



Administrative Penalty Director's Decision

Responsible Party Name: Suncor Energy Inc.

File: INV# 2013-040

Legislative Authority: Section 237 of the *Environmental Protection and Enhancement Act*.

	Number of Counts Identified	Base Assessment Amount	Factor Variance(s)
	3 Counts	\$12,500.000	\$3,000.00
			- \$500
			- \$500
Total:	3 Counts		\$14,500.00

Director's Decision Summary

On February 24, 2015, I, Martin Paetz, Director of Enforcement and Surveillance for the Alberta Energy Regulator (AER) contacted by telephone Ms. Sheila Chernys, Director, Oil Sands, Environment & Industrial Hygiene of Suncor Energy Inc. (Suncor) to review the *Preliminary Administrative Penalty Assessment* regarding the following contraventions of the Approval number 94-02-00 (Approval):

1. On March 25, 2013, Suncor released approximately 344 cubic metres of process effluent water from their Industrial Wastewater and Runoff Control System - Pond C Duckpond into the Athabasca River, in an unauthorized manner. This release is in contravention of condition 4.2.1 of Approval. In section 4.2.19, the Approval requires that Suncor must monitor any releases of industrial wastewater in a manner and at a frequency established in the Approval. This requirement was not complied with by Suncor and it is an offence under section 227(e) of the *Environmental Protection and Enhancement Act (EPEA)*.
2. On March 25, 2013, Suncor failed to manage its industrial wastewater as described in its Application Renewal of the Approval (Application) allowing effluent to flow directly into the Pond C Duckpond without receiving any treatment by Suncor's industrial wastewater and runoff control system. This release is a contravention of condition 4.2.2 of Approval 94-02-00 and it is an offence under section 227(e) of *EPEA*.
3. On March 25, 2013, Suncor failed to immediately report a contravention of the Approval 94-02-00, when detecting a leak at approximately 04:00hrs, and failed to report it until approximately 10 hours after the release was detected. The failure to immediately report is a contravention of condition 2.1.1 of Approval and it is an offence under section 227(e) of *EPEA*.

In the referred telephone conversation, Suncor requested a *Due Process meeting* to review the *Preliminary Administrative Penalty Assessment* for the referred three contraventions. The *Preliminary Administrative Penalty Assessment* recommended three counts under section 227(e) of *EPEA* and a preliminary administrative penalty amount of \$15,500.00.

Discussion

I have considered all the information collected in the investigation and the verbal submissions made by Suncor during the *Due Process meeting* on March 13, 2015, and offer the following comments:

1. Suncor identified several key factors that led to the release of Process Effluent Water #2 (PEW) to the Athabasca River, including the determination that site personnel incorrectly believed the area in the vicinity of the spill was constructed to direct leakage to a containment pond identified as "Pond C".
2. Suncor personnel incorrectly believed that the ongoing industrial wastewater release would be contained by berms, ditches or ponds in the vicinity, but the release flowed directly into Pond C Duckpond and it was not contained, or treated in a manner consistent with the methodology described in Suncor's operating approval.
3. Suncor acknowledged that operational staff failed to realize the significance of the PEW reaching the Pond C Duckpond. If Suncor personnel had understood this significance, this incident may have been reported in a timely manner.
4. Suncor acknowledged that its operations team also failed to understand the significance of the March 25, 2013, release of PEW entering the Pond C Duckpond. The significance of the PEW effluent entering the Pond C Duckpond was that the volume of effluent exceeded the pond capacity and consequently flowed into an adjoining underground pipeline that transferred this industrial effluent directly to the Athabasca River. The Pond C Duckpond, unlike the Pond C, is not designed as a containment structure.
5. Suncor acknowledged that the root-cause of the failure of the unheated vent pipe was due to the fact that the vent pipe was not documented and managed within Suncor's "Management of Change" process.
6. Suncor acknowledged that operations team failed to realize that the PEW was flowing into the Pond C Duckpond.
7. Suncor indicated that through its internal investigation, it was concluded that the PEW level rose in the Pond C outfall pond until it flowed over the weir to the river.

Final Decision

I have fully considered all of the information collected in the investigation and verbal submission presented to me by Suncor in the March 13, 2015 meeting. With respect to the counts as identified above, I am of the opinion that the contraventions described did occur and are supported by the evidence to demonstrate the contraventions. In my opinion, Suncor did not exercise due diligence in respect of the contraventions to afford a defence to them. In my view, these were all avoidable contraventions.

For the calculation of the penalty, I am of the view that the base penalty for all Counts was correctly assessed and they will remain at \$12,500.00.

Regarding the adjustment factors, and based on the information submitted; I have determined that the Preliminary Administrative Penalty Assessment should be adjusted and result in a reduction in the final amount. The assessment is further adjusted based on the following factors:

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| (c) | Minus \$500.00 | Following the March 2013 incident, Suncor installed a steel barrier at the exit of the Pond C Duckpond, effectively eliminating any opportunity of a release from this previous discharge location. |
| (d) | Minus \$500.00 | In statements, Suncor indicated that operational personnel been instructed in the management of any industrial waste releases on the Suncor site. |

All other factors are to remain the same. The application of the factors to the base penalty results in the following penalty:

Total final assessment: \$14,500.00

Date: March 19, 2015

<original signed by>

Martin Paetz
Director, Enforcement & Surveillance – Mining
Alberta Energy Regulator