

Country Implementation Plans





INTERNATIONAL FINANCIAL CORPORATION

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GGFR
Global Gas Flaring Reduction
A Public-Private Partnership



WORLD BANK

Endorsement of the Standard

Canadian Provinces endorsed the Standard : 1/2006

➤ Stop continuous **venting**:

- New projects : **2007**
- Existing facilities : **2008-2010**

➤ Stop continuous **flaring**:

- New projects : **2007**
- Existing facilities :
 - Within operational project boundaries : **2011**
 - With expanded project boundaries : **2012**

Associated Gas Recovery Plans for producers :

- Within project boundaries : **2009**
- With expanded project boundaries : **2010**

Country Implementation Plan for govts : **2008-2009**

The Standard - Stakeholder engagement

The Standard promotes development of two key deliverables:

- Associated Gas Recovery Plans (AGRP)
- Country Implementation Plans (CIP)

The AGRP is prepared on a by-company basis
The CIP is developed by the relevant government agencies

What are AGRPS and CIPs?

AGRPs and CIPs

AGRPs are company-specific plans that:

- Identify & prioritise flare reduction opportunities
- Include a forecast of flare volumes and time-line for project implementations
- Identify barriers to utilization of specific volumes of associated gas
- Propose actions to address the barriers

AGRPs and CIPs

CIPs are country-specific or region-specific frameworks that typically:

- Set out how AG fits within the national or regional gas strategy (which should cover NAG as well as AG)
- Consolidate and prioritise planned reduction projects (from AGRPs) into national plans, and ensure both their fit with the gas strategy and their feasibility
- Identify where expanding project boundaries could enable flare reduction
- Identify and prioritize actions to remove/reduce the barriers to associated gas utilization

CIP's should be developed in consultation with all stakeholders i.e. government agencies/authorities, oil companies, infrastructure owners, potential consumers...

Associated gas utilization: Typical barriers

Physical

- Distance from gas, or gas product, markets
- Risks of gas re-injection in oil reservoirs
- Reliability/sustainability of supply from associated gas
- Lack of gas infrastructure

Structural

- No clear national gas utilization/market strategies
- Insufficient/no access to gas infrastructure
- Insufficient incentives for use of AG, or penalties for its flaring/venting
- Ineffective monitoring or non-application of penalties

Associated gas utilization: Typical barriers

- Structural (cont)
- Limited legal and regulatory frameworks for gas
 - Inappropriate (or lack of) gas terms in oil development agreements
 - Inappropriate fiscal terms
 - Underdeveloped domestic market for gas and gas products (LPG, CNG, fuel methanol, power...)
 - Low gas pricing and subsidized competitive fuel pricing
 - Need for coordinated action by multiple stakeholders
 - Funding constraints

Issues when developing a CIP

- Who is the relevant government agency to prepare the CIP?
- Who will be responsible for its implementation?
- Lack of cooperation by (some) stakeholders
- Agreeing coordinated action by multiple stakeholders
- Stakeholder confidentiality issues
- Setting realistic timescales for actions
- The useful life of the CIP - when does it become "out of date"?

Priorities for Canada?

- Strategy for associated gas ☐
- Lack of gas infrastructure ☐
- Insufficient access gas infrastructure ☐
- Insufficient incentives for use of AG or penalties for its flaring/venting ☐
- Ineffective monitoring or non-application of penalties ☐
- Limited institutional, legal and regulatory frameworks for gas ☐
- Inappropriate or lack of gas terms in oil development agreements ☐
- Inappropriate fiscal terms ☐
- Underdeveloped domestic market for gas and gas products ☐
- Low gas pricing and subsidized competitive fuel pricing ☐
- Need for coordinated action by multiple stakeholders ☐
- Funding constraints ☐

Toolbox for Stakeholder Discussions

Gas Producers

- Integrate economic, environmental, social benefits, and/or costs into incremental costs
- Integrated economics
- Expand project boundaries
- Trade gas between fields and producers
- Source gas deficient fields
- Transfer best practices and technology
- Carbon credits

Governments

- Contractual rights to associated gas
- Third party access to infrastructure
- Infrastructure cost recovery
- Provision for gas market development
- Tax and royalty incentives
- Gas pricing to reflect value to economy
- National gas market strategy

Consumers

- Flexible long-term contracts
- Associated gas pricing based on competitive fuels
- Take or pay contracts
- Payment guarantee for associated gas delivery

Gas Infrastructure Owners

- Third party access to infrastructure
- Gas infrastructure performance incentives
- Infrastructure cost recovery
- Infrastructure cost recovery
- Infrastructure cost recovery
- Infrastructure cost recovery



Thank you for your attention!






