



# **In Situ Oil Sands Alliance**

**Submission to the Expert Panel  
Reviewing Environmental Assessment Processes**

**December 2016**

## ABOUT US

The In Situ Oil Sands Alliance (IOSA) is a group of Alberta-based, independent companies that use innovative drilling and production technology such as Steam-Assisted Gravity Drainage (SAGD) to responsibly develop oil sands resources in situ.

Each company represented is committed to Canadian resource development, job creation, and community investment – no members have assets in other jurisdictions. We have a long term vision to responsibly develop Canada’s resources and actively work to ensure that investment comes to the country to make that happen.

IOSA members manage a combined 30 billion barrel resource base. Each are emerging companies with large capital programs funded primarily by the market, rather than internal cash flow generated from business activities. IOSA members have invested over \$8 billion in Alberta in the last 5 years, creating thousands of long-term jobs.

IOSA members are leaders in innovation that actively integrate technology, such as gas co-injection, solvent-based extraction with steam, and cogeneration, to unlock new resources for Canadians while at the same time reducing greenhouse gas emissions. Our members demonstrate how Canadian energy is produced more responsibly, both socially and environmentally, than other jurisdictions.



## CONTEXT

IOSA appreciates the opportunity to provide the following commentary to support your ongoing review of federal environmental assessment (“EA”) processes in Canada. As representatives of Canadian energy sector investors and developers, IOSA knows environmental regulatory review processes are a critical component of the development of Canada’s resources that supports economic and community well-being across the country. In undertaking this review, our members believe that Canadians’ public confidence in these systems can be bolstered by a clear demonstration of the strength of provincial rules and regulators. We have a shared interest in the success of a world-

class regulatory regime that facilitates the continued sustainable development of resource projects from which all Canadians stand to benefit.

In situ activities are not expressly included in the *Regulations Designating Physical Activities* (“the Regulations”), enabled by *Canadian Environmental Assessment Act, 2012* (“CEAA 2012”), or captured in previous iterations of the Act. As such, IOSA’s feedback is offered with consideration to the ongoing public dialogue regarding a possible change in the scope of projects to be covered by the Act that could incorporate a federal assessment of some or all of the activities we currently undertake at the provincial level. These comments are offered as follow-up to IOSA’s presentation to your panel on November 23, 2016, in Calgary, Alberta.

## **INVESTMENT CERTAINTY**

Alberta-based companies are the backbone of the energy industry given our long-term commitment to the Canadian resource development. The job creation, innovation, and prosperity we provide, however, requires substantial investment. Investors have a choice of where to place their capital, and they analyze the overall business environment when making an investment decision. Though no policymakers are able to control commodity pricing, governments can work actively to manage the fiscal, environmental, and regulatory policies in place to attract investment to the country in a highly competitive global environment. For this reason, we believe that IOSA members offer a unique perspective on the importance of policy certainty, as investment in our sector depends on a consistent and predictable regulatory environment.

The most efficient way to ensure predictability and competitiveness for our sector is for Canada’s environmental assessment framework to be guided by consistent scope and approach, predictable application timelines, and clear and achievable approval conditions that rely on provincial regulatory requirements. Assessment duplication – in whole or in part – result in increased costs and extended regulatory timelines with no associated incremental environmental benefits. The impact of this is the further erosion of investment confidence in and overall competitiveness of our sector.

In its review, the Panel should recognize that the complexity and cost of EA processes can limit development opportunities for small- and medium-sized businesses, such as those represented by IOSA. Small- and medium-sized businesses are responsible for more than 90% of job creation in Canada, and as such, EA processes should be designed and implemented in such a way that allows these businesses to effectively participate and compete in resource development. Any changes to the Canada’s EA framework should carefully consider Canada’s global competitiveness in attracting investment into small- and medium-sized companies.

## LEVERAGING EXISTING STRENGTHS

IOSA stands firmly behind the adequacy of Alberta's policy and regulatory systems in place to manage potential greenhouse gas, species, and cumulative effects impacts associated with in situ project development, as well as the engagement and consultation opportunities currently available to potentially impacted communities and the public at large. We do not see incremental value nor would we expect different environmental outcomes resulting from the inclusion of in situ activities into such processes at the federal level. As a result we would argue that the cost and regulatory burden as well as the timeline uncertainty of such a designation would be far greater than any potential benefit.

In areas of shared jurisdiction over in situ project impacts, Alberta has demonstrated best-in-class leadership in policy and regulatory design and implementation. A comprehensive system is in place at the provincial level to plan, assess, manage, and monitor project-specific and cumulative development effects of in situ projects. The greenhouse gases associated with in situ projects are subject to approval conditions, existing and emerging emission intensity reduction regulations, and a carbon levy. Impacts to land, water resources, biodiversity, and species populations are also minimized and mitigated under both regional planning and range planning. Clear expectations for public and Indigenous consultations are laid out in environmental regulations as well as province's First Nations and Métis consultation policies. The provincial agencies responsible for EAs have a statutory obligation, either through provincial policy, legislation and regulation or through federal regulatory responsibilities, to ensure that all projects are assessed fulsomely against the entirety of the above-noted framework.

This best-in-class regulatory regime is tough, but fair – by participating fully and transparently in these provincial means of assessment, we have demonstrated our commitment to the process, to getting development right, and to working with the communities that our development may impact. The strengths of these regimes and their efficacy to date must be reflected in any federal environmental assessment process review.

To that end, IOSA is pleased to submit its support for the key messages offered to the Panel by the provincial and territorial EA administrators and boards at the Technical Briefing in Ottawa, Ontario on November 2<sup>nd</sup>, 2016. We agree with these representatives in their emphasis of “the importance of “one project, one assessment”, the need for a flexible federal environmental assessment process that enables

cooperation, and the need for tools that support reduced duplication, including substitution of the federal process for the provincial one.”<sup>1</sup>

## **ENGAGING EFFECTIVELY**

IOSA members know that environmental assessment processes provide important ways for Canadians to express their views and for experts to meaningfully contribute to natural resource development dialogues. We pride ourselves on the strength of our relationships with communities and Indigenous groups and our ability to work with these stakeholders to ensure that our development is responsive and reflective of local concerns and considerations.

IOSA believes that public confidence issues with the existing process can only be addressed by improving access to information and engagement for those most directly affected by project development. As with any form of consultation, ensuring that this engagement is adequately scoped and managed is fundamental to the efficiency and success of environmental assessment processes and, as a result, to the competitiveness of our sector’s business activities.

There lies significant opportunity in further communicating the rigor associated with existing processes. This can add significant credibility to and public confidence in Canadian EAs. Though publically available, there is very little awareness by the public-at-large of the comprehensive systems in place to ensure that Canadian in situ oil sands development is held to the highest environmental standards. There is also an opportunity to build further public awareness about the economic benefit of our projects and how they meaningfully contribute to the Canadian economy and improve the lives of all Canadians.

The relationships established before and during EAs are maintained beyond all regulatory approval processes – we recognize our relationships as being important and longstanding. As such, IOSA members are committed to fulsome, transparent dialogues with all of our stakeholders throughout the life of our projects.

## **CONCLUSION**

Alberta energy companies and government are partners in resource development. The in situ oil sands sector is and will continue to be a critical component of the Canadian economy in light of the jobs and prosperity that it generates for the country and the projected global demand for our resource. As such, IOSA members remain committed to the development and implementation of strong, science-based environmental policy

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<sup>1</sup> <http://eareview-examenee.ca/what-weve-heard/panel-meeting-provinces/>

and regulations that allow for a prosperous sector that sees Canada's vast resource wealth developed sustainably.

The key to attracting investment in our sector is a positive business climate, something directly within the provincial and federal government's control. In the case of your Panel's mandate, the condition of our business and investment environment is directly linked to the efficiency and certainty of Canada's environmental assessment processes. We support our provincial representatives in their assessment and recommendation that "the best placed jurisdiction, the jurisdiction with the broadest regulatory role with regards to the project, should be responsible for conducting the environmental assessment and that there should be a clear justification for all activities included on a federal list of projects requiring an environmental assessment."<sup>2</sup> As proponents and members of the communities in which we operate, we are wholly committed to doing our part in ensuring that conversations related to these assessments and associated development are transparent and meaningful.

In this review, your Panel has the power to make recommendations that can build upon Canada's transparent EA policy and ensure that it is reliably and consistently applied in decision-making. To that end, we look forward to supporting the Government of Canada in its ongoing review and improvement of federal environmental assessment processes.

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<sup>2</sup> <http://eareview-examenee.ca/what-weve-heard/panel-meeting-provinces/>