



ALBERTA
ENERGY

*Office of the Minister
MLA, Dunvegan-Central Peace-Notley*

AR29481

December 22, 2017

Ms. Angela Minish
President
Lloydminster Chamber of Commerce
4419 – 42 Avenue
Lloydminster AB T9V 0Y8

Dear Ms. Minish:

Thank you for your recent letter to Honourable Shannon Phillips, Minister of Environment and Parks, and me, regarding Alberta's commitment to reduce methane emissions from our oil and gas sector by 45 percent by 2025. I also received your December 5, 2017, letter requesting Lloydminster be considered as a location for the methane community stakeholder meetings. As Minister of Energy, I am pleased to respond on behalf of the Government of Alberta.

I appreciate your concerns about how methane emissions reductions strategies will impact the oil and gas sector. Our government has started discussions with the federal government about meeting desired methane emission reductions in a way that addresses Alberta's unique operating conditions. Given that the federal government has made clear its intention to regulate methane emissions to meet a 45 per cent reduction, we in Alberta must work together to ensure that we can meet our commitment with regulations held and administered in Alberta, and not federally by the Government of Canada.

Ensuring this control within our province requires that we advance a credible approach to meeting our commitment. If we cannot demonstrate an approach that meets the same reductions, then the federal regulations will apply. We cannot have the Alberta lead threatened by proposing a suite of regulatory actions that fails to meet commitments, resulting in imposition of regulations from Ottawa. I hope that you support our effort to make regulations that work for Alberta.

In fact, our effort to ensure that the approach to methane reductions can work for our industry has already paid dividends. The federal government proposed applying methane emission reduction rules as early as 2018 and 2020. We heard from industry that this would create an undue burden for operations in Alberta, which could be mitigated significantly with just a couple of extra years to prepare for implementation. We worked constructively to change the federal approach, to avoid the hardship of moving too quickly, pushing back the requirements.

.../2

Our government appreciates the efforts that industry has already undertaken to reduce methane emissions. Our upstream oil and gas industry is an important part of the socio-economic fabric of Alberta, and we recognize the need to get this right. As you may be aware, in recognition of industry's efforts to reduce methane emissions, the Government of Alberta granted a five-year carbon levy exemption to support the industry transition and lower methane emissions. This exemption is expected to support industry with avoided costs of approximately \$2.8 billion between 2017 and 2023. We are committed to reaching these reduction targets at the lowest cost to industry. We will achieve this in the most economically efficient manner possible, while maintaining industry competitiveness.

The Alberta Energy Regulator (AER) is currently finalizing draft regulations that we expect to post in the near-term. In developing these draft directives, we have given balanced consideration to industry's recommendations through the Methane Reduction Oversight Committee, which has included industry representation from the start. Our plan will reduce emissions, support the competitiveness of our oil and gas industry, and enhance Alberta's international reputation as a responsible developer—which is a key competitive advantage in the global market.

As the draft directives are still under development, the engagement activities during the public comment period have yet to be finalized, including dates and locations. Engagement activities during the public comment period will be led by the AER and focused on sharing information with stakeholders and the general public, as well as ensuring that Albertans have an opportunity to understand and review the draft directives. This feedback will help us prepare the final version of the directives. Once the draft directives have been posted, information on engagement activities will be available on the AER's website, www.aer.ca. I certainly encourage you to continue to share your perspectives, particularly in that process.

Our oil sands are a tremendous asset and an integral part of the Albertan and Canadian economy. The Government of Alberta is fully committed to supporting growth of the industry and managing the environmental impact of the oil sands.

Thank you for taking the time to write and for sharing your concerns.

Sincerely,



Margaret McCuaig-Boyd
Minister

cc: Honourable Shannon Phillips
Minister of Environment and Parks