

**ENHANCING ASSURANCE**  
**Developing an integrated energy resource regulator**  
**A DISCUSSION DOCUMENT**  
**May 2011**

## **Executive Summary**

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### **Objective and Principles of Regulatory Enhancement Project (REP)**

The objective of the REP is to ensure Alberta's regulatory system for energy development is efficient; supports the province's competitiveness; and effectively supports the achievement of Alberta's public safety, environmental management, and resource conservation objectives and respects the rights of landowners. The principles of the REP are: *effectiveness, adaptability, predictability, fairness and transparency.*

The Regulatory Enhancement Task Force engaged various sectors in order to develop recommendations. These sectors included: other governments (municipal), First Nations, land owners, upstream oil and gas industry, and environmental non-governmental organizations (ENGOS).

Using this input the REP Task Force reviewed and analyzed the information gathered to develop six recommendations. At the present time, we are focusing our attention on **Recommendation #2**. The six recommendations are:

1. *Establish a new policy management office to ensure the integration of natural resource policies and provide an interface between policy development and policy assurance.*
2. ***Establish a single regulatory body with unified responsibility for policy assurance of upstream oil and gas development activities.***
3. *Provide clear public engagement processes that enable parties to engage effectively at the policy development and policy assurance stages.*
4. *Ensure a systematic and common risk assessment and management approach is used across the entire policy development and policy assurance system.*
5. *Adopt a performance measurement frame work and a public reporting function to measure and communicate the effectiveness of the system and identify opportunities for continuous improvement.*
6. *Ensure an effective mechanism to address landowner concerns is developed.*

Currently, upstream oil, gas and coal regulatory functions are distributed among Alberta Environment (AENV), Sustainable Resource Development (SRD), and the Energy Resource Conservation Board (ERCB). The regulator will integrate and assume the regulatory responsibilities of these three current regulators.

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The move to a single integrated regulator is not about reducing the province's environmental standards or decreasing expectations of industry, nor is it about sacrificing public safety, resource conservation or the rights of landowners or other interests. It is about enhancing the ability of our regulatory system to achieve policy outcomes related to upstream oil and gas and coal.

*The single integrated regulator approach will not alter or diminish the Crown's duty to consult with First Nations.*

### **Current Focus**

The discussion document *Enhancing Assurance: Developing an integrated energy resource regulator* (attached) provides clarity and outlines a proposed legislative approach for establishing a single regulator (recommendation #2). It is intended to provide insight and greater detail regarding the operation, key regulatory functions and processes of the regulator. It is not presented as draft legislation.

The five key elements addressed in the document are: *Scope and Governance of the Regulator; Application, Review and Authorization of Energy Activities; Hearings and Participation in Hearings; Compliance, Enforcement and Incident Response and Cleanup; and Shut Down and Closure of Facilities.*

### **Scope and Governance of the Regulator**

- All upstream oil and gas and coal activities throughout the project lifecycle.
- The responsibility of mineral tenure will remain with Alberta Energy.
- Will not assume the responsibilities of the Surface Rights Board.

### **Application, Review and Authorization of Energy Activities**

- Regulatory functions currently delivered by AENV, SRD and the ERCB will remain largely unchanged, but will be integrated in the single regulator.
- Energy activities requiring a disposition, license or approval today will continue to require a disposition, license or approval in the new system.
- Project proponents will still be required to provide public notice of applications. Landowners and others with specific interests maintain their participation rights in the authorization process.

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### **Hearings and Participation in Hearings**

- Participation rights of landowners and others with specific interests will not change.
- Requirements for hearings and basic rules relating to hearings will remain in place. The single regulator will use a consistent hearing process that is clear, fair and straightforward.

### **Compliance, Enforcement and Incident Response and Cleanup**

- The move to a single regulator will not result in diluted regulations or lowered expectations of industry.
- Compliance and enforcement functions will remain largely unchanged but will be integrated in the single regulator.
- The single regulator will have access to the entire spectrum of compliance tools currently available.
- Activities that come with higher risks to the environment, the health and safety of the public, or the long-term viability of the resource base, will require higher levels of oversight by the regulator.

### **Shut Down and Closure of Facilities**

- Regulatory functions for shut down and closure will remain largely unchanged but they will now be delivered by the integrated single regulator.
- The use of a single regulator throughout the project life cycle will help to reduce challenges during shut down and reclamation that sometimes occur.
- By employing a single regulator throughout the project lifecycle, the overall effectiveness of project oversight will be enhanced.

### **Next Steps**

We will be engaging First Nations to gather information and feedback regarding implementation of a single integrated energy resource regulator as put forward in the discussion document. That input will continue to inform the very detailed work ahead – to design the structure and to write the empowering legislation.