

# *Saskatchewan's Methane Action Plan: Year 1 Update*

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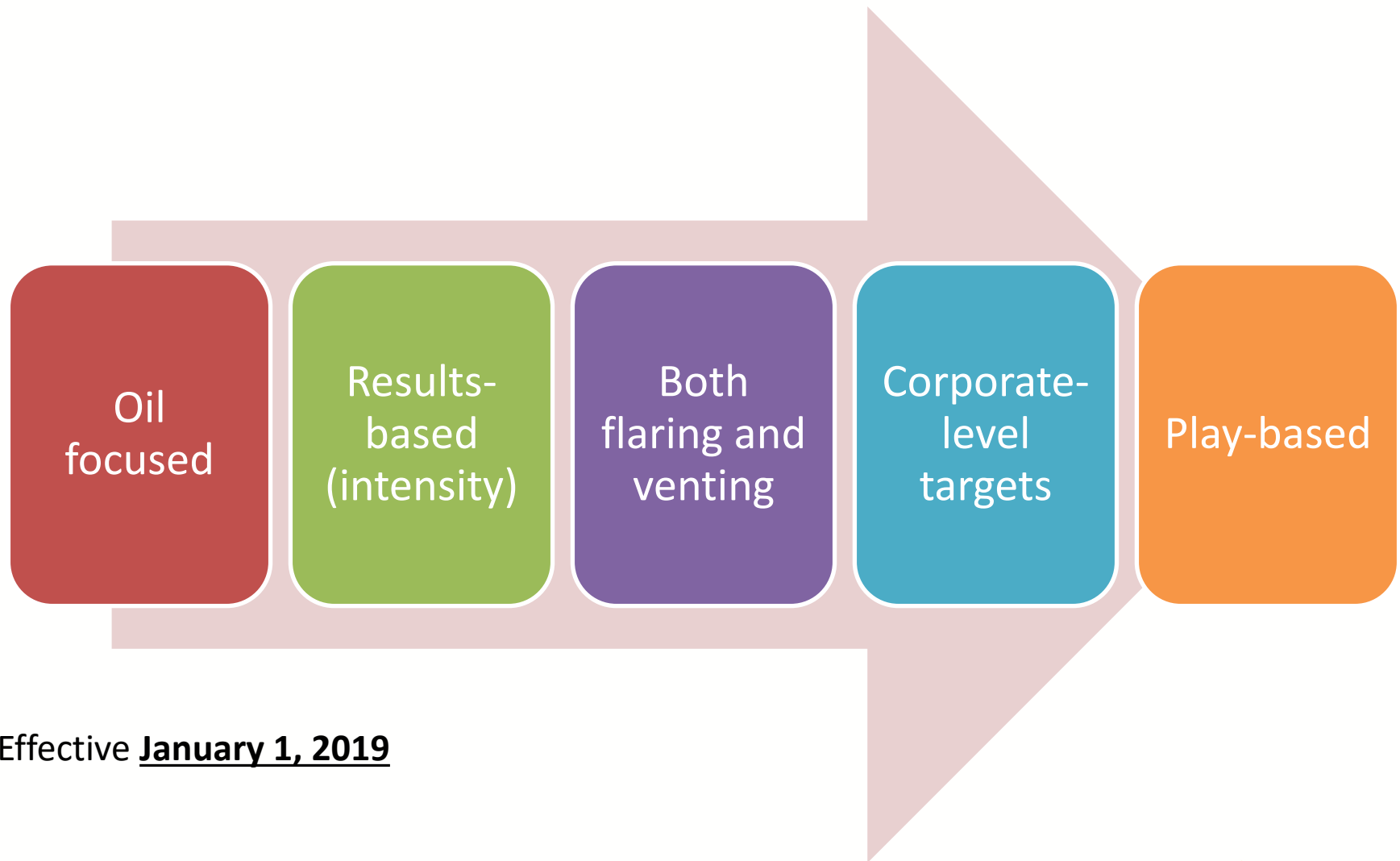
# Prairie Resilience

- ✓ *Prairie Resilience* sets out Saskatchewan's climate change strategy.
- ✓ These commitments were re-affirmed in *Saskatchewan's Growth Plan 2020-2030*
- ✓ The Growth Plan contemplates growing oil production to 600,000 bpd by 2030
- ✓ Affirms that commitment to reduce CO<sub>2</sub>e by 40% by 2025 with a cumulative reduction of 38.2 MMT CO<sub>2</sub>e by 2030

# Methane Action Plan



# *The Oil and Gas Emissions Management Regulations*

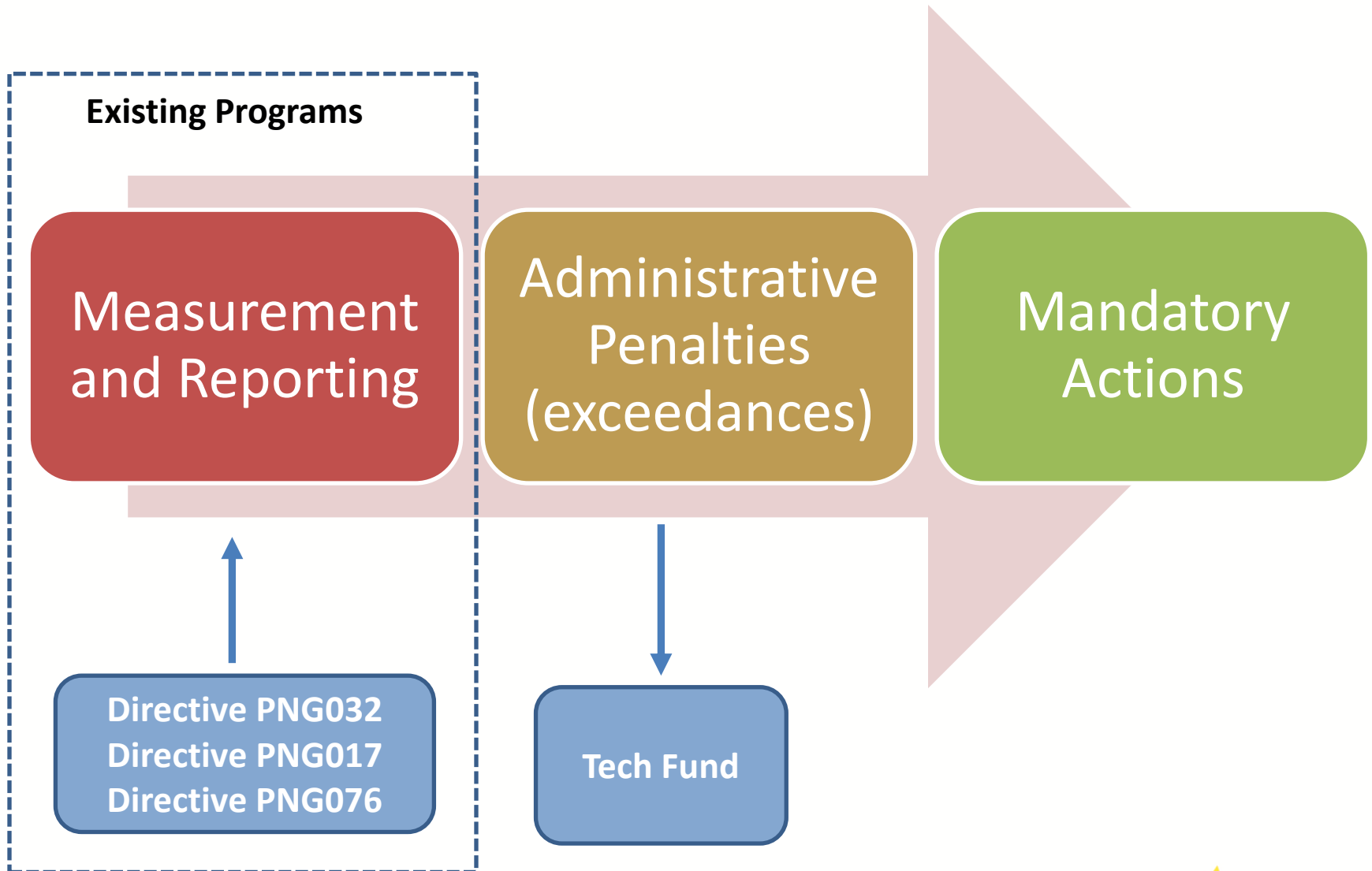


Effective January 1, 2019

# Year 1: Emission Reduction Planning

- Required by 43 operators in 2019 (98% emissions)
- Emissions reduction to be achieved by:
  - Drilling new wells and conserving associated gas
  - Conserving existing flared and vented gas
  - Combusting vented gas
  - Power generation

# Compliance and Enforcement



# Other Regulatory Measures

- ✓ Updating Directive PNG17 (measurement) to clarify reporting
- ✓ Additional resources for measurement compliance and audit
- ✓ Implemented new IRIS functionality for managing emissions
- ✓ Building new estimation guidelines and tools for volumetric reporting
- ✓ Developing a new flaring and venting directive to replace S10 (completions, venting limit)

# Equivalency?

- Discussions are on-going
- Remain optimistic that an agreement can be reached
- Unlikely to achieve agreement before federal regulations are imposed over the existing provincial regulations unless the Government of Canada delays its program



# Royalty/Tax Transferable Credits

- 22 applications to date
- Ten applications focus on new production techniques (SPII) and 12 applications on gathering and processing (OGPII)
- *Saskatchewan Petroleum Innovation Incentive* (SPII) provides up to \$5M per project
- *Oil and Gas Processing Investment Incentive* (OGPII) provides up to \$75 million per project

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# OGPII and SPII

## **Saskatchewan Petroleum Innovation Incentive (SPII)**

- Offers transferable royalty/freehold production tax credits for qualified innovation commercialization projects at a rate of 25 per cent of eligible project costs.
- SPII has a credit cap of \$5 million per project (i.e., 25 per cent of a \$20 million project) and a total program royalty credit cap of \$30 million.
- Projects typically relate to new production techniques or deal with production co-products
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## **Oil and Gas Processing Investment Incentive (OGPII)**

- Offers transferable royalty/freehold production tax credits for qualified value-added projects at a rate of 15 per cent of eligible project costs
- OGPII has a royalty credit cap of \$75 million per project (i.e., 15 per cent of a \$500 million project) and a total program royalty credit cap of \$300 million.
- Typical projects relate to oil and gas processing