

Public Statement

**Building a Competitive Energy Industry in Alberta:
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For immediate release

Calgary, Alberta (October 9, 2018)... In a fast-changing and challenging world, how can an energy regulator become more efficient and cost-effective? And how can the Alberta Energy Regulator (AER) help create a more competitive province by reducing the economic burden on industry while still protecting the environment and improving Albertans' ability to interact with the regulatory system? We have been working for some time on a significant modernization of the province's energy regulatory system that would answer these questions. Let's look at what we've accomplished so far and what we're working on now.

Our journey to create a stronger, more efficient regulatory system started the day the AER launched in 2013. Since then, we have reduced duplication in our system, resulting in more than \$2 billion in savings to industry. That said, we know we need to do more and can do more.

Our regulatory system was designed to govern in a different era; technology has changed, as has the way energy companies operate. Albertans expectations have also changed. Through years of engagement with stakeholders, we understand that there are limitations and issues with our regulatory system and how to fix them. We also know that we're in a unique position to drive change and influence investment in our province, something that's critical to increasing Alberta's competitiveness.

For Alberta to be competitive, we need to enable further development by removing unnecessary costs in our regulatory system, while still maintaining high standards for environmental protection and public safety. Achieving this means developing smarter regulations that

- are modern, efficient, effective, and clear;
- make our processes more efficient for industry, our stakeholders and our staff;
- keep pace with an innovative energy industry; and
- give operators greater flexibility in how they develop energy resources while meeting all regulatory requirements.

We're undertaking a number of initiatives, to be implemented over the next 2 to 18 months, to support this transformation and to contribute to Alberta's competitiveness.

A Simpler Approach

Our new [Integrated Decision Approach](#) and the technology we've built to support it are streamlining the project application process. Instead of many separate applications for a project, companies submit a single application and receive a single decision. The processing of low-risk applications is automated, while higher-risk and more complex ones are reviewed by our technical experts, thereby cutting wait times. This move to automation will allow our staff to focus their attention where it matters most, where the risk is higher.

This new approach is truly game changing and something that few regulators have attempted. The supporting technology—called OneStop—has been recognized internationally with awards for innovation and proven to save significant time and money. Perhaps most important, it provides industry with the certainty it needs to make investment decisions.

This approach is good news not only for industry but also for Albertans, who will have access to information about an entire oil and gas development, rather than just individual elements of a project as it progresses. This will provide Albertans with a deeper understanding about the energy development activities taking place in their backyards and give them confidence that the AER is protecting what matters to them.

But simpler regulatory approaches are not just for new energy developments. The AER recognizes that many existing regulations and processes fail to consider the extensive work that was already done when an existing in situ or conventional oil and gas project was originally applied for. Given this, the AER is examining options to more efficiently review expansions of approved projects by using a simpler regulatory approach to evaluate the in-depth work from the original application.

A More Transparent System

We're providing greater clarity, certainty, and transparency around our public involvement processes by taking actions such as standardizing our statement of concern process and setting review timelines so Albertans and industry know what to expect.

A more transparent system also means aligning our requirements for consulting with indigenous people with those of the Aboriginal Consultation Office; this eliminates duplication and ensures a more streamlined approach. We also recognize the need to better involve indigenous people in our decisions and are exploring ways to do this in partnership with the Government of Alberta.

A More Innovative Industry

We want to modernize our requirements to align with market, technology, and policy changes, and to provide companies with greater flexibility in energy development.

Many of our requirements for unconventional resource development, such as for hydraulic fracturing and horizontal drilling, are outdated and fail to reflect changing technology. We are working to update these requirements to address new technologies, maintain our commitment to public safety and environmental protection, and get the best possible economic value for Alberta's resources.

Other changes will allow companies to submit one application for an entire in situ project instead of for each individual activity. This enables companies to better manage the footprint of their projects, which in turn will help minimize the environmental impact.

A More Collaborative Approach

While improving efficiency is important, we must also ensure that Albertans aren't burdened by the costs of the liabilities of inactive wells and facilities. Together with industry, we've developed an [area-based closure](#) process that encourages companies to cooperate with one another in closing oil and gas infrastructure. This will result in timelier decommissioning and reclamation of energy sites, meaning lower liabilities and greater cost savings. For example, a recent pilot project resulted in an estimated cost savings of 10 to 40 per cent per company.

All of this adds up to a significant modernization of Alberta's energy regulatory system. It's a complex undertaking that will take time, but we've already made great headway and have publicly committed to timelines for delivery. This is not easy for the AER's staff, but is crucial for clarity and certainty going forward.

While the AER is focused on these initiatives, we continue to seek additional ways to improve our system to support an energy industry that contributed \$79 billion to Canada's economy in 2017. We also continue to listen to the Government of Alberta, the energy industry, and Albertans about where we need to focus our efforts.

We see our path forward and know it won't always be an easy one. Modernizing our regulatory system is critical for attracting investment and ensuring Alberta's competitiveness; it is complex and will take significant work carried out using a phased approach. But we must seize this huge opportunity to make a difference and take risks if it means building a stronger, more efficient regulatory system. But to be clear, we will never compromise environmental protection and public safety.

We know we need to do more than state our intentions—we must act on them. This means continuing to make sure companies follow the rules and being more transparent by reporting our progress and the energy industry’s performance through our [compliance dashboard](#), our [industry performance reports](#), and our [annual report](#).

Alberta’s energy resources contribute significantly to the economic health not just of the province but of the entire nation. We know that a more efficient regulator helps deliver economic benefits while ensuring that development is safe, the environment is protected, and the rules are enforced. This is our commitment to Albertans.

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