Alberta's New Energy Regulator: Life-cycle Regulatory Oversight

Kirk Bailey, Executive VP, Operations

October 16, 2013

www.aer.ca

Alberta's Regulatory History

⟩ Government of Alberta created first regulator 75 years ago

⟩ Mandate has expanded over the decades

⟩ Alberta Energy Regulator: new organization, new mandate

Alberta Energy Regulator

AER Mandate

〉 *The Alberta Energy Regulator ensures the safe, efficient, orderly, and environmentally responsible development of hydrocarbon resources over their entire life cycle. This includes allocating and conserving water resources, managing public lands, and protecting the environment while providing economic benefits for all Albertans.*

What We Regulate

- Over 185 000 wells and 405 000 km of pipelines

- 775 gas processing plants

- Nine oil sands mines, more than 50 thermal in situ and 200 primary/enhanced schemes

- Five bitumen upgraders

- Ten coal mines and four processing plants

Alberta Energy Regulator

Regulatory Enhancement Project

》 Regulatory Enhancement Project (REP)

》 Effective and efficient energy regulation

》 Six components

- 》 Policy Management Office
- 》 Better public engagement
- 》 Respond to landowner concerns
- 》 Performance measures and system improvement
- 》 Common approach to risk management
- 》 Single regulator

Alberta Energy Regulator

5

Responsible Energy Development Act

> Responsible Energy Development Act (REDA) passed December 2012

> REDA creates an arms-length regulator – Alberta Energy Regulator

Policy Management Office

⟩ Interface between AER and GoA

⟩ Ensures integration of policies, outcomes and actions

⟩ Framework for policy development, assurance

⟩ Assess risk, manage approach for policy development and assurance

Alberta Energy Regulator

A Phased Approach

⟩ Phased implementation ensures operational certainty during transition

  ⟩ Phase 1 – Launch, new governance model, new public information

  ⟩ Phase 2 – Geophysical, Public Lands Act, Landowner Registry, enhanced participation

  ⟩ Phase 3 – Water Act, EPEA functions, full integration into AER

Alberta Energy Regulator

8

New Regulator, New Approach

⟩ Regulatory certainty

⟩ Process efficiency

⟩ Part of integrated system

⟩ Environmental performance

⟩ Full life-cycle regulation

⟩ Social license

⟩ Committed to transparency

Alberta Energy Regulator

Technology & Innovation

〉 Committed to working with innovators

〉 Chief Operations Engineer, Doug.Boyler@aer.ca

〉 Due diligence

〉 AER does not prescribe to one product or process over another

〉 Confidentiality vs. Public Interest

Alberta Energy Regulator

Benefits for All Stakeholders

〉 Industry

> 〉 Greater regulatory certainty
>
> 〉 Overall more efficient
>
> 〉 Less duplication of process

〉 Landowners

> 〉 Expanded notification process
>
> 〉 New Private Surface Agreements Registry

Alberta Energy Regulator

Benefits for All Stakeholders

Continued

⟩ First Nations

   ⟩ Easier access to regulator's processes

   ⟩ Increased education and awareness

   ⟩ Greater clarity of regulatory functions

⟩ Government of Alberta

   ⟩ Improved alignment of policy to policy assurance (regulation)

⟩ All

   ⟩ Improved efficiency through full life-cycle regulation by one organization

Alberta Energy Regulator

The AER: Regulatory Strength

〉 Committed

〉 Transparent

〉 Accountable

〉 Best in class

Alberta
Energy
Regulator