

Questions and Answers

Integrated Applications for Major Projects – Industry Information Session, April 23, 2018

June 2018

Background

On April 23, 2018, the AER hosted an information session on the integrated application process for major projects. At the session, we committed to posting the questions and answers from the session. The answers below reflect our knowledge at the time of the session. Details are subject to change. Please refer to the [presentation](#) from the session.

Under our Integrated Decision Approach (IDA), we are changing the way we review applications for energy development projects. Instead of submitting many separate applications for each project activity, operators will submit them as a single integrated application and will receive a single decision. We continue to adapt our processes to support this new approach. While previous use of integrated applications has focused on in situ oil sands projects, other types of development may also benefit from the integrated application process.

Because major projects often take longer to plan and need multiple authorizations across various enactments, we encourage operators who are planning to submit an integrated application to contact us early in their project planning process to help ensure that their application is complete.

Integrated applications must follow all AER requirements and may be subject to additional participant involvement conditions. Participant involvement requirements for integrated applications are being developed and will be made available once finalized.

Integrated Application and Decision Process

Q1. Is the AER working with Alberta Energy? Has the AER considered working with Alberta Energy regarding the review of deep subsurface mineral rights and penetration, which are involved with many of these major project applications?

A1. Crown mineral tenure is under the jurisdiction of Alberta Energy. We will continue to exchange information with Alberta Energy to ensure that we consider subsurface mineral rights in our decisions, including for integrated applications for major projects. We will also continue to share information with our Government of Alberta partners through the Integrated Resource Management System.

- Q2. When integrated applications were in the pilot phase, [Directive 054: Performance Presentations, Auditing, and Surveillance of In Situ Oil Sands Schemes](#) was being used as a process for ongoing performance reporting. Is the AER still using that reporting process?**
- A2. Yes, for in situ oil sands projects we will continue to use the *Directive 054* presentation process. We are considering expanding annual reporting to include requirements under the specified enactments, such as reporting on the status of reclamation.
- Q3. What does it mean to be in good financial standing? Is the liability management rating (LMR) the only metric used to evaluate corporate financial health?**
- A3. A company is in good financial standing when it has the financial ability to meet our requirements and manage risks over the full project life cycle (initiate, construct, operate, close). In addition to a company's LMR, we also consider its licensee liability rating and licence eligibility requirements as set out in [Directive 067: Eligibility Requirements for Acquiring and Holding Energy Licences and Approvals](#).
- Q4. How are statement of concerns (SOCs) reviewed under this application type, could one statement of concern hold up the entire application?**
- A4. All project components included in the single application are considered together when we make our single decision. This means that any SOC will be addressed as part of the entire review and decision even if the concern applies only to a specific part of the project. This is because individual parts of a project are dependent on one another. For example, a concern about water use associated with a *Water Act* authorization will not be considered separately from a decision on the facility licence associated with an *Oil and Gas Conservation Act* authorization because the facility needs this water to operate.
- Q5. In terms of the scale of integration, how will OneStop handle applications with over 1000 wells?**
- A5. Additional levels of integration are incrementally being built into OneStop so that dependent activities in a project can be applied for together in a single application. The intent of the one application, one review, one decision approach is to issue one approval through OneStop in the future. This single approval would list and track all the wells independently. For example, in the Suncor Meadow Creek East pilot project, the single approval listed 1680 steam-assisted gravity drainage (SAGD) wells (560 SAGD producers, 560 SAGD injectors, and 560 infill producers).
- Q6. When a company receives one approval, does it then have to manually file each well? What happens if the company has to drill at the last minute?**

A6. The single approval includes individual authorizations for each well. Updates to the exact location of a well must be filed manually before drilling to ensure an accurate well licence record. Updates to change a conditionally approved well to an actionable well will be processed in fewer than five days.

Q7. How was the Suncor Meadow Creek East cost savings determined?

A7. The initial cost savings estimate of \$64 million was determined by Suncor based on regulatory readiness and reduction of regulatory risk. This means it was based on starting production earlier and avoided delays (e.g., net present value gains).

Q8. Why is an extension to the Public Notice of Application being considered for these types of applications?

A8. Depending on the size and scope of the project and application, an extended public notice of application may be required to allow more time for stakeholders to review the integrated application when it is relatively larger than a typical application. Integrated applications involve multiple authorizations across various enactments, so stakeholders may need additional time to assess the potential impacts of all project activities. It is not expected that this extension will cause delays in the review process.

Risk

Q9. During the risk-informed review of an integrated application, will the assessment rules continue to be developed?

A9. At this early stage of implementation of integrated applications for major projects, we are manually using risk-assessment rules developed under the IDA decision framework, including input from industry working groups, to establish an efficient and consistent application review process and enable our subject matter experts to focus on higher-risk activities. The risk-assessment rules will be adapted and improved before we move the major project application process into OneStop. We will also periodically review the risk-assessment rules to ensure that they reflect Government of Alberta policies; information gathered from Albertans; changes to how energy resources are developed; and changes to the population and landscape of Alberta.

Q10. Do the risk-assessment rules consider the controls that companies have in place?

A10. Yes, additional regulatory oversight may not be necessary when an operator can demonstrate that existing controls are in place to manage or mitigate risk. As part of an integrated application for a major project, operators are expected to submit a comprehensive risk

management plan that describes higher-risk activities and the controls in place to avoid or limit the risks, which will enable an efficient review of the application.

Q11. Will industry be consulted in developing the risk-assessment rules?

A11. Previously established IDA industry working groups will be consulted to ensure that the risk-assessment rules are clear and understandable.

Q12. How is the AER ensuring consistency in the review process?

A12. We use the IDA decision framework to ensure consistency in our reviews and decisions. Under the framework, we have two levels of review: standard (baseline) and additional (manual). Using these rules, higher-risk activities are flagged for additional (manual) review. OneStop will use these risk-assessment rules to automatically determine if additional review is required. Because integrated applications for major projects are currently managed outside of OneStop, AER staff manually apply these risk-assessment rules to identify the level of review (i.e., baseline or manual) to focus on high-risk activities consistently across different integrated applications.