

RMA Member Briefing on Premier's Review of the Alberta Energy Regulator

Introduction

In May 2024 the Government of Alberta released the final report of the [Premier's Review of the Alberta Energy Regulator \(AER\)](#). The review was written by a Premier-appointed panel of energy industry professionals, including industry veteran David Yager and long-time regulator communications specialist Bob Curran. The review is intended to “moderniz[e] the AER and ensur[e] it is the regulator Alberta needs for today’s evolving energy sector.

The Rural Municipalities of Alberta (RMA) has reviewed the final report and is concerned that the findings and recommendations are based on a flawed assumption that the purpose of the AER is first and foremost to support the success of “the regulated” (as the report describes the oil and gas industry) rather than acting to ensure that the industry as a whole and individual companies operate in a safe and accountable manner and comply with regulatory requirements, that Albertans as a whole benefit from the province’s oil and gas resources, and that risks associated with the industry are mitigated to the greatest extent possible.

Summary and RMA's Analysis

The final report argues for a return to a strictly technical regulator that works directly with industry in a technical support capacity, with a focus on risk-based decision-making. The report is written from the perspective of “the regulated” (the companies under the AER’s purview) and frames its criticisms of the AER’s current mandate, processes, and organizational structure and recommendations for improvement based on an assumption that AER’s primary purpose is to increase efficiency and certainty for industry, with virtually no consideration of other stakeholders impacted by the industry, aside from vague references to environmental protection and the confusing approach to Indigenous engagement/partnership.

This assumption that it is the regulator’s responsibility to solve industry’s technical challenges for them, rather than protect non-industry stakeholders from the risks of the industry is significant for the RMA. While the report argues that engaging with municipalities and considering municipal concerns in the AER approval process is out of scope, RMA and rural municipalities view this as a crucial role of a regulator that functions in the public interest. Municipalities generally accept that they have much less control over land use decisions made by oil and gas companies than those of other property owners because they are properly regulated by the AER. If the AER no longer considers external impacts and risks of industry activity, who will?

This view of the AER’s regulatory scope is contradictory to the RMA’s and much of the academic literature on effective industry regulation, which typically views the role of industry regulators as understanding and representing the concerns and perspectives of the public in relation to the industry and ensuring that risks to impacted stakeholders are minimized. Much of RMA’s criticisms of the AER for taking no action to address unpaid taxes is framed around the idea that the regulator’s role is to hold “the regulated” accountable for operating in the public interest, which this report refutes completely. While it is not unreasonable to expect the regulator to provide industry with some level of capacity and technical support, it is baffling as to why a multi-billion dollar industry should rely on a regulatory body to identify risks and solve problems for individual companies on a case-by-case basis, which the report suggests as the AER’s primary responsibility.

What RMA is doing

RMA has sent a detailed analysis of the report to the Premier. This analysis raises specific concerns with the report and reiterates that the AER must be accountable to the Alberta public, and not the oil and gas industry. RMA is also seeking a meeting with the Premier to discuss this and other items. Watch for additional information as it becomes available.