

July 10, 2013

Alberta Utilities Commission
Facilities Division
425 First Street SW
Calgary, Alberta T2P 3L8

Attn: Kal Elkassem, P.Eng., Engineer Specialist

Re: MEG Energy Corp. CLRP Phase 3A Power Plant Application
Supplemental Information Request Responses

In response to your Supplemental Information Requests dated June 4, 2013, MEG is pleased to provide the enclosed responses.

Please contact me at (403) 781-1027 if additional information is required.

Regards,



Sachin Bhardwaj
Regulatory Team Lead

Cc: Simon Geoghegan, MEG Energy



AUC-MEG-1

Reference: Project Application, Exhibit 0001.00.MEG-2613
Noise Impact Assessment, Exhibit 0003.00.MEG-2613, PDF page 5

Issue: Sound source identification

Quote: “Currently, MEG is applying for approval of an amendment to the Project that incorporates changes to a variety of equipment including:

- replacing 12 Once Through Stream Generators with 4 Co-generation Units as part of Phase 3
- adding four glycol heaters to Phase 3
- installing four evaporator packages to Phase 3
- adding eight incremental boilers for Phase 3
- removing four slop treaters from Phase 3

The noise model generated for this noise study represents the most comprehensive and up-to-date model for the Project, incorporating approved and proposed Project designs.”

Preamble: In the current application before the Commission, MEG is applying for approval to construct, operate and maintain a natural gas fuelled 85-megawatt (MW) cogeneration plant, designated as Co-gen 3, being part of its expanded Christina Lake Regional Project Phase 3A.

The project description provided in the noise impact assessment indicates that the proposed project design includes replacing 12 once-through stream generators with four co-generation units as part of Phase 3 and that the noise model developed for this project incorporates this proposed design. However, in Table A1-9. Phase 3 (Typical) Noise Source Broadband Sound Power Levels [...], it appears only one gas turbine has been included in the noise model as part of Phase 3, which is consistent with the MEG’s current application for a cogeneration plant as part of Phase 3A.

The Commission recognizes that in November 2012, MEG filed an amendment to the existing ERCB and ESRD approvals to identify equipment and facility changes including the replacement of twelve Phase 3A/B and 3C/D once-through steam generators with four cogeneration units (two per plant). However, clarification is required regarding which aspects of the Phase 3 project amendments are included in the noise impact assessment.

Request: (a) Please clarify which aspects of the Phase 3 project amendments, as listed on PDF page 5 of the noise impact assessment, have been incorporated into the noise model for performing the noise study.

(b) Please confirm that the noise model generated for the noise study included only one cogeneration unit (i.e., Co-gen 3) as part of the Phase 3A expansion.

Response: (a) The listed changes on page 5 of the noise impact assessment are a summary of the amendment that was submitted to the Alberta Energy Regulator and Alberta Environment and Sustainable Resource Development. The full list of the equipment used in the noise modelling is contained in Appendix 1 of the Noise Report (specifically Tables A1-9 and A1-10). In summary, the noise modelling was conducted for all noise generating equipment at each of the CLRP phases (i.e. Phase 1, 2, 2B, 3A, 3B, 3C, and 3D).

(b) The noise modelling was conducted for the overall changes at the CLRP as described on PDF page 5 of the noise impact assessment. As such the noise model considered four (4) cogeneration units, one for each of the Phase 3 trains (A/B/C/D). This application, however, pertains only to Phase 3A. Subsequent application to the Alberta Utilities Commission will be filed prior to the construction and operation of any additional cogeneration units at CLRP.

AUC-MEG-2

Reference: The Christina Lake Regional Project Phase 3A Cogeneration Power Plant Facility Application, Exhibit Number 0001.00.MEG-2613.

Issue: Incomplete environmental information provided

Preamble: MEG did not provide the information for a power plant application required by the AUC under PP15, PP16 and PP17 of the current (April 1, 2013) Rule 007: Applications for Power Plants, Substations, Transmission Lines, and Industrial System Designations. MEG appeared to follow an outdated version of AUC Rule 007 in preparing its application.

Request: Please provide detailed responses to information requirements PP15, PP16 and PP17 of the current AUC Rule 007 (copied below for your convenience):

(a) PP15): Describe the existing environmental and land-use conditions on the project site, and discuss potential siting and land-use issues. Also, describe the regional setting of the development, such as regional land-use plans (i.e., Lower Athabasca Regional Plan). If applicable, include maps showing important environmental features and sensitive areas on or near the project site.

(b) PP16): At a level of detail commensurate with the size and type of potential impact(s) of the project, describe how the project is predicted to adversely affect the environment (such as soils, terrain, vegetation, wetlands, wildlife and wildlife habitat, fish and fish habitat, groundwater, surface water, air quality, land use, and visual aesthetics. Describe how the environmental effects of the project will be mitigated and any monitoring proposed to evaluate the efficacy of the mitigation.

(c) PP17): If the project site occurs within the plan boundaries of the Lower Athabasca Regional Plan (LARP):

- i. Confirm that the proposed project is compliant with the LARP.
- ii. Confirm if the proposed project is in a conservation area or provincial recreation area established in the LARP.
- iii. Provide submissions describing how the activity may be considered incidental to a previously approved activity.

Response: PP15: The Phase 3A Power Plant will be located within the CLRP Phase 3 central processing facility (CPF) footprint. Plant 3A is located in S1/2 29-76-4 W4M and N1/2 20-76-4 W4M about 9 km southeast of the existing Phase 1, 2, and 2B Central Plants. This area is currently cleared and graded as construction of the CPF is slated to begin in Q3 2013. The CLRP is outside of the Lower Athabasca Regional Plan boundaries.

PP16: Several environmental assessments were conducted to assess the level of impact associated with the CLRP Phase 3 developments which included the Phase 3A Power Plant. The results showed that the environmental impacts were negligible. The following summarizes these assessments:

- Noise – As part of the overall CLRP facility amendment applications to the ERCB and ESRD, a noise impact assessment (NIA) was initiated for the revised development. The results of the NIA indicated the noise levels associated with the Project are predicted to be below the ERCB Directive 038 and AUC Rule 012.
- Air Emissions – An air quality assessment has been completed for CLRP which included the Phase 3A cogeneration facility. The assessment shows that the predicted SO₂ and NO₂ concentrations are below Alberta Ambient Air Quality Objectives.
- Surface Land Disturbance – With respect to land disturbances, the addition of the Phase 3A cogeneration unit will not result in an increase in surface land disturbance, as it is planned for the existing cleared footprint of the approved plant site.
- Water Management – No changes to water use is planned with the addition of cogeneration facilities. MEG will continue to comply with its current ESRD licenses, ERCB approvals for water disposal, surface and groundwater monitoring requirements.

Given the environmental impacts associated with the CLRP Phase 3A power plant are negligible, no specific mitigations are proposed. However, MEG maintains several environmental monitoring and mitigation programs at CLRP including continuous emission monitoring systems, ambient air quality monitoring, groundwater monitoring, wildlife mitigation & monitoring, and a caribou mitigation & monitoring.

PP17: The project site is outside of the Lower Athabasca Regional Plan boundaries.