

Draft Minutes



Flaring and Venting Project Team Meeting #52

Date: Thursday, March 25, 2010
 Time: 10:00 am – 3:30 pm
 Place: CNRL, 25th Floor, 855 – 2 St. SW Calgary

In attendance:

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

With regrets:

Name	Stakeholder group
Bob Barss	Alberta Association of Municipal Districts and Counties
Karina Thomas	Alberta Health and Wellness
Ian Peace	RAPID
Wayne Hillier	Husky Energy
John Squarek	Small Explorers and Producers Association of Canada

James Vaughan chaired the meeting, which convened at 10:00 a.m. Quorum was achieved.

Action Items:

	Who	Due
41.1: Distribute aggregate information on fugitive emissions once it is available. <i>Team agreed this information is still needed.</i>	Krista Phillips	Update when available
47.2: Evaluate the impact of reducing 6 month testing/tie-in period in the heavy oil areas for anything in production in 2008 at Husky: Added: <i>“Provide data on the number of wells, volumes for sites that ultimately do conserve, and the value of reducing tie-in from 6 to 4 months”.</i>	Wayne	Update at next meeting
51.1: ERCB will provide a list of companies with batteries and wells contributing to the increases from Feb to Mar 07. Krista will follow-up with three companies that contributed to the increase, collate responses, and identify chronic issues behind the increases.	James & Krista	Update at next meeting.
51.4: As there is currently a requirement for this to be reported in this manner, ERCB will report back to the team in September on what they intend to do about combustion products (such as nitrogen or CO2) being reported in ST60B.	James	September meeting

Action 52.1: Follow up with Bob Barss and discuss additional municipal representation on the team.	Co-chairs	Update at next meeting
Action 52.2: Forward January input to Golder and ask them how they addressed it in the final report.	Robyn	Update at next meeting
Action 52.3: Review the entire Golder report, but with key focus on the new piece on stranded oil and submit comments to Robyn.	All / Robyn	April 6
Action 52.4: Look at the company information to see if it can be provided to include well information but with no company attribution.	Krista / Robyn	Update at next meeting
Action 52.5: Draft a new workplan for the April meeting.	Robyn	Next meeting
Action 52.6: Re-organize the new list of items to pursue and circulate for team to review and finalize before taking to their sectors to test.	Jolene	As soon as possible.
Action 52.7: Organize a conference call to discuss next steps before April 15 team meeting.	Robyn	As soon as possible.

1) Introductions

A round table of introductions was made.

2) Administration

- a. Approval of the agenda: The meeting agenda was approved by consensus.
- b. Approval of the minutes from the previous meeting: Minutes of the March 11, 2010 meeting (#51) were approved by consensus with the following corrections noted:

ERCB handed out a sheet correcting the figures for action 49.4. Note that these numbers were based on raw data for 2009, and validity checks on the data still need to be completed as part of the work for ST60B..

- c. Action items follow-up: The action item list from the previous meeting was reviewed as follows:

Action	Who	Due
47.2: Evaluate the impact of reducing 6 month testing/tie-in period in the heavy oil areas for anything in production in 2008 at Husky: Added: <i>“Provide data on the number of wells, volumes for sites that ultimately do conserve, and the value of reducing tie-in from 6 to 4 months”.</i>	Wayne	<i>Carry forward</i>
51.1: ERCB will provide a list of companies with batteries and wells contributing to the increases from Feb to Mar 07. Krista will follow-up with three companies that contributed to the increase, collate responses, and identify chronic issues behind the increases.	James & Krista	<i>Carry forward. Krista has enlisted some help.</i>

51.2: Add a draft recommendation regarding emissions from flaring with non-hydrocarbon liquid, for further discussion. Check if there was any implementation of the action coming out of 2004 report. <i>Robyn will forward to ARPC on behalf of the team indicating this is what the team did on the old recommendation. Leave it to them to decide if they will follow up with it.</i>	Robyn	<i>Done</i>
51.3: ERCB will seek direction from their board on their role and if the team can take more time to flesh out issues for the report.	James	<i>Done. See item 3 of today's agenda.</i>
51.4: As there is currently a requirement for this to be reported in this manner, ERCB will report back to the team in September on what they intend to do about combustion products (such as nitrogen or CO2) being reported in ST60B.	James	<i>Carry forward. ERCB will have direction by fall</i>
51.5: Everyone to review the flaring and venting alternatives table and provide Wayne with any additions, deletions or clarifications before a final version is included in the team report.	All	<i>Done. No feedback received.</i>

d. Update on CASA

Robyn provided an update on recent CASA activities.

3) Update from ERCB

James thanked Jim for his work while he was away. He then read the response from the ERCB board verbatim. In summary, the ERCB board believes the team should take the time it needs to continue its work to find reductions. It should be innovative and should explore more options including technical, market-based, etc.

In addition to the ERCB discussion, the Alberta Environment representative relayed an account of the meeting between the County of Vermilion and the Ministers of Energy, Environment and Treasury Board to discuss their concerns regarding conservation of solution gas and their gas co-op. Minister Renner and Minister Liepert stated they hold the CASA Flaring and Venting Project Team in high regard and expressed confidence in this team's ability to come to positive results, given the time required.

The team then discussed the need for greater representation from the municipal sector on the team, given their concern and as they are meeting with Ministers.

Action 52.1: Co-chairs will follow up with Bob Barss and discuss additional municipal representation on the team.

4) Update on Golder Report

The final Golder report was circulated prior to the meeting. Robyn asked if the report was in a form that could be accepted. Input was that the report is no where near final – errors, mistakes, input from January not incorporated (e.g. GHG, incineration). Roundtable general comments on report included:

- Doesn't provide any information that leads to a decision; did the team fail to provide the consultant with enough information, time, money to do an adequate job?
- Needs more description on what data was used and how the consultant arrived at their recommendations.

- Discussion about the data sample size for stranded oil section – was adequate size (65% of emissions) but not clear on how it was collected; may have differed between companies – this adds to uncertainty.
- Request for the consultant to provide the data (but sanitized so there is no connection to companies: for each well and then maybe by type and area).
- Some members still have an issue with the statement that 500 is the technical limit. Needs better explanation.
- The report will be public so need to be very clear when a statement is a viewpoint, versus a proven fact.
- Need a range of the amount of stranded oil – not a definitive number – and need to put it into context of total revenues, royalties (i.e. what is the impact of removing x millions of revenue) . Does it impact the royalty structure? Could changes be made to royalty program to improve conservation?
- General discussion about using royalties to incent conservation. Energy rep indicated that, with the province having just completed a royalty review, they are unlikely to reopen it in the near future. However, the new framework has several tools for low producing wells such as the royalty waiver, “A” factor; exemption from conservation if less than 900 m3, etc.
- On page 25, the GHG issue was summarily dismissed because the consultant did not get any producer data.

Action 52.2: Robyn will forward January input to Golder and ask them how they addressed it.

Action 52.3: Team members will review the entire Golder report, but with key focus on the stranded oil section and submit comments to Robyn by end of day Tuesday April 6.

Action 52.4: Krista and Robyn will look at the company information to see if it can be provided to include well info but with no company attribution.

5) Discuss the Workplan (what can be done in the next 6 months)

Given the feedback from ERCB and AENV, it was decided to add this agenda item to the discussion. The team needs to consider what work it can undertake and complete by the end of the calendar year.

Action 52.5: Robyn will start drafting a new workplan for the April meeting.

6) Recommendations

The team brainstormed new ideas for areas they could look into to widen their scope, be more innovative, to achieve greater conservation:

- **Gas co-op Economics**
 - what are the economics and how do we make them better?
 - are co-ops feasible everywhere or only certain parts of the province?
 - what are the barriers/incentives to encourage companies and co-ops to work together?
 - what are the barriers for smaller companies who do not own the gathering network? (

- Use the NPV (-\$50,000) to make a site economically viable or to share infrastructure costs
- **Clustering**
 - what are the barriers/ incentives to clustering?
 - what are the hurdles stopping companies with clustered networks from going to on-site electrical co-generation (need to discuss with electricity generation sector)
 - are there more opportunities for re-injection
 - Are there uses for the heat generated on site?
 - Is there an opportunity for unused gas and local agricultural operations?
 - Are there geographic areas where clustering is more economical?
- **Market-based instruments**
 - how could economic incentives (e.g. grant program) and disincentives like surcharges on flaring and venting (e.g. BC carbon tax) be used
 - could funds be recycled back to a tech fund or areas that need assistance (would have to have different thresholds for different types of production)
 - could be administratively complex and challenging (administrative barrier); challenging to get all operators to participate
 - need a clear outcome with a regulatory backstop.
 - only a small number of companies are large volume producers (Husky, CNRL) need to get these companies on side because they can make a big difference.
 - regulatory backstop would affect all companies, but only a few companies are responsible for largest amount of flaring
 - how could these promoted with smaller companies
 - how do we promote with gas co-ops
- **Permit system:**
 - set a cap/limit for flaring and venting and then auction off permits up to the limit (company can purchase permits or conserve).
- **Feed-in tariffs for solution gas micro-generation:**
 - Prices may already be set: under 1 MW is one price; over 1 MW is influenced by the market and producers are classified as AESO operators.
 - may not be able to change current regulations but perhaps there are other things in this area that could be explored.

Next Steps with the list of tools:

After the brainstorming session, the team agreed that there are many ways to drive conservation but the team does not have the time to investigate all of these. Also, there may be a lack of acceptance for some tools (e.g. penalties) at the political level and at the small producer level. It may be burdensome to set up new programs: it may be more effective to piggy-back with existing programs (GHG offsets) or test with a pilot program. The team should perhaps focus on making short term tweaks to the existing system that would get some reduction in flaring and venting. Longer term market mechanisms may be undertaken in the future to drive conservation and could be recommendations for further work from this team.

Action 52.6: Jolene volunteered to re-organize the list (short term, long term, more technologically challenging, who would it be directed to, who do we need to talk to about it, etc.) and circulate it for the team to review and finalize before taking to their sectors to test.

Action 52.7: Robyn will organize a conference call to discuss next steps before April 15 team meeting.

Based on the last meetings' discussion, Robyn revised the straw dog (section a through d are new).

Recommendation A2-4: the team requires Alberta-specific studies to look at the technical limit of conservation.

Recommendation B – this two-case scenario needs clarification (analysis is done with oil and without oil and if the difference is between a range, must conserve).

Recommendation D – the team agreed to the development of best management practices for testing and tie-in.

The secretariat clarified that the strawdog is just that – nothing is approved at this time. Industry and government indicated they have comments on the new recommendations (from last meeting). These will be discussed at future meetings. The day ended with a roundtable of final comments:

- NGO's are concerned about spending more time on the team and not seeing significant change in conservation at the end of the process.
- There may not be any quick wins.
- The team will only have recommendations in 6 months; implementation will take 1-2 years.
- Need to set targets and develop the mechanisms to achieve them. The two must be developed in tandem.

7) Next Meeting Date

Date	Time	Place
April 15	10:00	Edmonton

8) Adjournment

The meeting was adjourned at 3:30 p.m.