



**CEO Scott Tessier - Strengthening Innovation in Offshore Regulatory Oversight**  
**June 3, 2026**

Thank you for the opportunity to speak with you this afternoon. It's nice to see some familiar colleagues and meet some new ones.

Regulators today have a critical role in fostering innovation, but innovation can feel daunting for us.

Regulators are typically cautious and conservative by nature and in our cultures. Canadian regulators are probably even more so!

We at the C-NLOER are no exception.

For most of our 40 year existence, we have heard all the time about the importance of certainty, consistency, stability, standards and predictability, which have traditionally stood as valued components of any effective regulatory regime.

Plus, the prospect of occasional failures — which are common and somewhat accepted in entrepreneurship and in private-sector innovation — can be deeply uncomfortable for regulators.

In the energy sector, and certainly in Newfoundland and Labrador, we know all too well the worst case scenarios when things go wrong with offshore safety.

The Ocean Ranger and two helicopter tragedies are engrained on our psyche in Newfoundland and Labrador.

Those sorts of outcomes are unacceptable. They also come with a loss in public confidence in both the regulator and the industry.

With that in mind, if an operator proposes an innovation in the Canada-Newfoundland and Labrador Offshore Area, our initial response has traditionally been, "Has it already been done safely and successfully elsewhere?"

If the answer to that is "no", the conversation usually ended...or at least became very prolonged and sometimes animated.

And even if the answer is "yes", we typically followed with "that's great, but our offshore environment is much harsher than that one."

Legitimate and true, but not always very "fostering" of innovation.

We have collectively matured with experience and lessons learned as a basin, and we see better alignment today with those we regulate and stakeholders about the opportunities, the risks and the management of change that effective innovation requires.

Another commonly-cited impediment to innovation over the years has been our overly prescriptive regulations, which were very difficult to amend and modernize, a process that has proven to be slow-moving to say the least.

The Frontier Offshore Regulatory Renewal Initiative, or FORRI, took many years of hard work by many people, across successive governments of multiple stripes, to get done.

But we have finally welcomed new, more performance-based regulations that are in force today.

This is enabling performance-based regulating -- and innovation.

Which is good because we know that the urgency of the moment today requires a more innovative approach in our regulatory oversight.

We know that the solutions of the past won't always work.

And we know that irrational consistency is to be avoided.

In today's fast-moving, disruptive landscape, regulators must be adaptable like never before, in order to keep pace with those we regulate and the rapidly evolving public interest.

Few, if any, regulatory regimes in any sector, anywhere in the world were designed for the advances that have already come and will continue with artificial intelligence.

Regulators are playing catching up -- I'd suggest in every sector.

Nevertheless, we are seeing AI's real-time, transformative impacts on diagnostics and outcomes in literal, life-and-death applications in healthcare.

If AI can be safely and securely applied there and in other critical sectors such as finance, there's no reason that it should not be pursued and embraced across the energy sector - - provided it is done carefully, with the risks being well-understood and addressed.

With this in mind, it is noteworthy that AI risk was the stated, central focus last year for Havtil.

According to Havtil's previous Director General, Anne Mhyrvold, "An exaggerated reliance on AI may undermine people's vigilance and lead to poorer decision making. It may also increase vulnerability to cyberattacks."

When Norway talks about offshore safety, the world listens.

So, while we know that AI's advantages are promising in learning, hazard and risk assessment, condition monitoring and maintenance, and decision-making— we also know we must minimize its downsides.

This requires human oversight -- the "automation paradox."

Five years ago, the C-NLOPB's views on digitalization centred solely on concerns about cybersecurity, training and competency, local content, standards and data management.

These issues persist, and cybersecurity concerns surrounding critical energy infrastructure have only grown exponentially in the time since.

But we've embraced the benefits of digitalization as being fundamental to our commitment to innovation.

So we are moving forward with digital initiatives and new regulatory tools, while staying true to our mandate of ensuring risks are minimized to levels that are as low as reasonably practicable.

We are modernizing our own software infrastructure, implementing new incident reporting and data management systems, and exploring opportunities where we might be able to securely and safely use AI in our regulatory oversight.

Collaboration with Canadian and international regulators, including our colleagues at Havtil, is helping us to learn and innovate together.

Last October, we hosted the International Regulators Forum (IRF) Safety Conference, where innovation was a central theme.

Digitalization has been a focus of the IRF for several years.

Shared digital platforms enable collaboration with those we regulate.

Collaboration enables transparency, efficiency and better outcomes.

However, historically "collaboration" with the industry has been a contentious notion for us.

Partnering with the industry is sometimes misconstrued as a slippery slope to "regulatory capture", and a captured regulator can neither serve the public interest nor retain public confidence.

However, the pace and complexity of innovation today necessitate an appropriate measure of collaboration.

Six years ago, during the COVID-19 pandemic, collaboration was necessary among regulators, operators, governments and others.

It allowed us to openly share experiences and resources, and learn from one another in real time.

This transparent dialogue and problem solving were critical as we collectively navigated through the pandemic, without precedent and absent detailed guidance.

It took trust and honesty for us to get through it.

Now, we need similar, safe spaces where the regulator can learn directly from the industry's innovators to better understand the opportunities and risks of emerging technologies.

This will allow us to assess risks and mitigations objectively, while maintaining our non-negotiables in safety, environmental protection, resource management, and local benefits.

To that end, we have led the establishment of local offshore energy Collaborative Working Groups.

These enable industry subject-matter experts to directly address our questions and concerns while collaboratively developing new approaches.

Initial pilot projects are focused on quick, mutually beneficial wins, to further build a culture of transparency and trust.

One group is focused on innovation through digitalization, with a special emphasis on AI.

The other deals with regulatory instruments, with a focus on efficiency and innovation-enabling regulatory guidance.

We are engaging with operators and participants from Newfoundland and Labrador's digital innovation ecosystem in these collaborative spaces.

We recognize that knowledge development and upskilling are also going to be required for regulatory staff.

Collaboration with industry and innovators is providing valuable knowledge as we develop targeted training initiatives for our employees.

We know that timely approvals and authorizations for new technologies are crucial if their true benefits are to be seized.

Innovation delayed means operational improvements and competitiveness lost.

I look forward to the remainder of this session and our discussions this afternoon.

Thank you again for inviting me.