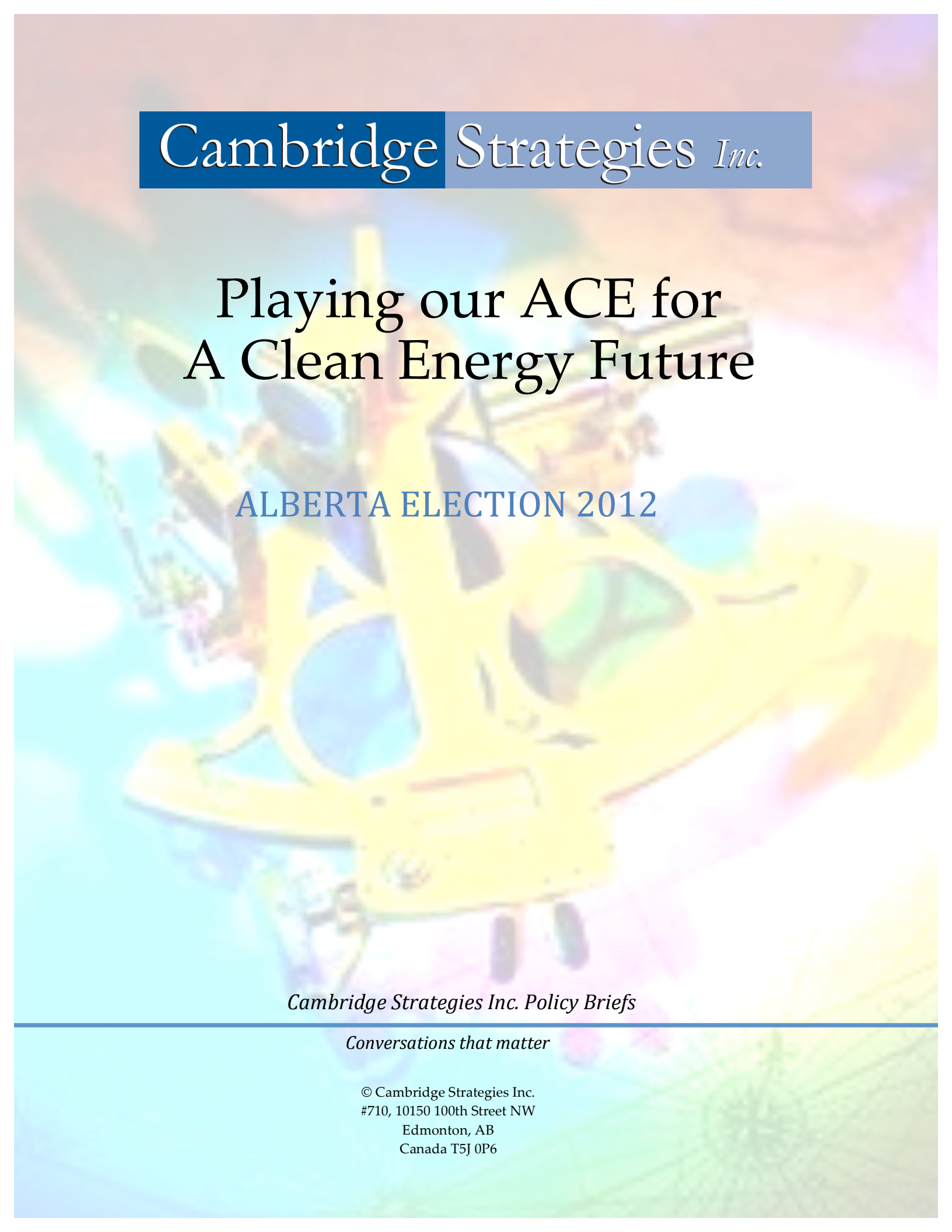




Cambridge Strategies *Inc.*

Playing our ACE for A Clean Energy Future

ALBERTA ELECTION 2012

Cambridge Strategies Inc. Policy Briefs

Conversations that matter

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Playing our ACE for A Clean Energy Future

We need visionary leadership to make the most of Alberta's energy wealth and use it to help the planet, Satya Brata Das argues in the first of our special briefs leading to Alberta's spring election.

By the time Albertans go to the polls in the spring of 2016, Canada will be the world's largest audited and certified oil reservoir.

Not one of the largest, not among the leaders – Number One.

In a world addicted to hydrocarbons, we are front and centre. We are oil pushers.

The technology that's making Alberta's oil sands cleaner, more sustainable and more accessible will give us independently certified reserves of 300 billion barrels or more of recoverable oil, from the 1.7 trillion barrels of discovered bitumen in place.

And no matter how responsible we become in producing and selling our oil, we will be an object of constant reproach – from the very addicts who have an insatiable thirst for bitumen and synthetic crude oil from Alberta's oil sands.

So here's the key question for all parties hoping to win seats in the Spring 2012 election, as they prepare for their next four years of service to Her Majesty the Queen in Right of Alberta.

How do we take this win in the geological lottery and make Alberta a clean energy superpower? How do we help the planet and the biosphere we share, while being responsible stewards and suppliers of the hydrocarbons that fuel the world and imperil its future?

By getting government back in the business of being in business. We have to, as we build the common wealth and advance the common good. Alberta's public interest demands that we process bitumen in Alberta and use that wealth to build the green future for the province right here.

The old style of governance is reflected in Energy Minister Ted Morton's decision to cancel a public-private partnership with Alberta First Nations to build a bitumen upgrader. It would have used the bitumen the government receives in lieu of royalties.

Morton spiked the project after four years of negotiations, over the objections of many in the Progressive Conservative caucus who want a newer and better way of doing things. A new Legislative Assembly needs to reject that laissez-faire philosophy.

If we are to take control of our own destiny, we must commit to an activist government, instead of sitting back and letting things happen to us.

What does that mean? It means building our future on knowledge and innovation; on the bio-economy and the nano-economy; on the ingenuity of today's Albertans. And we use our wealth to build the capacity of our First Nations and others who don't have the skills and resources they need to participate in the great opportunity of our province.

And we build it on the ingenuity of future Albertans, the ones we will attract here through a proactive basket of policies in education, training, skills upgrading, capacity-building, and immigration. We want to nurture the most inclusive and welcoming society in the world – an Alberta where we reward you for what you bring to the table, instead of judging you by what you look like or how you sound when you talk.

Like Peter Lougheed, we take the lead in enhancing the province's made-in-Alberta resource processing. We will expand the bitumen royalty-in-kind (BRIK) program. We will set a goal that by 2020, we will upgrade 80 per cent of our bitumen in Alberta – building on what is already done by Syncrude, Suncor, Shell.

We will use our non-renewable resource revenue to build publicly owned bitumen upgrading and refining, including a petrochemical component. The Shell Scotford complex is a great template to work from. They do it all there. And so can we. So let's establish ACE – the Alberta Clean Energy Company. This publicly owned company is our ACE in the hole. It gives us the power to play the strongest hand we can for Alberta's future.

How do we create it? We take the five public corporations branded as Alberta Innovates and bring them into a single leadership. This is the heart of our ACE: Energy & Environment Solutions; Bio-Solutions; Health Solutions; Technology Futures; Alberta Research and Innovation Authority.

Working together, robustly funded, mandated to design and set policy, to create public-private partnerships in pursuit of a greener and more sustainable future.

How are we going to play our ACE? We'll fund it with a portion of our bitumen royalties: committing at least \$2 billion a year. That will make a critical-mass difference.

And we'll give Albertans a chance to buy shares right from the get-go. That's what Mr. Lougheed did in setting up Alberta Energy Company. And those original shareholders who kept their investment until it became Encana and Cenovus aren't exactly crying all the way to the bank.

We'll build it in the Industrial Heartland. And as Shell does, we'll take our BRIK bitumen stream, upgrade it, refine it, and strip out the petrochemical elements for processing.

And we'll go further, playing our ACE another big way. We'll use the petrochemical building blocks we get, combine them with bio-economy building blocks, using the tools of nanotechnology. How's that for a powerhouse of innovation, producing the building materials of the future?

With nanotechnology, we can do amazing things from the raw material we have on hand. We need petrochemical fiber, wood fiber (the starches and sugars in trees killed by pine beetles, for instance) and agricultural fiber. Alberta's the one place in the world that has all three in abundance. That's how we'll play our ACE.

Alberta Clean Energy will process, upgrade and extract value from the raw bitumen we receive as royalties. We'll use more royalty money to build that capacity. We'll process the bitumen more cleanly than ever before.

That's how we make oil sands production cleaner, and help the planet. We'll fund a petro-agro-biomaterials industry and unleash its potential by using the power of the knowledge economy.

When it comes to putting our cards on the table, we'll play a hand with four ACEs – adding value, adding jobs, unleashing innovation and building the green future. That will make Alberta a clean energy superpower, by the day it becomes the largest oil reservoir in the world.

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