



ALBERTA
ENVIRONMENT AND PARKS

*Office of the Minister
Minister Responsible for the Climate Change Office
MLA, Lethbridge-West*

October 10, 2018

Shauna Feth, Chair
Ken Kobly, President and Chief Executive Officer
Alberta Chambers of Commerce
1808, 10025 - 102A Avenue
Edmonton AB T5J 2Z2

Dear Shauna Feth and Ken Kobly:

Thank you for your letter regarding the Alberta Chambers of Commerce's 80th Annual General Meeting and Policy Session, and two of the subsequent resolutions: "Water for Sustainability" and "Balance the Need to Reduce Methane Emission While Protecting Jobs and Investment." I welcome the opportunity to provide the following information.

The Government of Alberta recognizes the critical importance of clean, abundant water supplies in promoting human health, sustainable ecosystems, and a prosperous economy. Our current water policy initiatives are designed to protect Alberta's environment, support continued growth and economic opportunity, and provide clear guidelines for the efficient use of water.

Given the potential impact of water-related initiatives pursued by our government, it is our practice to ensure meaningful engagement with affected parties, including relevant sectors within Alberta's business community. This also involves our ongoing support for initiatives such as the Alberta Water Council, a multi-stakeholder partnership that enables Alberta's major water using sectors to voluntarily develop, implement, and report on water conservation, efficiency, and productivity plans. For further information, please contact Joey Hurley, Water Policy Advisor, in our Edmonton office, at 780-638-3855, or at joey.hurley@gov.ab.ca.

Our government and the Alberta Energy Regulator have been working closely with stakeholders, including oil and gas companies, to develop cost effective and credible methane reduction regulations that protect jobs and investment. Our made-in-Alberta plan is designed to meet targets through flexible methane reduction actions. For example, the proposed regulations place stronger requirements on methane reductions from devices and processes that are known to be most cost effective (for example, those related to pneumatic devices and more stringent requirements for facilities in the planning and design phases). The proposed methane regulations also provide flexibility to heavy oil operators to help meet targets using a "fleet average" approach. Under this approach, operators can make the most cost-effective reductions across a number of regulated sites in order to meet the target.

Our government currently provides all oil and gas operators the opportunity to financially benefit from emissions reductions through the Carbon Offset System in advance of forthcoming regulatory requirements. Alberta's carbon offsets reward facilities for early actions to reduce methane emissions, such as conversion of equipment to highly efficient options, conservation of certain types of methane gas released in oil and gas processes, management of engine fuels, and capture of vent gases.

Energy Efficiency Alberta programming also assists operators in complying with methane reduction requirements. Currently, we are developing training and information sessions to help operators comply with the requirements and benefit from financially based programs for early action. Lastly, it is important to acknowledge that the use of natural gas produced and consumed on-site by conventional oil and gas producers has been exempted from the carbon levy until January 1, 2023, while the sector works to reduce methane emissions.

The cumulative effects of Alberta's policy and programming approaches outlined above ensure that there is a high level of flexibility and support for oil and gas operators to ensure their compliance with Alberta's methane reduction requirements. For further information on Alberta's methane reduction approach, please contact Heather Carmichael, Director of Emissions Policy, in our Edmonton office, at 780-644-3022, or at heather.carmichael@gov.ab.ca.

Thank you again for your letter on behalf of your membership. Our government recognizes the importance of input from the business community as we work to advance our province's environmental objectives.

Sincerely,

A handwritten signature in black ink that reads "Phillips". The signature is written in a cursive, flowing style.

Shannon Phillips
Minister

cc: Bev Yee, Deputy Minister
Heather Carmichael, Alberta Climate Change Office
Joey Hurley, Environment and Parks
Mary Metz, Environment and Parks