



# ENERGY REGULATORY REPORT

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## CANADA ENERGY REGULATOR

***Inuvialuit Energy Security Project Ltd –  
Application for Authorization for Installation and  
Operation of the Energy Centre, File OF-EP-OA-  
1184-1414 03/4257714, C28698-1  
Gas – Facilities***

### Application

Inuvialuit Energy Security Project Ltd. (“IESPL”) applied to the Canadian Energy Regulator (“CER”) for approval of the installation and operation of the Inuvialuit Energy Security Project (“IESP”) Energy Centre (“Application”), pursuant to the *Northwest Territories’ Oil and Gas Operations Act* (“OGOA”). Specifically, IESPL applied for authorization to install modules and plant infrastructure onsite, to commission and operate the gas plant, and to transport compressed natural gas and other fuels by truck to regional users (“Energy Centre Activities”).

### Decision

The CER approved IESPL’s Application and issued the requested authorizations for a twelve-year term, from 7 March 2024 to March 7, 2036, subject to conditions.

### Pertinent Issues

#### *Background*

The IESP is located on Inuvialuit private lands. The Inuvialuit own and administer the surface and subsurface interests in these private lands under the Inuvialuit Final Agreement. IESPL intends for the

IESP to replace the Town of Inuvik’s gas supply from the nearby Ikhil field and the supplies of liquid natural gas and propane that are trucked from southern Canada.

#### *Assessment of the Energy Centre Application*

##### (a) Effect on the Rights of Indigenous Peoples

No one, and notably no Indigenous Peoples or organizations potentially affected by the IESP registered to participate in the hearing. A letter of comment was submitted to the CER from the Hamlet of Tuktoyaktuk and the Tuktoyaktuk Community Corporation, indicating the full support of the Indigenous owners and residents of the lands where the IESP is located. The Crown Consultation Coordinator filed a letter summarizing the consultation steps taken indicating that it would not undertake consultation beyond the CER’s regulatory process in furtherance of the Crown’s duty to consult.

The CER was satisfied that the engagement and consultation was adequate for the purpose of the CER’s decision on the Application and that its decision was consistent with section 35 of the *Constitution Act, 1982*.

The CER found that IESPL appropriately identified and engaged those potentially impacted by the Energy Centre Activities. The CER was also satisfied that sufficient notice was provided of the Application and the CER’s assessment process and

that sufficient opportunity was given to participate in the CER's hearing process. The CER was also satisfied with IESPL's commitment to continue to engage with Indigenous Peoples and organizations to resolve any project-related concerns. The CER imposed a condition requiring IESPL to track and fulfil all commitments it made in its Application and related submissions.

The CER found that the Energy Centre Activities are unlikely to adversely affect the rights of Indigenous Peoples because of the location of the Energy Centre on Inuvialuit private lands, the small scope of the activities involved, and the low potential for negative impacts on the environment and socio-economic factors during and after installation and operation. The CER accepted that the IESP was likely to benefit Indigenous Peoples and organizations in the region.

(b) Environment Matters

The CER considered the Environmental Protection Plan ("EPP") and the included environmental management plans submitted by IESPL and found that IESPL identified and committed to implementing appropriate mitigation and avoidance measures to protect the environment during the installation, commissioning, and operation of the Energy Centre. With the implementation of IESPL's mitigation measures and commitments, including the CER-imposed conditions, the CER found that the environment will be adequately protected during the Energy Centre Activities.

Due to the presence of sensitive wildlife species and their habitat, and IESPL's wildlife noise monitoring commitment in its EPP, the CER imposed a condition requiring IESPL to file either its wildlife-related noise monitoring plan or a detailed rationale for why wildlife noise monitoring is not required, at least 90 days before commencing operation of the Energy Centre. The CER also imposed a condition directing IESPL to file a digital light intensity monitoring procedure at least 90 days before commencing the installation of the Energy Centre's modules and plant infrastructure. Based on IESPL's commitment to conduct air quality modelling of the final engineering design, the CER imposed a condition requiring IESPL to file a summary of its air quality modelling results.

(c) Socio-Economic Matters

The CER found that the Energy Centre Activities will likely result in overall positive social and economic impacts, and that they will have no or negligible negative effects on socio-economic matters.

In reaching its positive impacts of the IESP conclusion, the CER considered the project's capacity to enhance economic development and security in the region through enhanced energy security, local business and employment opportunities, training and capacity building, improvements to local infrastructure, and reduction in local diesel fuel and gas costs.

In reaching its conclusion that the Energy Centre Activities will likely have no or negligible negative socio-economic effects, the CER considered the small scope of the Energy Centre Activities and their location on Inuvialuit private lands, and the low potential for impacts on socio-economic valued components, as well as IESPL's proposed mitigation measures to address any potential negative residual effects of the Energy Centre Activities.

(d) Financial Matters

The CER was satisfied that IESPL submitted sufficient evidence to support the use of a parental guarantee as proof of financial responsibility for the Energy Centre. To ensure the continued and ongoing financial position of the guarantor, the CER imposed a condition requiring IESPL to update the CER if there are any material changes in the financial position of the guarantor or its proof of financial responsibility. IESPL previously provided a parental guarantee for the early site works and well workover authorizations for the IESP. The CER imposed a condition requiring IESPL to submit a final, signed and executed copy of the parental guarantee, which includes reference to the Energy Centre, before starting installation activities.

(e) Engineering Matters

The CER found that IESPL provided a sufficient level of detail to describe the scope of the proposed Energy Centre Activities. The CER noted that IESPL committed to ensuring that the equipment to be used for the Energy Centre will be fit for purpose, as is required by s 15 of the OGOA. The CER noted that IESPL indicated that it continued to advance the engineering design of the Energy Centre. Because it is critical to complete detailed engineering design

before commencing installation activities, the CER imposed a condition regarding the engineering design requiring IESPL to file with the CER a detailed piping and instrumentation diagram at least 60 days before starting Energy Centre installation activities.

To support the safe operation of the Energy Centre, the CER also imposed a condition that requires IESPL to file, at least 60 days before starting operation of the Energy Centre, details on the preventive maintenance system for the Energy Centre to ensure its ongoing integrity. The CER was satisfied that IESPL will follow the applicable regulations, codes, standards, and industry best practices during the installation and operation of the Energy Centre.

(f) Safety and Emergency Matters

The CER found that the safety-related information provided in the Application and related submissions, including commitments to implement recognized industry standards, demonstrated that IESPL had an adequate framework in place to manage the safe installation, commissioning and operation of the Energy Centre. The hazards identified, the evaluation of risks and proposed mitigation measures were logical and appropriate for the Energy Centre Activities. The CER imposed a condition requiring IESPL to file for approval, 14 days before commencing operation of the Energy Centre, a signed confirmation that a pre-start-up safety review was completed.

The CER found that IESPL developed comprehensive emergency response plans to manage emergencies that may occur during the Energy Centre Activities. This included processes to identify, manage and mitigate risks, and the adoption of the Incident Command System. The CER required IESPL to demonstrate that its emergency response documentation was complete before commencing installation and commissioning of the Energy Centre. The CER imposed conditions requiring IESPL to file an updated copy of the IESPL Energy Centre Installations Phase Emergency Response Plan, an updated IESPL Energy Centre Operations Phase Emergency Response Plan and field operating guides that support emergency response, at least 90 days before starting operation.

Emergency response exercises are an integral part of an emergency management program. Accordingly, the CER imposed a condition requiring IESPL to hold a functional or full-scale emergency response exercise to evaluate the effectiveness of the IESPL Energy Centre Operations Phase ERP, associated procedures, including emergency response training, within 12 months of commencing operation of the Energy Centre. IESPL must notify the CER a minimum of 180 days before the exercise and file a copy of the exercise after-action report with the CER within 45 days of completing the exercise. The CER included a notification timeline of 180 days to assist in planning CER participation. To ensure that the CER has a current copy on file of the Energy Centre ERP during IESPL operations, and considering that the IESPL is intended to operate for several decades, the CER imposed a condition requiring IESPL to file with the CER, on an annual basis until the end of operation of the Energy Centre, an updated electronic copy of the ERP or written confirmation from a responsible officer of IESPL that there have been no changes from the previous year.