

## Quick Guide

# Flare Gas Power Generation Program Consultation

### WHAT WE DID AND WHY:

- SaskPower's Flare Gas Power Generation Program (FGP) was introduced in fall 2012 as one way for oil producers to comply with the Government of Saskatchewan's directive (the S-10 Directive, July 2012) to reduce flaring and/or venting of upstream gas associated with oil production by recovering the gas and using it for power generation.
- Between mid-September and early November 2017, SaskPower met with several Independent Power Producers and key customers in the oil and gas sector to explore how the FGP could be revised and/or expanded to encourage stronger participation without applying upward pressure on SaskPower rates.
- Offering a well-designed, customer-informed FGP is one of the ways we can help our oil and gas customers reduce emissions and support the generation of carbon neutral electricity, both of which contribute to the province's climate change strategy.

### WHO WE TALKED TO:

- Oil and gas customers, including: Spartan Energy; Canadian Natural Resources Limited; Surge Energy; Adonai Resources; Cona Resources; Crescent Point Energy; Husky Energy. We also spoke with Independent Power Producers Teric Power and Netback Production Solutions.

### WHAT WE HEARD:

- All stakeholders feel that emissions regulations will get more, not less, strict. And, as anticipated, frustration abounds with the lack of clarity into emissions regulations and the lack of viable, cost-effective solutions available to help them reduce flaring and venting of associated gas.
- Caution was advised in attempting to apply regulatory processes and flare/venting standards used in other provinces such as Alberta, to a unique Saskatchewan market.
- While not the only factor considered, the price per megawatt hour offered by SaskPower will highly influence the level of participation in a flare/vented gas-to-power program. Our oil and gas customers don't view power projects as revenue generators, rather as potential solutions to a 'gas problem.' However, any solution needs to be cost-effective to pursue. Without viable off-taker options, wells may be shut-in.
- Although all participants understand the need for rigour when interconnecting new power generation, lengthy timelines related to the application and approval processes and uncertainty around the cost to connect to SaskPower's system were identified as barriers to moving forward with a project.