Municipal Energy Policies

- Abandoned Energy Infrastructure
- Transportation and Utility Corridors

Convention Policy Paper

1 Background

Objective

In 2012, AUMA's Board approved a project to develop municipal energy policies over a period of several years in consideration of the significant economic, environmental, social and governance impacts that the energy sector has on Alberta's urban municipalities.

The objective of the policies is to:

- Proactively resolve municipal challenges and opportunities arising from the energy sector.
- Respond effectively to provincial and federal legislation, policy and initiatives related to energy.

The Municipal Context – Role of Municipalities

Municipalities are both integral and essential to the successful development of energy in Alberta. Their role includes:

- Municipalities provide infrastructure to support energy related development in the province including support for transporting goods to and from markets and social infrastructure for the required workforce (e.g., affordable housing, emergency response, culture and recreation).
- Municipalities are significant consumers of energy in the province and are therefore impacted by federal and provincial regulations that impact the cost and variety of energy available.
- Municipalities are integral to the successful transportation of energy as critical utility corridors impact the land use planning decisions of municipalities and their residents.
- At times, municipalities are owners of utilities that provide services to residents and therefore are directly impacted by federal or provincial decisions to regulate industry.
- Municipalities are often held accountable for social, health, environmental, economic development impacts associated with energy sector development.

Process for Policy Development

The 2011 President's Summit on Energy created an opportunity for members to dialogue on various municipal impacts and identified topics of interest for policy development. AUMA then carried out comprehensive research which has been consolidated into a Reference Guide and Energy Policy Framework (available at **http://www.auma.ca/live/AUMA/Document+Library/Reports**) containing the vision statement and principles summarized on the following page.

The Board selected 2012 policy topics of abandoned infrastructure and transportation and utility corridors. Both topics were in the top five priorities identified by members at the President's Summit. Policy recommendations pertaining to these topics were developed and informed through research and consultation with external organizations and members' input received through the 2011 President's Summit, webinars, AUMA's standing committees, Digest requests, and Mayors Caucus discussions.

Vision

Municipal governments are responsible energy stewards and effectively and efficiently manage the environmental, infrastructure, social, and financial impacts of the energy sector on their communities.

Principles for Municipal Energy Policies

- Municipalities should set an example in managing energy consumption and implementing energy efficient technologies and practices in their operations.
- Reliable, affordable, and well planned energy production, distribution and transmission systems, based on effective long term land use planning between provincial and municipal governments, are essential to the growth and prosperity of Alberta.
- The development of renewable energy in Alberta should be strategic by balancing the short-term limitations of renewable energy to meet all of Alberta's energy demands with the long-term need to have an economically and environmentally sustainable energy future.
- Consumers, producers, and distributors should be encouraged using regulation, incentives and other pricing mechanisms to practice wise energy use.
- Federal, provincial, and municipal governments have a shared and increasing leadership role in education and awareness so that consumers can make informed choices about their energy use.
- The future development of Alberta's energy industry must strengthen municipal economies and address social, economic, and municipal infrastructure issues associated with rapid growth.
- The federal, provincial, and municipal governments should develop publically accessible accountability measures to monitor progress on energy and environmental goals.

2 Policies

Abandoned Energy Infrastructure

Subject	Concerns of Municipalities	Policy

Reclamation/Remediation
 	
(Abandoned Wells, Pipelines, brownfields, etc)
	While Alberta has fairly comprehensive legislation, regulations, and policies for remediation/ reclamation, there are a number of areas in need of improvement:
	
	• As the pace of reclamation/remediation has not kept pace with abandonment rates, there are growing numbers of sites that have not been remediated.
	• The Province has had to financially contribute (ie., to the provincial Orphan Well Program) in cases where operators' do not have the financial capacity to fulfill their obligation for remediation of abandoned infrastructure.
	• Government and industry have not been able to overcome barriers to the remediation of brownfield sites, particularly those relating to liability issues and economic viability.
	• Left in their current state, abandoned infrastructure can:
	  ○ Pose potential risks to human health and the environment,
	  ○ Become eyesores,
	  ○ Reduce property values and/or tax revenue and/or limit economic growth, and
	  ○ Contribute to neighborhood crime.
		1.1 The Province should ensure that there are effective mechanisms for reclaiming and remediating energy infrastructure that is no longer in use, through:
		
		• Engaging municipalities in regular reviews of existing legislation, programs, and processes associated with remediation and reclamation of energy development to ensure they reflect best practices and the pace of economic development in the province.
		• Requiring adequate financial reserves funded by operators to address remediation (e.g., ensure sufficient contributions to Orphan Well Program).
		• Ensuring adequate ongoing monitoring.
		• Ensuring remediation programs have the capacity to keep pace with abandonment rates.
		
		1.2 The federal government should ensure that there are effective mechanisms for remediating pipelines under their jurisdiction.
		
		1.3 The Province should work with municipalities, industry, and not for profit organizations to ensure that policies are developed and enforced to create an effective disincentive to leaving brown field sites idle, including:
		
		• Immediately implementing all of the recommendations of the Brownfield working group including addressing concerns around liability, financial incentives, coordination and education, and risk management and registration.
		• Ensuring appropriate support is provided to municipalities who inherit brownfield sites as a result of a tax recovery process to ensure that the

		site can be redeveloped and to minimize the liability impact on the municipality.
Abandoned Wells	There is a need to protect buyers and annexes from unwittingly purchasing land with undisclosed abandoned oil or gas wells.	**1.4** The Province should ensure that accurate information is publicly available on properties that contain or are in close proximity to abandoned wells, including: • Developing a process to identify abandoned wells. • Developing requirements to close-off wells that have been inactive or substantially inactive for an extended period of time. • Registering through the land titles system any parcel of land which contains an abandoned oil or gas well or is within 15 meters of an abandoned well head on an adjacent parcel of land. • Streamlining the well class review process to provide updated information as soon as possible.
Pipelines	There are situations throughout the province where active high pressure gas lines run through communities and have very little ground cover making development more costly and increasing the risk of catastrophic blow-outs. In addition, oil pipeline bursts put international attention on Alberta and jeopardize our economic future.	**1. 5** The Provincial and Federal governments should ensure that industry is held accountable for: • Monitoring, repairing and maintaining existing pipelines and having adequate emergency response mechanisms. • Maintaining a safe life expectancy for active pipelines and replacing them once this expectancy has been passed. • Relocating or digging down pipelines that come into contact with encroaching developments.
Abandoned Carbon Capture and Storage Infrastructure	As carbon capture and storage is a relatively new process, there is a need to strengthen the requirements to monitor their impact and fully remediate these sites.	**1.6** The Province should identify, monitor, and mitigate the health risks, safety risks and liability issues associated with the use of carbon capture and storage technology and sites. • Consideration should be given to implementing a process to hold industry funds in trust for future reclamations, especially where the operator fails to meet reclamation obligations.

Reputation and Brand Management	Alberta's reputation and image have been damaged by perceptions of "dirty oil" and poor environmental stewardship.	**1.7** The Province, with the support of municipalities, should ensure timely, fact based, and credible information about Alberta's stewardship and reclamation efforts is communicated within and outside of Alberta's borders.

Transportation and Utility Corridors

Subject	Concerns of Municipalities	Policy
Land Use Planning	There is a need to improve the consultation process pertaining to Land Use Plan approvals. In particular, more advance information on corridor developments will enable municipalities to effectively anticipate, plan and identify funding sources for related infrastructure impacts. As well, the rights of property owners need to be considered, along with impacts on property values.	**2.1** The Province should work with municipalities to ensure that there are effective mechanisms for incorporating transportation and utility corridors into regional land use planning, including: • Working cooperatively with municipalities to create long term land use and transportation plans that clearly indicate need and identify the proposed location of future transportation and utility corridors. • Developing a process to make that information more publicly available to minimize the need for future expropriations and to ensure property owners are aware of future developments that may impact their land values prior to purchasing the property. • Ensuring effective consultation between land use planning areas is completed prior to any formal plan approval and that effective consultations occur with impacted municipalities in the absence of a land use planning area. • Determining routing and transmission type and scale options to minimize the impact on municipal land and citizens. • Developing a process to more effectively group pipelines throughout the province.
Environmental Stewardship	The development and use of transportation and utility corridors will have an impact on the environmental	**2.2** The Province should ensure that there are effective mechanisms to mitigate environmental risks associated with transportation and utility corridors, including

	footprint.	working with municipalities and other key stakeholders to: • Develop a comprehensive environmental monitoring, evaluation and reporting system. • Develop regional land use plans. • Enhance the energy regulatory process. • Manage cumulative environmental effects.
Health and Safety Protection	There is a risk that transportation and utility corridors could adversely impact the health and safety of our citizens (e.g., traffic accidents, electric and electromagnetic fields).	**2.3** The Province should work with municipalities to mitigate any adverse effects on public health as a result of transportation and utility corridors, including: • Continuing to monitor the effects of electric and electromagnetic fields and developing appropriate citizen protection policies (i.e., setback requirements, voltage types, line placement decisions, etc) based on the best available science.
Funding Mechanisms	The growth of the energy sector places significant demands on municipalities to develop and maintain infrastructure to support the movement of labour and goods to and from production areas. Many municipalities lack the financial capacity to meet these demands, particularly in cases where they are not receiving any direct financial benefits associated with these production areas.	**2.4** The Province should ensure that there is a robust mechanism(s), including appropriate municipal revenue authorities, to fund required transportation and utility corridors by: • Reflecting the added costs imposed by the energy sector (including the impact of heavy equipment hauls) along key energy transportation routes in their capital planning process, and providing impacted municipalities with the capacity to address these added expenses. • Providing mechanisms to incent revenue and cost sharing in resource areas to ensure that those municipalities bearing added costs share in the associated financial benefits. • Ensuring municipalities have appropriate revenue raising authorities (e.g., toll roads, ability to charge for lost tax revenue associated with industrial TUCs).
Market Access	There is a need to ensure that	**2.5** The Province should ensure that

	transportation and utility corridors and the infrastructure within them effectively connect resources to markets.	requirements for transportation and utility corridors are given appropriate consideration in the development of the province's long term transportation plan.
	The lack of integrated rail corridors is putting added pressures on municipal roads and bridges.	**2.6** The Province should work with industry to develop an integrated rail system (including high-speed rail and industrial corridor linkages), to connect Alberta's communities to markets. Given that this would be a significant benefit to the energy industry, consideration should be given to a cost sharing approach with industry.
Education and Awareness	There is a lack of awareness and information about TUCs available to the general public and by municipal planners.	**2.7** The Province should work with industry, municipalities, and the public to increase awareness about TUCs, including: • Having regulators spend more time educating municipal planners on existing requirements and on changes when they occur. • Requiring utility companies to provide maps of planned TUC developments.
Electricity Transmission Costs	Without a definitive policy, the cost of new transmission infrastructure may be borne by existing consumers, while energy providers profit from energy sales to an expanded client base.	**2.8** The Province should ensure that the cost of energy transmission is allocated over the lifetime of the asset to both consumers (including export based consumers) and producers in a fair manner. **2.9** The province should consider options to increase the competitiveness of small distributors, including: • Considering options to help municipalities take an ownership stake in transmission infrastructure, where a municipality determines it would be beneficial to do so. • Developing a competitiveness review process when large distributors purchase small distributors.