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## Watchdogs probe Alberta regulator

Two provincial bodies to investigate how the energy regulator supported a non-profit organization set up in 2017

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Alberta's Auditor-General and Public Interest Commissioner are probing ties between the province's energy regulator and an in-

ternational not-for-profit set up by its former president and CEO almost two years before his abrupt resignation late last year.

Auditor-General Doug Wylie is examining "any and all aspects" of the relationship between the Alberta Energy Regulator (AER) and an organization called the In-

ternational Centre of Regulatory Excellence (ICORE), a spokesperson for Mr. Wylie's office confirmed.

The audit follows a complaint from a whistle-blower last year that launched a separate probe by Public Interest Commissioner Marianne Ryan, according to in-

ternal AER e-mails obtained by The Globe and Mail. Her office would not comment, citing internal policy, but under provincial legislation she can investigate allegations of gross mismanagement of public funds, a public asset or the delivery of a public service.

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Premier Rachel Notley's government has touted efforts by the AER to accelerate approvals of major oil sands projects - even as the province struggles to clean up thousands of orphaned oil and gas wells.

ICORE launched with great fanfare in February, 2017, with plans to advise other countries on regulation, starting with Mexico's newly liberalized energy sector.

But current and former AER employees described to The Globe an opaque entity whose top executives, including then-president and chief executive Jim Ellis, allegedly diverted technical resources and staff from the regulator's daily business.

The employees were granted anonymity because they were not authorized to speak to media.

Mr. Ellis is listed as the sole director for a company created in March, 2017, called ICORE Energy Services Ltd. A federal not-for-profit with the same name was registered that June with Mr. Ellis listed as a director.

At the time, the AER described itself as a founding member of the not-for-profit and said it would provide in-kind services under what it called a "strategic partnership."

Mr. Ellis could not be reached by phone for comment. He did not respond to a LinkedIn message, and no one answered the door at a Calgary address listed on registry documents. A lawyer named in filings for the not-for-profit declined to comment when reached by phone.

Martin Krezalek, a senior adviser at the AER and previously ICORE's chief of operations and administration, referred questions about ICORE to the AER's media department.

Last year, the CBC reported that Mr. Ellis now lives in Penticton, B.C. He was listed as ICORE's president in a June, 2017, news release.

The former military commander and deputy minister led the AER for five years, but resigned last fall after the release of records showing it could cost almost four times what the regulator had disclosed to clean up oil and gas operations in the province.

The AER said on Nov. 2 that his retirement had been planned for several months and that it took effect on Jan. 31. On Nov. 6, a top executive told staff in an e-mail that an investigation into the not-for-profit was under way.

"In the interim the Public Interest Commissioner is requiring that I inform staff working on ICORE related projects not to delete or destroy any records, personal or otherwise, relating to ICORE Energy Services Ltd., or ICORE Energy Services (NFP)," Charlene Graham, the executive vice-president of law and general counsel, wrote in the e-mail, a copy of which was obtained by The Globe.

A follow-up e-mail on Nov. 9 from Ms. Graham told staff to continue work on the "ICORE Development Project," and stressed that the investigation did not mean there had been "any findings of wrongdoing."

It is unclear whether that project received direct funding or what it entails; there is no mention of it in the regulator's most recent budget, which is set by the provincial government and funded by the oil and gas industry through administrative levies.

The AER would not answer detailed questions, including whether its lawyers had ever expressed concerns that ICORE conflicted with the regulator's mandate or if the AER board was fully apprised of its work.

AER spokeswoman Cara Tobin said ICORE is a separate legal entity that was registered under federal law and that the provincial regulator severed the relationship in December, although she would not say why.

"Matters relating to ICORE are currently under review by the Public Interest Commissioner. The AER is fully cooperating with this review, however, this means we cannot respond to your questions at this time," she said in an e-mailed statement.

In a statement, Energy Minister Margaret McCuaig-Boyd's office said the minister first became aware of the probe last November. "Due to ongoing concerns, the Energy Minister and Environment and Parks Minister requested the AER suspend all ICORE-related activities that same month," spokesman Mike McKinnon said. He would not say what those concerns were or how the government might address them.

Publicly, the AER said ICORE would help train regulators in other countries. The Southern Alberta Institute of Technology (SAIT) was tapped to develop coursework. But SAIT spokesman Chris Gerritsen said the curriculum was never delivered.