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September 16, 2020

VIA EMAIL

DAVE DEFOORT
HUSKY OIL OPERATIONS LIMITED
707 8TH AVE S W PO BOX 6525 STATION D
CALGARY AB
T2P 3G7

Email: david.defoort@huskyenergy.com

File: SR 2903468, 2903470, 2903478, 2903480, 2903482, 2903488, 2903492, 2903496, 2903500, 2903504, 2903570, 2903590, 2903596, 2903602, 2905560, 2903606, 2903608, 2903610, 2903614, 2903604, 2903620, 2903544, 2903554, 2903564, 2903574, 2903632, 2903648, 2903652, 2905188, 2905194, 2905200, 2903616, 2903472, 2903510, 2903622, 2903512, 2903532, 2905124, 2905136, 2905154, 2905158, 2905162, 2905180, 2905202

Dear Mr. Defoort,

Re: Application for a Variance from Clause 5.5.1 of the Liquid Fuels Handling Code, Technical Standards & Safety Act R.S.O. 2000 for 44 Husky Sites in Ontario

Husky has requested permission to upgrade the electronic line leak detection (ELLD) at its 84 sites over three years and to complete the work by 2023 instead of by October 2021. Forty sites will have the ELLD upgrade completed by the deadline in 2021. Of the remaining 44 sites, 32 will be upgraded in 2022 and 12 in 2023. The variances are for the sites that will be upgraded in 2022 and 2023.

Husky has indicated that due to the pandemic, the sale of their facilities has been halted and they have incurred a huge financial loss in the first quarter of 2020. By delaying some of the ELLD upgrades to 2022 and 2023, Husky can reduce their spending.

To provide equivalent safety until the 44 sites are upgraded, Husky will ask all petroleum contractors working on Husky sites to visually inspect all tank and dispenser sumps while performing service calls.

Husky will also ensure the following:

- annual petroleum mechanic inspections on all sites;
- meter calibration as required by Weights and Measures Canada;
- daily fuel inventory control (FIC) of all fuel inventory with monthly reviews that must be signed off by district managers and operations managers;
 - Husky has an FIC protocol that requires its site operators to report fuel losses that occur for five consecutive days or 18 days in one month; management also reviews the data if it shows a monthly variance of 0.5 per cent.
 - FIC is a combination of manual dipping to measure the levels of fuel in the storage tanks and electronic tank gauging using a Veeder Root or similar monitoring system.
- all Veeder Root alarms will be attended to as a "P1" emergencies, which means that Husky will respond to alarms within two hours; and
- all sites with a submersible system have both a Veeder Root (or an equivalent monitoring system) and mechanical line leak detection.

Your variance application dated August 5, 2020, has been approved.

Please be advised that this variance will not take effect until 15 days from the date of posting the decision on the environmental registry. This decision of the Director is subject to a right of appeal, under the Environmental Bill of Rights, if such an appeal is filed within 15 days from date of posting. In the event an appeal is filed, this decision of the director may be subsequently stayed, disallowed or significantly altered. Notice of an appeal will be placed on the Environmental Bill of Rights registry.

This variance is allowed under the authority of subsection 36.(3)(c) of the *Technical Standards and Safety Act, 2000*, (the "Act") and subject to such conditions as may be specified herein, being that:

- If Husky sells a site that has not been upgraded with ELLD, Husky must inform the prospective new owners about the conditions of this variance;
- Non-conformity with the conditions specified shall thereby cause the allowed variance to become null and void;
- The applicant accepts full responsibility for any and all damages resulting from the use of the thing to which the variance applies. The applicant further accepts full responsibility for any impacts to the health and safety of any person in consequence of the allowance of the variance or of non-conformity with the conditions specified. The Technical Standards and Safety Authority accepts no responsibility for any such damages or impacts;
- In the event of any claims against the Technical Standards and Safety Authority arising from allowance of the variance or non-conformity with the conditions specified, the applicant agrees to indemnify the Technical Standards and Safety Authority and agrees to hold it harmless from such claims and attendant costs;
- The variance process is subject to public access under the TSSA Access and Privacy Code (available upon request). The fact that a variance has been granted and information about any public conditions, such as a requirement to post a sign, may be released on request. Subject to law and the TSSA Access and Privacy Code, proprietary information will not be subject to release;
- The applicant shall pay the fee associated with the review of the variance; and
- A copy of the variance letter shall always be kept readily available and permanently legible in the vicinity of the appliance/equipment.

This variance only relates to the Act and regulations made thereunder and does not exempt you from compliance with other applicable regulatory requirements. The installation will be subject to an inspection to ensure compliance with the terms of the variance. Please contact the appropriate inspector to arrange for the inspection (see attached list).

Should you have any questions or require further assistance, please contact Ann-Marie Barker at 416.734.3354 or by e-mail at abarker@tssa.org. When contacting TSSA regarding this file, please refer to the Service Request number provided above.

Yours truly,



John R. Marshall
Director, Fuels Safety Program

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Attachment 1 – Excel Spreadsheet – 44 Husky sites