

2024 Water Sharing Memorandum of Understanding – Red Deer River Basin

This Water Sharing Memorandum of Understanding (“MOU”) applies for the period of April 1 to December 31, 2024; the MOU is no longer in effect after this time period.

A Party’s participation in this MOU is voluntary and this MOU is not legally binding. The MOU is not a regulatory instrument of the *Water Act* and does not amend the terms of any underlying *Water Act* licences.

The Parties recognize that any action or omission by a Party under or pursuant to this Water Sharing MOU is voluntary and does not operate to bind, sever, or limit a Party’s entitlements under its water licences, and nothing in this Water Sharing MOU operates to amend or surrender any water licence or part thereof. Any Party to this MOU may withdraw from the MOU immediately upon written notice to the other Parties hereto, without penalty or further obligation.

The Government of Alberta (GOA) Water Sharing Memorandum of Understanding Operational Support document (March 28, 2024) is intended as a companion document to this MOU.

Amendments to this Water Sharing MOU require written acknowledgement of all the Parties hereto.

No Party will make a public statement naming another Party regarding this MOU without gaining prior consent from the named Party.

Parties Involved

Alberta Power (2000) Ltd., doing business as Heartland Generation

City of Red Deer

Dow Chemical ULC (Dow)

INEOS Canada

MEGlobal Canada ULC (MEGlobal)

Mountain View Regional Water Services Commission

North Red Deer River Water Services Commission

NOVA Chemicals Corporation

Red Deer County

Shirley McClellan Regional Water Services Commission

Town of Drumheller

Town of Stettler

Vesta Energy Ltd.

(collectively, the “Parties” and individually, a “Party”)

Purpose of Water Sharing MOU

- This Water Sharing MOU sets the Parties' commitment to:
 - Continue collaborating voluntarily to manage prolonged drought at a basin level.
 - Continue collaborating, with GOA support, to define criteria and/or basin conditions to consider voluntary activation of water use reductions.
 - Where practical, take steps to enact the water restriction commitments outlined in this MOU if and when the agreed criteria and/or basin conditions are met for activation of this MOU.
- Establish a cooperative and voluntary Water Sharing MOU in pursuit of more users having some water by having many users take less water.
- Encourage flexibility between licence holders to balance competing interests and priorities in the event of water shortages.
- Allow large water licence holders to coordinate their approach to water sharing through their voluntary, non-binding commitments to reduce water use, as outlined in this Water Sharing MOU.

Considerations for Activation/Deactivation of Water Sharing MOU

- The Parties will collaboratively decide to activate or deactivate the Water Sharing MOU based on the criteria below assessed at regularly scheduled sub-basin meetings. The Parties and GOA will endeavor to meet at a sub-basin level routinely starting in April 2024 to discuss basin conditions, with the meeting cadence changing as environmental and water management conditions evolve.
- The primary criteria to be considered in relation to activation or deactivation of this Water Sharing MOU include:
 - Reservoir Storage at Dickson Dam.
 - Winter reservoir storage at Dickson Dam with consideration for inflows and outflows.
- Secondary criteria include:
 - Observed and forecast river flows, with consideration for instream objectives (IOs) and water conservation objectives (WCOs).
 - Expected river flow timing (both managed and unmanaged).
 - Water supply and demand, as seen below:

Water Supply Outlook (March to September), released by the River Forecasting Centre	<	Environmental Flows ¹ on the Main Stem + Private Irrigation Licences (at full licence allocation) + First Nation Licences (at full licence allocation) + Small Municipal Demands (at full licence allocation) + Large Municipal Demands (at net of full allocation) + Industrial Demands (at full licence allocation)
¹ Environmental flows refer to the IO downstream of Dickson Dam		

2024 Water Sharing MOU Principles

- Regular communication between the GOA and the Parties under this Water Sharing MOU is a key component to the success of this effort.
- **Municipalities.** Municipalities which have been engaged in the collaborative Water Sharing MOU development have committed to implementing drought response measures which are anticipated to result in a reduction in water use of 5-10% compared to expected 2024 summer demands (maximum from May to October) if no measures were actioned.
 - Municipalities which have been engaged in the collaborative Water Sharing MOU development across the South Saskatchewan River Basin (SSRB) will strive for common actions and outcomes, depending on the needs of each basin.
- **Industry, excluding Heartland Generation.** Industry which has been engaged in the collaborative Water Sharing MOU development has committed to withdrawing the minimum volume of water needed to maintain safe, reliable operations while continuing to pursue conservation opportunities that meet operational needs and business needs.
- The Parties recognize that the ability of any Party to this Water Sharing MOU that participates in the electricity market through the storage and retention of water is constrained by the Alberta Electric System Operator’s (“AESO”) rules, especially during times of high electrical demand. The Parties, to whom such rules apply, must offer all their available capacity under the AESO rules into the wholesale electricity market and must comply when called on by the AESO to provide service. As such, during the term of this MOU, some of the Parties may not be able to comply with their commitments below if they are required to use water in order to comply with the AESO rules.

Commitment of Parties Involved

In the event that the Water Sharing MOU is activated in 2024, based on “Considerations for Activation/Deactivation of Water Sharing MOU”, the Parties agree to the following:

All Parties

Each Party to this Water Sharing MOU commits to not call priority pursuant to the terms of its water licence if the terms of this Water Sharing MOU are met.

Alberta Power (2000) Ltd., doing business as Heartland Generation

In respect of the Sheerness Generating Station, Heartland Generation commits to looking for conservation opportunities outside of their operational needs.

City of Red Deer

The City of Red Deer will commit to the implementation of the City of Red Deer Drought Response Plan; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response plan was not implemented.

Mountain View Regional Water Services Commission

Mountain View Regional Water Services Commission will commit to the implementation of drought response measures; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response measures were not implemented.

North Red Deer River Water Services Commission

North Red Deer River Water Services Commission will commit to recommending its member municipalities implement drought response measures; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response measures were not implemented.

Red Deer County

Red Deer County will commit to the implementation of drought response measures; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response measures were not implemented.

Shirley McClellan Regional Water Services Commission

Shirley McClellan Water Services Commission will commit to the implementation of drought response measures; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response measures were not implemented.

Town of Drumheller

The Town of Drumheller will commit to the implementation of drought response measures; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response measures were not implemented.

Town of Stettler

The Town of Stettler will commit to the implementation of drought response measures; this represents an anticipated savings of 5-10% from monthly demands from May to October if the response measures were not implemented.

Industry Licence Holders (Dow Chemical ULC, INEOS Canada, MEGlobal Canada ULC, NOVA Chemicals Corporation, Vesta Energy Ltd.)

Industry licence holders commit to using the minimum volume of water practical to maintain safe, reliable plant operations while continuing to pursue conservation opportunities that meet operational needs and business needs. Industry licence holders will plan their operations for 2024 to reduce their water use where practical, i.e., during planned plant shutdowns.