



# BUSINESS PLAN

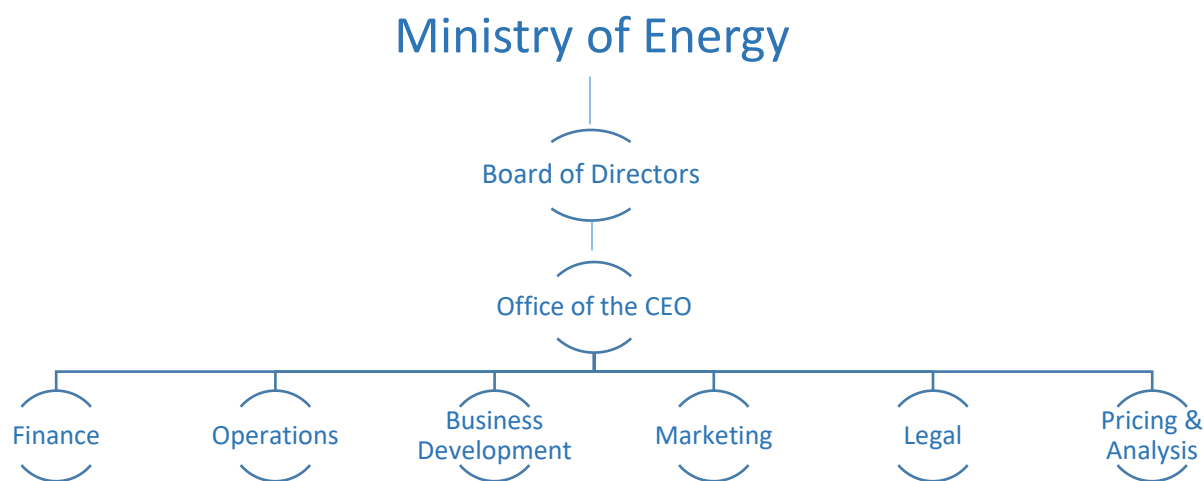
2022/2023 through 2024/2025

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## WHO WE ARE

The Alberta Petroleum Marketing Commission ("APMC" or the "Commission") is responsible for marketing the Crown's share of crude oil production and engaging in other petroleum related activities and investments in a manner that is in the public interest of Alberta. Created in 1974 under the Petroleum Marketing Act, APMC operates as an arms-length commercial agent of the Province of Alberta and reports to the Alberta Legislature through the Minister of Energy.

## Reporting Structure



## Mandate

The APMC is responsible for marketing Alberta's conventional crude oil royalty, developing prices used in royalty calculations, and dealing with the Crown's royalty share in a manner that is in the public interest of Alberta. Since 2013, the APMC's mandate has expanded to include investments and otherwise 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.

APMC works to evolve and maximize the long-term sustainable value of Alberta's petroleum resources and identify new opportunities for Alberta. It focuses on efforts to:

- Maximize the long-term sustainable value of the Crown's resources under the APMC's purview, in addition to directives from the Minister;
- Market the Crown's share of conventional oil, natural gas, and bitumen, engage in other commercial activities relating to energy products in the public interest, and expand access to global energy markets;
- Promote a transparent, competitive, and efficient market for Alberta's energy resources;
- Conduct continuous evaluation and improvement guided by clear and objective performance measures; and
- Provide strategic advice to the government.

Additionally, APMC will enhance collaboration with the Department of Energy to:

- Inform the department of policy advice, support strategies, and priorities development;
- Implement directives from the Minister and provide rapid reporting for iterative improvements;
- Suggest additional value-add activities; and
- Provide a commercial lens and market insight to inform effective policy.

APMC's activities are driven by the mandates above and the priorities of the Alberta Government. APMC looks to provide increased opportunities for Alberta by leveraging the APMC's space in the market and interactions with commercial players to identify and pursue strategic opportunities for Alberta. By expanding its existing market monitoring function, APMC has access to real-time pricing data for Alberta's energy commodities, knowledge of the pricing for transportation infrastructure and services for all conventional and nonconventional energy products, and increased market intelligence to support strategic and operational decision making.

## Vision

To maximize the market value of Alberta's petroleum resources.

## Mission

On behalf of the Minister of Energy, APMC brings petroleum industry expertise and commercial insight to enhance the value of Alberta's petroleum resources through:

- Marketing royalty in kind petroleum resources
- Creating and developing business opportunities to support and enable industry growth
- Executing related commercial petroleum ventures that benefit Alberta
- Advising government on opportunities and issues
- Executing on the direction of the government

## Priorities

APMC's unique strategy to advance our mission and overcome critical challenges is to strengthen and leverage our market presence and industry expertise to optimize the value of the existing business, advance opportunities, and provide strategic recommendations to the government. The following strategic priorities focus our work for this planning period and beyond:

1. Maximize the value of our existing businesses
2. Maximize the long term sustainable value of the Province's resources under the APMC purview
3. Develop in house expertise commensurate with objectives
4. Enhance collaboration with the Department of Energy
5. Execute initiatives/assignments/endeavours as directed by the Minister of Energy

## OUR BUSINESS

### Royalty In Kind Operations

Execute a commercially minded marketing operation that maximizes the value of Alberta's royalty in kind revenue.

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Effective April 2021, the APMC began marketing 100% of the Crown's conventional crude oil royalty in kind (CORIK) barrels. This in house marketing initiative has improved the management of CORIK volumes and revenues for the Government of Alberta and created a renewed participatory relationship with the industry, affording the APMC a pathway to more commercial opportunities and expanding its core market intelligence to further increase revenue for the Province.

### Royalty Pricing

Execute a transparent and efficient process to calculate accurate royalty prices enabling Alberta to receive its entitlement of royalty revenue.

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APMC delivers royalty prices to the Alberta Department of Energy used in the determination of the Crown's royalty share of conventional crude oil, natural gas, and specified natural gas products.

The Commission obtains industry data input for pricing determination from market clearing houses obtained by APMC agreements and companies in the manner described by legislation for the respective product.

APMC's role is to manage and execute programs related to royalty revenue for the Crown's royalty share, including the administration of the price determination process and ensuring royalty prices are provided to the Minister of Energy for timely royalty calculation and invoicing to industry participants by specific non-negotiable monthly timelines.

### Sturgeon Refinery

Maximize returns to Alberta's Taxpayers related to the North West Redwater Partnership (NWRP).

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APMC became a 50 percent equity partner in the North West Redwater Partnership on June 30, 2021 (Optimization Transaction) while maintaining its capacity as a 75 percent toll payer. The Sturgeon Refinery optimization transaction provided APMC ownership and governance capabilities to reduce the refinery's long-term costs and operational risks to APMC. It has also provided economic certainty by capturing the value of processing bitumen as both a majority toll payer and facility owner.

The acquisition enhances APMC's ability to provide oversight and governance of the Refinery operations, maintenance, technical engineering, economic planning and scheduling, optimization, and financial management. The operations role is broad and covers the governance of the asset, refinery optimization review, budgeting and operating plan approvals, operating cost reviews, and capacity valuation. Regarding financial management, APMC's role covers monitoring cash management, extensive involvement with the refinery's debt financing plans, managing insurance programs and maintaining financial models and audits.

APMC's role with the Sturgeon Refinery also includes feedstock procurement and offtake marketing. Offtake marketing includes monitoring bitumen blend and refined product sales and assessing new opportunities and markets for the refined products.

## New Ventures and Business Development

Identify the best resource opportunities for APMC to maximize the long term sustainable value of the Province's petroleum resources.

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APMC will continue to analyze and evaluate proposals for commercial involvement to maximize the value of the Province's petroleum resources, including the development of commercial programs that will address structural gaps or broad industry initiatives.

APMC will also continue collaborating with the Department of Energy to ensure alignment with government policy, especially as government stakeholders and direction change.