

BUDGET 2022

GOVERNMENT OF ALBERTA | 2022-25

Ministry Business Plan

Energy

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Business Plan 2022-25

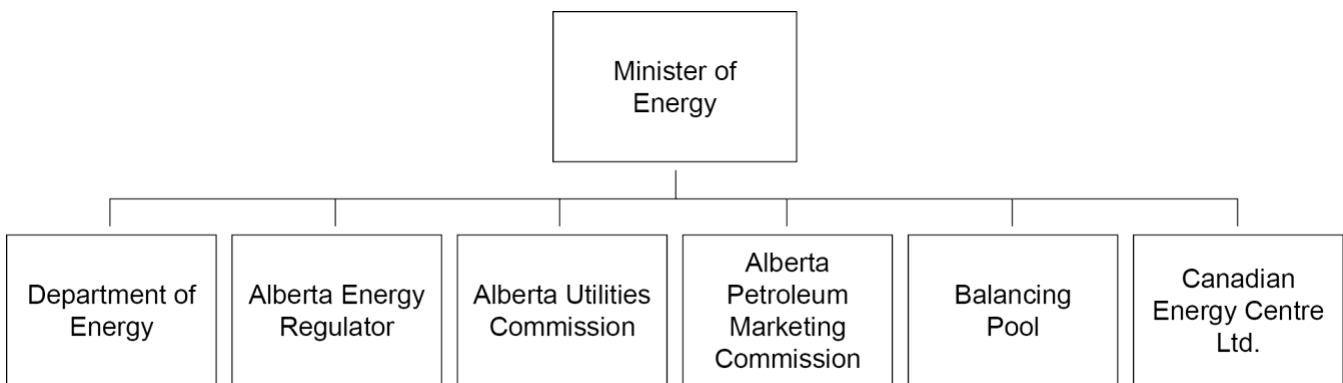
Ministry Fact Sheet – Mandate and Structure

The Ministry of Energy manages Alberta’s energy and mineral resources to ensure they are developed responsibly, in a way that benefits and brings value to Albertans as the owners of these resources. It continues to work on building a diverse energy and mineral sector by attracting investment in Alberta’s emerging resources including – but not limited to – hydrogen and geothermal energy. The ministry enables the provision of safe and reliable electricity and natural gas to customers across the province.

The province continues to navigate through a pandemic and a global recession towards recovery by ensuring its energy and mineral resource sectors thrive. Government is furthering Alberta’s economic recovery by encouraging investment, diversification and growth in the energy and mineral resource sectors, while improving access to markets. This is part of a robust plan to attract investment, grow the energy sector, and bring jobs to Alberta.

The ministry continues to build on the certainty and efficiency of Alberta’s energy regulatory system, while adapting legislation and regulations to rapidly evolving technology to demonstrate the competitiveness of Alberta’s energy sector, strengthen investor confidence and support job creation in Alberta communities. The ministry strives to ensure sustained prosperity in the interests of Albertans through a predictable and streamlined regulatory environment that is attractive to investors and encourages the development of oil, natural gas, hydrogen, geothermal, and minerals to leverage Alberta’s natural advantages. The establishment of new regulatory frameworks for emerging resources, including geothermal and mineral resources, creates opportunities for new investment through streamlined regulatory clarity and efficiency. Updates to the electricity regulatory system will also help modernize the grid and support industry’s role in a stable and well-functioning electricity system.

The ministry continues to take significant steps to simplify and reduce red tape on the energy and mineral sectors and remains committed to completing its red tape reduction initiatives by streamlining application processes, ensuring regulatory certainty and modernizing regulation for energy and mineral development.



Note: The Post Closure Stewardship Fund is a regulated fund that is administered by the department

Specific accountabilities for the ministry include the following:

- The Department of Energy enables responsible energy and mineral resource development that considers the social, economic and environmental outcomes that support Albertans' high quality of life and the prosperity of the province. The department oversees Alberta's royalty and tenure systems; collects revenues from energy resource development; leads and coordinates strategic energy and mineral related policy discussions; develops strategic and integrated policies and plans for sustainable energy and mineral development; enables markets and a safe, reliable and efficient electricity and natural gas system; and administers the Post Closure Stewardship Fund. The department also focuses on capitalizing on emerging opportunities in the energy and mineral sectors, such as liquefied natural gas, petrochemical manufacturing, hydrogen, carbon capture utilization and storage and geothermal. This is essential to ensuring that Albertans, including First Nations, Métis and all Indigenous Albertans benefit from and participate in energy and mineral resource development through innovative energy industries, a diversified energy future and job creation.
- The Alberta Energy Regulator ensures the safe, efficient, orderly and environmentally responsible development of Alberta's energy and mineral resources. This includes allocating and conserving water resources, managing public lands and protecting the environment, while securing economic benefits for all Albertans. The Alberta Energy Regulator is funded through an industry levy and is responsible for oil, natural gas, oil sands, geothermal, minerals and coal development in Alberta.
- The Alberta Utilities Commission regulates the utilities sector, and natural gas and electricity markets to protect social, economic and environmental interests of Albertans where competitive market forces do not. Its operations are funded by Alberta rate payers through an administration fee levied on Alberta's utilities and the independent system operator.
- The Alberta Petroleum Marketing Commission is responsible for marketing the Crown's share of crude oil, natural gas and bitumen. The Alberta Petroleum Marketing Commission supports projects that economically benefit the province through expanding global energy market access and maximizing the value of the Crown's resources under its purview.
- The Balancing Pool was established to support a fair, efficient and openly competitive electricity market in Alberta by performing the legislated duties and responsibilities set out in its mandate.
- The Canadian Energy Centre responds to misinformation about Canadian oil and natural gas, conducts research, creates original content to elevate the general understanding of Canada's energy sector to centralize and analyse data that targets investors, researchers and policy makers.

A more detailed description of the Ministry of Energy and its programs and initiatives can be found at: www.alberta.ca/energy.aspx.

The Ministry of Energy continues to review programs to ensure Albertans receive efficient and client-focused services from their government. As part of this ongoing review, the ministry is committed to protecting and supporting Albertans and job creators by reducing red tape by one-third by 2023, modernizing regulations, eliminating unnecessary regulatory requirements, and reducing administrative burden through more efficient processes including digital solutions.

Ministry business plans should be considered in conjunction with all budget documents - including the Fiscal Plan, Government Strategic Plan, and Estimates - which work together to provide a complete overview of government's commitment to responsible fiscal management.

Business Plan – Core

Outcome 1

Albertans benefit from economic recovery through investment in responsible energy and mineral development and access to global markets

Key Objectives

- 1.1 Support the competitiveness of Alberta’s energy industry by maximizing and protecting its energy resource sector, while enabling and accelerating opportunities in emerging resources:
- reducing red tape to Alberta’s energy sector, while streamlining legislative requirements and regulatory processes;
 - continuing to invest in environmental stewardship through site rehabilitation;
 - advocating and supporting expanded pipeline takeaway capacity and access to new markets for Alberta’s energy resources and products;
 - continuing to implement the natural gas vision and strategy, including opportunities in liquefied natural gas, investments in petrochemical manufacturing, creating conditions for deployment of hydrogen across the provincial economy, and development of the circular plastics economy; and
 - continuing to create a competitive regulatory environment that encourages the development of natural gas, hydrogen, geothermal, minerals and advancing the development of carbon capture, utilization and storage to leverage Alberta’s natural advantages.
- 1.2 Enhance Alberta’s investment climate through measures to improve the province’s standing with investors, including:
- enabling a competitive and an adaptive electricity system for Albertans to support job creation, attract investment and support the adoption of lower-carbon energy in the province;
 - reinforcing Alberta’s long-standing commitment to responsible and innovative energy and mineral resource development and communicating the province’s energy and mineral industry performance; and
 - working with the Ministry of Indigenous Relations, First Nations, Metis Settlements, other Métis communities, and Indigenous organizations to support Indigenous participation and partnerships in the natural resource and energy economy.

Initiatives Supporting Key Objectives

- Department policy activities have an allocation of \$35 million in 2022-23.
- The Site Rehabilitation Program has an allocation of \$297 million in 2022-23.
- Department operational royalty and tenure activities have an allocation of \$17.2 million in 2022-23.

Performance Metrics

1.a Performance Measure: Alberta oil sands supply share of global oil consumption

Year-over-year growth in Alberta’s oil sands supply share reflects its increasing importance in the global energy mix. This measure integrates the many factors and nuances in Alberta’s fiscal regime, project economics, competing global investment opportunities, market access and dynamics at all levels.

In 2020, Alberta’s oil sands supply share of global oil consumption was 3.3 per cent.

Targets	2022-23	3.5%	2023-24	3.6%	2024-25	3.7%
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1.b Performance Indicator: Alberta Production*

	2017	2018	2019	2020
Crude oil and equivalent (millions of barrels/day)	3.4	3.7	3.8	3.6
Marketable natural gas (billion cubic feet/day)	10.4	10.4	9.9	9.4

1.c Performance Indicator: Alberta Investment (2020 results are preliminary actual)

	2017	2018	2019	2020
Upstream (Cdn\$ billions)	29.4	28.6	25.1	16.6
Downstream (Cdn\$ billions)	0.9	1.9	2.4	1.6

Note: *The source of the indicator has been changed from the Canada Energy Regulator to the Alberta Energy Regulator; all results for 2017-2019 for both portions of the indicator have been retroactively revised due to the source change.

Outcome 2

Effective, efficient stewardship and regulation of Alberta’s energy and mineral resources

Key Objectives

- 2.1 Collaborate with other ministries to maintain and strengthen a balanced, sustainable approach to managing the cumulative effects of resource development, including the ongoing implementation of liability management activities.
- 2.2 Reduce red tape, and optimize regulation and oversight of:
 - Alberta’s energy and mineral resource sector to responsibly utilize and develop resource potential; and
 - Alberta’s utilities to ensure the public interest of Alberta is protected through legislation to ensure safe, reliable, efficient and environmentally responsible development and operation of the electric and natural gas system.

Initiatives Supporting Key Objectives

- The Alberta Energy Regulator 2022-23 has an allocation of \$219 million.
- The Alberta Utilities Commission in 2022-23 has an allocation of \$31 million.
- Levies collected from industry for orphan well and large facilities decommissioning have an allocation of \$78.5 million in 2022-23.

Performance Metrics

2.a Performance Measure: Timeliness of application processing (Alberta Energy Regulator)

This measure monitors the overall efficiency of the Alberta Energy Regulator’s application processing, drives internal performance, and provides certainty and transparency to the public related to Alberta Energy Regulator’s turnaround targets.

98.8 per cent of routine Alberta Energy Regulator applications and 97.5 per cent of non-routine Alberta Energy Regulator applications met turnaround targets in 2020-21.

Target: Routine	2022-23	99%	2023-24	99%	2024-25	99%
Target: Non Routine	2022-23	95%	2023-24	95%	2024-25	95%

2.b Performance Measure: Timeliness of need and facility application processing (Alberta Utilities Commission)

This measure monitors the Alberta Utilities Commission’s performance at meeting the legislated 180-day review timeline.

84.0 per cent of Alberta Utilities Commission needs and facilities applications were determined within 180 days in 2020.

Target	2022-23	100%	2023-24	100%	2024-25	100%
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2.c Performance Indicator: Regulatory compliance (Alberta Energy Regulator)

	2017-18	2018-19	2019-20	2020-21
Compliant Inspections	76%	76%	78%	79%

2.d Performance Indicator: Pipeline safety (Alberta Energy Regulator)

	2017	2018	2019	2020
Number of high-consequence pipeline incidents	26	24	20	16

2.e Performance Indicator: Annual wells decommissioned (Alberta Energy Regulator)

	2017	2018	2019	2020
Number of wells decommissioned	5,392	5,301	5,994	6,503
Per cent compared to inactive well population	5.7%	5.6%	6.0%	6.3%

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable			2022-23 Estimate	2023-24 Target	2024-25 Target
	2020-21 Actual	2021-22 Budget	2021-22 Forecast			
REVENUE						
Transfers from Government of Canada	127,954	450,000	252,046	295,000	325,000	-
Freehold Mineral Rights Tax	59,818	67,000	95,000	96,000	87,000	84,000
Natural Gas and By-Products Royalty	465,162	467,000	1,722,000	1,458,000	1,151,000	959,000
Crude Oil Royalty	465,969	627,000	1,666,000	1,670,000	1,619,000	1,478,000
Bitumen Royalty	2,005,884	1,482,000	9,515,000	10,349,000	9,213,000	8,160,000
Coal Royalty	12,032	10,000	9,000	8,000	8,000	7,000
Bonuses and Sales of Crown Leases	23,731	151,000	185,000	236,000	225,000	206,000
Rentals and Fees	118,094	118,000	140,000	119,000	112,000	106,000
Energy Regulation Industry Levies and Licences	114,240	206,592	208,023	200,730	200,730	200,730
Orphan Well Abandonment Levy and Fees	65,698	74,000	74,000	78,500	74,500	74,500
Utility Regulation Industry Levies and Licences	29,971	31,377	30,377	30,306	30,318	30,318
Investment Income	440	1,017	717	725	725	725
Other Revenue	4,483	955	28,725	590	590	590
Other Premiums, Fees and Licences	2,651	1,745	1,872	1,529	1,529	1,529
Net Income Alberta Petroleum Marketing Commission	(1,854,103)	(570,159)	(124,240)	(329,295)	(223,071)	(247,381)
Net Income Balancing Pool	(112,770)	107,445	93,700	111,700	111,700	111,700
Ministry Total	1,529,254	3,224,972	13,897,220	14,325,785	12,937,021	11,172,711
Inter-Ministry Consolidations	(212)	-	-	-	-	-
Consolidated Total	1,529,042	3,224,972	13,897,220	14,325,785	12,937,021	11,172,711
EXPENSE						
Ministry Support Services	5,373	7,216	7,216	7,170	7,170	7,170
Resource Development and Management	58,687	79,065	66,065	78,791	78,779	78,779
Cost of Selling Oil	46,308	72,000	135,000	144,000	147,000	147,000
Climate Change	20,598	32,414	27,614	33,787	31,493	31,493
Market Access	442,530	976,000	925,000	-	-	-
Carbon Capture and Storage	126,575	58,934	43,501	58,914	58,914	58,914
Energy Regulation	203,753	208,269	241,490	219,015	218,560	222,081
Orphan Well Abandonment	65,698	74,000	74,000	78,500	74,500	74,500
Utilities Regulation	30,479	31,477	31,477	30,671	30,683	30,683
Economic Recovery Support	129,640	477,350	254,396	297,200	461,000	136,000
Ministry Total	1,129,641	2,016,725	1,805,759	948,048	1,108,099	786,620
Inter-Ministry Consolidations	(442)	-	-	-	-	-
Consolidated Total	1,129,199	2,016,725	1,805,759	948,048	1,108,099	786,620
Net Operating Result	399,843	1,208,247	12,091,461	13,377,737	11,828,922	10,386,091
CAPITAL INVESTMENT						
Ministry Support Services	-	500	500	500	500	500
Energy Regulation	13,697	14,500	14,011	14,500	14,500	14,500
Utilities Regulation	288	2,000	1,000	1,500	1,500	1,500
Consolidated Total	13,985	17,000	15,511	16,500	16,500	16,500