Alberta’s Industrial Heartland
Issues Update

- Development Status
- Challenges to Development
- Infrastructure and Planning Progress
AIH Upgrading Capacity
Based on Upgrader Supply Chain Study – March 2007

Majority of the Province’s upgrading capacity will be found in the AIH region
The “Value Proposition”
GDP derived from 2 Million Barrels/Day

- Bitumen - $25 billion
- Synthetic Crude - $50 billion
- Petrochemicals - $75 billion
• Seven potential upgrader announced
  – One (1) under construction
  – Two (2) refinancing operations
  – Three (3) undergoing regulatory review
  – One (1) permanently on hold

• Chemical Cluster Potential
  – One (1) project currently under construction (HOP)

• Infrastructure
  – Sulpher Handling
  – Rail Roads
Challenges

• Cost Inflation
  – Capital costs have increased by 100% or more since the initial project disclosures
  – Two operations currently seeking new financing to complete projects
  – Review by all other operations of economics and alternative locations

• Regulatory Uncertainty
  – Cumulative Environmental Management (CEM) plan
    • Air emission standards
    • Water use/disposal
  – Green House Gas Issues – Federal vs. Provincial Standards
    • Carbon tax?
    • Sequestration opportunities

• Skilled Labor Shortage

• Infrastructure Development Needs
Fort McMurray groans under weight of megaprojects

Rapidly expanding oilsands projects are giving rise to growing pains.

As a member of an Alberta trades union, I would like to know what the government was thinking when it approved the lowering of our wages.

Wage cuts, foreign workers will be disastrous.

Life in Fort McMurray is tough enough without rollbacks.

GORDON JAKEMKO
Journal Business Writer
EDMONTON
Anticipating the Impacts of Development

- 22,000 construction workers in the area at the peak
- Temporary worker accommodation creates a “shadow” population
- Increased road and rail traffic
- Air/Water quality impacts
- Increased demand for social service and infrastructure
- Affordable housing
- **Eco-Industrial Master Plan (EIMP)**
  - Phase one completed
    - Transportation
    - Utilities
    - Social
    - Land Use planning

- **Addressing Residents Interests**
  - A number of other initiatives are being taken to address development concerns in the area
    - Land Trust Society
    - Life in the Heartland communication program
    - IHCARI
Eco-Industrial Master Plan

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<th>Integrated Resource Baseline</th>
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<td>Infrastructure Plans</td>
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| Performance Goals and Measurement |
Other Influencing Factors and Programs

- **Cumulative Environmental Management Program**
  - Targets for total emissions of NOx and Sox
  - Water Management Framework

- **Capital Region Growth Management Plan**
  - Coordination of planning and services across the greater Edmonton region

- **Land Use Framework**
  - Regional planning across the province

- **Linear Infrastructure Corridor**
  - Master plan for utility/pipeline corridors through the region
  - Future meetings to discuss implementation and integration with other planning exercises for the region.
• **Alberta’s Value Added Future**
  – Diversification of markets and products
  – Significant contribution to economy

• **Challenges Still Ahead**
  – Coordinated effort of all levels of government to make the dream a reality
  – Significant competition to process outside of Alberta

• **Planning for Development**
  – Anticipate and prepare for development pressures
  – Build on the work already completed
  – Coordination of current and future regulatory frameworks.
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