

April 23, 2013

Brian Norgaard  
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AltaGas Ltd.  
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Calgary AB T2P 0J1

Graham Harris,  
VP Technical Services  
BlueSource Canada ULC  
Suite 700, 717 – 7<sup>th</sup> Ave SW  
Calgary, AB T2P 0Z3

Dear Mr. Brian Norgaard and Mr. Graham Harris:

**Subject: Crediting Period Extension Request for AltaGas Turin Acid Gas Injection Project.**

This letter is to inform you that your request for a 5 year extension period for this project has now been reviewed. We do apologise for the long turnaround on this request and letting it slip through the cracks.

As you know the Acid Gas Injection (AGI) Protocol was removed from the Alberta Offset System as it no longer meet the "additionality" requirements. The notice of termination also stated that existing projects that were approved and listed on the Alberta Offset Registry would be eligible for the remainder of their crediting period but will not receive an extension. And that no new projects may come forward under the Acid Gas Injection Protocol.

However, AESRD acknowledges that this extension request was submitted in April 2012, well before the final decision in January 2013 to remove the protocol. Therefore I agree that given the timing, the extension is warranted for this project.

The AGI Protocol had been flagged due to known issues with early developed protocols. Additional requirements beyond those of the protocol must therefore be applied for the Turin project to allow serialization of credits in Alberta's offset system. The additional requirements are as follows:

- Include indirect (from the use of heat and electricity) emissions in the project;
- Adhere to the updated *Technical Guidance for Offset Project Developers* (V4, 2013);
- Use conservative estimates to quantify and deduct CO<sub>2</sub> loss from well blow-outs, blow-downs or leaks; and
- Use conservative estimates to quantify any losses of CO<sub>2</sub> from the formation until the end of the project life and deduct these amounts from the credits generated in the project report.

In closing, Alberta Environment and Sustainable Resource Development provides consent for AltaGas to verify and serialize credits from the Turin AGI project, for an extended crediting period from January 1, 2013 to December 31, 2017 providing that the additional requirements

described above are applied to each project. If you have any questions please do not hesitate to contact our office through [AENV.GHG@gov.ab.ca](mailto:AENV.GHG@gov.ab.ca).

If you have not already done so, please add yourself to our mailing list at [http://environment.alberta.ca/Specified Gas Emitters subscribe.aspx](http://environment.alberta.ca/Specified_Gas_Emitters_subscribe.aspx).

Sincerely,

A handwritten signature in blue ink, appearing to read 'BS', is positioned above the printed name.

Bob Savage  
Acting Director, Climate Change Secretariat  
Alberta Environment and Sustainable Resource Development