

Mandate and Roles Document

*As required by the Alberta Public Agencies
Governance Act*

ALBERTA PETROLEUM MARKETING COMMISSION

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ALBERTA PETROLEUM MARKETING COMMISSION – Mandate and Roles Document

1.0 Preamble

This Mandate and Roles Document has been developed jointly by the Alberta Petroleum Marketing Commission ("APMC") and the Minister of Energy and Minerals, pursuant to the *Alberta Public Agencies Governance Act* (the "APAGA") to reflect a common understanding of their respective roles and responsibilities.

Because the APMC operates as an agent of the Crown in right of Alberta under the *Petroleum Marketing Act* (the "PMA") and other statutes, there is broad cooperation and collaboration between the APMC and the Government of Alberta.

Each of the APMC and the Government of Alberta consider it necessary and advisable to clarify for Albertans their respective responsibilities and accountabilities relative to the execution of APMC's mandate to manage the hydrocarbon resources of the Province.

1.1 Purpose of the APMC

The APMC was created in 1974 by the PMA as a provincial Crown corporation and an agent of the Government of Alberta. The APMC was initially responsible for marketing Alberta's conventional crude oil royalty, developing prices used in royalty calculations and other energy related activities. In 2012, the APMC's mandate was expanded to include assisting in the development of "Value Added" activity in Alberta's petroleum sector, including the development of the Sturgeon Refinery, new energy markets and transportation infrastructure.

The APMC is accountable to and receives policy direction from the Minister of Energy and Minerals.

1.2 Definitions

In this Mandate and Roles Document:

- (a) "APAGA" means the *Alberta Public Agencies Governance Act*, as amended.
- (b) "APMC" means the Alberta Petroleum Marketing Commission.
- (c) "Board" means the board of directors of the APMC.
- (d) "CEO" means the chief executive of the APMC, by whatever title.
- (e) "Chair" means the chair of the board of directors of the APMC.
- (f) "Department" means the Department of the Minister, currently established as the Department of Energy and Minerals of the Government of Alberta.
- (g) "Deputy Minister" means the Deputy of the Minister or, if the Minister has more than one Deputy, the Deputy whose responsibilities include the APMC.
- (h) "Director" or "Directors" means one or more of the directors of the APMC.

- (i) **"Government of Alberta"** has the same meaning as **"His Majesty in right of Alberta"** and **"Crown in right of Alberta"**.
- (j) **"Minister"** means the Minister of the Department of Energy and Minerals, or such other Minister of the Government of Alberta as is designated as the Minister responsible for the APMC and its responsibilities under the PMA, the *Mines and Minerals Act*, the NGMA and associated statutes.
- (k) **"NGMA"** means the *Natural Gas Marketing Act*, as amended.
- (l) **"PMA"** means the *Petroleum Marketing Act*, as amended.
- (m) **"Regulation"** means the Petroleum Marketing Regulation, as amended.
- (n) **"Value Added"** activity means a hydrocarbon-related activity conducted by the APMC in a manner that is, in the APMC's opinion, in the public interest of Alberta (s. 15, PMA).

1.3 Nature of this Document

This Mandate and Roles Document is made by the APMC and the Minister pursuant to and in accordance with the requirements of Section 3 of APAGA. This Mandate and Roles Document is not a contract, nor does it establish or create legal obligations. Rather, it describes and reflects the mandate of the APMC, its relationship with the Minister and the Department, its governance and operational structure, and respective roles and responsibilities.

2.0 Governing Law

2.1 Statutory Mandate of the APMC

The PMA establishes the APMC as a corporation with the capacity and, subject to the PMA, the rights, powers, and privileges of a natural person. The PMA further provides that the APMC is for all purposes an agent of the Crown in right of Alberta and its powers may be exercised only as an agent of the Crown in right of Alberta. The PMA establishes the purpose and mandate of the APMC as:

- Maximizing the long-term sustainable value of the Crown's resources under the APMC's purview, subject to directives from the Minister;
- Accepting delivery of the Crown's royalty share of conventional oil, natural gas and bitumen required to be delivered to the APMC pursuant to an agreement, a contract under section 9(a) of the *Mines and Minerals Act* or an enactment; this statutory duty includes engaging in the business of marketing the Crown's conventional crude oil royalty-in-kind volumes, which it may do either directly, through a third-party agent or agents, or through a combination of both. This business includes performing the rights and obligations in relation to buy-sell agreements, and under agreements with pipeline and storage operators, as well as those under ancillary and incidental agreements (e.g., consulting data, marketing intelligence, software, etc.). APMC will continue to incur costs (either on behalf of the Crown or on its own account) as needed to achieve value for Crown conventional crude oil royalty-in-kind volumes (section 15(a) PMA);
- Dealing with the Crown's royalty share of conventional oil, natural gas and bitumen in a manner that is, in the APMC's opinion, in the public interest of Alberta ((section 15(b) PMA);
- Engaging in other hydrocarbon-related activities in a manner that is, in the APMC's opinion, in the public interest of Alberta (section 15(c) PMA); and

- Implementing any directive issued by the Minister pursuant to section 12.2 of the PMA.

The APMC has additional responsibilities under the Regulation and the NGMA, including:

- Prescribing the form of and receiving monthly conventional oil royalty reports (section 4, Regulation);
- Collection activities related to under delivery or over delivery of conventional oil royalty in kind (sections 12 – 15 Regulation);
- Imposing and collecting penalties in relation to timing and accuracy of royalty reports, under or over delivery of royalty in kind, and inaccurate forecasting (sections 6, 7, 8 and 16 Regulation); and
- Providing services relating to price components, issuing findings of producer support for netback gas and, if applicable, holding of and determining procedures for hearings with respect to these activities (“adjudicative functions”) (NGMA Part 1, 2 and 5, and regulations thereunder).

The APMC may be a participant under section 40 of the *Financial Administration Act* (section 12.1 PMA) and may, with the approval of the Lieutenant Governor in Council, for the purposes of fulfilling its responsibilities under section 15 PMA, directly or indirectly purchase shares, make a loan of money or acquire an existing loan of money, or, in a transaction involving the payment of any money, enter into a joint venture or partnership.

The APMC also has responsibilities under the *Mines and Minerals Act* and the regulations thereunder.

2.2 Mandate from the Minister – Value-Added Activities

As part of the Government of Alberta’s overall strategic approach to maximizing resource value, the APMC mandate has been expanded to include the following areas of focus:

(a) Sturgeon Refinery

The Government of Alberta developed and announced a long-term policy of using a portion of its bitumen royalty share for strategic purposes to add value to oil production in Alberta. This continues to be, in general, an important element of the strategic direction around value-added opportunities. To support this Value-Added strategy, the APMC will continue to maximize value from its commitments to the Sturgeon refinery.

(b) Value-Added Opportunities

The APMC will also continue to explore new Value-Added opportunities for conventional oil, natural gas and bitumen and to vet proposals coming to government in these areas.

(c) Market Access

The APMC will continue to explore the development of new markets and infrastructure for market access and expansion.

(d) Market Knowledge and Transparency

The APMC will implement data collection and various market surveillance and transparency initiatives to support an efficient market and maximize long-term value of the conventional oil, natural gas, and bitumen resources.

(e) Provide Strategic Advice

The APMC will continue to provide advice and guidance to the Department and the Minister in relation to the APMC's mandate.

2.3 APMC Status

The APMC is, by statute, "for all purposes an agent of the Crown in right of Alberta" (section 8, PMA), which means:

- The Government of Alberta ultimately has legal responsibility for all debts, liabilities, and obligations of the APMC; and
- The APMC is entitled to all legal immunities and any applicable rights and benefits of the Government of Alberta.

2.4 Other Governing Legislation

In addition to the PMA, the NGMA, the *Mines and Minerals Act* and section 120 of the *Business Corporations Act*, the APMC has duties and obligations under various other Alberta statutes, most significant the following:

- APAGA and regulations thereunder, which apply to the APMC as a "public agency" under the Act;
- the *Financial Administration Act*, which governs the APMC as a "provincial corporation", but subject to the *Funds and Agencies Exemption Regulation*, which exempts the APMC from several sections of that Act;
- the *Freedom of Information and Protection of Privacy Act*, which applies to the APMC as a "public body" under that Act;
- the *Public Interest Disclosure (Whistleblower Protection) Act*, which applies to APMC as a "public entity" under that Act;
- the *Public Service Act*, which requires that each of the CEO and Chair are subject to certain conflict of interest, disclosure, and post-employment obligations as a "designated office holder". Staff who may be provided to the APMC from the Department under a services agreement remain subject to the *Public Service Act*.

Because the APMC is a "provincial corporation", the Auditor General of Alberta is the auditor of the APMC.

3.0 Governance

The Government of Alberta is responsible for the legislative, regulatory and policy frameworks in which the APMC operates.

3.1 The Minister

The Minister is accountable to the Legislature for the APMC. The Minister reports to the Legislature on the affairs of the APMC and answers questions about the APMC.

The Minister:

- participates with the APMC to set the APMC's strategic direction;
- informs the APMC of any government policies and direction affecting the work of the APMC;
- monitors the operations and performance of the APMC to ensure that it is fulfilling its
 - mandate, and achieving its long-term objectives and any short-term targets;
- may consult with APMC and request advice or comments on any matter respecting the development, establishment, amendment, termination or repeal of any enactment, program, directive, guideline, or policy that is related to the APMC's mandate;
- may request any information, including personal information, that the Minister considers necessary respecting APMC's activities and operations or for the development, establishment, amendment, termination or repeal of any enactment, program, directive, guideline, or policy;
- may probe and question the culture of the organization with interaction through the Board;
- may inspect or have a representative inspect all APMC records, accounts, reports, and other documents and make copies of them or otherwise review the operations of APMC, subject to restrictions set out in APAGA;
- will meet with the Chair at least annually, to review the performance and expectations of the Chair and the directors, and if necessary, specify areas for development.

The Minister may issue directives under section 12.2 of the PMA that the APMC and the Board must follow in carrying out their duties and responsibilities. If the Minister chooses to issue a directive, the Minister:

- Will provide clear direction in writing to the Board through the Chair;
- Will ensure that the APMC is provided with adequate additional resources to execute the direction having consideration to the scope, complexity and expected timelines applicable to the direction;
- Will ensure that the APMC has input to, if not control of, the content and timing of any public messaging or communication relating to the direction; and
- Acknowledges that in directing the APMC, that the Board's responsibilities and the Directors' Duty and Standard of Care is modified to the extent of the direction and the Board's responsibilities and the responsibilities of each individual Director will generally be reduced to solely implementing the direction and reporting on outcomes.

3.2 The Board

The APMC is governed by a Board that may include up to seven (7) directors from within the Alberta public service or outside of it (section 2(1.2) PMA).

Every director and officer of the APMC, in exercising powers and discharging duties, shall act honestly and in good faith and with a view to the best interests of the APMC, and shall exercise the care, diligence and skill that a reasonable and prudent person would exercise in comparable circumstances (section 6.1 PMA). Directors and officers have a duty of loyalty and disclosure to the APMC (section 6.2 PMA, and section 120 *Business Corporations Act*), to disclose material contracts with APMC or Government of Alberta. These duties of diligence and loyalty are referred to as the "Directors' Duties and Standard of Care".

From among the members of the APMC Board, one member shall be designated as Chair by Ministerial Order. The current Chair is the Deputy Minister of Energy and Minerals.

The Board is responsible for the governance of the APMC and overseeing the management of the APMC's business and affairs. The Board guides the APMC's strategic direction, evaluates the performance of the CEO, approves, and monitors the APMC's business plan, operational plan and financial results and acts in the best interests of the APMC.

The Board:

- Identifies appropriate business processes to assist in fulfilling the APMC's mandates, including:
 - developing bylaws;
 - frequency of meetings and setting of agendas;
 - use of teleconference participation.
- Approves the APMC's Code of Conduct and ensures that all Directors comply with the Code of Conduct; oversees compliance with all relevant policies, procedures, and standards pursuant to which the APMC operates (including this Mandate and Roles Document) and compliance with all applicable laws and regulations;
- Establishes an Audit Committee and such other committees as it deems necessary to carry out its duties and ensures that written terms of reference for each committee is reviewed and approved annually;
- Appoints the CEO, monitors, and evaluates the CEO's performance annually and determines the CEO's annual compensation;
- Leads succession planning with respect to the CEO and assists the CEO as required in the succession planning for senior executives, and conducts and annual review of the succession plans;
- Monitors the financial performance of the APMC, ensuring that the financial results are reported on a timely and regular basis and in accordance with any legislated requirements and approves the annual financial statements;
- Provides the APMC with information, advice, or recommendations, and unique knowledge and experience of the industry;
- Provides input to develop and implement the APMC's long-term strategic direction and business plan and budgets (works with the CEO to deliver to the Minister the business plan for each fiscal year and provide annual reporting through the Minister's public annual reports);
- Approves the APMC's strategic plan;

- Monitors APMC's performance with respect to the business plan to ensure it meets its objectives, priorities, and performance measures;
- Oversees that appropriate processes are in place to identify, evaluate, mitigate, monitor, and communicate risks, and periodically review the risks and mitigation plans;
- Identifies and recruits candidates for recommendation to the Minister for appointment to the Board to fill vacancies;
- Provides an orientation to the practices of the APMC and Board to new Directors;
- Conducts an annual evaluation and review of the performance of the Board, its committees, the Chair and individual Directors; reviews the results of the evaluations and identify opportunities to improve Board effectiveness; shares evaluation results with the Minister annually; individual Director evaluations will be used to identify opportunities to develop such Director's competence and to inform the reappointment process;
- Provides ongoing development opportunities for Directors as determined by the Chair of the Board in consultation with the Board.
- Develops such additional terms of reference for the Board and its Committees as may support the good governance or effectiveness of the APMC.

3.3 The Chair of the Board

The Chair is the public spokesperson for the Board, provides leadership to the Board and effectively facilitates the work of the Board. In dealings with the Minister or the CEO, the Chair represents the Board and its interests, and the interests of the APMC.

The Chair:

- Plans and manages Board meetings;
- Provides the Minister with regular updates about the APMC's operations and informs the Minister regarding emergent issues;
- Ensures that the Board, and any committees, have opportunities to meet independent of management;
- Facilitates an annual evaluation of the Board's performance, the work of individual Board members and the performance of the CEO;
- Administers the Code of Conduct for Directors and declaration of conflict of interest matters to be addressed by the Board;
- Invites the Minister to attend a meeting of the Board at least annually; and
- Informs the Board as soon as practicable, where the Minister directs (or is anticipated to direct, as the case may be) the APMC to execute projects, policies or other initiatives, about the direction (or anticipated direction) from the Minister.

3.4 The Chief Executive Officer (CEO)

The CEO is responsible to lead management, develop recommendations for and implement the APMC's strategy. The CEO reports to the Board.

The CEO:

- Manages the day-to-day operations of the business and affairs of APMC and is the public spokesperson for the APMC (where practicable, communication with the public will be coordinated with the Department's communication staff);
- Leads the management team and develops, implements, and reports on APMC's operations;
- Executes APMC's strategic plan;
- Prepares, and presents to the Board for approval, a strategic plan, the business plan, annual budget, and the annual report that reflects the long-term objectives and priorities approved by the Board;
- Ensures the APMC operates within the standards and budget approved by the Board;
- Establishes and maintains appropriate systems and resources (physical, human, fiscal, technical) for the general administration, information technology, and financial management and control of the APMC;
- Monitors the APMC's performance and takes corrective action when problems are identified;
- Ensures the proper management of risks in providing APMC services and care of APMC's assets;
- Administers the Code of Conduct with respect to the employees of the APMC;
- Supports and collaborates with the Chair in communicating with the Minister on items of mutual concern and interest;
- Provides support to the Board to allow it to carry out its responsibilities;
- Maintains effective communications with the Chair, the Board, the Deputy Minister, senior staff in the Department, other Ministries as required, stakeholders and other business partners; coordinates external communications with the Minister's communications staff and APMC staff so that proper planning, review or collaboration as necessary can occur;
- Maintains a staff compensation policy consistent with Minister's expectations of prudent fiscal management;
- Leads the APMC's interactions with other government departments; and
- Ensures timely information-sharing by ensuring APMC's information management systems and information technology systems accommodate and enable the free and open exchange of APMC and government information that is not commercially sensitive or subject to other access restrictions.

3.5 Public Agency

The APMC as Public Agency:

- Makes all reasonable efforts to fulfill its mandate;
- Participates with the Minister in setting its long-term objectives and short-term targets;
- Monitors its activities for the purpose of ensuring that APMC is:
 - i. acting within its mandate and achieving its long-term objectives and short-term targets; and
 - ii. acting in accordance with any policies or directions made by Minister under the PMA, *Mines and Minerals Act*, NGMA or APAGA and any regulations respecting those policies.
- Informs the Minister in respect of its significant activities and operations and any significant events that may affect those activities or operations;

- Provides advice or comments in response to a request by the Minister and may provide advice or comments to Minister on any matter respecting the development, establishment, amendment, termination or repeal of any enactment, program, directive, guideline or other policy instrument that is related to APMC's Mandate;
- Allows the Minister or Minister's representative to inspect all APMC records, accounts, reports, and other documents and make copies of them or otherwise review the operations of APMC; and
- Manages the process to administer (in accordance with its terms) the APMC Code of Conduct for directors and employees that complies with APAGA, including review of same every 36 months.

3.6 Recruitment and Nomination of Directors

The recruitment and nomination process for Directors is guided by the provisions of Section 2 of the PMA and the APAGA Public Agency Governance Framework, where applicable, and is subject to generally applicable policies established by the Government of Alberta. The process includes the following policies and procedures:

- Directors are appointed by Ministerial Order.
- The Board and the Deputy Minister will maintain a Board succession plan to meet the needs and timing appropriate to both parties.
- The APMC will maintain an inventory of the skills, knowledge, experience, or attributes, of the Board as a whole and of each individual Director.
- When a vacancy occurs or is expected, the Board and the Deputy Minister will collaborate to identify the competencies needed and provide that profile to those responsible in Executive Search of the Public Agency Secretariat, in the Government of Alberta, to lead the recruitment process.
- A public posting of all vacancies (which includes the required competencies) is the responsibility of the Deputy Minister. The APMC may also post vacancies to expand the search for qualified candidates.
- Candidate applications will be reviewed by the Deputy Minister and the Chair (if separate from the Deputy Minister) and a joint list of prospective candidates sent to an interview panel comprised of the Minister (or a delegate of the Minister), the Chair and a Director.
- Candidates will be assessed based on the applicable skills, knowledge, experience, or attributes identified in the skills matrix for the vacant position.
- Conflict of interest and other screening shall be completed before a list of suitable candidates is prepared for submission to the Minister.
- Incumbent Directors who are eligible for reappointment, to whom the full appointment process does not apply, will be assessed for recommendation to be reappointed based on whether such Directors demonstrate the ability to contribute on a current or future basis in board leadership roles (including Chair, Vice Chair and Committee chairs) or demonstrate distinctive depth of relevant skills and knowledge necessary to lead the APMC to achieving its objectives.
- The Minister, in his or her sole discretion, will appoint the Directors by Ministerial Order from the short list provided by the interview panel (or in the case of reappointment, after recommendation by the Chair).
- The results of the recruitment process will be posted publicly on the APMC's website.

- Up to seven board directors may be appointed, with the potential for reappointment based on satisfactory performance and attendance, to a maximum of ten (10) years of continuous service.

Director appointments are made with the intention of creating a Board comprised of individuals who, in the aggregate, have the full range of proven skills, knowledge and experience necessary to effectively oversee the APMC in achieving its mandate.

3.7 Accountability

The APMC and its Board are ultimately accountable to the Government of Alberta (as the shareholder of the APMC) and to the Minister. The APMC's CEO is accountable to the Board.

4.0 Communication, Collaboration and Consultation between the APMC and the Department

There is a clear distinction between the roles of the Department of Energy and Minerals and the role of the APMC. The Department establishes policy and the APMC is the implementer of policy. At the same time, there is an important and necessary interplay that exists between the Department and the APMC. The APMC's feedback, input and advice informs the policy with the practical realities of how policy operates on the ground. The Department must also communicate clearly to the APMC what each policy is designed to achieve. This two-way dialogue contributes to the overall success of the system.

The APMC and the Department jointly believe that regular and open communications between them are foundational to an effective working relationship. To that end, multiple avenues of communication are employed, including the following:

- The CEO will meet, at the request of the Minister (and with the knowledge of the Board Chair), with the Minister to review matters of financial, policy, or other issues with implications for the APMC, the industry, or government.
- The Minister and the Department will consult with the Chair and CEO of the APMC prior to any legislative amendments of the PMA or Regulation, or other legislation that has implications for the APMC.
- The Board has delegated to the CEO responsibility for most communications between the APMC and stakeholders and members of the public, including a general duty to act as the public spokesperson for the APMC.
- The CEO will ensure that there is a high level of communication, collaboration and consultation at the staff and executive levels between the APMC and the Department (on a sensitive or confidential basis, as required), including:
 - i. collaboration to develop strategies to ensure shared outcomes are achieved;
 - ii. regular contacts between the CEO, Chair and the Minister or Deputy Minister;
 - iii. ongoing interactions with their respective operations staff to ensure efficient and effective work processes;
 - iv. collaborating and advising on key policies which have a significant impact on APMC's performance and mandate;
 - v. advising on changes to current policies; and

- vi. advising on changes to budget and finances.

5.0 Financial, Planning and Reporting Arrangements

5.1 Financial

The APMC receives a fee for service paid by the Ministry for marketing of conventional crude oil royalty volumes and for activities performed within the APMC's mandate. Financial, operational, and general administration decisions are the responsibility of the APMC to deliver on its mandate.

The APMC must submit its annual financial report and budget to the Minister for review and input by the Department before inclusion in the Ministry of Energy and Minerals' financial report to Treasury Board and Finance.

5.2 Planning and Reporting

Each year, prior to the beginning of the new fiscal year, APMC must submit a business plan and budget to the Minister, consistent with government requirements respecting content, timing, and consideration of priorities. The business plan shall cover, at a minimum, the next three one-year fiscal periods and shall include strategic priorities, objectives, and strategies to achieve those objectives and a system of performance measures where appropriate.

Within six months after the end of each fiscal year, APMC shall deliver to the Minister a summary of APMC's performance for inclusion in the Ministry of Energy and Minerals' Annual Report.

Additional performance reporting by the APMC is provided through the Ministry of Energy and Minerals' quarterly financial statements.


6.0 Publication and Review of this Mandate and Roles Document

The APMC will ensure that the full text of this Mandate and Roles Document is set out on the APMC's website.

This Mandate and Roles Document shall be reviewed by the Board and renewed, amended, or replaced within three years after the date it is signed.

Signed this 26 day of October, 2023 by:

Original signed


Minister of Energy and Minerals

Original signed


Chair of the Alberta Petroleum Marketing Commission