

AER Strategic Plan 2017-20: Protecting What Matters



The AER is committed to protecting what matters.

The energy development landscape in Alberta is changing rapidly, driven by economic circumstances, technology, and changing expectations around environmental protection, climate change, and managing cumulative effects. In response to this dynamic environment, our strategic plan is a rolling three-year plan that we update annually. Each year we take time to make sure our longer-term targets remain valid and also to identify and respond to new challenges and emerging opportunities.

The 2017-20 strategic plan includes our strategic priorities, outcomes, performance measures, and targets against which the AER and others will monitor our progress and measure our success.

This year we are taking further steps in a longer-term program to support provincial initiatives to address climate change with a focus on methane emissions and greenhouse gas emissions from oil sands development.

Managing the cumulative effects of energy development is a complex long-term challenge. We are adapting our regulatory approach and coordinating our work with other ministries and agencies to manage risk and make sure the environment and public safety are protected now and into the future.

The AER understands that we must ensure that energy resources are developed safely and responsibly in order to protect the public and the environment. At the same time, our regulatory processes must be efficient for both industry and stakeholders. We continue to look for new and better ways to manage the costs of regulation.

AER Strategic Plan 2017-20 March 2017

Strategic priorities	Strategic outcomes	Focused outcomes	Performance measures	Performance targets	Vision
Protective Develop integrated whole-system regulatory approach	Effective management of public safety, and cumulative environmental risks and impacts	Sustainable water use	Volume of all water used (by source) for hydraulic fracturing, enhanced oil recovery, in situ oil sands, and mineable oil sands	Public reporting of water use by industry	The AER is recognized for regulatory excellence, ensuring the safe, environmentally responsible development of energy resources for the benefit of all Albertans.
		Reduce fluid tailings accumulation over mine life	Total annual volume of fluid tailings, treated fluid tailings, fines captured	Ensure industry complies with established performance standards	
		Climate change – reduce methane emissions	Volume of methane emissions	Support multistakeholder engagement process	
		Climate change – oil sands emissions	Volume of oil sands emissions	Ensure industry complies with established performance standards	
Cumulative effects management	Cumulative effects are managed	Establish a tracking and reporting system for oil sands emissions			
Effective Strengthen risk-based regulation	Effective management of resource conservation and minimize financial liability on Albertans	Reduce aging inventory liability	Complete a risk assessment of energy-related infrastructure by March 2018	Address high-risk items as they are identified	
		Pipeline safety	Number of high-consequence pipeline incidents	2% reduction in high-consequence pipeline incidents from the previous two-year average	
Efficient Transform Alberta's energy regulatory system to improve efficiency	The regulatory system is efficient, minimizing duplication, with highly efficient processes, and only intervening to the level necessary	Regulatory efficiency	Stakeholder savings resulting from reduced regulatory burden that does not negatively impact the environment or public safety	\$100 million in incremental savings to stakeholders in fiscal 2017/18	
			Improve efficiency of AER application decisions	Single decision-making framework for wells, facilities, and pipelines available for use by external parties not later than 31 December 2018	
Credible Increase trust and confidence in how energy is developed in Alberta	Stakeholders are confident about how energy is developed in Alberta	Effective engagement of Albertans, indigenous peoples, and stakeholders	Percentage of Albertans aware of the AER who express confidence in the organization's ability to fulfil its mandate	Maintain a confidence score above 80% annually	
		Achieve regulatory excellence	Level of skills and competencies	Close high-priority skill and capability gaps through the implementation of the Enterprise Learning Branch in 2017/18	
		The AER is an integral partner in the Integrated Resource Management System (IRMS)	Employee engagement	Achieve 83% engagement in 2017/18	
			Percentage of IRMS strategic priorities supported by the AER	100% of IRMS strategic priorities supported by the AER	

AER STRATEGIC PLAN 2017-2020

AER Strategic Plan 2017-20 March 2017

The 2017–20 strategic plan balances long-term objectives while adjusting to shifting circumstances. It reflects our mandate and helps drive us to our vision by being protective, effective, efficient, and credible.

Protective

The first priority of our strategic plan is to be protective; we will protect the public and the environment. Any industrial activity brings some risk; strong and effective rules at every stage of oil sands, oil, gas, and coal development can reduce these risks. Our work will focus on meeting clear targets that result in sustainable water use, improve environmental performance, manage cumulative effects, and address climate change.

- **Sustainable water use** – We'll focus on water use in hydraulic fracturing, enhanced oil recovery, and all oil sands development to ensure that companies are using water responsibly, recycling where possible, and applying technology to use less water. With accurate reporting we will have better information to assure responsible and sustainable water use.
- **Reduce fluid tailings** – In 2015, the Government of Alberta released the *Tailings Management Framework* to manage fluid tailings volumes from oil sands mining. We in turn issued a new tailings management directive and will review companies' plans to ensure that they are meeting our requirements to reduce tailings volumes so that the tailings ponds can be fully reclaimed at the end of a mine's life.
- **Climate change** – The Government of Alberta is taking action to address climate change. As part of this plan, the AER will ensure that industry reduces methane emissions from oil and gas operations by 45 per cent by 2025 and that oil sands operators cap greenhouse gas emissions at 100 megatonnes. We'll start by engaging our many stakeholders and establishing monitoring and tracking systems to better measure progress and report on the results.
- **Cumulative effects management (CEM)** – The AER will develop a regulatory approach within the Government of Alberta's Integrated Resource Management System (IRMS) to track and manage cumulative effects on the environment and will see decisions made based on risk. This includes developing metrics to report on how the oil and gas industry is performing. These metrics will help the AER assess industry's performance around CEM, including against thresholds established by government in regional and subregional land-use plans

Effective

To be effective, we must regulate development in a way that reduces risk and ensures that Albertans reap the economic rewards of our energy resources. The AER will continue to apply our risk-based approach, where higher-risk activities receive the greatest attention. This includes focusing on the following:

- **Aging infrastructure** – Decades of energy development have created economic value for Albertans but have also left behind inactive infrastructure on the land, which includes wells, facilities, pipelines, and mines that have been suspended or are no longer producing. The AER is working to minimize the financial liability to Albertans and protect the environment and public safety by ensuring the industry maintains its inventory of inactive infrastructure in a safe state until the facilities are dismantled and the land is remediated and reclaimed appropriately. In this way we are ensuring that industry is properly addressing infrastructure risk throughout the entire life cycle of energy development.
- **Pipeline safety** – All pipeline incidents are preventable, but we won't get there overnight. The AER has helped to reduce the number of incidents through better industry education on pipeline integrity and improved inspection programs even as the overall pipeline length has increased. Keeping with our risk-based approach, the AER will continue to focus on pipeline releases that have the highest consequence to public safety, wildlife, and the environment with a goal to reduce the number of high-consequence incidents in 2017 by 2 per cent from the previous two-year average.

Efficient

An efficient regulatory system with requirements that ensures public safety and environmental protection can help create a competitive climate that attracts investment. The AER's efforts to be more efficient are not just about saving money but also reducing duplication and finding better ways to ensure that our requirements are met. We're focusing on the following:

- **Regulatory efficiency and stakeholder savings** – The AER has eliminated requirements that are outdated, duplicated, or not suited to emerging industry trends. This has allowed us to improve our processes and provide safer, more efficient services to our stakeholders, which in turn has led to over \$700 million in cumulative annual savings to AER stakeholders.

Our top priority remains protecting the public and the environment, and any regulatory changes we make will have no negative impact on public safety or the environment. In 2017, we'll seek to generate an additional \$100 million in annual savings from new initiatives.

- **Improving AER decisions** – We've been seeking new ways to improve decision-making, and by the end of 2018, we will develop a single-application, single-decision approach for wells, facilities, and pipelines that will
 - engage stakeholders on the full scope of energy projects,
 - develop requirements that respond to local concerns in different areas of the province, and
 - manage overall cumulative effects of energy development.

Credible

Albertans have told us they want an energy regulator that protects the public and the environment and that enforces the rules. Reporting on the results of our work and improving how we involve our stakeholders will help us earn and keep public confidence. We will work on the following:

- **Effective engagement** – We will continue to enhance the ways in which we engage indigenous peoples, stakeholders, and all Albertans by building relationships and ensuring that our regulatory process is accessible, transparent, and accountable. We will ensure we're on track by measuring Albertans' awareness of and confidence in the AER.
- **Pursuing regulatory excellence** – After working with Albertans and stakeholders on a model for regulatory excellence that's appropriate for our province, the AER is ready to take further action to make certain we are a regulator that has utmost integrity, stellar competence, and empathic engagement. Through our Enterprise Learning Branch, we will make sure that AER employees have the skills they need to do their jobs well, and we'll continue to build a workplace that engages and motivates employees to excel.
- **Integrated Resource Management System** – As the single regulator for oil, oil sands, natural gas, and coal development, we play a key role in the Government of Alberta's Integrated Resource Management System (IRMS). While the government sets policy direction, the AER ensures that this direction is followed through our regulatory work. This year, we will collaborate with our IRMS partners to support key priorities like managing risks and addressing cumulative effects.

While our strategic plan helps us focus on our key priorities, we know that circumstances can change rapidly. The AER will continue to refine and amend our plan to respond to new challenges and opportunities while making sure we deliver on longer-term targets and commitments.

As the 2017–20 strategic plan was developed, the AER refined its vision to move away from best in class to instead focus on the pursuit of regulatory excellence. This allows us to focus on our own journey towards excellence rather than compete to be "best in class." With a compelling vision and a clear mandate, a mission statement was developed to truly speak to the mission that AER employees embody each and every day and demonstrates our commitment to *protecting what matters*.

MANDATE

To ensure 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.

MISSION

To regulate Alberta's energy resources by protecting what matters most to Albertans—public safety, the environment, and economic value.

VISION

The Alberta Energy Regulator is recognized for regulatory excellence, ensuring the safe, environmentally responsible development of energy resources for the benefit of all Albertans.

The Alberta Energy Regulator, protecting what matters.