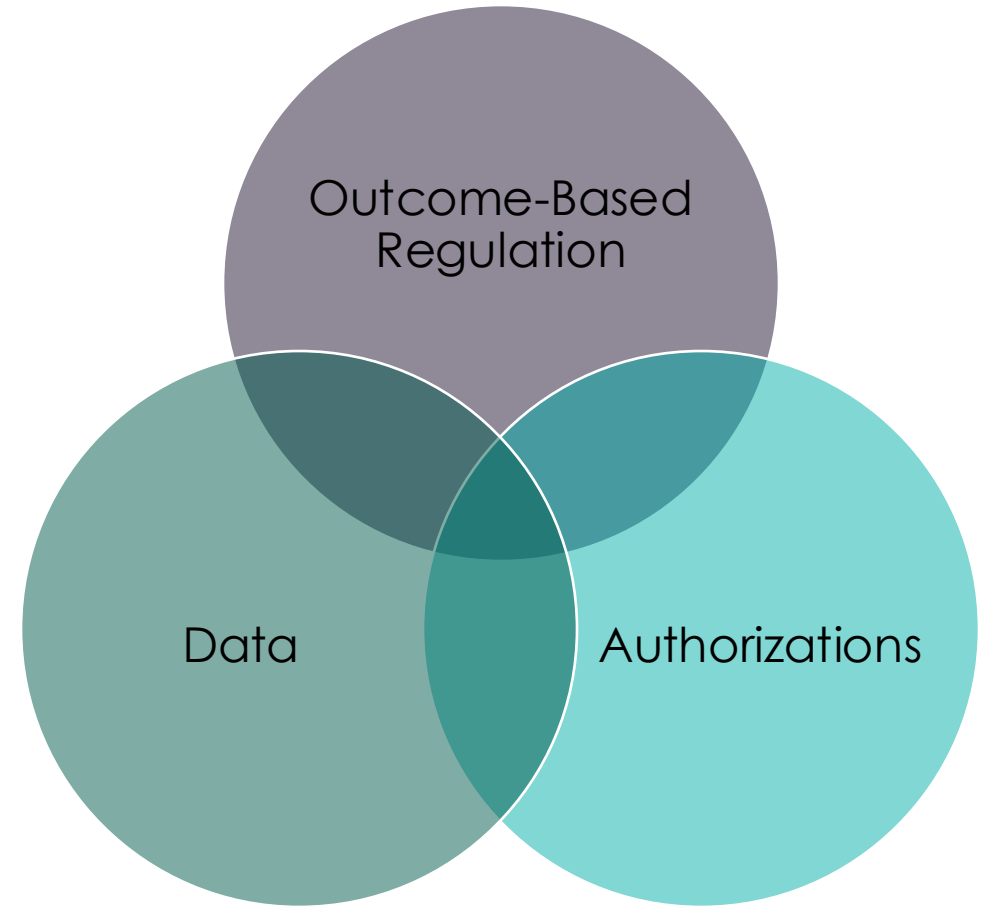
- Clarify perceived gaps in regulatory coverage of certain businesses
- Review conditions for license renewal
- Establish a risk-based periodic inspection program for private fuel outlets (PFOs)

Annual licensing is therefore proposed for:

- Private Fuel Outlets
- Digester, Landfill and Biogas Plants (DLB Plants)
- Plants within the scope of the Operating Engineers (OE) Regulation
- Propane Distributors
- Compressed Gas Distributors (Compressed Natural Gas and Hydrogen)
- Liquid Fuel Distributors
- Fuel Oil Distributors (already addressed by regulation; licensing being implemented)

Why authorizations matter

- An authorization is a TSSA licence, certification, registration, permit, etc. that allows devices, facilities, equipment and businesses to operate and people to work as required by the Technical Standards and Safety Act and regulations
- Authorizations are the cornerstone of TSSA's safety system
 - Establish an initial and on-going relationship with TSSA that facilitates monitoring and inspection activities
 - Gather data to better inform TSSA, supporting risk-informed decision making, which allows for efficient and effective deployment of resources
 - Establish minimum standards for equipment/facility design and individual knowledge and competency
 - Level the playing field among regulated industries
 - Lead to the prohibition of unsafe entities
 - Ensure minimum standards of qualification, i.e. design, competency and knowledge/skill



Summary of Spring 2024 Stakeholder Feedback

SUPPORT:

- Licensing based on evidence
- Risk-based inspection frequency

RECOMMENDATIONS/REQUESTS:

- Regular, consistent TSSA engagement with stakeholders during development and implementation of new licenses
- Provide detailed information on cost, timing, data requirements, and implementation process
- Streamline licensing process as much as possible

CONCERNS:

- Impact on smaller operators with limited resources
- Availability of TSSA resources to implement additional licensing
- Industry seeks balanced licensing requirements relative to risk

Regulation and LMI Implementation

- TSSA currently has no regulatory authority to license certain Fuels-related operations
 - Timing of implementation is dependent on government approvals
- TSSA proposes the following LMI Implementation schedule:
 - **Phase 1**
 - Digester, Landfill and Biogas
 - Propane Distributors
 - Compressed Gas Distributors
 - Plants under the Operating Engineer Regulation
 - Fuel Oil Distributors (licensing being implemented; regulatory authority exists)
 - **Phase 2**
 - Private Fuel Outlets
 - Liquid Fuel Distributors

Current Landscape of LMI-related Fuels Operations

PFOs:

- TSSA currently has no regulatory authority to license PFOs:
 - Prior to 2001, operations were required to register with TSSA
- 2018 Auditor-General review indicated that PFO licensing could potentially enhance protection of water sources from leaking above or underground fuel storage tanks
- North American IJ Scans show no clear regulatory pattern; systems appear to respond to local issues and concerns
- Site owners/operators would be responsible to obtain licensing for PFO sites regardless of whether the tanks on site are leased from a distributor or owned.

DLBs:

- Since 2012, TSSA has provided Engineering Review and Initial Inspection services to the entire DLB sector
 - Over 140 facilities currently registered (in some cases, multiple facilities per site)
- TSSA currently has no regulatory authority to license DLB facilities

Private Fuel Outlet (PFO) Thresholds

Total site storage capacity

Option 1		Option 2 (recommended)		Option 3	
10,000 litres and above		25,000 litres and above		50,000 litres and above	
Pros	Cons	Pros	Cons	Pros	Cons
• Parallels lower limit of current card lock/gas stations • Widest industry capture, • Lowest environmental risk exposure • Highest data collection and safety analysis	• Highest resource requirements • May capture some smaller operators	• Focuses on medium & larger operations • Balanced resource requirements • Mitigates environmental risk • Medium data collection and safety analysis	• Smaller operators outside regulatory scope • Moderate data collection and safety analysis	• Lower resource requirements • Facilitates implementation • Focuses on larger operations	• Medium operators outside regulatory scope • Reduced data collection and safety analysis potential • Lower mitigation of environmental risk exposure

Digester, Landfill and Biogas

Regulatory Comparison to Propane

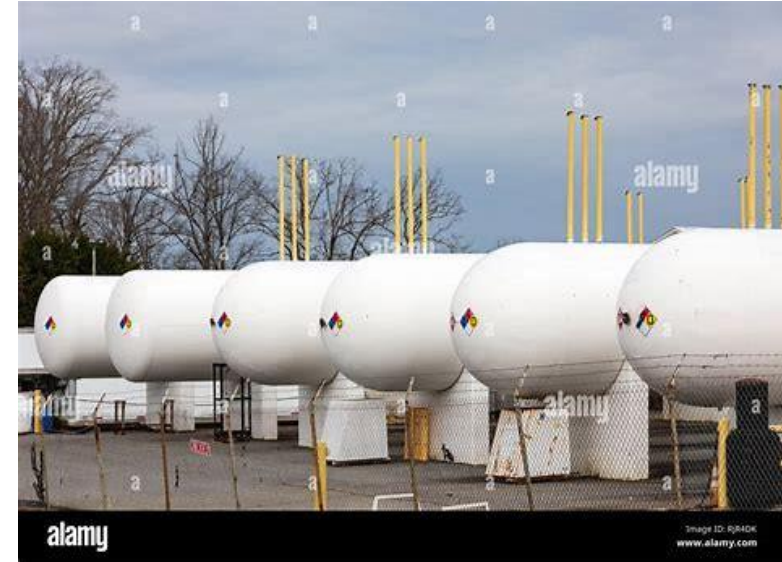


DLB site activity:

- Produce gaseous methane at atmospheric pressure
- Store gaseous methane under pressure

DLB Regulatory Requirements:

- Initial application approval (no regulatory authority)
- Initial inspection only



Propane site activity:

- Store gaseous propane under pressure

Propane Regulatory Requirements:

- Initial licensing
- Annual license renewal
- Periodic inspections

Digester, Landfill and Biofuel

Audit Program

- Starting in April/May 2025 and continuing to licensing implementation, TSSA plans to conduct Audits of DLB facilities
 - Aligns with TSSA's Outcome-Based Regulator approach, prioritizing safety risks through data collected during regulatory activities
- The intent of this program is to:
 - educate biofuels facility owners on meeting expected safety requirements.
 - identify any existing safety gaps and provide compliance guidance
- Focus of the Audit will be one five key responsibilities of facility owners:
 - Supply to a Compliant Site;
 - Employees' Certification and Compliance;
 - Incident Reporting; Identification, Action as Required
 - Reporting of non-compliances (unacceptable conditions); and
 - Compliance to documented Operating and Maintenance Procedures submitted during initial registration.
- TSSA will collaborate closely with industry stakeholders to educate and support them in navigating the safety audit requirements

Fuels Licensing Program

Proposals for Consultation

1. TSSA Licensing Program Support Activity:

- Maintain regular stakeholder contact leading up to implementation
- Provide documentary resources to help operators prepare for licensing

2. Existing Operations – First-time Licensing Process and Fee Payment

- Once licensing starts, clients can enter data into the system regarding key site data (see #5, below)
- Before License is issued, TSSA staff will review applications

Fuels Licensing Program

Proposals for Consultation

3. Existing Operations –Licensing Renewal Process and Fee Payment

- Automatic License issuance, renewal and fee payment through TSSA Client Portal
 - TSSA issues invoice, client checks license information via Portal and pays fee
 - TSSA automatically renews license upon payment
 - Includes one periodic inspection

4. Initial License Process and Fee Payment

- Applies to 'Net-New' applications submitted after implementation date
- Includes engineering review, initial site inspection, one periodic inspection

Fuels Licensing Program

Proposals for Consultation

5. Licensing Data Requirements

- Data to be required in the first-time and renewal applications for existing sites will include:
 - Corporate or Personal Name of Operator
 - Address, Phone and E-mail
 - Location of Site (street address)
 - Total Fuel volume stored on-site in litres

PFO data

- Tank Volume in litres
- Date tank first entered into service
- Type of Tank – aboveground or underground
- Tank Construction – exterior materials, wall structure, liner materials (if any)
- Name and address of Tank Owner (if leased)

Fuels Licensing Program

Proposals for Consultation

6. Audit Inspection Cycle

- 3-year audit inspection cycle while developing data to support an inspection cycle where good actors are inspected less and plants with safety issues are inspected more frequently (timing TBC)

7. Incident based Inspections

- Incident based inspections would be consistent with the current approach

8. Lapsed Authorizations (Licenses)

- Lapsed licenses would be addressed the same as all programs regulated by TSSA

Fuels Operations – Compliance Support

9. Compliance Support

- The program is voluntary and will be offered to high-risk operations to support them with identifying and resolving safety issues

Private Fuel Outlet (PFO) Fees

Proposal for Consultation

- The proposed license fees are:
 - **Initial Application Fee - \$1850** (similar to gas stations and marinas).
 - Only charged for net new applications post implementation date
 - Includes engineering review and initial inspection
 - Existing operations being licensed for the first time under LMI are not subject to this fee
 - **Annual License Fees**
 - Small - **\$650** - From 25,000 to 49,999 litres
 - Medium - **\$850** – From 50,000 to 149,999 Litres
 - Large - **\$950** – 150,000 Litres and above
 - **Services included in Annual License Fee:**
 - License processing and issuance
 - 1 Audit Inspection

Digester, Landfill and Biofuel Fees

Proposal for Consultation

- The proposal to be provided in consultation is:
 - **Initial Application Fee - \$2700**
 - Only charged for net new applications post July 2026
 - Existing operations being licensed for the first time under LMI are not subject to this fee
 - **Annual License Fees**
\$1500 – 1650

Sent via e-mail to: ghighfield@tssa.org
amkhan@tssa.org

February 12, 2024

Gary Highfield, Fuels Safety Engineering Manager
Ammara Khan, Manager, Stakeholder Relations

Technical Standards and Safety Authority
345 Carlingview Dr.
Etobicoke, ON
M9W 6N9

Dear Mr. Highfield and Ms. Khan,

RE: Licensing Modernization Initiative – Digestors, Landfill & Biogas Plants

We are writing on behalf of the Association of Municipalities of Ontario, the Regional Public Works Commissioners of Ontario and the Municipal Waste Association in response to the licensing modernization initiative that is considering annual licensing requirements for anaerobic digestion facilities, landfills with gas capture systems and other biogas plants (including biogas being managed at wastewater treatment facilities).

While municipal governments understand the intent by TSSA, these facilities are already highly regulated, inspected, and typically report annually to the Ministry of the Environment, Conservation and Parks as part of their Environmental Compliance Approvals. As a result, this initiative does appear to be duplicative, and could add unnecessary new costs to municipal facilities.

It would be helpful to better understand the problem that TSSA is attempting to resolve with these facilities particularly related to safety concerns. Is there any data that could be shared to better understand?

We understand this is early in TSSA's process and would be pleased to discuss these concerns with you in more detail. Please feel free to contact us at your earliest convenience.

Thank you



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