

Country Implementation Plans



Canadian Regulator's Workshop
Calgary, 14 September 2006

IFC
INTERNATIONAL FINANCIAL CORPORATION

WORLD BANK

GGFR
A Public-Private Partnership

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 govt's : 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	<input type="checkbox"/>
Lack of gas infrastructure	<input type="checkbox"/>
Insufficient access gas infrastructure	<input type="checkbox"/>
Insufficient incentives for use of AG or penalties for its flaring/venting	<input type="checkbox"/>
Ineffective monitoring or non-application of penalties	<input type="checkbox"/>
Limited institutional, legal and regulatory frameworks for gas	<input type="checkbox"/>
Inappropriate or lack of gas terms in oil development agreements	<input type="checkbox"/>
Inappropriate fiscal terms	<input type="checkbox"/>
Underdeveloped domestic market for gas and gas products	<input type="checkbox"/>
Low gas pricing and subsidized competitive fuel pricing	<input type="checkbox"/>
Need for coordinated action by multiple stakeholders	<input type="checkbox"/>
Funding constraints	<input type="checkbox"/>


