Building on The Vision

HUFT Committee
Calgary, May 29, 2008
Alberta’s Industrial Heartland
Issues Update

- Development Status
- Challenges to Development
- Infrastructure and Planning Progress
AIH Upgrading Capacity
Based on Upgrader Supply Chain Study – March 2007

Majority of the Province’s upgrading capacity will be found in the AIH region

- BA Energy
- Shell
- Petro-Canada
- StatoilHydro
- North West Upgrading
- Synenco (on hold)
- Total E&P Canada
- Another

Bitumen Capacity (Mb/d)

- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
The “Value Proposition
GDP derived from 2 Million Barrels/Day

Bitumen - $25 billion

Synthetic Crude - $50 billion

Petrochemicals - $75 billion
• **Seven potential upgrader announced**
  – One (1) under construction
  – Two (2) refinancing operations
  – Three (3) undergoing regulatory review
  – One (1) permanently on hold

• **Chemical Cluster Potential**
  – One (1) project currently under construction (HOP)

• **Infrastructure**
  – Sulpher Handling
  – Rail Roads
Challenges

• **Cost Inflation**
  - Capital costs have increased by 100% or more since the initial project disclosures
  - Two operations currently seeking new financing to complete projects
  - Review by all other operations of economics and alternative locations

• **Regulatory Uncertainty**
  - Cumulative Environmental Management (CEM) plan
    - Air emission standards
    - Water use/disposal
  - Green House Gas Issues – Federal vs. Provincial Standards
    - Carbon tax?
    - Sequestration opportunities

• **Skilled Labor Shortage**

• **Infrastructure Development Needs**
Anticipating the Impacts of Development

- 22,000 construction workers in the area at the peak
- Temporary worker accommodation creates a “shadow” population
- Increased road and rail traffic
- Air/Water quality impacts
- Increased demand for social service and infrastructure
- Affordable housing
• **Eco-Industrial Master Plan (EIMP)**
  – Phase one completed
    • Transportation
    • Utilities
    • Social
    • Land Use planning

• **Addressing Residents Interests**
  – A number of other initiatives are being taken to address development concerns in the area
    • Land Trust Society
    • Life in the Heartland communication program
    • IHCARI
Eco-Industrial Master Plan

Taking the Lead

Integrated Resource Baseline

<table>
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<th>Infrastructure Plans</th>
<th>Land Use &amp; Environment Plans</th>
<th>Industrial Integration Plans</th>
<th>Community &amp; Social Infrastructure</th>
<th>Communication Plans</th>
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Performance Goals and Measurement

Strathcona County
Sturgeon County
City of Fort Saskatchewan
Lamont County
Other Influencing Factors and Programs

- **Cumulative Environmental Management Program**
  - Targets for total emissions of NOx and Sox
  - Water Management Framework

- **Capital Region Growth Management Plan**
  - Coordination of planning and services across the greater Edmonton region

- **Land Use Framework**
  - Regional planning across the province

- **Linear Infrastructure Corridor**
  - Master plan for utility/pipeline corridors through the region
  - Future meetings to discuss implementation and integration with other planning exercises for the region.
Summary

• **Alberta’s Value Added Future**
  – Diversification of markets and products
  – Significant contribution to economy

• **Challenges Still Ahead**
  – Coordinated effort of all levels of government to make the dream a reality
  – Significant competition to process outside of Alberta

• **Planning for Development**
  – Anticipate and prepare for development pressures
  – Build on the work already completed
  – Coordination of current and future regulatory frameworks.
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