Minutes

Flaring and Venting Project Team meeting #47

Date: Wednesday, October 8, 2009
Time: 8:00 am to 3:00 pm
Place: CASA, 10th floor, 10035 108 Street

In attendance:

Name	Stakeholder group
James Vaughan	Alberta Energy Resources Conservation Board
Jim Spangelo	Alberta Energy Resources Conservation Board
Anna Maslowski	Alberta Energy
Wayne Hillier	Husky Energy
Randy Dobko	Alberta Environment
Chris Severson-Baker	Pembina Institute
Andrew Higgins	CAPP/CNRL
Krista Phillips	CAPP
Jolene Shannon	Pembina Agricultural Protection Association
Randal McNeill	Husky Energy
Robyn Jacobsen	CASA Secretariat

With regrets:

Name	Stakeholder group
John Squarek	Small Explorers and Producers Association of Canada
Bob Barss	Alberta Association of Municipal Districts and Counties
Doreen Rempel	MGV Energy Inc./CSUG
Ian Peace	RAPID

Chris chaired the meeting, which convened at 8:00 a.m. Quorum was achieved.

Action Items:

Action items	Who	Due
41.1: Distribute aggregate information on fugitive emissions once it is available.	Krista Phillips	Update when available.
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack.	John Squarek	As soon as possible
43.4: Find out the volume of gas flared and vented during testing and tie-in.	James	Next meeting –Nov 18
44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability.	Wayne	Agenda item for Nov 18
45.6: Organize presentations on the County of Vermillion River initiative w/ interested members of the AAMD&C.	Bob Barss	Update at next meeting.

Action items	Who	Due
46.3: Contact operator of the co-gen. project (in OFSG program) to see if they are willing to share information w/ the team.	Anna	Update at next meeting
46.4: Talk to CAPP and SEPAC members to find why they aren't participating more fully in the OFSG program.	Krista	Next meeting – Nov 18
46.6: Find out if Husky can provide any funding to support the Golder research project.	Wayne Hillier	ASAP
47.1: Evaluate how much flared and vented gas was due to 'new' vs. 'old' batteries in 2008. This should include the conservation levels of new vs. old batteries. (The intent is to determine the impact of and how important it is to focus on new development.)	Jim (ERCB)	Next meeting – Nov 18
47.2: Evaluate the impact of reducing 6 month testing/tie-in period in the heavy oil areas for anything in production in 2008.	Wayne and Andrew	Next meeting – Nov 18
47.3: Contact Red Deer office to see if they would be willing to redo the duration of well tests survey.	James	Update at next meeting
47.4: Contact Golder and ask them to wait until they meet w/ co-chairs before proceeding with any work.	Robyn	ASAP
47.5: Organize a technical presentation on the feasibility of technology solutions for conserving low volumes of gas.	Wayne	Next meeting
47.6: Provide a summary of the research studies on technological limits to conserving low volumes of gas.	Anna	As soon as possible
47.7: Find out what the lowest volume is for a site that is conserving.	Wayne and Andrew	Next meeting.

1) Administration

a. The agenda and meeting objectives were approved by consensus.

b. Minutes from meeting #46 were approved by consensus.

c. Review action items from Meeting 46:

Action items	Who	Due
41.1: Distribute aggregate information on fugitive emissions once it is available.	Krista Phillips	Carry forward
42.7: Investigate how many new facilities have started conserving (since the date that the new economic methods were introduced). ***- Jim reported that they have the data and are in the process of refining it.***	James and Michael (ERCB)	Carry forward to **Action Item 47.1 and 47.2**
43.2: Prepare a research question for the RFP on potential other fluids being emitted from the stack.	John Squarek	Carry forward
43.4: Find out the volume of gas flared and vented during testing and tie-in.	James	Carry forward to **Action Item 47.1 and 47.2**
44.3: Review the previous report on duration of well tests and consider how to design a new survey.	Krista, John, and Wayne	Done.

Action items	Who	Due
- Krista reported that the recommendations from the last survey weren't fully implemented and thinks we should redo the survey with the Red Deer office.		
Action Item 47.3: James will contact the Red Deer office to see if they would be willing and able to redo the duration of well tests survey.		
44.5: Contact Bruce Peachey to see if he has any further information on gas composition analysis. ***- Wayne got an e-mail reply from Bruce and will forward it to the team. Bruce reported that no survey has been done on gas composition, but it is an important issue b/c it may affect technology.***	Andrew and Wayne	Done
44.7: Prepare a brief report on each battery flaring alternative, including a classification based on technical feasibility and commercial viability. ***- Robyn will help Wayne prepare a presentation for the team.***	Wayne	Carry forward
45.6: Organize presentations on the County of Vermillion River initiative with interested members of the AAMD&C.	Bob Barss	Carry forward
46.1: Provide a breakdown of non-upgraded bitumen for primary production. ***- James provided a handout: "Alberta Energy Reserves 2008 and Supply/Demand Outlook 2009-2018".***	James	Done.
46.2: Find out how the review process for the Offsets Protocol is going and provide an update.	Randy	Done. On agenda.
46.3: Contact operator of the co-gen. project to see if they are willing to share information w/ the team. ***- Anna has contacted the operator and will follow-up in a couple of weeks.***	Anna	Carry forward
46.4: Talk to CAPP and SEPAC members to find why they aren't participating more fully in the program.	Krista	Carry forward
46.5: Forward any comments on the factual correctness of the information from Golder to Robyn.	All	Done
46.6: Find out if Husky can provide any funding to support the Golder research project.	Wayne Hillier	Carry forward
46.7: Poll for dates for a November meeting.	Robyn	Done

d. CASA Update

- Robyn provided the highlights of CASA's work since the team's last meeting.

2) Thoughts on Golder Workshop

- The first question the team discussed was whether or not Golder met the expected outcomes of the study. Many team members expressed their disappointment with what Golder has delivered to date. There was also a general feeling that Golder should have been communicating their progress to the team more often. This might have helped to ensure they were aligned with what the team was looking for.
- Golder hasn't completed the analysis of environmental and economic impacts and benefits, which was an essential part of the study.
- Golder also hasn't completely delivered on creating an **easy-to-use** tool for determining exemptions. They have provided a framework – to develop the actual exemption criteria, Golder suggested a workshop/consultation, at an additional cost.

- The team compared the outcomes in Golder's proposal to what was actually delivered:

  Project Outcomes (Section 2.0)
  - Provide a framework for quantifying the site-specific financial costs and benefits of eliminating solution gas flaring and venting, to industry and the province.
    - *Not complete.*
  - Recommend a structure and/or criteria for exempting the requirement to conserve solution gas at individual sources in cases where the environmental impacts caused by conserving the gas are considered to be greater than the benefits associated with conservation.
    - *Mostly complete.* The team doesn't have an **easy-to-use** tool.
  - Exemption criteria will be defined and a decision-making tool developed.
    - *20% complete.* Golder indicated that a workshop (at an additional cost) would have to be undertaken to complete this item.

  Reporting (Section 3.5)
  1. The economic and environmental impact of exemption criteria of the volume of flaring and venting for both new and existing projects.
     - *Not complete.*
  2. Trade-off analyses to summarize and compare gains in solution gas conservation from a range of exemption criteria scenarios.
     - *Not complete.* Golder provided a framework for doing the analyses, but no actual analyses.
  3. An estimate of volume of oil stranded, if any, for each exemption scenario.
     - *Not complete.* Golder suggested that they would need approximately $70K to $100K to complete this work.
  4. Additional recommendations for reducing solution gas flaring and venting, and the impact of these recommendations on the volume of flaring and venting for both new and existing projects.
     - *Partially complete.* Golder discussed some technological options. Some team members felt this wasn't a critical piece of work.
  5. A matrix assessing options against criteria for success in meeting Alberta's environmental goals.
     - *Partially complete.* Golder provided a framework to assist with building a matrix.

- The team generally agreed that outcomes 1, 2, and 3 for reporting were the most significant. The next step is to set-up a meeting with Golder to discuss how we can complete the report to everyone's satisfaction.

Action Item 47.4: Robyn will contact Golder and ask them to wait until they can meet with the co-chairs before proceeding with any work.

- The co-chairs have agreed to meet with Golder to discuss the gaps in the work so far, prioritize the deliverables, and see what can be completed by the end of November. It was understood that the outcome of this meeting could be to terminate the contract with Golder.

3) NGO Proposal for Basic Exemption Criteria

- The team discussed a proposal that was put forward by the NGOs. The proposal outlines some potential exemptions:
    - Waste of Gas: The volume of natural gas consumed in the process of conserving exceeds the volume of gas conserved.
    - Length of Tie-In: The closest tie-in is not less than xx km of:
        - Agricultural/pasture land
        - Forested land
        - Environmentally sensitive areas (as defined by the map available from Alberta Parks)
- The NGOs feel that this is a defensible method of determining exemptions without the complication of the tool that was presented by Golder.
- Industry said they would want to add a minimum volume exemption. Once the volume gets below a certain point, it seems that there are technological limitations.

Action Item 47.5: Wayne will get a technical expert from Husky to do a presentation at the team's next meeting on the feasibility of technology solutions for conserving low volumes of gas.

Action Item 47.6: Anna will do a summary of the research studies she is familiar with on the technological limits to conserving low volumes of gas.

Action Item 47.7: Wayne and Andrew will find out what the lowest volume is for a site that conserves.

- Industry also suggested an economic exemption. The ERCB representatives said the NPV currently works as an 'economic exemption'. They think their system works well – the ERCB conducts audits if necessary, rather than operators applying for the exemption.
- The team noted that, even with the NGO proposal, they are still missing information on economic impacts and stranded oil. Should Golder be asked for this information? For example, the question could be: if we required conservation of everything within 50 km of a tie-in, what would that cost?
- The team discussed asking Golder to do a cost impact analysis for requiring conservation where the tie-in is a distance of:
    - 1km, 5km in a forested area in a heavy oil region.
    - 1km, 5km, 15km in a forested area in a non-heavy oil region.
    - 1km, 5km, 15km in an agricultural or pasture region.
    - The team would also want to know how much flaring and venting occurs in the Environmentally Sensitive Areas.
- It was suggested that this would be the path forward if the outcome of the co-chair meeting with Golder does not meet our needs. There is a chance that we could tell Golder to stop further development of the decision-making tool. The proposal above could be an alternate path for Golder to complete their work.

4) GHG Offsets Protocol

Robyn Kuhn and Rob Hamulik from Alberta Environment presented information on the GHG Offsest Protocol and the Climate Change Emissions Management Fund.

GHG Offsets Protocol

- Once a proposal is submitted for the GHG Offsets program, it has to go through a scientific review to ensure that it is robust and not required by law. After that, it goes through a stakeholder review, which also requires a 30-day public posting of the proposal. Project proponents will have the opportunity to address questions and concerns. The last step is final approval from the government.
- Robyn noted that they would like to meet with the ERCB to get a clear understanding of what is required under Directive 60. Team members noted that any recommendations the team makes in relation to D60 could result in the negation of the protocol that industry team members have proposed. Robyn did note that, if this happened, companies would have the opportunity to amend their protocol, if they wanted to. In addition, protocols have to be reviewed every 5 years. It was also noted that companies could earn credits up until the date of the new regulation coming into force.
- The current round of proposals will undergo stakeholder review at the end of October and be approved by Fall 2010.
- An important part of the program is that it is supposed to encourage activity that wouldn't otherwise happen, so credit will not be given for any existing Best Management Practices.
- The Alberta Government as already accepted 23 protocols.
- If the data is available, companies can apply for offsets retroactively to 2002.
- One team member expressed concerns about how long the process takes and wondered if proposals could be prioritized. The FVPT is basically left waiting to see if the protocol will reduce flaring and venting or if they need to do something else, like amend Directive 60.
- There was another concern that the offsets protocol could directly compete with amendments to the regulation – this member felt that the regulatory route may be more effective, as offsets have a bad track record of not generating the expected reductions. However, another member noted that the offsets protocol could stimulate research and development. Robyn also told the team that the review process requires third party verification of reductions and there is a government audit at the end of the process, for assurance.

Climate Change Emissions Management Fund

- Robyn reported that there is $120 million in the fund from the first one and a half years of compliance.
- There are currently 185 expressions of interest being reviewed, with an overall request of $2.8 billion. Projects are limited to $25 million in funding over the life of the project and half of the total cost must be funded by the proponent. If another government funding program is also being used, the proponent must fund at least one third of the total cost of the project.
- The review of the expressions of interest will be finished by the end of the fiscal year (April 2010). There will probably a maximum of about 20 projects funded.

5) Next Steps

- The ERCB members need to present to their Board in March 2010, clearly showing the progress of the CASA team. To meet this deliverable, the team agreed that they need to start developing a set of parallel recommendations, independent of what Golder can deliver.
- These recommendations need to show real reductions and could include 'tweaks' to the current processes.
- It was also noted that the team should consider the impacts of the Land Use Framework and the Cumulative Effects Management System, as well as other on-going initiatives. The Base Level Industrial Emissions Requirements (BLIERS) was mentioned, but a team member who is directly

involved with this noted that it was unlikely to have any significant impacts on the work of the Flaring and Venting Project team.

The team agreed to form a sub-group to brainstorm ideas for some strawdog recommendations and to review the previous economic study to see if it was still relevant.

6) Next Meeting

- The new strawdog subgroup will meet Wednesday, October 28 from 2:00 pm to 4:00 pm.

Agenda for October 8

- Time limit for well testing and tie-in.
- Routine vs. Non-Routine flaring (Jim).
- Presentation from Husky on the feasibility of technology solutions to conserving low volumes of gas.
- Presentation from co-gen operator in OFSG program (??).

7) Adjournment – The meeting was adjourned at 3:00 p.m.