

**15
/16**

annual report
executive summary

OVER **200**
PRIMARY/ENHANCED
RECOVERY PROJECTS
(IN SITU)

AND **13**
EXPERIMENTAL
PROJECTS

OVER **431 000**
KILOMETRES OF PIPELINES

797
GAS PROCESSING PLANTS

WHAT
WE
REGULATE

ON

OVER **174 000**
OPERATING NATURAL GAS & OIL WELLS

MORE
THAN **30 000**
OIL FACILITIES

AND
CLOSE
TO **21 000**
GAS FACILITIES



50

THERMAL/ENHANCED
IN SITU PROJECTS



9

OIL SANDS
MINES



5

BITUMEN
UPGRADERS

MORE
THAN



4

COAL
PROCESSING PLANTS



7

PRODUCING
COAL MINES

Original graphic provided by
Oilweek Magazine

ABOUT THE AER

The Alberta Energy Regulator (AER) is the single provincial regulator for oil, natural gas, oil sands, and coal development in Alberta. The AER ensures the safe, efficient, orderly, and environmentally responsible development of energy resources. This includes allocating and conserving water, managing public lands, and protecting the environment while securing economic benefits for all Albertans.

This means that in almost all cases, companies deal with the AER alone when developing or proposing to develop Alberta's energy resources. It's our job to make certain that Alberta's oil, gas, bitumen, and coal are developed and transported in ways that don't

- place people at risk;
- harm our air, water, land, or biodiversity; or
- waste these valuable energy resources.

We determine when, where, and how the energy industry may use water, and we make sure that energy development doesn't harm Alberta's water; we regulate any energy development that occurs on provincial lands; and we make sure energy development doesn't damage any aspect of our province's environment.

We are part of a broader government system making sure that Alberta and its citizens receive full value for our energy riches.

OUR RESPONSIBILITIES

Few organizations on this planet steward such a large and varied mix of energy resources and infrastructure as the AER. We oversee some very large established reserves:

- 1.8 billion barrels of conventional oil
- 165 billion barrels of bitumen
- 29 trillion cubic feet of natural gas
- 37 billion tons of coal

That's a lot of energy, and it requires a lot of infrastructure to produce, mine, process, and move to markets. We're responsible for regulating this infrastructure, including pipelines, wells, processing facilities, in situ projects, bitumen upgraders, and coal mines and processing plants.

The Government of Alberta gives the AER authority to ensure that companies develop the province's massive

energy resources in a safe and environmentally responsible fashion, and without waste.

- We review applications and make decisions on proposed energy developments (over 47 000 applications in fiscal 2015/16).
- We oversee all aspects of energy resource activities in accordance with government policies.
- We regularly inspect energy activities to ensure that all applicable requirements are met.
- We penalize companies that fail to comply with AER requirements.
- We hold hearings on proposed energy developments.

To make it happen, the AER employs some 1200 inspectors, technical staff, scientists, investigators, stakeholder engagement specialists, mediators, lawyers, regulatory experts, and other employees in 15 locations around Alberta.

ALBERTA'S SINGLE ENERGY REGULATOR

The Government of Alberta created the AER in 2013 when it proclaimed the *Responsible Energy Development Act*. We were formed by combining the Energy Resources Conservation Board and Alberta Environment and Sustainable Resource Development (now Alberta Environment and Parks), itself created by a merger of two government ministries shortly before the AER came into existence.

The AER's role is to develop and enforce rules and regulations around energy development, taking direction from government policy.

WHAT WE DON'T REGULATE

The AER's authority is limited to activities that relate to oil, bitumen, natural gas, and coal development. We have no authority over any of the following:

- any aspect of electricity generation or distribution, including renewable energies, gas utility pipelines, and the price of natural gas (these are regulated by the Alberta Utilities Commission)
- gasoline or any other refined petroleum products, or
- oil and gas pipelines that cross provincial or international borders (these are regulated by the National Energy Board).

2015/16 REPORTING ON OUR RESULTS

To become an excellent regulator and to deliver on the priorities set out in our strategic plan, we must achieve results and report on our progress. This means demonstrating how we've ensured public safety and protected the environment, how we've been effective and efficient in

ensuring compliance, how we've engaged our stakeholders, and whether Albertans are confident in the AER.

As we developed our strategic plan, we identified performance measures and targets that align with our priorities;

PROTECTIVE

Develop an integrated whole-system regulatory approach

OUTCOME

Effective management of public safety and cumulative environmental risks and impacts

MEASURE

Volume of all water (fresh, saline, and recycled) used for oil, oil sands, and gas operations

Volume of gas flared and vented from oil and gas operations

EFFECTIVE

Strengthen risk-based regulation

Effective management of resource conservation and minimize financial liability on Albertans

Proportion of inactive wells that meet current suspension requirements

Adoption of risk-based regulation to respond to changes in technology and complexity in oil sands development

Number of incidents per kilometre of pipelines regulated by the AER

EFFICIENT

Transform Alberta's energy regulatory system to improve efficiency

The regulatory system is efficient, minimizing duplication, with highly efficient processes, and only intervening to the level necessary

Regulatory process efficiencies

Relevant regulatory requirements

Improve efficiency of AER application decisions

CREDIBLE

Increase trust and confidence in how energy is developed in Alberta

Stakeholders are confident about how energy is developed in Alberta

Percentage of Albertans confident that oil and gas development is occurring responsibly

Stakeholder rating of AER performance in key areas of concern

Recommendations for best-in-class performance are developed through stakeholder collaboration

Highly skilled and engaged employees

these are guideposts to help the AER define success and demonstrate the results of our actions.

Our 2014–17 strategic plan was designed to help us achieve our vision and address new risks and challenges in energy development. We have learned much about adapting to changes in technology and stakeholder expectations, how

to define and achieve regulatory excellence, and how to deliver a strategic plan that allows us to adjust to shifting circumstances.

The AER has come out with a 2016–19 strategic plan that is updated each year and that will ensure we remain adaptable and deliver clear outcomes and measurable results.

TARGET	STATUS
Work with Government of Alberta (GoA) to set benchmarks and requirements for reduction of water use for energy resource development	In progress: Consolidated water data and compiled hydraulic fracturing and in situ oil sands volumes as part of a multiyear program.
Reduce overall tailings	In progress: Drafted <i>Directive 085</i> and gathered industry feedback to establish standards.
Flaring levels are within provincial guidelines	Target met: We continue to monitor flaring levels and focus on venting compliance.
AER expertise is provided to support the GoA's Integrated Resource Management System (IRMS)	Target met: Multiple deliverables completed/ongoing to support IRMS.
100% of high-risk inactive wells meet AER suspension requirements	Target met: All high-risk, inactive wells were compliant by August 2015. Monitoring continues.
No unintended loss of reservoir containment	Target met: Reservoir containment restrictions incorporated in regulatory decisions.
Pipeline incident rate reduced by 4%	Target met: Pipeline incident rate reduced by 27.78% (1.17 per 1000 km).
\$400 million in cost savings from efficiency initiatives in 2015	Target met: \$411–\$448 million in savings through Near-Term Action Plan and other efficiency initiatives.
Complete a full regulatory review to identify and execute opportunities for consolidation and simplification	On hold: Ongoing reviews and implementation of improvement opportunities.
Establish final New Activity Life-Cycle Approach (NALA) blueprint to be approved by June 30, 2015	Target met: NALA implementation charter approved in 2015.
10% increase in awareness of the AER and its role in regulating energy development in Alberta	Target met: Awareness of the regulator increased from 41% in 2014 to 50% in 2015 as reported in the AER Survey of Albertans and Stakeholders.*
10% increase in positive perceptions/rankings of AER performance	Ongoing: 82% (an increase of 6.4%) of Albertans report confidence in the regulator's ability to fulfil our mandate. Stakeholders reported confidence rates at 77% (an increase of 4%); however, these rankings varied amongst specific stakeholder groups.*
Completion and release of recommendations in 2015	Target met: Penn Program on Regulation's final framework for regulatory excellence released and stakeholder feedback gathered in fall of 2015.
Establish a baseline in 2015, with an increase in the rating in 2016	Target met: 2015 employee engagement survey completed with 81% response rate.

* Numbers tied to 2017 target.

Brought to life more than 1 billion years of Alberta's geological history with the new AGS website



1 000 000 000

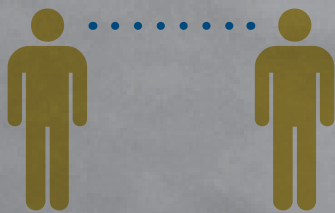


YEARS



Saw public confidence levels in the AER increase from 77 to 82 per cent

HIGHLIGHTS 2015/16



Sought stakeholder feedback on *Draft Requirements for Hydrocarbon Emission Controls and Gas Conservation in the Peace River Area*



Carried out 7 compliance sweeps with 358 inspections in the Peace River area



Created a dashboard with 6 outcomes and 12 performance measures to report on progress in reducing flaring, venting, and incinerating, and increasing gas conservation in the Peace River area



Introduced the *Integrated Compliance Assurance Framework*, which outlines how we ensure companies are following our rules

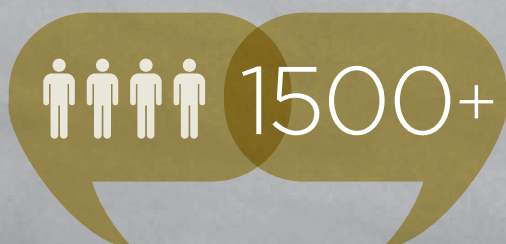


Inspected 100 energy-related dams as part of the AER's dam safety inspection program

35

Hosted 35 delegations from 16 different countries, including one from Mexico led by that country's energy minister

16



Welcomed feedback from 1500+ people on the AER's proposed model to achieve regulatory excellence

\$200
MILLION

Generated \$200 million in annual savings to industry as a result of changes made to *Directive 017*



Launched *Conversations That Matter*, an animated video series that explains complex energy-related topics in a unique way—viewed almost 60 000 times

BUILDING BRIDGES WITH ALBERTANS THROUGH ADR

ADR RESOLUTION RATE

*past
12 years* 80-
95%



Swiss psychologist Carl Jung once said that the most intense conflicts, if overcome, leave behind a sense of security and calm that is not easily disturbed.

That's why alternative dispute resolution (ADR) has become such an important tool for the AER and its stakeholders.

ADR refers to alternate means of resolving disputes outside of a hearing or a courtroom. It's an umbrella term that includes negotiation, mediation, facilitation, arbitration, and conciliation. Interest-based mediation is the approach commonly used at the AER and it brings parties together to communicate, understand the issues behind a dispute, and work together to come up with a mutually acceptable resolution, while maintaining a good relationship.

ADR was developed to help people resolve disputes—in this case, disputes related to energy development and activity. ADR can be used at any stage in the regulatory process: prior to companies submitting an application to the AER, during the application review process, when a file

is referred to the hearing commissioners for a hearing, or when reclamation or operational concerns arise.

Parties may choose direct negotiation, mediation or facilitation with AER mediators, or enlist the service of independent third-party mediators. The mediator ensures all parties are heard and all points of view are considered, helping to create collaborative, mutually acceptable solutions, no matter how complex the topic might be.

"In 2015, we saw a rise in ADR with municipalities and disputes involving three or more parties," said Anna Rose, ADR practice lead with the Alberta Stakeholder Engagement branch. "These files tend to take weeks or months rather than days to resolve; emerging issues include water usage, hydraulic fracturing, proximity to communities, and excessive noise."

The following principles apply to all mediation conducted by AER staff mediators and hearing commissioners:

- ADR is confidential and without prejudice
- Responsibility for resolution rests primarily with the parties

“THANKS TO THE CAREFUL HANDLING AND CALM DISPOSITION OF OUR ADR REPRESENTATIVE, WE GAINED AN UNDERSTANDING OF BOTH SIDE’S POSITIONS. ADR GUIDED US TO A PLACE WHERE BOTH THE COMPANY AND WE, THE LANDOWNERS, COULD BE CONTENT WITH THE RESOLUTION. WE ARE HAPPY WITH THE RESOLUTION, BUT EXCEEDINGLY HAPPY WITH THE KNOWLEDGE THAT THE ADR TEAM BROUGHT TO THE TABLE.”

—ROY AND MELANIE SCHULZE

- Parties are fully informed of the ADR process and their options
- Mediators are impartial
- The procedures are fair to all parties

ADR specialists are found in AER locations across Alberta and in the hearing commissioners’ office. They are trained in conflict management; many hold professional designations in mediation, and all adhere to a strict code of ethics.

Over the past 12 years, they have maintained a resolution rate of 80–95 per cent, travelling all over Alberta to resolve disputes in homes, community halls, even restaurants—anywhere the crucial conversations need to take place.

ADR by hearing commissioner is for files referred to the chief hearing commissioner for a hearing. This process provides the option for agreements reached at ADR to form part of the regulatory decision. Hearing commissioners may also conduct evaluative mediation or binding decision making. Parties can use the process to agree on matters for a hearing, such as procedural matters, statements of fact, and expert witnesses. Parties who think their dispute is destined for a hearing have the opportunity to request ADR by hearing commissioner.

Continuous improvement is also an important part of the ADR program, as we look at new ways to strengthen bonds between our stakeholders, including indigenous communities.

“Our team is currently working on best practices when working with indigenous peoples,” confirmed Rose. “This includes a variety of ADR models such as transformative and narrative mediation and indigenous processes for conflict resolution like sharing circles.”



“WE WORK IN ONE OF THE MOST STRINGENT REGULATORY ENVIRONMENTS IN THE WORLD, AND THE AER’S DAM SAFETY PROGRAM REFLECTS THAT. WE RESPECT THE GUIDANCE PROVIDED AND UNDERSTAND THE PROGRAM IS PUTTING SAFEGUARDS IN PLACE TO ENSURE ALL DAMS IN ALBERTA ARE MAINTAINED IN A SAFE AND EFFECTIVE MANNER.” —SUNCOR



DAM INSPECTIONS

Nov. 2015
the AER inspected

› 55
oil sands
operations

31
coal mines

14
oil and gas
operations

› only 1
significant
deficiency

SHORING UP DAM SAFETY

When you're tasked with protecting dams related to oil and gas development, the last thing you want to do is hold back, especially when you're trying to hold *everything* back.

So when the Auditor General of Alberta asked for the creation of a new dam safety program in 2015, the AER promised it was going to be robust, efficient, and relevant for the future. An Auditor General's report recommended that a reliable registry of dams be maintained, risks and consequences of dam failure assessed, and regulatory activities reported. It also requested that deficiencies at containment facilities be corrected or managed immediately.

Most of the structures in the AER's jurisdiction hold process fluids and tailings from mining operations, so the impact of a breach or dam failure would be a major concern.

Armed with a series of recommendations, new information, and unwavering determination to meet our standards, the AER was ready to build a watertight dam safety program.

Despite the fact that owners are responsible for the safety of their dams and for complying with regulatory requirements, the regulatory oversight was new territory for the AER, so we had to become experts in dam design, construction, and operations.

Once our initial homework was done, we established control measures based on the full life cycle of each facility. And then we began assessing risk and building inspection guidelines related to consequence ratings along with operator history and performance.

"The AER's Dam Safety Program addresses higher-risk facilities, like tailings ponds, by applying more regulatory

resources to them," explained Santiago Paz, one of the AER's dam safety engineers. "This means more frequent inspections, audits, and performance reporting by dam owners. From a best-practice perspective, higher-risk facilities require higher design standards and a more thorough design review."

With the structure in place to inspect the full spectrum of facilities in our jurisdiction, it was time to put it to the test.

In November 2015, we released our findings from the first series of dam inspections. We focused on signs of potential failure of a structure, including indicators of potential spillage, slope instability, internal and external erosion, ground settlement, and groundwater contamination.

We sent both geotechnical engineers and general inspectors to ensure specifications in each facility were being properly assessed. If poor performance was discovered during any inspection, we continued to monitor the facility and provided direction to the owner. If a facility was performing well, we scheduled fewer future inspections.

Inspections of structures at 55 oil sands operations, 31 coal mines, and 14 oil and gas operations structures revealed only one significant deficiency.

Although we're happy with the results, we know this is simply the beginning of an important new regulatory function. But with the foundation of our dam safety program now in place, we're confident that we have exceeded the recommendations from the auditor general's report, and we will continue to strengthen the program.



LEADER OF THE PACK

Rondine Cabot, a 10 year veteran of the AER's inspection team, drops her four-year-old daughter off at daycare and climbs into her pickup to begin her commute to work. But today's drive isn't into her office in Edmonton; it's to inspect a high-risk sour gas facility near Fox Creek and an indigenous reserve.

Two days earlier, Rondine began her intensive investigation into the facility by checking Government of Alberta software programs for things like the company's *Water Act* approval to identify its maximum withdrawal rate and any environmental protection conditions the company must meet above and beyond the standard requirements.

She also combed through old records to see where the energy operator had been deficient in the past, if there had been any public complaints, and how they'd fixed those problems.

Those old inspection and complaint records are kept in an AER software program that details every piece of energy infrastructure in the province. The program identified this facility as high risk because it processes a high concentration of lethal sour gas.

"We look at everything," she said. "We start with anything that may affect public safety and go from there."

As Rondine makes her way northwest, she considers her plan of action for inspecting the site. The most important thing she'll look for: that the company has measures in place to protect the public and environment if something goes wrong.

"When I first get to a site, I look at the signage so the public can call them to respond if there's an emergency," Rondine said. "People need to know whose facility it is without having to go on the site."

Rondine pulls off the highway onto gravel roads, knowing that although she's here to inspect the facility, if there's an oil and gas emergency nearby, she'll be responding to that instead.

“WE HAVE THE AUTHORITY TO SHUT A COMPANY DOWN. THERE ARE A LOT OF TOOLS AT OUR DISPOSAL TO MAKE SURE ENERGY COMPANIES FOLLOW THE RULES: WARNINGS, MORE INSPECTIONS OF THEIR FACILITIES, FINES, ETC.”

—RONDINE CABOT, AER regional coordinator

“If there’s an emergency, the first thing we do is make sure the operator has enacted their emergency response plan. But we always send the person that’s closest to respond.”

Thankfully, major incidents in the energy industry are rare; there were just four well blowouts and 1.17 pipeline spills for every 1000 km of pipeline in the province in 2015.

As she inches her way up the rutted, muddy lease road in her pickup, our logo is immediately recognizable to the men in blue coveralls and hard hats working at the plant. And as Rondine steps out of her truck in her light grey, AER-branded personal protective equipment; she stands out in stark contrast.

Rondine makes her way to the office on site. The plant manager stands from his desk, shakes her hand, and introduces himself.

“We’re usually received by operators very well,” Rondine says. “They understand my job isn’t to get people into trouble; it’s to help them find areas where they can improve.”

So the inspection begins and Rondine has become the leader of the pack.

Nearly four hours later, after explaining numerous AER requirements to the operators, Rondine’s inspection is complete. The facility has some minor deficiencies, but nothing that put the public at risk. Rondine will have to check in on them again soon to make sure they’ve been fixed.

And if it’s not?

“We have the authority to shut a company down. There are a lot of tools at our disposal to make sure energy companies follow the rules: warnings, more inspections of their facilities, fines, etc.”





DRIVERS FOR CHANGE

We know that our stakeholders play a crucial role in the regulatory process, and through our work on the Multistakeholder Engagement Advisory Committee and discussions about regulatory excellence, we have learned a great deal about the importance of building stronger relationships and working collaboratively with Albertans, indigenous peoples, and stakeholders.

There's little doubt that the energy development landscape has changed just as the economic reality of persistent low oil prices has impacted the industry we regulate. Regardless of the economics, we must ensure we protect what matters to Albertans—public safety and the environment—while responding to new technologies and challenges.

Change happens rapidly in the energy sector. Consider where we were in 2000: in situ development was just beginning and we had a customer on our southern border thirsty for our crude. Stakeholder concerns were local and usually limited to those directly impacted by development. In a province dominated by conventional oil and gas development, we focused on prescriptive regulatory approaches that addressed known risks and historical issues, and that worked pretty well.

Today in 2016, our biggest customer has become a major energy producer—in 2014 the United States posted the largest production increase on the planet and reduced its demand for imported oil. Oil prices continue to slump as demand declines while the global community questions the use of fossil fuels and demands action on climate change. Add to that the focus on Alberta's oil sands by news outlets and social media that has thrust us onto the world stage.

Then we have advances in technology, putting multistage hydraulic fracturing and in situ development at the forefront as single wells are replaced with largescale projects that bring new challenges, risks, and opportunities. If Alberta is to address new technology, meet changing stakeholder expectations, and compete in the global market, we must change how we operate.

When the government brought together three strong regulators to form the AER in 2013, it was about building an entity capable of ensuring public safety, protecting the environment, managing cumulative effects, confronting new risks, and seizing new opportunities. We've managed the transition well, and we have accomplished much in almost three years. But we must continue to change, seek excellence, and work with Albertans to manage our energy resources today and beyond.

We must ensure Albertans are protected from the environmental and financial consequences of inactive or abandoned wells as companies grapple with the reality of low oil prices, and in some cases face bankruptcy. We must protect our water resources. We know that our stakeholders play a crucial role in the regulatory process, and through our work on the Multistakeholder Engagement Advisory Committee and discussions about regulatory excellence, we have learned a great deal about the importance of building stronger relationships and working collaboratively with Albertans, indigenous peoples, and stakeholders.

AN EVOLUTION—OUR 2016-19 STRATEGIC PLAN

The AER has had to adapt to changes in technology and stakeholder expectations, define and achieve regulatory excellence, and deliver a strategic plan that allows us to adapt to shifting circumstances yet keeps us focused on our vision:

The Alberta Energy Regulator is recognized for regulatory excellence, ensuring the safe, environmentally responsible development of energy resources for the benefit of all Albertans.

Regulatory excellence is the overarching theme of our work—the day-to-day delivery of our mandate and our focus on a strategic plan that moves us closer to being truly protective, effective, efficient, and credible.

We have a clear strategy to reach our vision of regulatory excellence, and to deliver results for the AER and our many stakeholders—the people who live here. The 2016-19 strategic plan helps us identify our key priorities and establish clear performance measures to ensure we stay on track and demonstrate our results.

This plan is updated each year and is designed in a way that allows us to respond to new challenges and take advantage of emerging opportunities.

The AER understands that we must ensure energy resources are developed

- safely, to protect the public;
- responsibly, to protect the environment; and
- efficiently to manage the costs of regulation.

It reflects our mandate and helps drive us to our vision by being protective, effective, efficient, and credible.

PROTECTIVE

We vow to protect the public and the environment by focusing on meeting clear targets that result in sustainable water use, improve environmental performance, manage cumulative effects, and address climate change.

EFFECTIVE

To be effective, we must regulate development in a way that reduces risk and ensures Albertans reap the economic rewards of our energy resources. The AER will continue to apply our risk-based approach, where higher-risk activities receive the greatest attention. This includes focusing on aging infrastructure and pipeline safety.

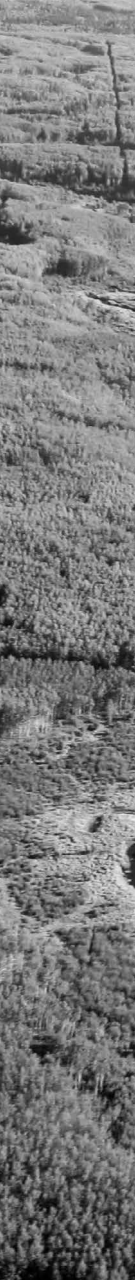
EFFICIENT

An efficient regulatory system that ensures safety and environmental requirements can help create a competitive climate that attracts investment. Our efforts to be more efficient are not just about saving money, but also reducing duplication and finding better ways to ensure our requirements are met. To do this we're focusing on regulatory efficiency and stakeholder savings and improving AER decisions.

CREDIBLE

Albertans have told us they want an energy regulator that protects the public and the environment and that enforces the rules. Reporting on the results of our work and improving how we involve our stakeholders will help us earn and keep public confidence. To meet these expectations we will focus on effective engagement, pursuing regulatory excellence, and continuing to play a key role in the Government of Alberta's Integrated Resource Management System (IRMS) by collaborating with our IRMS partners.

While our strategic plan helps us focus on our key priorities, we know that circumstances can change rapidly. The AER will continue to refine and amend our plan to respond to new challenges and opportunities while making sure we deliver on longer term targets and commitments.



OUR 2016-19 STRATEGIC PLAN

The AER is responsible for ensuring that the public and the environment are protected. We have a clear strategy to fulfil our mandate, reach our vision of regulatory excellence, and deliver results for Albertans, indigenous peoples, and our many stakeholders.

To develop our new 2016-19 strategic plan, we examined the work we need to focus on based on our four pillars of protective, effective, efficient, and credible. The plan includes our strategic priorities, outcomes, and performance measures to ensure we stay on track and demonstrate our results.

STRATEGIC PRIORITIES

STRATEGIC OUTCOMES

FOCUSED OUTCOMES

PROTECTIVE

Develop an integrated whole-system regulatory approach

Effective management of public safety, and cumulative environmental risks and impacts

Sustainable water use

Reduce fluid tailings accumulation over mine life

Climate change - reduce methane emissions

Climate change - oil sands emissions

EFFECTIVE

Strengthen risk-based regulation

Effective management of resource conservation and minimize financial liability on Albertans

Reduce aging inventory liability

Pipeline safety

EFFICIENT

Transform Alberta's energy regulatory system to improve efficiency

The regulatory system is efficient, minimizing duplication, with highly efficient processes, and only intervening to the level necessary

Regulatory efficiency

CREDIBLE

Increase trust and confidence in how energy is developed in Alberta

Stakeholders are confident about how energy is developed in Alberta

Effective engagement of Albertans, indigenous peoples, and stakeholders

Achieve regulatory excellence

The AER is an integral partner in the Integrated Resource Management System

Ensuring water is used in a sustainable fashion, reducing the inventory of aging infrastructure, lowering methane emissions, making certain pipelines operate safely, and effectively engaging our stakeholders and all Albertans are just a few of the outcomes we will work to achieve in the 2016–19 strategic plan.

We will be updating this plan every year to ensure we can adapt to the changes taking place around us—from new technology to evolving stakeholder expectations—all while demonstrating how the AER's work ensures the safe, environmentally responsible development of Alberta's energy resources.

PERFORMANCE MEASURES	PERFORMANCE TARGETS	VISION
Volume of all water used (by source) for hydraulic fracturing, enhanced oil recovery, in situ oil sands, and mineable oil sands	Public reporting of water use by industry	The AER is recognized for regulatory excellence, ensuring the safe, environmentally responsible development of energy resources for the benefit of all Albertans.
Total annual volume of fluid tailings, treated fluid tailings, fines captured	Ensure industry complies with established performance standards	
Volume of methane emissions	Support multistakeholder engagement process to facilitate early action on methane reduction Ensure industry complies with established performance standards	
Volume of oil sands emissions	Establish a tracking and reporting system for oil sands emissions	
Complete a risk assessment of energy-related infrastructure by March 2018	Address high-risk items as they are identified	
Number of high-consequence pipeline incidents	2% reduction in high-consequence pipeline incidents from the previous two-year average	
Stakeholder savings resulting from reduced regulatory burden that does not negatively impact the environment or public safety	\$100 million in savings to stakeholders in fiscal 2016/17	
Improve efficiency of AER application decisions	Conduct two pilot projects to evaluate the proof of concept for the single application and approval process by March 31, 2017	
Percentage of Albertans aware of the AER who express confidence in the organization's ability to fulfil its mandate	80% confidence score	
Incorporate key attributes of regulatory excellence	Begin implementing the AER model for regulatory excellence	
Level of skills and competencies	Address high-priority skill and capability gaps through the implementation of a Centre of Regulatory Excellence in 2016/17	
Employee engagement	Achieve 83% engagement in 2016/17	
Percentage of IRMS strategic priorities supported by the AER	100% of IRMS strategic priorities supported by the AER	

OUR PATH TO EXCELLENCE

From the time the AER was created, our vision was to achieve excellence, to strengthen and improve Alberta's regulatory system.

To accomplish this, we knew we had to define what excellence meant, so we turned to the experts: the researchers at the University of Pennsylvania's Program on Regulation (PPR) and Albertans.

In November 2014, we began working with PPR to help identify the key attributes of an excellent regulator, understand how the AER can adopt these attributes, and measure our progress. Realizing that we needed the input of our stakeholders, PPR hosted a series of dialogues in the spring of 2015 that allowed us to tap into the knowledge of Albertans, indigenous peoples, and our diverse stakeholders.

This approach allowed us to learn from both academics and experts in the field of regulation while understanding what excellence means to Albertans.

Seeking to state our intent to be "excellent" isn't a new concept, however, we wanted to do more than an internal assessment of our work; we wanted to show leadership and invest in a universal model, one that could be shared with regulators the world over.

In fall 2015, the final, peer-reviewed report was released, entitled *Listening, Learning, and Leading: A Framework for Regulatory Excellence*, that identified three core attributes of an excellent regulator—empathic engagement, utmost integrity, and stellar competence—and presented a model of regulatory organization, action, and performance.

The PPR report brought many things to light, including the need to tailor the findings. It also became clear to us that we needed to make sure we understood the findings and develop a made-in-Alberta version of this framework for regulatory excellence. Our next step was to go back to the dialogues and ask for honest feedback from Albertans and stakeholders on how we were performing against the excellence framework and where we could improve.

People overwhelmingly supported the model and provided an honest assessment of our priorities, gaps, and performance. We learned that we can

- be more open and transparent;
- better explain how decisions are made and the reasons for our decisions;
- improve our relationships with Albertans, indigenous peoples, and stakeholders;
- clarify our internal processes and priorities, including employee roles and responsibilities; and
- ensure that our employees have the skills and tools they need to carry out their responsibilities.

We learned that there are areas where the model needed to adapt to our specific circumstances; we heard that we must measure our performance and deliver on key outcomes to be successful.

Based on this feedback, we developed a model that provides us with clear definitions for utmost integrity, empathic engagement, and stellar competence, and shows how we can put those attributes into action. This, in turn, allows us to drive industry to protect public safety and the environment, while still securing economic benefits.

From the outset, this initiative was about more than receiving a title of excellent; it was about becoming a regulator that continually improves its work, builds strong relationships, and leads the next era in energy regulation. Excellence is the means of creating a strong, fair, transparent, and inclusive regulator that delivers measurable outcomes for this province.

ATTRIBUTES FOR EXCELLENCE



Empathic
engagement



Utmost
integrity



Stellar
competence

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