

On the Regulatory Front: 2010 Regulatory Activity

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The 2010 propane regulatory activity impacting the propane industry is continuing at the same hectic pace it did in 2009. This is the first article for 2010 that provides a summary of some of the regulatory activity in which the Propane Gas Association of Canada (PGAC) is currently involved.

TRANSPORTATION OF DANGEROUS GOODS

The Canadian Standards Association (CSA) Technical Committee responsible for the development and maintenance of the CSA standard B620 Highway Tanks and Portable Tanks for the Transportation of Dangerous Goods will meet twice during 2010, January and June.

Transport Canada has a requirement to identify and determine the benefits and costs of selected measures to reduce the risk of fire-induced rupture of highway tank trucks and tank trailers used to transport liquefied petroleum gases such as propane.

One of the key agenda items for the propane industry discussed at the January 2010 meeting was an update provided by Transport Canada on the research it is currently conducting on the topic of installation of thermal insulation on propane bulk truck and cargo liner tanks.

The driving force behind this issue was the destruction of two propane cargo liner tanks at the Toronto Incident in August 2008. The Ontario Minister of Small Business and Consumer Services (MSBCS) at the time asked Transport Canada to look at the benefits of installing thermal insulation on propane bulk trucks and cargo liners.

Transport Canada recently commissioned a study to look at two items, including: (a) the benefits of applying thermal insulation on bulk truck and cargo liner tanks similar to the thermal protection currently used on railcars carrying liquefied petroleum gas; and (b) the flow capacity of pressure relief valves installed in bulk truck and cargo liner tanks.

At the January meeting Transport Canada noted that one promising product is a paint that contains an insulating additive that improves the thermal resistance of the surface to which it is applied. Insulating paint would not only protect the tank from corrosion and heat but would also permit current industry practices to continue for conducting the annual and five-year regulated inspections and leak tests of tanks.

The PGAC continues to monitor this project closely, given the significant potential implications to the propane industry associated with a change in thermal tank installation requirements.

MEASUREMENT CANADA

To improve the compliance rate in the area of retail cylinder refills, two amendments to Bulletin C-03 Filling of Liquefied Petroleum Gas Cylinders are being considered by Measurement Canada. One proposal is that the "Weigh In/Weigh Out" method be the only acceptable method permitted for the filing of portable propane cylinders at retail sites. The second proposal under consideration would require receipts to be issued by the retailer to consumers indicating the actual volume of propane sold.

There are three filling methods currently allowed by Measurement Canada in the sale of propane for portable cylinders:

1. Weigh In/Weigh Out

At transfer facilities where the customer's cylinder is refilled, propane must be sold by the "weigh in/weigh out method" method, with the net weight of the propane sold stated to the customer. Retailers must use approved and inspected scales to determine the net weight of propane delivered. The net weight is determined by subtracting the before-filling weight from the after-filling weight.

2. Volume Filling

Propane cylinders equipped with "fixed liquid level gauges" can be filled by volume, with the volume of the propane stated to the customer. Retailers must use approved and inspected meters to determine the volume of propane delivered. Scales and meters must be suitable for their intended application and must be adequately protected from adverse climatic conditions.

3. Cylinder Exchange

Pre-filled propane cylinders can be exchanged for empty cylinders. Cylinders must be marked with the net weight of propane contained within the cylinder.

Prior to 1999 propane was commonly sold at a fixed price for filling a cylinder to 42% of its stamped water capacity. This method has not been acceptable since January 1, 2000.

The rationale for banning this method of refilling portable cylinders was that the regulated installation of Overfill Prevention Devices in portable propane cylinders with a propane capacity of 40 lbs or less can prevent cylinders from being filled to 42 % of their stamped water capacity.

The prohibition against the use of the "fill" method of selling propane was due to the measurement problem, not the fixed price being

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charged. Retailers may, if they wish, still sell propane at a fixed price as long as the quantity of propane delivered is stated to the customer.

An industry working group under the leadership of the Propane Gas Association of Canada is now engaged in discussions with Measurement Canada on these new proposals. It is likely that the consultations will conclude in February and any changes announced shortly thereafter.

Also being discussed with Measurement Canada is the topic of compliance and what steps need to be taken by industry and the regulators to maximize overall compliance rates associated with cylinder filling activity.

ENVIRONMENT CANADA

In meetings between PGAC and Environment Canada officials at the June 2, 2009 Propane Government Day in Ottawa, Environment Canada was supportive of the industry's request to establish a mechanism for ongoing dialogue between the two parties on issues of mutual interest. The PGAC drafted preliminary Terms of Reference for such a working group, which are now under consideration by Environment Canada.

ONTARIO RISK & SAFETY MANAGEMENT PLANS

We are continuing to monitor the ongoing activities with respect to minimum insurance requirements for transfer facilities, fire service approval for fire safety, fire protection, and emergency preparedness and implementation time frames.

The Ontario government is currently considering the implementation of mandatory insurance. The three changes include: (a) \$2 million for private fuel outlets, retail outlets, cardlock/keylock facilities and container refill facilities; (b) \$10 million for filling plants; and (c) \$10 million for tank trucks and cargo liners.

Another item on the regulatory front in Ontario involves the Ministry continuing to review how to address the requirement for fire service approvals as part of the Risk and Safety Management Plan (RSMP) approval process.

At the time of writing this article, existing transfer facilities will have to meet the 2011 licence renewal deadline for submission and approval of the RSMP for the facility. As of 2010, new facilities and modifications to an existing facility now require the submission of an RSMP to the Technical Standards and Safety Authority (TSSA) when applying for the new facility license or modification to the existing facility.

B149.2 PROPANE STORAGE & HANDLING CODE

The new B149.2 Propane Storage and Handling Technical Committee met for the first time on November 24, 2009 at Canadian Standards Association offices in Mississauga, Ontario.

The first meeting focused on the terms of reference for the new Technical Committee and the scope of the Code with which it will concern itself. The following Committee Terms of Reference and Code scope are under consideration:

Terms of Reference

The Committee shall be responsible for developing and maintaining the code for propane storage and handling, including but not limited to:

- (a) the storage, handling and transfer of propane;
- (b) the installation of containers and equipment utilized in the storage, handling and transfer of propane;
- (c) operation and maintenance of propane facilities, containers and equipment utilized in the storage, handling and transfer of propane;
- (d) risk and safety management measures to mitigate the consequences of unintended release of propane associated with the storage, handling and transfer of propane.

The scope of the Committee does not include:

- (a) the transportation of propane as adopted in the Government of Canada Transportation of Dangerous Goods Regulations or Provincial Transportation of Dangerous Goods Regulations, as amended from time to time;
- (b) the utilization of propane; or
- (c) the installation of propane fuel tanks and systems on vehicles.

A recent industry review of the Terms of Reference questioned the Technical Committee's ability to address operational aspects of the transportation of propane within the Code. The scope as written does not include the transportation of propane as adopted in the Government of Canada, Transportation of Dangerous Goods Regulations or Provincial Transportation of Dangerous Goods Regulations. This issue in particular was discussed further at the January meeting of the Committee in late January, 2010. The results of that meeting were not available at the time of writing.

Scope of the Code

This Code applies to:

- (a) the storage, handling and transfer of propane;
- (b) the installation, operation and maintenance of containers and equipment to be used for propane at customer locations, in distribution locations and filling plants.

This Code does not apply to:

- (a) transportation of propane, manufacture selection and use of standardized means of containment under the TDG Act and Regulations;
- (b) marine or pipeline terminals;
- (c) gas where used as a feedstock in petroleum refineries or chemical plants;
- (d) utility pipeline distribution and transmission pipelines;
- (e) refrigerated storage or underground reservoirs for propane;
- (f) propane used on boats;
- (g) propane used as a propellant in aerosol containers;
- (h) butane fuel cylinders of 5.3 oz (150 g) capacity or less;
- (i) any equipment downstream of the second stage regulator; and
- (j) the installation of propane fuel tanks and systems on vehicles.

I will continue to keep you updated on these and other developing regulatory matters. 📧