

AGREEMENT ON THE EQUIVALENCY OF
FEDERAL AND ALBERTA REGULATIONS
RESPECTING THE RELEASE OF METHANE FROM THE OIL AND GAS SECTOR IN
ALBERTA, 2020

BETWEEN

THE GOVERNMENT OF CANADA, represented by the Minister of the Environment,
hereinafter referred to as “Canada”,

AND

THE GOVERNMENT OF ALBERTA, represented by the Minister of Environment and
Parks, hereinafter referred to as “Alberta”

WHEREAS Canada and Alberta (“the Parties”) support the reduction of greenhouse gas emissions, including methane emissions, in the oil and gas sector;

WHEREAS this Agreement relates to facilities in the oil and gas sector excluding federal works and undertakings;

WHEREAS Canada adopted under subsection 93(1) of the *Canadian Environmental Protection Act, 1999* (“CEPA”), S.C. 1999, c. 33 the *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)*, S.O.R 2018-66 (the “Federal Methane Regulations”) which were published in the *Canada Gazette*, Part II, Vol. 152, No. 1 on April 26, 2018;

WHEREAS the Federal Methane Regulations came into force on January 1, 2020, except sections 26, 27 and 37 to 41 which come into force on January 1, 2023;

WHEREAS the *Environmental Protection and Enhancement Act*, R.S.A. 2000, c. E-12 (“EPEA”), contains provisions that are similar to sections 17 to 20 of CEPA and confer a right to require an investigation of alleged offences of environmental legislation in Alberta;

WHEREAS the *Methane Emission Reduction Regulation* (“MERR”), A.R. 244/2018, made under the EPEA and incorporating by reference several sections of Directive 060 and Directive 017, came into force January 1, 2020;

WHEREAS under section 10 of CEPA, Canada, as represented by the Minister of the Environment, may agree in writing with a provincial government that there are in force by or under the laws applicable to the jurisdiction of the provincial government, provisions that are equivalent to a regulation made under subsection 93(1) of CEPA and provisions that are similar to sections 17 to 20 of CEPA for the investigation of alleged offences under environmental legislation of that jurisdiction;

WHEREAS under section 19 of the EPEA, Alberta, as represented by the Minister of Environment and Parks, may enter into agreements with Canada relating to any matter pertaining to the environment;

WHEREAS the Parties agree to enter into an equivalency agreement ("Agreement") recognizing that the MERR and relevant sections of EPEA are provisions that meet the requirements of section 10 of CEPA and, upon signature of the Agreement, the Governor in Council may, by order made under subsection 10(3), declare that the Federal Methane Regulations do not apply in an area under the jurisdiction of the province of Alberta.

THEREFORE, the Parties agree:

1.0 DEFINITIONS

"CEPA" means the *Canadian Environmental Protection Act*, S.C. 1999, c. 33, as amended.

"Directive 017" means the Alberta Energy Regulator Directive 017 entitled *Measurement Requirements for Oil and Gas Operations*, as amended on May 12, 2020.

"Directive 060" means the Alberta Energy Regulator Directive 060 entitled *Upstream Petroleum Industry Flaring, Incinerating, and Venting*, as amended on May 12, 2020.

"EPEA" means the *Environmental Protection and Enhancement Act*, R.S.A. 2000, c. E-12, as amended.

"Federal Methane Regulations" means *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)* S.O.R. 2018-66.

"MERR" means the *Methane Emission Reduction Regulation*, A.R. 244/2018.

2.0 EQUIVALENCY

2.1 The Parties agree that sections 196 and 197 of the EPEA confer a right to apply for investigations of alleged offences and are similar to section 17 to 20 of CEPA. Under sections 196 and 197 of EPEA, an application may be made by two residents to the Alberta Energy Regulator, upon which the Alberta Energy Regulator will be required to investigate all matters the Alberta Energy Regulator considers necessary related to the alleged offence and report on the progress of the investigation and the action, if any, proposed to be taken.

2.2 The Parties agree that, for the purpose of meeting section 10 of CEPA, there are equivalent provisions under the MERR to the Federal Methane Regulations that are legally binding obligations for which enforcement and penalty mechanisms are in place for cases where the requirements are not met, and which result in equivalent reductions of methane emissions (in CO₂e) as the Federal Methane Regulations, taking notably the following factors into account:

- a) Canada has assessed the expected methane emission reductions (in CO₂e) using the same methodology for both the Federal Methane Regulations and the MERR, and the departmental reference case, published in Canada's GHG and Air Pollutant Projections: 2018, has been used as the baseline to compare the emission reductions from the provincial and federal provisions. The modeled assessment demonstrates equivalent expected methane emission reductions (in CO₂e) of the MERR and the Federal Methane Regulations in Alberta for the period of this Agreement;
- b) the reduction of methane emissions (in CO₂e) under the MERR will be achieved through the implementation of notably the following requirements:
 - i. limits on venting of gas from upstream oil and gas facilities;
 - ii. fugitive emission requirements from the implementation of an emissions management program;
 - iii. limits on venting of gas applicable to pneumatic devices and instruments including pneumatic pumps and controllers after 2022;
 - iv. limits on emissions from centrifugal and reciprocating compressors; and
 - v. additional provisions to limit emissions from glycol dehydrators.

3.0 INFORMATION-SHARING

3.1 The Parties will share information with each other respecting the administration of this Agreement.

3.2 (1) Upon the coming into force of this Agreement, Alberta will provide to Canada on an annual basis the following:

- a) the number of existing facilities and wells that are subject to the MERR, disaggregated by well type and facility classification, with the average number of dehydrators and compressors at each facility type;
- b) the number of new facility permits and well permits issued, disaggregated by well type and facility classification;
- c) the number of closures of facilities and wells, disaggregated by well type and facility classification;
- d) information respecting an assessment of the implementation and effectiveness of the MERR in reducing methane emissions (in CO₂e), including the methodology (by source), analysis undertaken and results of calculations of emission reductions;
- e) a summary of compliance verification activities and enforcement or sanctions measures

relating to the MERR applied to facilities and wells, segregated by well type and facility classification, including the number of inspections and verifications other than inspections, the number and type of non-compliance events and the orders, penalties and convictions; and

- f) a summary of the annual reports submitted under the MERR including the number of duty holders who submitted annual reports.

(2) The information required by (1) for each year will be provided on or before December 31st of the following year.

3.3 Canada will provide written advance notice to Alberta of proposed amendments and notice of final amendments to the Federal Methane Regulations.

3.4 Alberta will provide written advance notice to Canada of proposed amendments to sections 196 and 197 of EPEA and to the MERR including the applicable sections of Directive 017 and Directive 060 that are incorporated by reference, and notice of final amendments.

3.5 The Parties recognize that their respective access to information and privacy legislation will apply to all information received under this Agreement.

3.6 The Parties agree to inform each other of the title of their respective contact persons responsible for administering this Agreement and of any change thereof.

4.0 AMENDMENTS AND ACKNOWLEDGEMENTS

4.1 The Parties may amend this Agreement by the mutual written consent of the Parties and subject to the requirements under section 10 of CEPA.

4.2 The Parties acknowledge that this Agreement is without prejudice to the provincial jurisdiction set out under sections 92 and 92A of the *Constitution Act, 1867*.

5.0 ENTRY INTO FORCE, TERMINATION, AND REVIEW

5.1 This Agreement is entered into when signed by the Parties and comes into force on the date of registration of the order made under subsection 10(3) of the CEPA declaring that the provisions of the Federal Methane Regulations do not apply in an area under the jurisdiction of the province of Alberta.

5.2 This Agreement terminates five (5) years after the date of its coming into force or may be terminated earlier by either Party giving the other at least three (3) months written notice.

5.3 Canada will review on an annual basis the information provided under section 3.0 of this Agreement, notably in order to monitor emission reductions resulting from the application of the MERR.

HER MAJESTY THE QUEEN IN RIGHT
OF CANADA

SEP 29 2020

Date

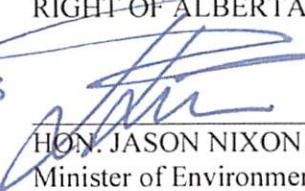


HON. JONATHAN WILKINSON
Minister of the Environment

HER MAJESTY THE QUEEN IN
RIGHT OF ALBERTA

Sept 30/20

Date



HON. JASON NIXON
Minister of Environment and Parks

Pursuant to the *Government Organization
Act*

Oct 7, 2020

Date



COLEEN VOLK
Deputy Minister of Intergovernmental
Relations
Executive Council