

# May 2017 Regulatory Bulletin for the Oil and Gas Industry in Western Canada



WATER | WASTE | ENERGY  
CONSULTING & ENGINEERING

## FEDERAL

### National Energy Board (NEB) Contemplating Review of Upstream and Downstream Greenhouse Gas Emissions for Pipeline Projects

On 10 May 2017, the NEB issued a draft [Lists of Issues](#) for the Energy East and Eastern Mainline pipeline projects that identified proposed topics for the NEB Hearing Panel to consider. Included in these Lists of Issues is a proposal to consider the upstream and downstream greenhouse gas emissions of the projects. Consideration of downstream emissions associated with a pipeline is a new inclusion to the NEB review process. Public feedback on the draft Lists of Issues [was requested](#) by 31 May 2017, and the final Lists of Issues are expected by early Summer.

### NEB Modernization Expert Panel Delivers Report

On 15 May 2017, the NEB Modernization Panel delivered a [report](#) to the Federal Government that provides 26 recommendations on changes to the NEB structure. The government will accept public comments about the report until 14 June 2017. This report includes some potentially contentious recommendations, including renaming the NEB as the Canadian Energy Transmission Commission (CETC), restructuring the review process, and providing stronger inclusion of First Nations in application review and decision making.

## BRITISH COLUMBIA (BC)

### BC Election and Implications for the Kinder Morgan Trans Mountain Expansion Pipeline

On 25 May 2017, the BC Provincial Government Election [results](#) were finalized. The Liberal Party won 43 seats, the New Democratic Party (NDP) won 41 seats, and the Green Party won 3 seats. As of 29 May 2017, the Green Party [announced](#) that they will support the NDP Party to form a government, toppling the Liberals and resulting in a one-seat majority NDP-Green government.

The NDP and Green parties both oppose the Kinder Morgan Trans Mountain pipeline expansion, while [the NDP platform](#) states that they support Liquefied Natural Gas (LNG) development, subject to additional requirements including a 'made-in-BC environmental assessment'.

## ALBERTA

### New Public Lands Disposition Application Requirements

Alberta Environment and Parks (AEP) and the Alberta Energy Regulator (AER) administer the *Public Lands Act* and the Public Lands Administration Regulation, which are the two key pieces of legislation for public lands dispositions.

As of 28 April 2017, updated application requirements for new and amendment application submissions for dispositions (excluding agricultural dispositions) on public land managed by AEP and the AER [are in effect](#) (AEP 2017). An electronic disposition system supports this process, and manuals are available on AEP's website. Note that the Enhanced Approval Process (EAP) and Integrated Standards & Guidelines (IS&G) documents have been rescinded.

Following a joint public information session held by AEP and AER, a series of frequently asked questions (FAQs) were published on the AER's website. The [FAQs](#) highlight some of the key modifications and describe how the process has changed.

## Venting Compliance Program

The AER launched a venting compliance program in January 2016, focusing on operators venting more than 1000 m<sup>3</sup> per day to ensure operators were following AER venting requirements. As of 5 May 2017, the AER has **started** to implement the second phase of the program, which will audit all oil and bitumen batteries and wells reporting venting greater than 500 m<sup>3</sup> per day, and processing all facility applications where venting is indicated at more than 500 m<sup>3</sup> per day as non-routine.

All noncompliant licensees should have been advised of their noncompliant inventory by 12 May 2017.

## Update – Inactive and Orphan Oil and Gas Assets

According to AER Chief Executive Officer Jim Ellis, **changes** – including timelines to abandon and reclaim wells - are needed to address the growing number of inactive wells in the province. The AER's new three-year strategic plan includes a goal to complete a risk assessment of all energy-related assets in the province by March 2018.

Complementing this approach, Premier Notley recently **announced** that Alberta will loan \$235 million, directed through the Orphan Well Association, to expedite abandonment and reclamation of the current inventory of orphan wells.

Finally, in the ongoing legal action between the AER and the receivers for the insolvent Redwater Energy Corp. (Redwater) on 24 April 2017, the Alberta Court of Appeal upheld a lower court decision that funds generated from the sale of Redwater's assets won't have to be used to pay for environmental liabilities. The AER **opted** last month to appeal that decision to the Supreme Court of Canada. Their appeal is supported by appeal interveners from the Alberta, BC and Saskatchewan governments as well as the Canadian Association of Petroleum Producers.

# SASKATCHEWAN

## Saskatchewan Clashes with the Federal Government Over Carbon Tax

On 3 October 2016, the Government of Canada (GOC) announced the **Pan-Canadian Pricing on Carbon Pollution**, while also announcing that the GOC would provide a pricing system for provinces and territories that do not adopt one of the two systems (carbon tax or cap-and-trade) by 2018.

By December 2016, 11 provinces and territories had signed the **Pan-Canadian Framework on Clean Growth and Climate Change**. However, as of May 2017, both Saskatchewan and Manitoba have yet to sign on to the agreement or present an alternative carbon plan. Manitoba is currently developing a carbon plan.

Saskatchewan Premier Brad Wall has insisted that the province wouldn't implement either system proposed by the GOC and is willing to take the GOC to court, **stating** "We would constitutionally challenge any attempt by a federal government to impose a tax on, for example, a government Crown (corporation) like SaskPower or SaskEnergy".

## Carbon Capture Decision Deferral

On 11 May 2017, at the Carbon Capture Summit in Estevan, SaskPower **announced** that they have delayed a decision on carbon capture units at their Boundary Dam Station Units 4 and 5. While the current Saskatchewan Provincial Government and the leadership of SaskPower have remained committed to continued development of coal fired power generation, SaskPower now appears to be putting off a decision on its next move in carbon capture.

## Did You Know?

### INTEGRATED SUSTAINABILITY CIVIL INFRASTRUCTURE UPDATE

Our Civil Infrastructure group has been busy assisting numerous clients with preliminary engineering and detailed engineering designs associated with fresh and produced water containment structures. The Spring season brings excitement to the group, as we actively assist clients in preparation for the 2017 construction season. It is also the right time of year to kick-off preliminary engineering and regulatory approval for a produced water pond in Alberta. Initiating a project now provides time for regulatory review and approval and potential for an optimal construction window in 2018. The Civil group looks forward to initiating services for construction tendering, earthworks and geomembrane liner Quality Assurance and Quality Control (QA/QC) programs and Construction Management (CM).



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