

BUDGET 2024

GOVERNMENT OF ALBERTA | 2024-27



Energy and Minerals

Ministry Business Plan

Alberta 

Energy and Minerals

Business Plan 2024-27

Ministry Fact Sheet – Mandate and Structure

The Ministry of Energy and Minerals manages Alberta’s subsurface resources to ensure they are developed responsibly and in a way that benefits and brings value to Albertans as the resource owners. Alberta’s subsurface resources include the fourth-largest proven oil reserves in the world, significant natural gas and coal resources, geothermal heat, pore space, and metallic and industrial minerals.¹

Geopolitical conflict in Europe and the Middle East emphasises the continued need for safe, secure, reliable, and affordable energy and mineral supply chains. As one of the world’s largest and most responsible oil and gas producers, Alberta continues to advocate across Canada – and globally – to reinforce the important role it plays in providing environmentally responsible, reliable, and affordable energy and mineral products.

The ministry continues to improve the efficiency and effectiveness of Alberta’s regulatory system and to adapt to meet the government’s goals of increased resource production and export, and carbon neutrality by 2050. Modernizing legislation and regulations allows the province to take advantage of the rapidly advancing technologies deployed in the energy, mineral, and subsurface sector. This efficient, effective, modern regulatory system makes Alberta a competitive jurisdiction in which to do business, thereby strengthening investor confidence and supporting job creation in Alberta communities. The ministry strives to leverage Alberta’s natural advantages through a predictable and streamlined regulatory environment that encourages the development of oil; natural gas; geothermal; minerals; and carbon capture, utilization and storage projects; as well as the value-added production of petrochemicals and hydrogen. The establishment of new regulatory frameworks for emerging resources, including mineral resources and small modular reactors, creates opportunities for new investment with regulatory certainty.

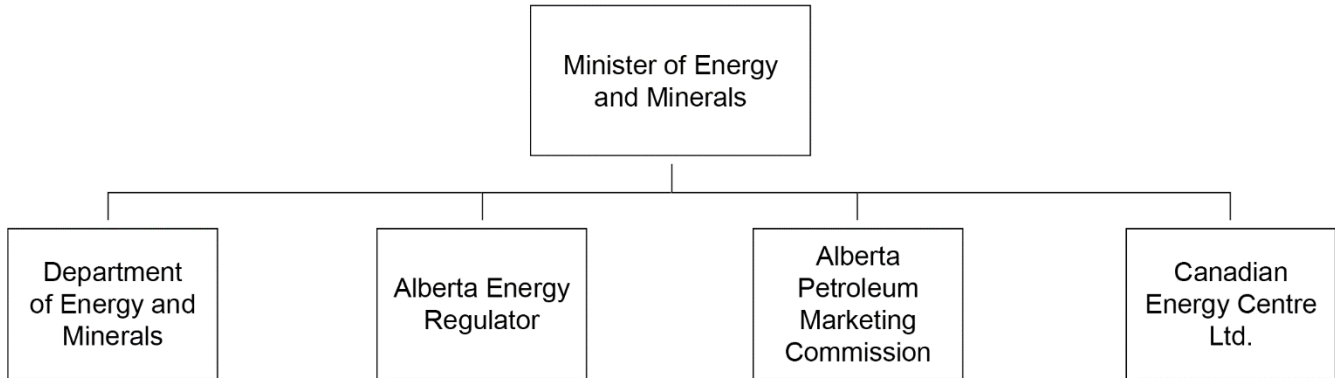
The Department of Energy and Minerals enables responsible development while considering the social, economic and environmental outcomes that support Albertans’ high quality of life and the prosperity of the province. The department oversees Alberta’s royalty and tenure systems; collects revenues from subsurface resource development; leads and coordinates strategic subsurface-related policy discussions; develops strategic and integrated policies and plans for sustainable subsurface development; provides technical support to other Government of Alberta ministries on matters related to subsurface resource development; and administers the Post-Closure Stewardship Fund. The department also capitalizes on emerging opportunities in the energy, mineral, and subsurface sector, such as liquefied natural gas; petrochemical manufacturing; hydrogen; carbon capture, utilization, and storage; geothermal; and critical minerals. The work of the department is essential to ensuring that Albertans, including First Nations, Métis, and all Indigenous peoples in Alberta, have opportunities to participate in and benefit from a strong a diversified energy, mineral, and subsurface sector.

The Alberta Energy Regulator ensures the safe, efficient, orderly and environmentally responsible development of Alberta’s energy, mineral, and subsurface 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, and coal development in Alberta. The Alberta Energy Regulator’s mandate has also been expanded to include full lifecycle regulation of minerals.

The Alberta Petroleum Marketing Commission is responsible for marketing the Crown’s royalty share of crude oil, natural gas and bitumen in a manner that is in the public interest of Alberta. 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.

¹ The ministry manages all subsurface resources, with the exception of gravel.

The Canadian Energy Centre promotes Canada as the supplier of choice for the world’s growing demand for responsibly produced energy. It responds to misinformation about Canadian oil and natural gas while also conducting research and analysis about the sector, which is used to produce original content. The work of the centre is intended to increase public understanding of Canada’s energy sector in addition to targeting investors, researchers, and policy makers.



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

A more detailed description of the Ministry of Energy and Minerals and its programs and initiatives can be found at: <http://www.alberta.ca/energy-and-minerals>

The Ministry of Energy and Minerals remains committed to regulatory approaches and program delivery that reduce unnecessary government oversight and emphasizes outcomes in order to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

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.

2024-27 Business Plan

Outcome 1

Albertans benefit from investment in responsible energy, mineral, and subsurface development and access to global markets

The ministry develops and manages policies and programs related to the province's royalty and tenure systems to attract industry investment, provide jobs, business opportunities, tax revenue, and numerous other benefits to the provincial economy. It advocates for increased access to global markets for all energy and mineral resources to strengthen both provincial and national economies, while proactively communicating how Alberta produces subsurface resources with some of the highest environmental, labour, and human rights standards in the world. It seeks to influence challenges facing Alberta's energy, mineral, and subsurface sector, including those related to energy security, market access, price volatility, and intra- and interprovincial transportation and storage, while advancing the development of low-carbon products.

Key Objectives

- 1.1 Support competitiveness of Alberta's energy, mineral and subsurface resource sector by:
 - advocating for and supporting optimization of Alberta pipelines, new or under-construction export pipelines, and new infrastructure to access new markets, enhance energy security, and grow value-add industries; and
 - engaging with global partners to firmly establish Alberta as an integral, reliable partner in global energy security and transition.
- 1.2 Enable and accelerate opportunities in emerging resources and the energy transition by:
 - advancing the development of carbon capture, utilization, and storage to support industry in creating lower carbon products that will be more competitive in the global market;
 - continuing to implement the Natural Gas Vision and Strategy and the Hydrogen Roadmap, including opportunities in liquefied natural gas, investments in petrochemical and hydrogen manufacturing, creating conditions for deployment of hydrogen across the provincial economy, and development of a plastics circular economy;
 - continuing to support and create a competitive regulatory environment that encourages the development of natural gas, hydrogen, ammonia, recycled plastics, liquefied natural gas, geothermal, helium, lithium, and other minerals; and
 - developing and implementing a regulatory framework for small modular reactor technology use in Alberta.
- 1.3 Enhance Alberta's investment climate and improve the province's standing with investors, by:
 - promoting the province as a safe, secure and sustainable producer of energy, mineral and subsurface resources, reinforcing industry performance and Alberta's long-standing commitment to responsible and innovative resource development; and
 - working with other ministries, First Nations, Metis Settlements, other Métis communities, and Indigenous organizations to support Indigenous participation and partnerships in energy, mineral, and subsurface economies, including regional development in rural areas.

Initiatives Supporting Key Objectives

- Department policy activities have an allocation of \$44.7 million in 2024-25 to conduct the research, design, and development of energy, mineral, and subsurface policy to strategically support government initiatives.
- Department operational royalty and tenure activities have an allocation of \$18.8 million in 2024-25, and includes resources required to administer subsurface rights and the royalty regimes for non-renewable resources.

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 2022, Alberta’s oil sands supply share of global oil consumption was 3.3 per cent.

Targets	2024-25	3.5%	2025-26	3.6%	2026-27	3.7%
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1.b Performance Indicator: Alberta Production

	2019	2020	2021	2022
Crude oil and equivalent (millions of barrels/day)	3.8	3.6	3.8	4.0
Crude oil and equivalent leaving Alberta	87%	88%	88%	87%
Marketable natural gas (billion cubic feet/day)	9.9	9.4	9.6	10.3
Natural gas leaving Alberta	54%	61%	61%	61%

1.c Performance Indicator: Alberta Investment (2022 results are preliminary actual)²

	2019	2020	2021	2022
Upstream (Cdn\$ billions)	25.1	16.7	19.0	24.6
Downstream (Cdn\$ billions)	2.4	1.9	2.4	1.4

Outcome 2

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

The ministry will continue to improve the clarity and efficiency of Alberta’s subsurface regulatory system, while modernizing legislation and regulations, and streamlining and speeding up application approval processes to enhance industry competitiveness and create jobs. A strategic and integrated system approach to responsible subsurface resource development benefits Albertans by balancing overall environmental, economic, and social outcomes while ensuring the province has a predictable and streamlined regulatory environment that is attractive to investors and does not include unnecessary red tape and regulatory burden. It also supports the government’s goal of achieving carbon neutrality in Alberta’s energy sector by 2050 without compromising affordable, reliable, and secure energy.

Key Objectives

- 2.1 Maintain, enforce and enhance provincial jurisdiction and regulatory certainty for Alberta’s energy and mineral resources.
- 2.2 Collaborate with other ministries within the Integrated Resource Management System to maintain and strengthen a balanced, responsible approach to managing the impacts of resource development activities and continue to implement the Liability Management Framework.

² Upstream investment measures the “mining, quarrying and oil and gas extraction” sector, which is defined as code 21 under the North American Industry Classification System (NAICS). Downstream investment measures the “petroleum and coal product manufacturing” and “chemical manufacturing” sectors, which are defined under NAICS as codes 324 and 325, respectively.

2.3 Optimize regulation and oversight of Alberta’s subsurface to support the government’s goals of increased energy and mineral resource production, and increased investment in emissions-reduction technologies to reach carbon neutrality by 2050.

Initiatives Supporting Key Objectives

- The Alberta Energy Regulator - which is funded through administrative fees levied to industry - has an allocation of \$246.4 million in 2024-25 to regulate the safe, efficient, orderly, and environmentally responsible development of subsurface resources over their entire life cycle.
- Funds collected from industry under the Orphan Fund Levy have an allocation of \$135.5 million in 2024-25 to support the work of the Orphan Well Association, which cleans-up oil and gas sites that do not have a viable or legally responsible owner.

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. Turnaround targets vary based on the type and complexity of an application.

In 2022-23, 99 per cent of routine Alberta Energy Regulator applications and 97 per cent of non-routine Alberta Energy Regulator applications met turnaround targets.

Target: Routine	2024-25	99%	2025-26	99%	2026-27	99%
Target: Non-Routine	2024-25	95%	2025-26	95%	2026-27	95%

2.b Performance Indicator: Regulatory compliance (Alberta Energy Regulator)³

	2019-20	2020-21	2021-22	2022-23
Compliant Inspections	78%	79%	75%	73%

2.c Performance Indicator: Pipeline safety (Alberta Energy Regulator)⁴

	2019	2020	2021	2022
Number of high-consequence pipeline incidents	20	16	11	8

2.d Performance Indicator: Annual wells decommissioned (Alberta Energy Regulator)⁵

	2019	2020	2021	2022
Number of wells decommissioned	5,994	6,503	11,754	10,986
Per cent compared to inactive well population	6.0%	6.3%	11.4%	11.7%

³ This indicator reflects the Alberta Energy Regulator’s ability to perform inspection (prevention) activities. Field inspectors determine if regulatory requirements have been met and provide an opportunity to work directly with companies to bring them back into compliance.

⁴ A reportable pipeline incident under the Alberta Energy Regulator’s jurisdiction is any pipeline release, break or contact damage (regardless of if there is a release). The Alberta Energy Regulator reviews all pipeline failures to understand the cause and to assess compliance.

⁵ The decommissioning process involves the company removing surface equipment and sealing the well to prevent the well from impacting the environment. This measure demonstrates the degree that industry is moving inactive wells through the lifecycle and towards safe closure.

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable		2024-25 Estimate	2025-26 Target	2026-27 Target
	2023-24 Budget	2023-24 Forecast			
REVENUE					
Freehold mineral rights tax	129,435	98,000	100,000	111,000	111,000
Natural gas and by-products royalty	2,465,402	1,249,000	1,468,000	1,742,000	1,793,000
Crude oil royalty	2,905,317	3,139,000	2,779,000	2,697,000	2,689,000
Bitumen royalty	12,555,401	14,367,000	12,538,000	12,857,000	12,888,000
Bonuses and sales of Crown leases	306,594	435,000	321,000	335,000	361,000
Investment Income	2,700	7,122	6,299	5,457	4,598
Other Revenue	2,172	1,546	575	575	575
Other Premiums, Fees and Licences	1,529	1,529	1,729	1,729	1,729
Rentals and fees / coal royalty	128,885	226,000	209,000	208,000	208,000
Net Income Alberta Petroleum Marketing Commission	(17,502)	(301,001)	(524,974)	(552,156)	(391,389)
Energy Regulation Industry Levies and Licences	217,419	218,252	225,246	232,003	237,803
Orphan Well Abandonment Levy and Fees	135,000	135,665	135,500	135,500	135,500
Ministry Total	18,832,352	19,577,113	17,259,375	17,773,108	18,038,816
Inter-Ministry Consolidation Adjustment	(1,597)	(971)	-	-	-
Consolidated Total	18,830,755	19,576,142	17,259,375	17,773,108	18,038,816
EXPENSE					
Ministry Support Services	7,495	6,869	5,963	5,993	6,021
Resource Development and Management	88,865	86,174	90,593	91,648	92,450
Cost of Selling Oil	316,000	356,667	356,667	347,500	348,209
Carbon Capture and Storage	58,914	32,243	59,039	59,039	689
Energy Regulation	231,274	243,568	246,421	250,924	255,800
Orphan Well Abandonment	135,000	135,665	135,500	135,500	135,500
Economic Recovery Support	147,405	116,849	153,878	241,642	60,832
Ministry Total	984,953	978,035	1,048,061	1,132,246	899,501
Inter-Ministry Consolidation Adjustment	(1,597)	(971)	-	-	-
Consolidated Total	983,356	977,064	1,048,061	1,132,246	899,501
Net Operating Result	17,847,399	18,599,078	16,211,314	16,640,862	17,139,315
CAPITAL INVESTMENT					
Ministry Support Services	1,000	1,155	1,478	500	500
Energy Regulation	14,500	14,500	14,500	14,500	14,500
Consolidated Total	15,500	15,655	15,978	15,000	15,000