

Energy and Minerals

Status of Recommendations

Total Recommendations	Status of Recommendations			
	Ready for Assessment	Not Ready for Assessment	>3 Years	<3 Years
10	0	10	0	10

Recommendation summary (by report, newest to oldest)

Report Title	Number of Recommendations	
	Department	AER
Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure— March 2023 Alberta Energy Regulator <ul style="list-style-type: none"> › Improve liability management risk management processes › Improve performance measurement and reporting › Improve processes to assess information from OWA › Monitor, enforce, and report on the Inventory Reduction Program › Determine how much security is necessary and how it will be collected › Improve licence transfer application processes › Improve compliance and assurance processes for suspended and abandoned wells › Improve reclamation certification controls › Improve oversight of remediation action plans 	0	9
Process to Provide Information About Government’s Environmental Liabilities—June 2021 <ul style="list-style-type: none"> › Alberta Energy Regulator: Complete case-by-case assessments of sites 	0	1
Total	0	10

Detailed recommendation list (by report, newest to oldest)

Recommendation	When	Status
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve liability management risk management processes</p> <p>We recommend that the Alberta Energy Regulator ensure that liability management risks and gaps are periodically identified, that risk responses are documented, and residual risk is determined.</p> <p>Consequences of not taking action: AER’s risk management processes are an important part of the liability management system, as they can help identify gaps in the system and where risk mitigation is not working as intended. Further, the likelihood and impact of liability management risks can change over time, and the ability to proactively respond with the right actions requires an effective risk management system.</p>	<p>March 2023, p. 22</p>	<p>Not Ready for Assessment</p>
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve performance measurement and reporting</p> <p>We recommend that the Alberta Energy Regulator improve its accountability processes by:</p> <ul style="list-style-type: none"> • developing relevant external performance measures, including targets, to ensure that Albertans can gauge whether AER’s liability management programs are meeting objectives and whether progress is being made • periodically updating and publicly communicating an industry-wide active and inactive liability estimate using best available data, with accompanying explanation of the risks associated with that liability • reporting more complete, integrated and useful information on liability management to provide a more complete picture of risks and the actions taken to mitigate those risks <p>Consequences of not taking action: Without specific goals, targets, and performance measurement, it is very difficult for Albertans to hold industry, AER and government, accountable for liability management. Whether or not liability management activities are successful is dependent on transparent disclosure of what AER expects industry to achieve and what has been achieved relative to those expectations. Without this information, AER will be unable to demonstrate whether industry’s activities are making a positive impact at the desired pace. And without a reliable and adequately explained total liability estimate, Albertans lack information about the overall scope, risk, and potential financial exposure.</p>	<p>March 2023, p. 24</p>	<p>Not Ready for Assessment</p>

Recommendation	When	Status
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve processes to assess information from OWA</p> <p>We recommend that the Alberta Energy Regulator:</p> <ul style="list-style-type: none"> • collect information that allows AER to assess whether the OWA is achieving intended objectives and to assess the long-term sustainability of the Orphan Fund • assess sustainability by completing modelling on how long it will take OWA to complete closure work on its current inventory of sites and anticipated funding levels <p>Consequences of not taking action: If AER does not improve its processes to assess information from OWA, there is the risk that AER will not be able to sufficiently assess whether OWA is meeting its objectives. It also may limit AER’s ability to sufficiently assess whether further actions are needed to mitigate the risks of untimely closure and financial burden being shifted to OWA and the public. AER holds responsibility for the Orphan Fund and has a critical role in ensuring that the Orphan Fund is sustainable to meet future needs and without sufficient and proactive analysis, the necessary closure work of orphan sites may not happen as intended.</p>	<p>March 2023, p. 27</p>	<p>Not Ready for Assessment</p>
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Monitor, enforce, and report on the Inventory Reduction Program</p> <p>We recommend that the Alberta Energy Regulator ensures compliance with the Inventory Reduction Program by monitoring, measuring, taking corrective action and reporting on industry and licensee closure progress under the Inventory Reduction Program.</p> <p>Consequences of not taking action: Without sufficient processes to monitor, measure, and ensure compliance with the Inventory Reduction Program, the intended outcomes of reducing the number of inactive sites and increasing the timeliness of closure of inactive sites may not be achieved. The success of this program is dependent on strong systems to monitor and measure its performance, take necessary enforcement actions to ensure spending is sustained, and report on whether it is achieving stated objectives.</p>	<p>March 2023, p. 28</p>	<p>Not Ready for Assessment</p>

Recommendation	When	Status
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Determine how much security is necessary and how it will be collected</p> <p>We recommend that the Alberta Energy Regulator determine how much security needs to be collected, when it will be collected, and how collection will get enforced with the transition away from the Licensee Liability Rating Program.</p> <p>Consequences of not taking action: The Licensee Liability Rating Program has been central to AER’s liability management efforts. Timely correction of its shortcomings is critical for AER to ensure that future approaches to security collection actually meet the objectives of reducing the number of orphan sites transferred to OWA and minimizing the risk that the public will eventually have to pay to clean up sites.</p>	<p>March 2023, p. 32</p>	<p>Not Ready for Assessment</p>
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve licence transfer application processes</p> <p>We recommend that the Alberta Energy Regulator continue to improve its licence transfer processes by:</p> <ul style="list-style-type: none"> • updating AER’s delegation of authority to clearly articulate who can approve discretion requests, and under what circumstances • developing a system to track, monitor and report on the effectiveness of discretion requests, including transfer conditions and licensee commitments <p>Consequences of not taking action: If the liability management strategies do not focus on the development of improved measures to evaluate the effectiveness of the licence transfer system, lessons learned from previous decisions of licence transfers will not benefit future decisions.</p>	<p>March 2023, p. 33</p>	<p>Not Ready for Assessment</p>

Recommendation	When	Status
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve compliance and assurance processes for suspended and abandoned wells</p> <p>We recommend that the Alberta Energy Regulator evaluate compliance assurance activities for suspended wells and routine abandonments and determine whether it is meeting AER’s risk tolerance.</p> <p>Consequences of not taking action: If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.</p>	<p>March 2023, p. 38</p>	<p>Not Ready for Assessment</p>
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve reclamation certification controls</p> <p>We recommend that the Alberta Energy Regulator:</p> <ul style="list-style-type: none"> • improve the controls resulting in invalid approvals for reclamation certificate approvals • retain documented evidence to support justifications and reviews as part of its manual reclamation certification process • determine the necessary level of assurance work on post-reclamation certification and consistently complete it <p>Consequences of not taking action: If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.</p>	<p>March 2023, p. 38</p>	<p>Not Ready for Assessment</p>

Recommendation	When	Status
<p>ALBERTA ENERGY REGULATOR Liability Management of (Non-Oil Sands) Oil and Gas Infrastructure: Improve oversight of remediation action plans</p> <p>We recommend that the Alberta Energy Regulator ensure there is evidence of review of remedial action plans and demonstrate that timelines for remediation are being consistently monitored and followed up.</p> <p>Consequences of not taking action: If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.</p>	<p>March 2023, p. 38</p>	<p>Not Ready for Assessment</p>

Recommendation	When	Status
<p>ALBERTA ENERGY REGULATOR Process to Provide Information About Government’s Environmental Liabilities:</p> <p>Complete case-by-case assessments of sites</p> <p>We recommend that the Department of Environment and Protected Areas and the Alberta Energy Regulator (AER) complete a case-by-case assessment to determine who is responsible to clean up each site.</p> <p>Where it is concluded that either the Department of Environment and Protected Areas or AER is responsible or accepts responsibility, we recommend that Environment and Protected Areas and AER:</p> <ul style="list-style-type: none"> • determine what work, if any, needs to be done • rank each site to help prioritize cleanup work • estimate the costs to manage or clean up sites • account for environmental liabilities, when appropriate to do so <div style="border: 1px dashed gray; padding: 5px;"> <p>Consequences of not taking action: Due to the lack of clarity about responsibility, funding sources and priorities, departments and agencies are not providing Treasury Board with relevant information about the portfolio of sites for which the government is responsible, has accepted responsibility, or where regulators have been unable to identify a responsible party.</p> <p>This information is essential to allow Treasury Board members to assess appropriately, and oversee the risks to government and to make informed decisions. As a result, funds may be allocated inefficiently or used on low-priority sites while higher priority sites are not cleaned up in a reasonable time. Without good information, the government may not accurately account for environmental liabilities, resulting in the province’s financial statements not reflecting the total environmental liabilities of the province.</p> </div>	<p>June 2021, p. 14</p>	<p>Not Ready for Assessment</p>