

FLARING AND VENTING CAN WE HARMONIZE PROVINCIAL DEFINITIONS?

Jan 17, 2013

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Agenda

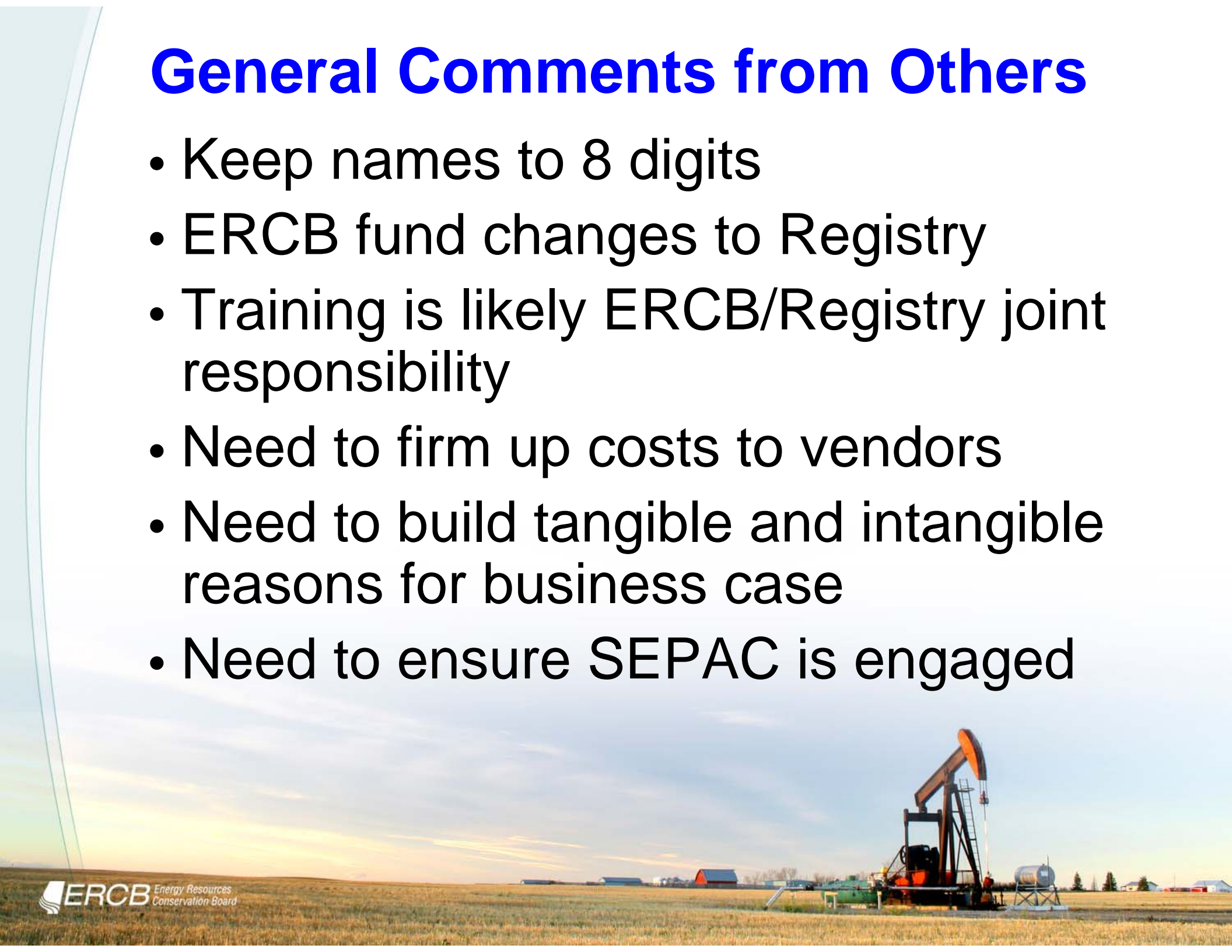
CAPP Accounting Chairs /ERCB Meeting Jan 17, 9-10 am

1. Recent comments from others and summary of proposed changes in terms of activity/products
2. Review plans for next steps
3. Get input



General Comments from Others

- Keep names to 8 digits
- ERCB fund changes to Registry
- Training is likely ERCB/Registry joint responsibility
- Need to firm up costs to vendors
- Need to build tangible and intangible reasons for business case
- Need to ensure SEPAC is engaged



Comments on Industry Assurance

- New definitions won't be used to trigger additional noncompliances for flare limits as percent of gas plant receipts – evaluation will use same numbers as before for gas plant flaring
- Some industry concern that this is about putting a tax on flaring. Value in stating its not and why this change won't make it more taxable
- Value from a GHG reporting perspective

Proposal

Harmonization of flare and vent definitions with other provincial regulators.

Flare Activities and Products

Change from

To

Flare Gas

FlarWste Gas

Flare Gas (upset on amine systems when acid gas flared)

FlarWste ACGAS

SHR ACGAS (continuously burned in flare stack)

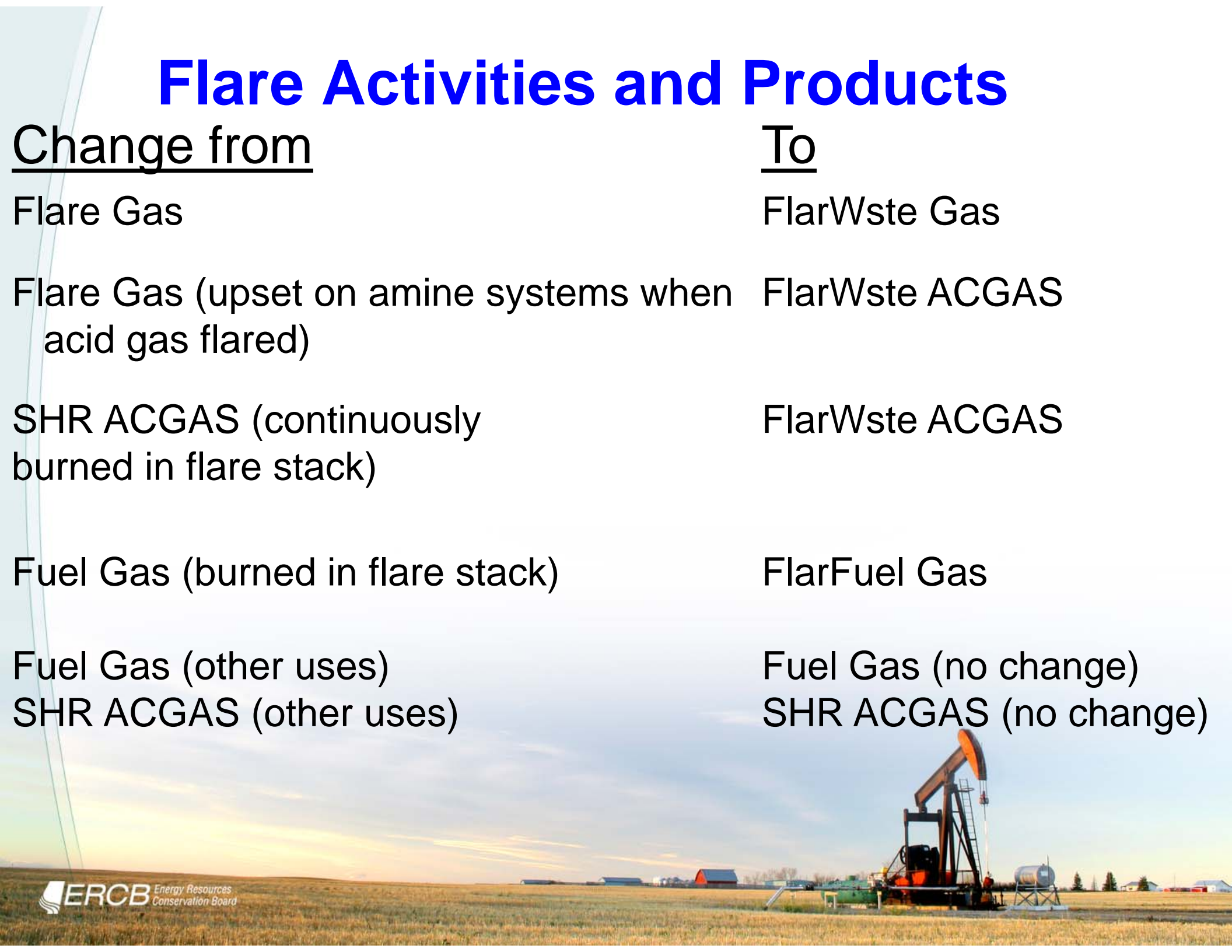
FlarWste ACGAS

Fuel Gas (burned in flare stack)

FlarFuel Gas

Fuel Gas (other uses)
SHR ACGAS (other uses)

Fuel Gas (no change)
SHR ACGAS (no change)



Vent Activities and Products

Change from

Vent Gas

Vent CO₂

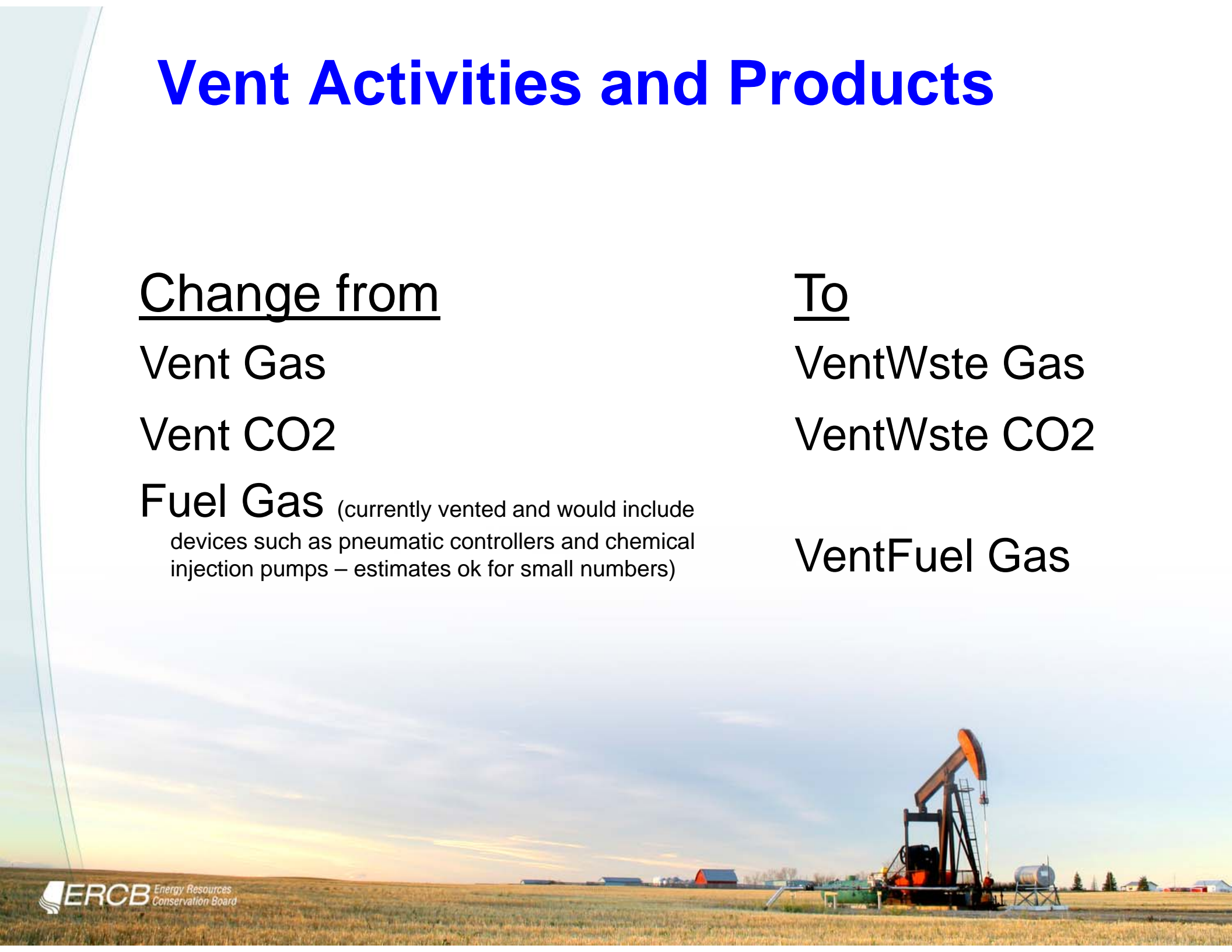
Fuel Gas (currently vented and would include devices such as pneumatic controllers and chemical injection pumps – estimates ok for small numbers)

To

VentWste Gas

VentWste CO₂

VentFuel Gas



Process to Date/Feedback

- Discussed with Provincial Regulators
- ERCB Board provided permission to explore
- Sought input from CAPP on how to engage
 - Nov 2011
- Engaged Selected Industry
 - April 2012 - Engaged Environmental types - CNRL, ConocoPhillips, Husky, Keyera, Nexen, Spectra, SEPAC/Trilogy — suggested we needed to understand measurement changes
 - June 2012 – Engaged Measurement types – CNRL, ConocoPhillips, Keyera, Nexen, Spectra –suggested we need to understand production accounting impacts
 - October 2012 – CAPP Accounting Committee



Plans for Next Steps

- Meet with CAPP Accounting Chairs –Jan 17
- Meet with Energy
- Ensure Sask Petrinex is aware
- Update Industry Benefits Committee
- Develop letter to software vendors to request estimate
- Get estimate from Registry
- Update SEPAC
- Share proposal with IMG group
- Return to small industry committee and share info collected



Other Slides

ADVANTAGES OF HARMONIZATION

- Prevent errors occurring because of different rules between provinces
- Cost savings to industry by not having to maintain and follow multiple definitions
- If reporting is consistent and clear, reporting is more complete
- Improved granularity will help improve conservation (numbers more visible)
- Quality of flare and vent numbers for Canada will improve
- Improved alignment with GHG reporting will help simplify industry reporting



NEW PROPOSED FLARING DEFINITION

Flaring

- **Flaring** includes gas streams directed to a flare or incinerator stack for combustion. (*Tail gas directed to a sulphur plant incinerator and fuel gas directed to a sulphur plant incinerator are excluded.*)
- Flaring includes:
 - Flared fuel gas (fuel gas directed to flare to enhance dispersion and to improve combustion efficiency, purge gas, flare pilot gas),
 - Flared waste gas, and
 - Flared acid gas continuously or intermittently flared.
- Flared fuel gas, flared waste gas and flared acid gas should be separately reported.



WHY?

- Easy to understand
- Easier to verify based on field observations
- Brings more attention to fuel gas to flare
- Easier to measure a total flared number
- More consistent with other jurisdictions



Other Whys for Alberta

- Alberta specifies gas plant flare limits as percent of receipts – we don't want to penalize plants for flaring fuel gas and acid gas which aren't part of this limit now – we aren't planning to change limits
- Overall flare and vent numbers will go up (currently only looking at waste gas). We want to separately report on these numbers so that we can clearly show how the flared volumes we are reporting today are changing and explain any changes

PROPOSED NEW VENT DEFINITION

Venting

- **Venting** is the direct emission from the intentional releases to the atmosphere of hydrocarbon or CO₂ gas.
- Venting includes:
 - vented fuel gas
 - vented waste gas, and
 - vented CO₂ where the stream is primarily CO₂

Each of these streams should be separately reported.

- Where gas contains CO₂ because of the nature of operation – such as well fracturing operations or underground combustion these vented amounts should be split between CO₂ reported as CO₂ and hydrocarbon reported as waste gas.

WHY?

- **Simple and Easy to Understand.** Anything vented is reported as vented. This makes it easy for regulators, industry and the public to understand. Thus venting will more likely get reported.
- **Consistent with Alberta, BC, and Federal GHG reporting** (for the most part)
- **Brings attention to anything vented** – even fuel gas
- **Improvements** made when moving away from hydrocarbon pneumatic devices are **more visible**. A number of companies are moving to either low bleed pneumatics or to air or solar power for running pumps and controllers. This reporting of vented fuel gas will allow companies to track their success.
- **Improved GHG reporting** – fuel is normally assumed to be combusted, this helps ensure that the 25 x GHG potential of methane vent gas is properly accounted for.

Impacts Of Changes

- **Cost to change production accounting** and field data capture systems
 - Registry (potential changes to training modules, error/warning messages, reports, volumetric balancing rules and formulas, code tables, business rules validation tables etc.)
 - Other PA systems (Prism, Triangle, PAS, Qbyte, etc.)
 - Field data capture system – data logging system
- **Consultation effort** with others prior to and after change
- **Training** of PAs and Operators
- Greater granularity will result in **extra cost for estimations**

