

ALBERTA **A GLOBAL ENERGY LEADER**



Prepared by
**Energy and
Environment
Committee**

OCTOBER 2010

A E D A
ALBERTA ECONOMIC DEVELOPMENT AUTHORITY



▲ **Suncor Energy's Pond I in 2002**
Pond I was in operation from 1967 to 1997.

Suncor Energy's Pond I in June 2010 ▼
Suncor is the first Alberta oil sands company to convert a tailings pond to a stable surface solid enough to be re-vegetated.



PROUD OF OUR TRACK RECORD

Alberta is proud to be a region with vast resources in hydrocarbons where transparent markets rule. This represents a huge opportunity for Alberta; however, it has also been seen as a huge threat to others. Environmental groups and other special interest groups who are opposed to fueling the world with hydrocarbons have turned their attention to Alberta and are pulling out all the stops to try and discredit the province.

AEDA's Energy and Environment Committee identified Alberta's environmental reputation as a priority issue in early 2010. The committee believes that government and industry need to do more to promote Alberta and ensure consistent and truthful messages are communicated to refute the false claims made by Alberta's detractors. Through a series of meetings in 2010, several ideas were captured, which led to the committee contracting the consulting firm, Fleishman Hillard, to conduct a current state and gap analysis on the situation. It was that work, along with the committee's input, which has resulted in this report.

Global energy demand is expected to increase by 40% in the next 20 to 30 years and Alberta is arguably the most significant source of oil in the world. We are world leaders in heavy oil and oilsands extraction. After touring Fort McMurray and several oilsands projects in September 2010, United States Senator Lindsey Graham – voiced, "Alberta oilsands are a national treasure for Canada and the United States," pledging he's

"full-speed ahead" on expanding the amount of oilsands crude flowing across the border each day.

Alberta has an opportunity to position itself as a global energy hub. We should be viewed as a world-scale, responsible developer of all things energy. This includes conventional energy sources such as oil, gas and coal, as well as unconventional sources like oilsands, heavy oil, shale gas and shale oil. Our energy expertise also extends to renewables, such as wind, solar, bio-mass and bio-fuels. Technological advancements will undoubtedly solve many of our environmental challenges and much of that technology can come from right here in Alberta.

It all boils down to performance and communication. Our environmental performance does have room for improvement, but we have been doing better and the trend is positive. Overall, we are much more transparent and much

more environmentally responsible than other regions. We need to maintain our continuous performance improvements and we need to do a better job telling the world about it!

This represents a huge opportunity for Alberta; however, it has also been seen as a huge threat to others.

AEDA's vision is for Alberta to be recognized as a globally responsible energy leader, and for this story to be communicated effectively to the world.

KEY FINDINGS

AEDA would like to highlight the following key findings and observations from research which has been recently undertaken.

- The use of social media and the lack of accountability to report on facts have sensationalized the claims against Alberta.
- The press and media do not report on a level playing field.
- Strategies to engage special interest groups with factual debates and discussion have been ineffective, as they rarely accept the offers to engage in public debate.
- Efforts by the energy industry to correct misinformation are seen as self-serving and have been met with skepticism.
- There is a need for simple and consistent messaging from members of the Alberta government, but inconsistent messages have been communicated that end up undermining our reputation. This is likely due to lack of understanding the issues.
- There appears to be a lack of independent groups that can represent a non-partisan view of the situation in Alberta.
- Communication between government departments with overlapping areas of responsibility, particularly regulatory, is lacking and appears to be very siloed to the industry and public at large.
- Target audiences and tactics to engage each group do not appear to be well defined.
- You need to win at home before you go on the road – we need Albertans and Canadians on board and supporting oilsands development, so that they can become ambassadors.
- Activist NGOs are big business, garnering millions in donations. Disclosure of United States donations for GreenPeace in 2007 shows revenue of \$38.4 million. This was only for their United States subsidiary and they raise money globally. The Sierra Club raised \$112.4 million in the U.S. in 2008.

There is a need for simple and consistent messaging.

- Any advocacy work should focus on Alberta's entire energy portfolio, and not just oilsands. We are leaders in many areas of energy resource extraction, such as environmental technologies, carbon capture and sequestration, reservoir enhancement, and we have significant installations of alternative energy sources such as wind, solar and bio-fuels. There is an opportunity to highlight Alberta as an environmentally responsible energy hub, with world-class technological advancements.
- If left unchecked, the following impacts could manifest and would affect the business environment in Alberta:
 - o Impact on attraction of investment capital.
 - o Damage to the Alberta brand going beyond just energy and extending to tourism and other Alberta-produced goods.
 - o Potential for over-reaction by government leading to an onerous regulatory and policy environment.
- Performance + Communication = Reputation (Credibility). Trust and credibility are key items that need to be built with the public.
- Messages from media are mixed – do we utilize facts or create emotion to respond back?
- NGOs use emotion to gain support and the government utilizes facts – this has not always worked in our favour. Utilizing facts and creating emotion may, in fact, be what is required.
- Other oil-producing countries may have an environmental record that is not as transparent as Alberta's. This may be Alberta's key to responding to the claims of the NGOs on Alberta's reputation.

A FRAMEWORK TO MOVE FORWARD

The Energy and Environment Committee of AEDA have structured their thoughts and ideas into a framework that lays out some broad goals and provides recommendations to achieve those goals. The committee applauds recent activity by the government of Alberta to tackle the misinformation and raise public awareness. However, we firmly believe that more needs to be done, and a long-term strategy, resourced appropriately, is required.

GOAL 1

ALBERTA IS RECOGNIZED GLOBALLY FOR THE OPENNESS AND TRANSPARENCY OF ITS ENVIRONMENTAL PERFORMANCE, REGULATIONS AND REGULATORY REPORTING SYSTEM.

RECOMMENDATION 1.1:

Create an open and transparent model of reporting to Albertans and the world on the activities that the energy industry is undertaking to meet the environmental goals, and to achieve international recognition for having one of the cleanest and most sustainable environments in the world.

The Committee recommends that the Government of Alberta develop a **Report Card to Albertans** – identifying the measures that make Alberta a world leader in hydrocarbon extraction and energy development. Potential measures could be in the area of air quality, flaring reductions, water usage, protected land mass, CO₂ capture, carbon taxes, and deployment of renewables, such as wind turbines. This report card would utilize facts and provide comparisons to other regions in the world.

The committee feels that execution of this recommendation will help advance all the subsequent recommendations. If done properly, it will focus Alberta's performance

onto specific measurables and will highlight our performance compared to competing jurisdictions.

RECOMMENDATION 1.2:

Improve the image and public awareness of Alberta's regulatory system by partnering with a recognized institution or third party to measure and validate the regulatory environment in Alberta.

Within international energy circles, Alberta is recognized as having one of the strongest regulatory environments that balances the socio-environmental needs of the public against a strong and robust resource extraction industry. Yet, much of the public is unaware of the stringent measures in place and how we compare to other regions. Various degrees of the "cowboy – wild west" image of Alberta, where there are no rules, is a common perception among the uninformed.

Consider developing an independent study of Alberta's environmental and regulatory standards by a respected U.S. institution, such as the MIT Centre for Energy and Environmental Policy Research, or a group of similar stature. The Report Card to Albertans would be the ideal vehicle to publicize the results of the study in media and to the public.

Alberta's regulators also have a role to play in informing the public about what is actually happening here. The regulators should not be seen as advocates, but conversely, their silence reinforces the perception that there is little to no regulation in Alberta.

The Report Card will:

Provide to Albertans a measurement vehicle on the current status and comparative status to other oil-producing countries, some of whom do not publicly report this information.

Be utilized as a tool to educate and inform staff and stakeholders.

Act as a benchmarking tool to be updated on a regular basis and highlight specific areas for improvement.

GOAL 2

ALBERTANS, CANADIANS AND ALL KEY STAKEHOLDERS ARE BETTER INFORMED ON THE FACTS OF WHAT IS REALLY HAPPENING WITH OUR PROVINCE'S ENERGY SECTOR.

RECOMMENDATION 2.1:

Consistent, strong messaging is required from across all of government.

The provincial government must ensure there is a consistent message communicated from all ministers, MLAs and senior officials. A culture of silos between departments has resulted in the lack of a cohesive message from government. Any government officials who might engage the media must understand the facts and current status of the players and issues. Consideration should be given to using dynamic, well-spoken presenters when engaging high-level audiences, especially key stakeholders such as international investors and foreign / state legislators. Use of social media, such as YouTube, Facebook and Twitter, should be utilized on a consistent basis.

This will take time, and engaging youth must be part of the strategy. The government should consider adding basic energy education to the K-12 curriculum.

RECOMMENDATION 2.2:

Build up an inventory of third party advocates to speak publicly about Alberta's energy industry and the benefits it provides to other sectors of the economy.

Manufacturing and service industries across the country benefit greatly from activities in Alberta. This translates into jobs and higher levels of economic activity, not to mention higher tax revenue. Credible voices from these sectors should be utilized to reach out and speak up for Alberta. Credible third parties, such as academia, think tanks and possibly media, can be a reputable source of factual information and should be utilized when possible.

RECOMMENDATION 2.3:

Utilize the reach of Alberta's international offices to educate international stakeholders.

The network of international offices reaches many of our key client countries. Adding dedicated resources to these offices to increase our advocacy and education is a very effective way to reach international stakeholders. Washington, in particular, should be targeted, with consistent media campaigns to raise awareness of the benefits Alberta's oil sands bring to the U.S.

Consideration could also be given to expand the international offices to include the Middle East and South America. Both regions have considerable potential as sources of capital, as well as future demand.

Report Card to Albertans

	Alberta	Saudi Arabia	Libya	Nigeria	Venezuela	USA	Norway	UK
1. Wells to Wheels carbon impact								
2. Sovereign vs private access to resources.								
3. Public disclosure of								
A. Air quality								
B. Water quality								
C. Safety record								
D. Regulatory compliance								
E. Financial results								
F. Operating results								

GOAL 3

GOVERNMENT AND INDUSTRY PARTNERSHIPS ARE GENERATING THE TECHNOLOGICAL ADVANCEMENTS TO OVERCOME OUR ENVIRONMENTAL AND ECONOMIC CHALLENGES.

RECOMMENDATION 3.1

Invest in research to fund technology solutions that will solve our environmental challenges.

The province should continue to invest in research that will find technological solutions to our environmental challenges. One of the best examples from Alberta's past is the Alberta Oil Sands Technology and Research Authority (AOSTRA), which the province founded in 1974. This group was responsible for developing many of the current innovations being used in the oilsands today, including In-Situ extraction. As noted, our performance is key to our reputation and partnering with industry to fund research is critical to strong performance. This will not only bring environmental solutions, it will position Alberta as a world leader in energy resource development.

SUMMARY

Alberta is a small region, with vast resources. The average American or European are barely aware of our existence. Canadians are better informed on Alberta, but are mostly unaware of the issues within our energy industry. Alberta's detractors are trying to change this and raise awareness of the province by tainting our image. We tend to be on the defensive when confronted with these tactics. We must stop apologizing and seize the opportunity to show the world that Alberta is a responsible leader in energy production. We have a lot to be proud of in Alberta, and industry acknowledges that more needs to be done to improve our environmental track record.

This is about more than just hydrocarbons. The oilsands have become the iconic "poster child" for Alberta's energy industry. Besides having less carbon-intensive hydrocarbons like natural gas, Alberta also has a strong renewables sector with wind, bio-fuels, solar and biomass generation. The public needs to be informed of this status.

AEDA recommends that the government implement the recommendations provided to show that, as Albertans, we should be proud of our reputation and not be afraid to show the world what the energy industry means to the future of Alberta and the world. We should capitalize on our transparency and develop the metrics to focus the conversation on the facts about our demonstrated performance improvements.

This report was prepared by the Energy and Environment Committee of the Alberta Economic Development Authority, whose members are:

<i>Ms. Irene Lewis Chair</i>	<i>President and CEO, SAIT Polytechnic</i>
<i>Mr. Val Mirosh Vice Chair</i>	<i>Retired Executive, Formerly Nova Chemicals</i>
<i>Mr. Pierre Alvarez</i>	<i>Vice President, Corporate Relations, Nexen Inc.</i>
<i>Mr. Bill Andrew</i>	<i>President and CEO, Penn West Energy Trust</i>
<i>Mr. Dave Collyer</i>	<i>President, Canadian Association of Petroleum Producers</i>
<i>Mr. Don Lowry</i>	<i>President and CEO, EPCOR Utilities Inc.</i>
<i>Mr. Jim McCormick</i>	<i>President, Teague Exploration</i>
<i>Mr. Gerry Protti</i>	<i>Chairman, Flint Transfield Services</i>
<i>Mr. Chuck Schultz</i>	<i>Chairman and CEO, Dauntless Energy Inc.</i>
<i>Mr. Robert Stan</i>	<i>President and CEO, Grande Cache Coal Corp.</i>
<i>Mr. Scott Thon</i>	<i>President and CEO, AltaLink Management Ltd.</i>
<i>Mr. Larry Wall</i>	<i>Manager, Community Engagement, TOTAL E&P Canada</i>
<i>Mr. Steve Wuori</i>	<i>Executive Vice President, Liquids Pipelines, Enbridge Inc.</i>

With special thanks to:

<i>Mr. Lee Funke</i>	<i>Alberta Public Affairs Bureau</i>
<i>Mr. Rick Sloan</i>	<i>Alberta Finance and Enterprise</i>
<i>Mr. Steve MacDonald</i>	<i>formerly Alberta Energy</i>
<i>Mr. John Cotton</i>	<i>Alberta International and Intergovernmental Affairs</i>
<i>Mr. Ernie Hui</i>	<i>Alberta Environment</i>
<i>Mr. John Sparks</i>	<i>Fleishman Hillard</i>
<i>Mr. Bryan Thomas</i>	<i>Fleishman Hillard</i>
<i>Mr. James Cleland</i>	<i>Alberta Economic Development Authority</i>
<i>Ms. Judy Eng-Hum</i>	<i>Alberta Economic Development Authority</i>

DISCLAIMER

This report was prepared by Alberta Economic Development Authority (AEDA). Neither AEDA nor any of its employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise, does not necessarily constitute or imply its endorsement, recommendation, or favouring by AEDA.

McDougall Centre
455 - 6th Street SW
Calgary, AB T2P 4E8

Tel: (403) 297-3022
Fax: (403) 297-6435

www.aeda.alberta.ca

