
ERCB

BUSINESS PLAN 2010-2013

DETAILED PLAN

ENERGY RESOURCES CONSERVATION BOARD

The Energy Resources Conservation Board (ERCB/Board) is an independent quasi-judicial regulator accountable through our legislation to the Minister of Energy and the Alberta Legislature. In this capacity, the ERCB is responsible for regulating Alberta's energy resources. The ERCB serves all Albertans—citizens, industry, and government—in the performance of our statutory duties and responsibilities. Quasi-judicial Board decisions regarding energy applications are made independently of government and pursuant to the ERCB's enabling legislation. On other matters, the ERCB often works cooperatively with government departments where areas of mutual responsibility or concern are more effectively addressed through a joint effort. The ERCB also provides geoscience information and other technical expertise needed by government, industry, and the public for the stewardship and development of Alberta's subsurface resources.

VISION

To be the best nonconventional regulator in the world by 2013.

MISSION

To ensure that the discovery, development, and delivery of Alberta's energy resources take place in a manner that is fair, responsible, and in the public interest.

VALUES

- **We Embrace Change** - We understand our business drivers, government policy and the external environment, and anticipate potential future directions.
- **We are Committed to the Public Interest** - We balance the interests of all Albertans in our stewardship of efficient, orderly and economic development of the province's energy resources.
- **We Provide Quality Service to our Stakeholders** - We provide our stakeholders with appropriate and innovative regulatory and operational solutions in the required timeframes.
- **We Regard our People as our Primary Asset** - We expect high performance from our people through innovation, creativity, dedication, commitment, leadership and results. As a learning organization, we rely on their knowledge, experience, talents and skills. We provide appropriate and timely recognition for people's achievements.

STRATEGIC PRIORITIES

1. Regulatory Reform

Linkage: Goal 1,3

The ERCB's energy regulatory responsibilities include public safety, environmental protection, resource conservation, and regulatory compliance. The development of unconventional resources and the maturing conventional infrastructure require innovative approaches to regulation. Energy resource regulation must be effective in managing risks associated with resource development and efficient in imposing appropriate levels of regulation, while maintaining fairness for those who may be affected. We will adopt and follow rules of procedure that are clear, predictable, and provide certainty for Albertans who wish to participate in the regulatory process. The ERCB will be open, transparent, and accountable and promote good governance. We should reflect today's realities and tomorrow's new challenges, while continuing to provide effective regulation for the conventional oil and gas industry. The ERCB will be proactive in identifying and addressing emerging issues that are involved in the industries we regulate. We will provide leadership by developing regulatory frameworks for major new resources, such as coalbed methane, in situ oil sands, shale gas and oil, tight gas, in situ coal gasification, geothermal energy, and low-productivity oil and gas. The ERCB will have to strategically balance our staff resources to address the unique issues and technical challenges associated with the development of unconventional energy resources.

2. Stakeholder Engagement

Linkage: Goal 2

The ERCB needs to continue our priority of assessing the interests of government, industry, the public, and other stakeholders and being responsive to their needs. As oil and gas development diversifies, Albertans are exercising their rights for greater participation in decision-making. As the ERCB moves to an increased focus on the development and regulation of unconventional resources, we will continue to consult with our stakeholders, with additional emphasis on those specifically involved with the development of unconventional resources. The ERCB will continue to explore and put forward options on how we can best leverage our expertise in order to provide advice and technical assistance to government to ensure that our knowledge, information, and advice can be used appropriately to the benefit of all stakeholders. We will engage in government-led initiatives where appropriate.

3. Organization and Staff Capacity

Linkage: Goal 4

A priority of the ERCB is to build on our history of technical expertise and excellence in regulating conventional and unconventional resource development. We will embrace change and adjust priorities to meet the future challenges of unconventional development. That means building the ERCB's capacity, including our people and their knowledge and expertise, as well as leadership development and succession planning. As the ERCB increases its focus on nonconventional resource regulation, we will be proactive in ensuring that staff have the knowledge, expertise, and training to successfully deal with the challenges of the evolving development of Alberta's energy resource base. The ability to retain qualified people will continue to be critical. The ERCB recognizes the need to improve and maintain a competitive market position to retain technical and professional people with the required skills and knowledge to maintain technical competency and fulfill leadership positions.

4. Information Technology Business Solutions

Information technology (IT) is a critical tool in the management of data, regulatory reform efforts, and improving the efficiency of regulatory processes through continued automation. The ERCB will strategically identify and transition to new technologies. Migration of the outdated mainframe computer systems to the current generation of client/server computer systems will continue as an ERCB priority. In addition to migrating IT solutions away from the mainframe, the ERCB recognizes the need for IT solutions to enable the delivery of regulatory priorities on a timely basis to meet stakeholder expectations and ensure the implementation of regulatory reform.

Linkage: Goal 2,4

CORE BUSINESSES

The Ministry of Energy Business Plan identifies the ERCB in one goal: Regulation of Energy Development in Alberta. In the ERCB business plan, this goal has been separated into two ERCB core businesses: Adjudication and Regulation, and Information, Knowledge, and Advice. In addition, the Ministry and ERCB business plans share a common goal of organizational capacity.

Core Business One:

Adjudication and Regulation—The Board regulates and adjudicates on matters related to energy within Alberta to ensure that the development, transportation, and monitoring of the province’s energy resources are in the public interest. The Board fulfills this mandate through the following activities: application review and hearing process, regulation, monitoring, and surveillance and enforcement.

Linkage: Goal 1,3

Core Business Two:

Information, Knowledge, and Advice—The information and knowledge responsibility of the ERCB includes the collection, storage, analysis, appraisal, dissemination, and stakeholder awareness of information. Open access to information develops awareness, understanding, and responsible behaviour and allows the ERCB and stakeholders to make informed decisions about energy matters. The ERCB will use our assets of information, knowledge, and experience to proactively provide technical and advisory advice to government and all other stakeholders.

Linkage: Goal 2

Organizational Capacity:

Organizational Capacity—Organizational capacity addresses the challenge and importance of maintaining and building organizational capacity to respond to changing business needs. Organizational capacity means having the right resources, people, processes, and tools to deliver the ERCB’s two core businesses.

Linkage: Goal 4

GOALS, STRATEGIES, & PERFORMANCE MEASURES

GOAL ONE

1

To implement a regulatory framework for unconventional energy resources.

What it means The ERCB has achieved a reputation as a world-class energy regulator. To maintain this reputation in a dynamic regulatory environment, we will build on the success of our existing conventional regulatory framework and focus on regulation of unconventional resources. As the development of Alberta's conventional energy resource base matures, development of unconventional resources is growing. Unconventional resource developments will become the focus of industry and will drive the need for the ERCB to ensure resources are conserved, the environment is protected, and public safety is assured as economic and orderly development continues. The ERCB is challenged to be proactive in identifying and addressing emerging issues involving the industries it regulates, while continuing to deliver effective and efficient regulation. The task is to ensure a respected regulatory system that provides certainty for unconventional energy resource infrastructure investment, while at the same time protecting other valued resources and the interests of Albertans into the future.

- Strategies**
- 1.1 Ensure effective, efficient, and appropriate regulation of unconventional energy resources (coalbed methane, in situ oil sands, shale gas and oil, tight gas, in situ coal gasification, geothermal energy, and low-productivity oil and gas).
 - Undertake a review of the science, engineering, and technologies associated with the development of unconventional gas resources to ensure the risks of development are understood and effectively mitigated through an effective and efficient regulatory system that balances the needs of all stakeholders.
 - Continue to implement new ERCB requirements for management of oil sands mine tailings.
 - Complete development of new requirements for efficient water use and management by in situ oil sands developments.
 - 1.2 Participate, support, and provide information, expertise, and leadership to government initiatives directed at aligned and coordinated regulation of unconventional gas and oil sands to improve the regulatory framework.
 - Government of Alberta Regulatory Alignment and Enhancement Project for Upstream Oil and Gas and Oil Sands (Regulatory Project)
 - Responsible Actions Implementation Team
 - 1.3 Continue with the ERCB's regulatory reform initiative to ensure that existing and new ERCB regulatory processes and requirements are necessary, effective, fair, transparent, and accountable, while reflecting the ERCB's high standards of public safety, environmental protection, and energy resource conservation.
 - 1.4 Complete a strategic plan to achieve the ERCB's vision for 2013.

2

The ERCB will engage its stakeholders in addressing emerging issues and provide them with information, knowledge, and advice related to the energy sector.

What it means As the ERCB increases its focus on regulation of unconventional resources, there will be a need to expand our knowledge and expertise to meet the coming challenges and play a leadership role as a nonconventional regulator. With the evolving development of Alberta's conventional energy resource base and development of unconventional resources growing, stakeholders' needs and interest in regulatory services are constantly expanding. We will continue to consult and engage with our stakeholders, with additional emphasis on those specifically involved with the development of unconventional resources.

The ERCB believes that open access to information fosters increased awareness, understanding, and responsible behaviour and allows the ERCB and stakeholders to make informed decisions about energy development. The ERCB will use our assets of information, knowledge, and experience to proactively provide technical and advisory advice and to provide timely and relevant response to government and all other stakeholders.

- Strategies**
- 2.1 Ensure industry data submissions meet ERCB regulatory standards and quality requirements.
 - Identify and collect the data required to manage resource development, particularly unconventional resources.
 - Implement new processes to verify the accuracy and completeness of oil and natural gas volumetric data.
 - 2.2 Continue to develop processes to ensure that the ERCB delivers timely, useful, easily accessible, relevant, and high-quality information and data.
 - 2.3 Develop and maintain an ERCB Energy and Minerals Inventory and Outlook as a knowledge base to guide regulatory and policy development.
 - 2.4 Provide geoscience information to meet the needs of the energy, mineral, and environmental sectors and to maintain an understanding of Alberta's resource/reserves supply and demand potential.
 - Continue collaboration with Alberta Environment (AENV) on the multi-year mapping and quantitative inventory of non-saline and saline groundwater resources in Alberta.
 - 2.5 Continue to provide expert advice and knowledge to stakeholders and the Government of Alberta and where appropriate, assume a leadership role in government-led initiatives.
 - 2.6 Continue to develop processes to enhance stakeholder engagement.
 - Implement the recommendations from the public involvement project to improve on how the ERCB engages with the public.
 - Proactively identify and increase Albertans' awareness of the key issues, roles, and responsibilities surrounding energy development.
 - Increase communication to stakeholders on the oil sands and nonconventional regulatory framework.
 - Increase community participation through mechanisms such as open house sessions.
 - Continue to work with AENV to ensure the protection of groundwater by streamlining and clarifying regulations, establishing protocols, and determining information requirements.

To maintain the high standards of adjudication and regulation of conventional energy resources.

What it means

Although conventional reserves are declining and there is a shift to the development of unconventional resources, production and enhanced recovery of conventional oil and gas will continue. The ERCB will assess the suitability of applying new technologies towards incremental recovery of conventional resources. With the maturing of conventional energy resource developments and infrastructure comes increasing decommissioning and abandonment activities and reclamation of sites. There is also the concern to maximize the use of existing infrastructure before it is decommissioned and abandoned. The ERCB will continue to assess the relevance of existing regulations, requirements and policies to ensure that approaches to regulation reflect the current environment. We will also focus on the management of legacy assets and infrastructure. The ERCB recognizes our responsibility to protect Albertans from significant potential environmental impacts and costs associated with abandonment and decommissioning of sites. As such, Albertans can be confident that the ERCB will continue to ensure that energy development takes place in the public interest, having regard for social, economic, and environmental effects, including resource conservation and that operators comply with regulatory requirements throughout the life cycle of any operation.

The ERCB will ensure that all applications for energy development approval are advanced in a responsible and efficient manner. Alternatives and continuous improvements to the application/hearing process will assist the ERCB in maintaining our reputation as an impartial, responsive decision-maker, as well as in addressing the volume of applications filed each year.

Strategies

3.1 Ensure effective, efficient, and appropriate regulation of conventional oil and gas resources.

- Ensure that regulations and requirements are integrated and coordinated with other government departments with similar regulatory mandates.
- Ensure that the ERCB uses sound risk management and consistent processes for the development of new and the review of existing regulations.
- Participate and contribute expertise and leadership to government regulatory initiatives that focus on conventional energy regulation.
- Continue implementation of systems development to improve the efficiency of resource management (well spacing, commingling and enhanced oil recovery).

3.2 Ensure effective, efficient, appropriate, and timely regulation of aging upstream oil and gas infrastructure.

- Assess issues associated with and improve ERCB abandonment requirements.
- Actively contribute to government initiatives addressing timely and appropriate remediation and reclamation.
- Ensure that ERCB sustainable liability management programs effectively address and regulate industry management of oil and gas facility abandonment and remediation liabilities and supports AENV in managing reclamation liabilities. Continue to evaluate the development of new liability management programs and explore ways to ensure timely decommissioning of infrastructure that has no value.

- 3.3 Focus inspections and enforcement efforts on high-risk energy operations, problem operators, and areas of intense development. Continue to seek opportunities for improvement to the ERCB's compliance models and principles and ensure industry compliance with regulatory requirements.
- 3.4 Ensure continued improvement to the application and hearing processes.
- Ensure that involvement of other government departments approving energy-related development, policies, and regulations is clearly articulated in the application review and hearing processes.
 - Consider implementation of region- and/or project-based application and decision-making processes for significant oil and gas developments that have potential regional-scale public impact and environmental effects.
 - Contribute expertise and leadership to government regulatory reviews directed at improving alignment, coordination, and efficiency of overall regulatory application-approval processes.
 - Improve nonroutine application processes to increase efficiencies in application turnaround time.

Performance Measure		Last Actual 2008	Target 2010	Target 2011	Target 2012
3.a	Regulatory Noncompliance Percentage of field inspections finding High Risk regulatory noncompliance	2.1%	Less than or equal to 3%	Less than or equal to 3%	Less than or equal to 3%

Note: A High Risk inspection is one that finds a contravention of regulation(s) that an operator has failed to address and that is having or may have a significant impact on the public and/or environment. The total number of inspections/investigations for 2009 is projected to be about 17 500.

Organizational Capacity

Successful delivery of the ERCB's core businesses depends on building and maintaining a strong organization with the knowledge, expertise, and capacity to respond to changing future business and economic circumstances. A separate ERCB Organizational Capacity goal that supports the ERCB's two core businesses has been established to address this requirement.

GOAL FOUR

4

The ERCB will invest in and engage our people to empower the organization and position us for success.

What it means

The breadth and volume of the ERCB's activities and the focus on unconventional resource development and regulation dictate that we operate at a high level of capability in all areas. To do this, the ERCB will require engaged staff with knowledge, expertise, and leadership skills. The ERCB must be proactive and continue to retain technical and professional people with the required skills, knowledge, expertise, and training to successfully deal with the challenges of a changing resource base. The ERCB must provide a workplace that encourages high productivity by providing a positive, engaging, and quality work environment. The ERCB needs to leverage information technology and infrastructure requirements to enable the organization's resources to be as effective as possible. By doing this, the ERCB will be able to use and allocate our resources efficiently and provide a common, effective suite of capabilities across the organization.

Strategies

- 4.1 Develop and implement strategies that enable the ERCB to retain and develop employees to ensure competent and engaged staff to meet current and future needs.
 - Maintain competitive compensation, pension, benefits, recognition, and workplace programs.
 - Employ innovative staffing strategies, including expanding new professional programs.
 - Continue development of talent management and succession strategies to plan for workforce change.
 - Provide opportunities for people to build technical and leadership capacity.
 - Enhance workforce planning to strategically allocate resources.
 - Continue to embrace change and encourage cross-functional capabilities to enhance our staff's capacity to respond to change.
 - Continue strategies to provide a positive, safe, and healthy work environment promoting work/life balance.
 - Recognize and reward excellent service by ERCB employees.
- 4.2 Continue effective strategic planning to ensure alignment between the organization's strategic and operational priorities and the direction of the ERCB.
 - Strengthen accountability by clearly communicating strategic and operational priorities.
 - Streamline processes to ensure fast and effective operational decisions.
- 4.3 Plan and address office space requirements to deal with demands on the ERCB and the expiry of office leases over the next three years. Provide office space that meets business needs and provides staff with functional, safe, productive, and healthy work environments.
- 4.4 Maintain a current and effective information technology environment to provide the organization with the infrastructure, tools, and solutions necessary to deliver excellent results.
 - Develop an information technology infrastructure that enables the organization to support ERCB activities and regulatory reform initiatives.
 - Migrate from the legacy mainframe environment to an environment capable of meeting current and future business requirements.

Performance Measures	Last Actual 2009	Target 2010	Target 2011	Target 2012
4.a ERCB Work Environment				
• Employee Engagement	80% (2009)	75% or higher	75% or higher	75% or higher
• Quality Work Environment	79% (2009)	78% or higher	78% or higher	78% or higher

Source:
4.a Alberta Government Core Measures Survey conducted annually