

Frequently Asked Questions

Area-Based Regulation

June 2018

Q1. What is area-based regulation (ABR)?

A1. ABR is a means of regulating resource development geographically. This means that any rules or practices for such development would be designed to “fit” a set geographic area by reflecting: (1) the kind of energy resources in the ground, (2) the environment above those resources, (3) the risks of developing those resources, and (4) the perspectives of the people in the area.

For the AER, this means a different way of involving people. Building on a complete energy and environmental picture, ABR uses a collaborative engagement process through which the people in an area have an opportunity for input into potential practices for their area.

Q2. Why ABR?

A2. The scope and scale of the impacts being seen on the landscape have changed as the energy industry has evolved. Bigger projects with larger land footprints and water-use impacts, more emissions, and other concerns are becoming more common and can cover much broader areas than more traditional kinds of energy development.

ABR also explored aligning with the efforts of the Government of Alberta to address cumulative effects through the government’s land-use framework. The drive to address cumulative effects means that the AER needs to look beyond the site-level, application-by-application approach to see how energy development in general is affecting an area.

Under the current regulatory system, people affected by each individual activity can participate in the regulatory process and have their concerns addressed. Stakeholders are usually consulted on the content of requirements that have already been developed but aren’t asked to help in development of the requirements. ABR seeks to motivate people who live in a project area to participate in a process, in addition to the regulatory engagement process required with project applications, so that they can help develop the practices and requirements to regulate the way energy is developed in the area.

Q3. I keep coming across terms that I don't fully understand when I hear or read about ABR and the pilot project. Is there a list of terms somewhere I can refer to?

A3. We've compiled a list of terms for you that we commonly use when speaking about ABR. You can find them at the end of these FAQs.

Integrated Area Assessment

Q4. What is an integrated area assessment?

A4. In an integrated area assessment, we look at the energy resources (subsurface) and environment (surface) together. In Alberta, we have a good understanding of our geology and of the hydrocarbon-based energy resources below the ground. We have traditionally used our understanding of oil and gas to describe where these resources are located and how much there is to develop.

We are now building tools to forecast how energy might be developed into the future and what kinds of impacts might accompany that development. In other words, we will be able to predict where industry might want to build wells and how much water and land might be required for those wells.

We also want to understand how our environment in each area has been or might be affected by development. For example, we'll want to know the footprint of energy development, and to do that we'll need to know how much land has been affected, how much water is being used, and where it comes from. Having this kind of information for an area allows us to compare impacts of energy development with any disturbance limits set by the Government of Alberta.

Together, the energy and environment pieces give us a much clearer picture of the current state of the environment, the potential benefits of development, and the potential impacts. Knowing this means we have an opportunity to manage how development occurs and then avoid or minimize the impacts on the environment before they happen, while staying aware of important social and economic considerations.

Q5. Who does an integrated area assessment?

A5. The AER will conduct the integrated area assessment using data and information available at the time of the assessment.

Q6. Why is an integrated area assessment important?

A6. First, it gives the AER information about a broader geographical area, helping us better understand the cumulative environmental effects in that area. An integrated area assessment

helps the AER understand how a project that arises from an individual application might contribute to the overall disturbance in the area. Traditionally, applicants have been asked to assess the potential cumulative effects of their project and provide their assessment with their application. The integrated area assessment can be a baseline against which to measure an applicant's assessment.

Second, an integrated area assessment helps stakeholders in that area understand what is happening and focuses the collaborative engagement process on issues of importance.

Q7. How does ABR consider the management of energy resources?

A7. As with its environmental mandate, the AER is required to ensure that development is orderly and that energy resources are conserved and not wasted. An approach like ABR can help the AER to better understand and manage the risks of development and to ensure that similar energy resources are managed in a similar way. For example, ABR practices or requirements may address issues on the landscape (surface) caused by activities to develop the resources (subsurface).

Pilot

Q8. What did you test in the ABR pilot?

A8. The ABR pilot tested the following four things:

- the integrated area assessment
- collaborative engagement
 - multistakeholder panel (MSP)
 - indigenous community panel (ICP)
- the area practice guide

Q9. What was the pilot about and where was it?

A9. The MSP pilot focused on energy sector water use in unconventional development in the municipal district (MD) of Greenview. This area was chosen for the amount of development that has occurred and is expected to continue in the region and for people's concerns about the impacts of the development. In particular, people in the area expressed concerns about water use by the energy industry, and this became the panel's focus. The MSP was co-led by Alberta Environment and Parks (AEP). AEP's draft *Water Conservation Policy for Upstream Oil and Gas Operations, October 2016*, helped inform the panel's work.

The ICP, also in the MD of Greenview, worked to develop and strengthen the relationship between indigenous people and the AER and explore how indigenous values, knowledge systems, and traditional land use can be best inform AER decisions.

Q10. What is collaborative engagement?

A10. One of the key attributes of ABR was collaborative engagement, which brought the perspectives of people from an area into recommended practices and requirements for that area. We wanted to hear from people beyond those directly and adversely affected by individual projects or development activities.

Q11. Does collaborative engagement affect the participation rights of people who may be directly and adversely affected by an application?

A11. No. People who believe they may be directly and adversely affected by an application can still express their concerns through existing processes.

Collaborative engagement provides a different opportunity to participate—one focused on developing ways to improve the regulatory system and potentially guide the way development occurs in Alberta.

Q12. Who participated in the MSP?

A12. A detailed stakeholder assessment was conducted for the region. The AER then invited delegates who were knowledgeable about the MD of Greenview, water, and oil and gas development. Participants were from the following sectors or organizations:

Government	<ul style="list-style-type: none"> • AER • AEP • Aboriginal Consultation Office (ACO)
Environmental organizations	<ul style="list-style-type: none"> • Alberta Environmental Network
Municipalities	<ul style="list-style-type: none"> • Town of Fox Creek • MD of Greenview
Watershed planning and advisory councils	<ul style="list-style-type: none"> • Athabasca Watershed Council • Mighty Peace Watershed Council
Indigenous organizations	<ul style="list-style-type: none"> • East Prairie Métis Settlement • Métis Nation of Alberta • Western Cree Tribal Council • Sturgeon Lake Cree First Nation
Energy companies	<ul style="list-style-type: none"> • Chevron Canada • ConocoPhillips Canada (Cenovus) • EnCana Corporation • Shell Canada • Seven Generations Energy

Energy sector service companies	<ul style="list-style-type: none"> • Clear Environmental Solutions • ATCO Energy Solutions
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Members at large / landowners	
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Q13. What was the method used for the MSP?

A13. We started by gathering information: the integrated area assessment and a “what we’ve heard” summary of concerns of stakeholders and rights holders.

We did an extensive analysis of stakeholders and used a delegate selection process to ensure a balance of participants and a manageable group size.

The panel agreed on the following three objectives, which were included in the terms of reference:

- reduce and responsibly manage impacts on aquatic ecosystems from energy-sector activities (social and environmental),
- increase the use of alternatives to high-quality non-saline water to the extent practical based on environmental, social, and economic considerations, and
- identify barriers within the energy sector to innovation in water management.

The panel held ten in-person meetings, four conference calls, and used an online engagement tool called Talk AER to successfully reach its goals.

Q14. What were the outcomes of the MSP?

A14. The MSP came to consensus on 24 items. Twenty-three recommendations were published in the panel’s report, *Enabling the Use of Alternatives to High-Quality Non-saline Water by the Oil and Gas Sector in the MD of Greenview*, and were accepted by the AER and AEP in April 2017. The report can be found on our website, www.aer.ca. One recommendation fell outside the scope that the panel identified in its terms of reference, so this recommendation was given directly to Alberta Energy by the panel because the topic was specific to Alberta Energy’s mandate.

The recommendations report replaced the area practice guide that was originally part of the pilot. The AER and AEP are now working on implementing the panel’s recommendations. Implementation timelines for the recommendations ranges from short- to long-term.

Q15. What were the biggest successes of the MSP?

A15. The MSP’s collaborative process was a big success. Participants described it as a transparent, well-rounded, and flexible process. The items the panel came to a consensus on demonstrate that the process was both effective and collaborative. Panel members also spoke favourably about their participation in the process, saying that it proved that stakeholders and government can get together to achieve things and that all groups were in the same discussion. They also said they were impressed with the quality of the document and the practicality.

The partnership with the Government of Alberta and AEP as co-leads of the panel was also a success by having both those who set policy and those who apply it participating in the same process.

The lessons learned report from the multistakeholder panel can be found on our website www.aer.ca under [Regulating Development > Project Application > Integrated Decision Approach > Pilot Projects.](#)

Q16. Who participated in the ICP?

A16. The ICP held its final meeting in December 2017. Participation in the ICP was open to all First Nations and Métis communities and groups in the region. Participants were from the following groups or communities:

First Nations	<ul style="list-style-type: none"> • Alexis • Aseniwuche Winewak • Driftpile • Duncans • Horse Lake • Kapawe’no • Sawridge • Sturgeon Lake • Sucker Creek
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Métis settlements	<ul style="list-style-type: none"> • East Prairie Métis • Peavine Métis

Q17. What are the anticipated outcomes of the ICP?

A17. It is meant to explore, in partnership with indigenous communities, how traditional ecological knowledge and traditional land-use practices could inform the AER. We are hoping to discover how indigenous knowledge and western science could complement each other, so that the AER and indigenous communities can work collaboratively into the future.

Q18. What is next for ABR?

A18. We are already looking for ways to implement this same level of collaboration into other projects. The approaches used will be refined and integrated into engagement practices.

Starting in 2018, the AER will work to implement the multistakeholder panel's recommendations on limiting the use of nonsaline water. Over the next few years, we will continue to look for opportunities to implement additional recommendations.

We will continue to work with the indigenous community panel to develop and implement its recommendations.

Terms and Definitions

Area practices	Practices described by the AER that are based on collaborative engagement with people in each area and that are intended to supplement our current standards and help reduce impacts from oil and gas development. They are voluntary and unenforceable until they are approved by the AER or the Government of Alberta, which makes them area requirements.
Area practice guide	A written guide that builds upon the recommendations provided by the panel and that describes the AER's expected practices for water use by the energy sector in the pilot area.
Area requirements	Application and operational practices that have been approved by the AER, the Government of Alberta, or both, in order to become binding, enforceable requirements.
Collaborative engagement	Partnering with a stakeholder to, for example, develop alternatives, make decisions, and identify preferred solutions.
Consensus decision making	Decisions made by general agreement. A group decision-making process in which group members develop and agree to support a decision in the best interests of the whole. It may not be the favourite resolution of each individual, but it can be supported by all.
Cumulative effects management	Cumulative effects are the total environmental changes caused by energy development in combination with other past, present, and future human actions.
Geological plays	Geological plays are known or estimated oil or gas accumulations that share similar geological and geographical characteristics, such as rock type, type of fluid trapped in the rock, depth from surface, a common source of the fluid trapped in the rock, the trapping mechanism, etc. These play characteristics influence cost and the methods used to extract the energy resource.
Indigenous community panel (ICP)	The ICP is one of the ABR elements of collaborative engagement tested under the ABR pilot. It involved First Nation and Métis settlement representatives discussing environmental concerns about energy development and exploring ways to include traditional knowledge in AER decisions.
Integrated area assessment	The combined assessment of energy resource (subsurface) and environment (surface—i.e., air, land, water, and biodiversity) for each area.
Integrated decision approach	An AER initiative working toward accepting one single application, conducting one review, and issuing one decision for projects. It is a risk-informed and integrated decision process.
Multistakeholder panel (MSP)	The ABR pilot tested one element of ABR, collaborative engagement, through two panels. This panel's objective was to develop recommendations to address water-use concerns.
Recommendation report	The final output of the MSP containing all of its recommendations to the AER and AEP.
Unconventional resource	Oil- or gas-bearing zones with low to very poor permeability that require extensive stimulation to produce in commercial quantities.