

# RMA Update

## Effects of Oil and Gas

### Strathcona County March 20, 2019



March 2019

# Agenda

1. Who we are.
2. What we are.
3. Economic outlook for Alberta
4. Update for oil, gas and petrochemical macro and micro level
5. Opportunity for improvement at:
  - I. Federal Level
  - II. Provincial Level
  - III. Municipal level
6. Best practices for working with industry

# Who we are:

## Location



Strathcona County, located in the heart of Alberta, is an energetic and thriving community. Situated in the Capital Region of Edmonton, with enviable transportation access to CP / CN railway, major highways (Yellowhead, Queen Elizabeth Highway, Anthony Henday), and a 30 minute drive to the Edmonton International Airport.

## Demographics



**98,381**

Population: Urban 71,332 / Rural 27,049



**39**

Average age



**15,800**

Local highly-skilled graduates



**840,400**

Eligible workers in the region



**\$160,655**

Average household income

## Canada's energy engine



Home to 75 per cent of petrochemical refining in Canada - a driver of the economy, prosperity, and quality of life.

## Leading industries



Extraction



Manufacturing



Scientific



Construction



Trucking



Engineering

## Business



No business licence or business tax



**11,000**

Businesses (3,527 with employees)



**\$10 billion**

Industrial projects announced, under construction or recently completed

## Retail market



**1.4 million**

Market area population



**\$5.6 billion**

Household spending power

## Real estate



**\$433,159**

Average home resale price \*January 2019

**\$1,550**

Average monthly rent

## Permit values

**\$365 million**

Building permits

**\$137 million**

Commercial permits \*2018 year end

## Environment



**35** Lakes

**48** Mammal species

**800** Plant species

**152** Bird species

## Utilities

Costs associated with general Strathcona County utility services.

Water

<sup>1</sup>2.55 m<sup>3</sup>

Sewer

0-500 m<sup>3</sup> = <sup>1</sup>19.78 + <sup>1</sup>0.405 m<sup>3</sup>

501-5000 m<sup>3</sup> = <sup>1</sup>48.79 + <sup>1</sup>0.347 m<sup>3</sup>

>5000 m<sup>3</sup> = <sup>1</sup>187.79 + <sup>1</sup>0.319 m<sup>3</sup>

Sewer treatment

<sup>1</sup>1.31 m<sup>3</sup>

Stormwater

<sup>1</sup>7.80 month

Waste collection (Rural)

<sup>1</sup>24.45 month

Waste collection (Urban)

<sup>1</sup>25.45 month

Gas

Atco Gas, Direct Energy

Power

Fortis Alberta

Communications

Telus, Shaw, Bell

## Recreation



Major recreation facilities	12
Libraries	1
Live theatres	1
Art galleries	4
Sports fields	200
Trails	229 km
Natural areas	1,521 ha
Parkland	1,944 ha
Playgrounds	147
Golf courses	9
Tennis courts	17
Outdoor rinks	27

## Accommodations



Hotels (11)	1,343 rooms
Bed and Breakfasts	2

## Tax split

**64%** Non-Residential

**36%** Residential

## Tax rates

Non-residential	12.7746
Residential / Farmland	6.9507
Machinery and Equipment	9.0630

\*All facts based off 2019 Q1 statistics.

# Demographic information



**8.4%**

Subsidized Housing

**60.9%**

Housholds with Mortgage



**\$1,601**

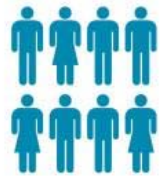
Monthly Cost  
Home Ownership

**\$1,550**

Monthly Cost  
Home Rental



# Demographic information



**10.2%**

Immigrant Population

**82%**

European Origin



**89.1%**

Own Homes

**10.1%**

Rent Homes



# Economic Outlook Consensus

• BMO	0.5%
• RBC	1.5%
• ATB	2.1%
• Conference Board of Canada	1.3%
• Government of Alberta	1.6%
• Scotia Bank	1.5%
• BDC	1.6%

# Economic Impact

REAL GDP IMPACT	2014	2015	2016	2017	Q1-Q3 2018
Canada's Total GDP (\$ billions)	1,799	1,814	1,834	1,893	<b>1,941</b>
Conv. GDP (\$ billions)	50	47	48	50	<b>54</b>
Conv. GDP Share (%)	2.78	2.60	2.62	2.64	<b>2.80</b>
Oil Sands GDP (\$ billions)	40	46	47	51	<b>55</b>
Oil Sands GDP Share (%)	2.20	2.54	2.54	2.70	<b>2.83</b>
Upstream GDP (\$ billions)	90	93	95	101	<b>109</b>
Upstream GDP Share (%)	4.97	5.14	5.16	5.34	<b>5.62</b>

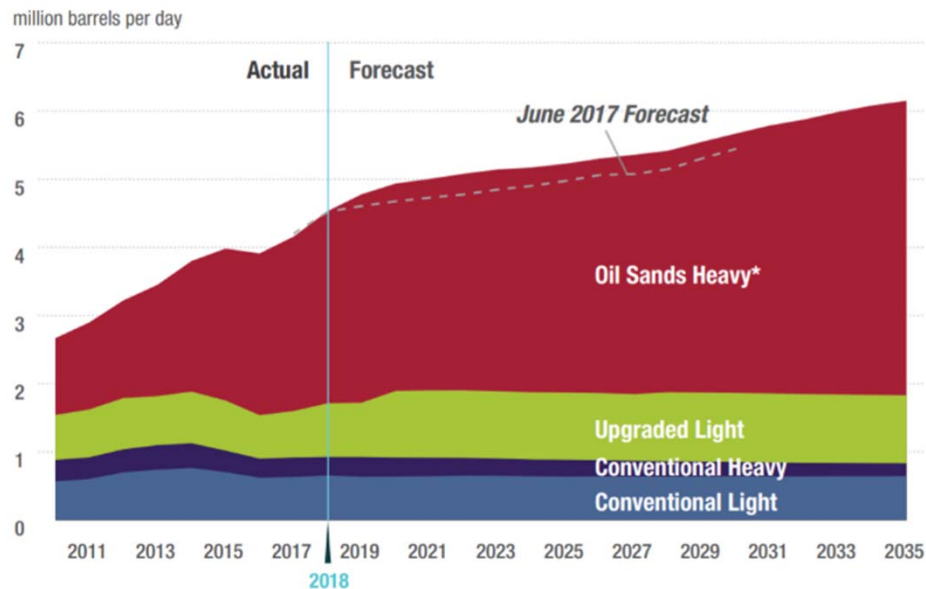
Source: Stats Can.

PRICES	2014	2015	2016	2017	2018
North Sea Brent (US\$/b)	99.02	52.36	43.55	54.23	<b>71.00</b>
WTI Nymex (US\$/b)	92.99	48.80	43.32	50.95	<b>64.73</b>
Cdn Light - MSW (US\$/b)	84.85	45.34	40.84	48.78	<b>50.83</b>
Cdn Heavy - WCS (US\$/b)	71.77	35.27	29.65	39.09	<b>38.98</b>
Henry Hub Gas (US\$/MMBtu)	4.38	2.67	2.44	2.95	<b>3.13</b>
AECO NIT (C\$/GJ)	4.19	2.62	1.98	2.30	<b>1.48</b>

Source: Statistical Handbook

# Information about Oil and Gas

Figure 2.7 Western Canada Oil Sands and Conventional Supply

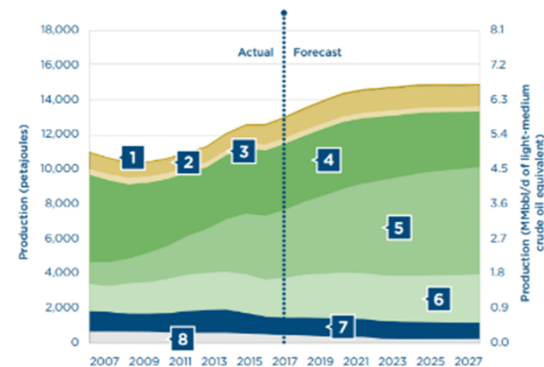


\* Oil Sands Heavy includes some volumes of upgraded heavy sour crude oil and bitumen blended with diluent or upgraded crude oil.

## ST98:2018 HIGHLIGHTS

Alberta's Energy Reserves and Supply/Demand Outlook

### PRODUCTION FORECAST



#### Fast Facts:

- Alberta's economy started to recover in 2017, with real GDP growth estimated to be 4.0% compared to -3.7% in 2016.
- Total drilling increased by 71% in 2017 because producers were able to find cost savings and improved efficiencies.
- Total crude bitumen production was up 12% in 2017 as production recovered following last year's wildfires around Fort McMurray.

- 1 Hydro, wind, and other renewables
- 2 Natural gas liquids
- 3 Unconventional natural gas
- 4 Conventional natural gas
- 5 Nonupgraded bitumen
- 6 Upgraded bitumen
- 7 Conventional crude oil
- 8 Coal

Source CAPP and AER

# Refineries in Western Canada

Table 3.1 Refineries in Western Canada by Province

Owner	Location	Crude Oil Processing Capacity (b/d)
<b>Alberta</b>		
Imperial	Strathcona	191,000
Husky (asphalt plant)	Lloydminster	29,000
Suncor	Edmonton	142,000
Shell	Scotford	92,000
North West Redwater Partnership	Sturgeon County	79,000 (dilbit)
<b>Alberta Subtotal: (5 refineries)</b>		<b>533,000</b>
<b>British Columbia</b>		
Parkland Fuel	Burnaby	55,000
Husky	Prince George	12,000
<b>British Columbia Subtotal: (2 refineries)</b>		<b>67,000</b>
<b>Saskatchewan</b>		
Federated Co-operatives	Regina	130,000
Gibson (asphalt plant)	Moose Jaw	19,000
<b>Saskatchewan Subtotal: (2 refineries)</b>		<b>149,000</b>
<b>Total (9 refineries):</b>		<b>749,000</b>

462,000  
62%

Reported in Head office and  
by postal code

Actuals:

Imperial Oil 200,000 bpd

Suncor 149,000 bpd

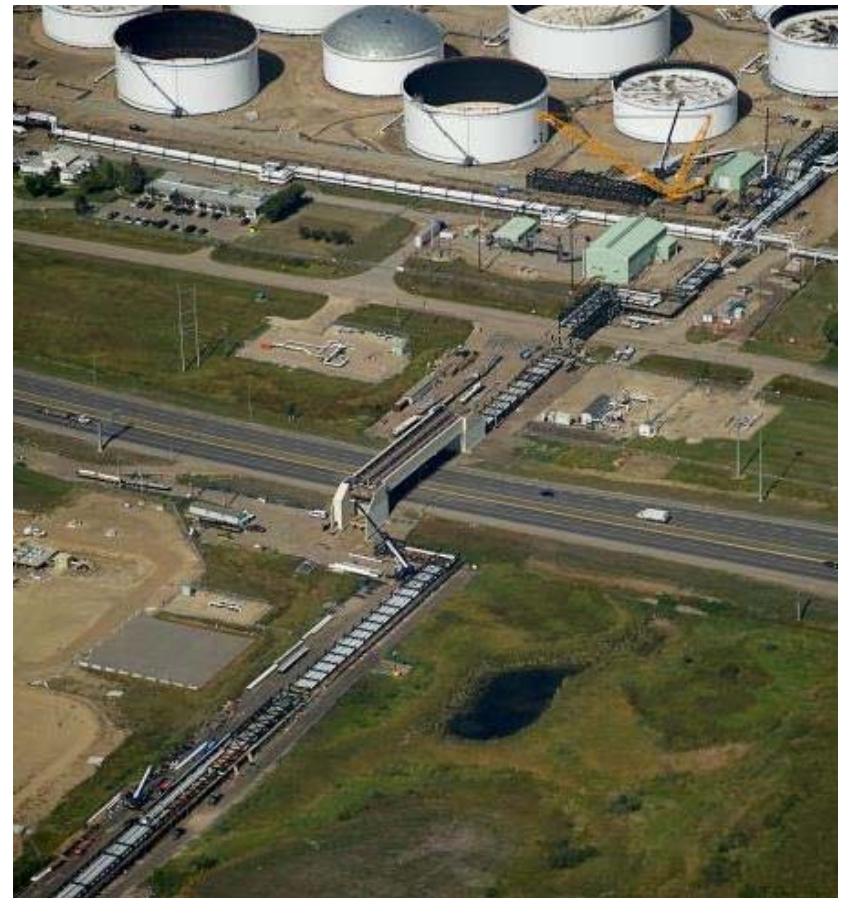
Shell 113,00 bpd

# Strathcona Industrial Area (SIA)

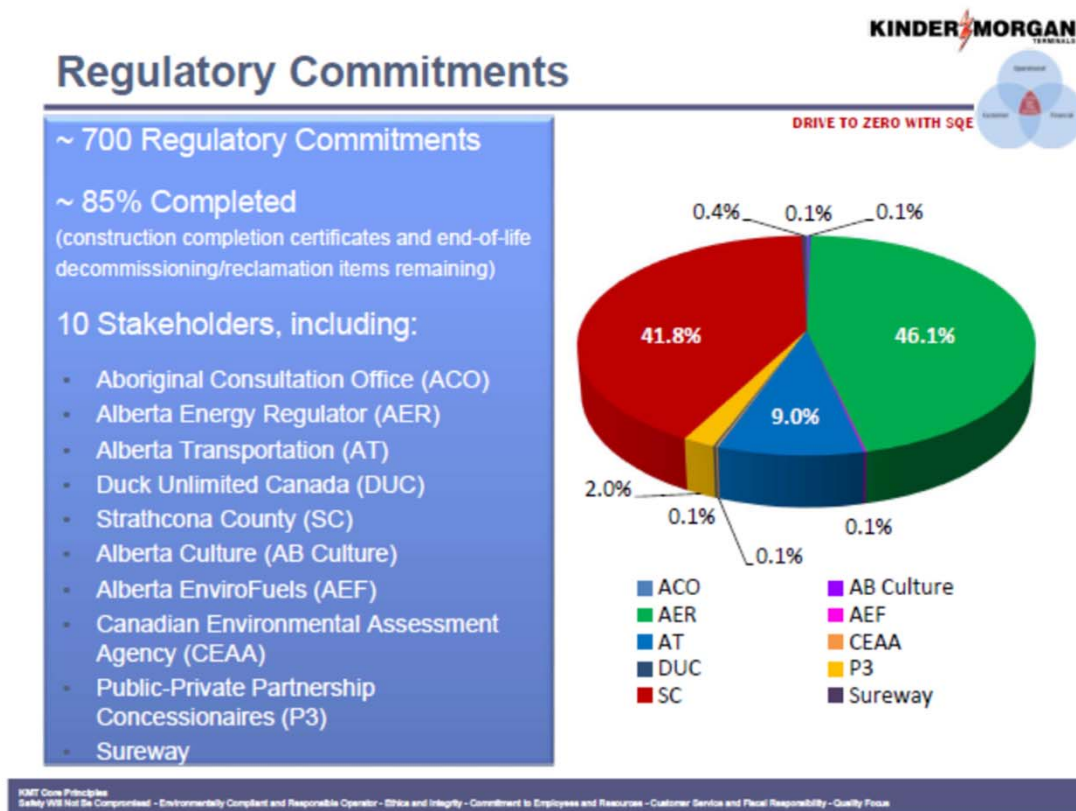


# Summary of Projects - **SIA**

- Keyera Rail Terminal
- Kinder Morgan and Keyera Tank Terminal Project (12 tanks BTT)
- Imperial Oil Co-generation plant
- Kinder Morgan Pipeline Bridge
- Gibson Tank Construction



# Kinder Morgan BTT and Pipe Bridge



# Alberta Industrial Heartland



13

# Comparison of regulatory time lines

## Canada's Federal Energy Project Review Timelines

Table 1 – List of Federal Projects Covered in Survey

Project	Project Category	Timeline (months)
Northern Gateway	Pipeline	104
Mackenzie Gas	Pipeline	77
Jackpine Expansion	Oil Sands	77
Johiva North Mine	Oil Sands	70
Darlington New Nuclear	Generation	64
Muskrat Falls	Generation	64
Labrador Inland Link	Transmission	57
Energy East	Pipeline	54 <sup>1</sup>
Trans Mountain Expansion	Pipeline	43 <sup>2</sup>
Pacific NW LNG	LNG	42 <sup>3</sup>
Site C	Generation	41
Darlington Refurbishment	Generation	36
Keeyask Hydr	Generation	35
Maritime Link	Transmission	19

Table 2 – Project Categories and Timelines

Project Category	Timeline (months)
Range	Average
Pipelines (4)	43-104 70
Oil Sands (2)	70-77 74
LNG (1)	42 42
Generation (5)	35-68 49
Transmission (2)	19-57 38

Table 3 – Comparison Between Federal and Provincial Timelines

Project Category	Average (months)
Federal	Provincial
Pipelines	70 81
Oil Sands	74 55
LNG	42 18
Generation	49 22
Transmission	38 18

### 4. Survey Conclusions

The data from the Project Survey was at least consistent with the following conclusions:

1. Federal timelines for major energy project reviews have generally been longer than 36 months and many have been substantially longer.
2. The mandatory timelines introduced in the Canadian Environmental Assessment Act, 2012 have not yet materially reduced federal timelines for major energy project reviews, at least not consistently down to a 24 month (+/- 6) range – though the sample size for these types of project reviews is so far extremely limited.
3. Provincial timelines for major energy project reviews appear both materially shorter and more predictable than federal timelines and fall generally within a 24 month (+/- 6) range.
4. There is a substantial correlation between the length of the review process and its level of judicialization, in terms of the nature and intensity of hearings and the procedural complexity of the review process.

Table 6 – Proposed deadlines (in days).

	Agency	Review Panel
Planning	180	180
Assessment	300	600
Decision	30	90
	510	870

<http://www.energyregulationquarterly.ca/articles/federal-energy-project-reviews-timelines-in-practice#sthash.FVINz4Y4.9Cs1zINr.dpbs>

## United States – Federal Energy Regulatory Commission

### • Timelines for Final Environmental Impact Statement and Federal Authorization Decision on LNG projects

- The agency issued updated schedules for the environmental review of 12 liquefied natural gas export projects on Friday, including six in Texas. Among those listed were Cheniere Energy's Corpus Christi project, Freeport LNG's project in Brazoria County, and Sempra Energy's Port Arthur project.
- "The commission has made significant strides in streamlining our regulatory processes to adapt to the increasing number, and greater complexity, of the LNG applications we have received," said FERC Chairman Kevin McIntyre. "These process improvements have shortened projected environmental schedules in some cases by 9 to 12 months."
- The agency says it has sped up the timeline for environmental review through a combination of bureaucratic changes, including the hiring of an outside contractor to assist FERC staff and requesting applicants themselves use third-party contractors to assist in the process. FERC also recently signed an agreement with the Pipeline and Hazardous Materials Safety Administration to work together on the review of LNG projects.

Estimated Texas LNG Project Timeline

Milestone	Expected Timeframe
Draft Environmental Impact Statement	October 2018
Final Environmental Impact Statement	March 2019
Federal Authorization Decision Deadline	June 2019
Final Investment Decision (FID)	Late 2019
Commence Construction	Early 2020
Begin Operations (Phase 1, 2 MTA)	2023/2024

<https://globenewswire.com/news-release/2018/09/03/1564326/0/en/Texas-LNG-Receives-United-States-Federal-Energy-Regulatory-Commission-Timeline-for-Final-Environmental-Impact-Statement-and-Federal-Authorization-Decision.html>

<https://www.chron.com/business/energy/article/FERC-speeding-up-reviews-on-LNG-projects-13203821.php>

# Best Practices for Working with Industry

1. Separation zone for Heavy Industry (overlay 0-1.5 km and then 1.5-3.0 km) in both SIA and AIH
2. Purchasing local land owners near Heavy Industry (Shell Example) then AIH example of property buyouts.
3. Team across departments dedicated to for major industrial permits.
4. Letters of support of major pipeline projects from Council.
5. Visits to industrial sites by EDT- Chamber of Commerce –Council
6. Head office visits for Canada and International firms.
7. Working with partners AIH – International visits
8. Working with council over election cycles
9. Celebrate success!

***"I avoid looking forward or backward, and try to keep looking upward."***

**Charlotte Bronte**

For more information, please contact:

- Gerry Gabinet, Director Economic Development & Tourism  
[gerald.gabinet@strathcona.ca](mailto:gerald.gabinet@strathcona.ca)
- Shane Olson, Manager Commercial Development  
[shane.olson@strathcona.ca](mailto:shane.olson@strathcona.ca)
- Sean McRitchie, Manager Industrial Development  
[sean.mcritchie@strathcona.ca](mailto:sean.mcritchie@strathcona.ca)

# YOU CAN

