



ALBERTA
ENERGY

*Office of the Minister
MLA, Grande Prairie - Smoky*

October 26, 2009

AR 2309

To the Parties on the IEEP Distribution List:

I would like to take this opportunity to advise you of a recent amendment to the Incremental Ethane Extraction Program (IEEP).

As you are aware, the IEEP was developed after more than a year of extensive consultation with a broad range of industry stakeholders. The IEEP is a critical policy for the future of an important value-added industry in Alberta, which provides many benefits to Albertans. The IEEP is intended to:

- encourage value-added upgrading in Alberta;
- facilitate new investment in the petrochemical industry in Alberta;
- enhance the Alberta energy hub concept to attract northern gas; and
- facilitate economic growth and diversification.

When the program was announced in 2007, one of the conditions was for the capping of credits for any one project to be set at \$10.5 million, or 30 per cent of available credits in any one year. I have decided to remove that cap for two reasons:

- this cap may be preventing further projects from proceeding; and
- due to the delay in operational projects to take advantage of the IEEP, the program funding is sufficient to cover expected project applications and approvals.

The IEEP guidelines have been revised to reflect this amendment.

Value-added upgrading of energy resources in Alberta is a priority for this government. The IEEP is a key step towards achieving this goal. To date, I have approved applications for three projects under this program. Of those three, one project is completed and the second is near completion. The third is pending.

Alberta

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I hope to see more project submissions in the next Application Season scheduled for April 1, 2010 to May 31, 2010. The Department of Energy will continue to monitor this program and if you have any concerns or suggestions for further changes, feel free to contact Matthew Machielse, Branch Head, Value-Added Development Branch.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mel Knight', written in a cursive style.

Mel R. Knight
Minister