

Minutes



Electricity Framework Review Project Team, Meeting #2

Date: Friday, June 14, 2013
Time: 10:00 am to 4:00 pm
Place: CAPP Office, Calgary

In attendance:

Name	Stakeholder group
Anamika Mukherjee	CAPP
Brian Jackowich	AUMA
Rod Crockford	ENCANA
Jim Hackett	ATCO
Wayne Ungstad	Ponoka Fish and Game
Leonard Standingontheroad	Ponoka Fish and Game (alternate)
Al Schulz	CIAC
David Lawlor	Enmax
Srikanth Venogopal	TransCanada
David Spink	Prairie Acid Rain Coalition
Don Wharton	TransAlta
Tim Weiss	Pembina
Tom Marr-Laing	Pembina
Krista Brindle	Alberta Energy
Ahmed Idriss	Capital Power
Randy Dobko	Alberta Environment and Sustainable Resource Development
Kristi Anderson	Mewassin Community Council
Robyn Jacobsen	CASA
Celeste Dempster	CASA

Guests:

Name	Stakeholder group
Kelly Scott	ATCO Power

Regrets:

Name	Stakeholder group
Andre Chabot	AUMA

The meeting convened at 10:00 am. Quorum was achieved.

Action items	Who	Due
1.9: Provide an update on the status of funding from AESRD.	Randy	Update at next meeting
1.10: Provide a report on discussions regarding contributing funding to the team.	Industry	Update at next meeting
2.1: Prepare a briefing on the potential definitions for natural gas and how this might affect what's in/out of the 5 Year Review.	Robyn and Anamika	Meeting # 4
2.2: Create the ground rules and operating terms of reference for review at the next meeting. The team will be asked to commit to the ground rules.	Robyn	Next meeting
2.3: Review relevant macro-economic reports before their next meeting.	All	ASAP
2.4: Interested parties should let Robyn know if they will be making a presentation on the impacts of the implementation of the GHG Regulations at the next team meeting.	All	ASAP
2.5: Work with the AESRD Climate Change Secretariat to provide a presentation on the new requirements under the GHG Regulations.	Randy and Robyn	Next meeting
2.6: Poll for dates for the next four meetings.	Robyn	ASAP

1. Introductions

The group did a round-table of introductions.

2. Administration

- a. The meeting objectives and agenda were approved.
- b. The minutes from meeting #1 were approved.
- c. Robyn provided a brief update on other CASA activities.
 - The Odour Management Team (OMT) had their kick-off meeting in May. This included orientation and training in interest-based negotiation and the CASA way. The team developed some tools to assist them in their collaborative discussion. Robyn requested the opportunity to take an hour or so at the next meeting to share these tools with the EFR team. The team agreed that this would be helpful.
 - The EFR team now has their own webpage on the CASA website that requires a secure log-in. This will be invaluable for sharing meeting materials and reference materials. Robyn will provide information on how to log-in once its set up.
- d. Review Action Items from Meeting #1

Action items	Who	Due
1.1: Each caucus will elect a co-chair before the next meeting.	All	Done. See Agenda Item 3
1.2: Research the regulatory definitions of "electricity generation" and the "electricity sector" and report back to the team.	Randy and Krista	Done.
<i>Randy and Krista reported that there is a definition for the "electricity sector" on p.19 of the 2003 report. The Activities Regulation Designation defines steam or thermal power generation. The Electric Utilities Act defines a generating unit. The team agreed to proceed under the assumption that the scope of work will include "electricity generation in Alberta".</i>		

1.3: Provide a summary of the 2008 EFR team's discussions on the definition for natural gas.	Robyn	Done.
<i>Robyn reported that the 2008 team had not been able to get the required information to make a final decision on this issue and had agreed to proceed without the information. Current team members feel that this will be a relevant discussion for co-generation units.</i>		
Action Item 2.1: Robyn and Anamika will prepare a briefing on the potential definitions for natural gas and how this might affect what's in/out of the 5 Year Review.		
1.4: Update the Project Charter as discussed.	Robyn	Done.
1.5: Provide a contact name for Maxim. Robyn will follow-up with them about joining the team.	Jim	Done. See Agenda Item 4
1.6: Provide a contact name for AltaGas. Robyn will follow-up with them about joining the team.	Srikanth	Done. See Agenda Item 4
1.7: Contact Environment Canada about joining the team.	Robyn	Done. See Agenda Item 4
1.8: Develop questions about the nature of the Review Triggers that team members will respond to before the next meeting. This work will form the basis for discussion at the next meeting.	Robyn/All	Done. See Agenda Item 6
1.9: Provide an update on the status of funding from AESRD.	Randy	Carry Forward
<i>Randy updated the team that he has put in a request, but is still waiting to receive confirmation.</i>		
1.10: Provide a report on their discussions regarding contributing funding to the team.	Industry	Carry Forward
<i>The industry caucus is still meeting with all its members to confirm a final funding contribution. They have approximately \$70k committed currently.</i>		

3. Co-Chair Selection

Robyn provided a brief overview of co-chair responsibilities, including the idea that co-chairs are the process advocate and are not meant to be advocating for their sector's position while they are in the co-chair role. Please refer to p.25 of the *Guide to Managing Collaborative Processes* for further details.

The co-chairs for the team will be:

- Jim Hackett
- Tim Weis
- Randy Dobko

4. Membership

Robyn provided an update on her efforts to recruit new team members:

- Marlo Raynolds, BluEarth Renewables: Marlo has agreed to attend team meetings on a trial basis to determine if their participation will add value.
- Tom Watson, Milner Power: Milner is interested in participating on the team and Tom will attend meetings until an appropriate representative is named.
- Brian Norgaard, Altgas: Robyn has tried to contact Brian, but has not talked to him yet. *Facilitator's update (June 19): Brian would like to be a corresponding member on the team. He will provide feedback on issues that are of particular interest*
- Lorie Cummings, Environment Canada: Environment Canada has expressed some interest in participating on the team, but 'standing aside' on any consensus decisions. There was some concern that it could be a conflict of interest for a federal department to participate in decision-

making for provincial regulations. They will have some internal discussions to determine the best path forward.

A concern was brought forward that Environment Canada's participation might cause the team to get side-tracked with BLIERs discussions. Environment Canada is aware of the team's mandate and scope.

5. Ground Rules and Operating Terms of Reference

The team brainstormed a list of things that might happen in a bad meeting:

Agendas

- No clear agenda
- Hijacked agendas
- Overloaded agendas
- Hidden agendas
- Lack of focus
- Ineffective chair

During Meetings

- Not being heard (not being listened to)
- Not enough time to be heard
- Getting cut off
- Arguing
- Making the same point over and over
- Long-winded discussions
- Discussions monopolized by a few

Before Meetings

- Not being prepared
- Not receiving meeting information in time

Common Understanding

- Lack of common understanding of:
 - o Concepts
 - o Previous discussions/decisions
 - o Language
 - o History
- Lack of foundational understanding
- Lack of technological understanding

Good meetings

- Respectful exchange of ideas
- No stupid questions
- Flexibility

The team discussed how they would conduct business:

How will we deal with impasse?

- Try to gain an understanding of the differences.
- Ask the disagreeing parties to articulate the issue, state their interests, and provide alternate proposals that describe how all the interests around the table are met by the proposal.
- Recognize that non-consensus is an acceptable outcome.
- If agreement can not be reached at the team level, CASA's fall-back process is that the Board would discuss the issue. If the Board can't agree, the issue would go to the GoA for a final decision.

What does consensus mean?

- All parties are prepared/committed to implementation.
- All parties support the final agreement.
- CASA recommendations are often viewed as a package agreement. This means that although you might not be "happy" with every single recommendation, you **can live with** the final agreement because all your interests are met.

Discussions without prejudice

- The idea of discussions with prejudice enables us to explore ideas without committing to anything.

- To create a safe environment for such discussions, there should be no attribution outside of meetings.
- The minutes become a good resource for how to frame issues outside of meetings (i.e. to your constituents)
- There may occasionally be the need for a formal confidentiality agreement with a 3rd party to collect sensitive information.
- The team discussed the possibility of having in-camera (private) discussions. Some members were concerned about Freedom of Information and Privacy (FOIP) requests. The team agreed that there may be rare circumstance where a “pens down” discussion may be warranted, but parties would have to provide specific reasons for why this is required.

Lobbying outside of the project team

- Team members are committed and encouraged to work with other team members between meetings to resolve shared issues.
- Having committed to work together to resolve a defined set of issues over an agreed timeframe, individual team members should not then attempt to secure an outcome away from the table that favours their own interests at the expense of other team members.
- Team members should not be participating with hidden agendas.

Action Item 2.2: Robyn will create the ground rules and operating terms of reference for review at the next meeting. The team will be asked to commit to the ground rules.

6. Review and Feedback on Triggers

Robyn circulated the aggregated feedback on the environmental and economic triggers, and the implementation of the GHG Regulations. There were two typos identified:

- 1a) Comparing the macroeconomic assumptions of 2003 with today will not be overly helpful or relevant to the work of the EFR in determining its next steps forward.
- 1j) An Economic Review under Recommendation 35 of The Emissions Management Framework for the Alberta Electricity Sector (Alberta Framework) is not required or warranted.

There was a round-table discussion about this feedback and highlights of the discussion included:

- There was a wide diversity of comments without a common direction.
- Some members commented that they weren’t sure if the triggers as outlined in the Framework are still relevant today.
- For the economic trigger, it will be difficult to reach agreement on what the economic impact is or what the “viability” of the sector means.
- One member suggested that rather than relying on the triggers to determine the extent of the review, we should consider whether or not the Framework still meets the needs of the stakeholders. Does it achieve emissions reductions in a cost-effective manner? Ultimately, the outcome of the review is a robust Framework that reflects current circumstances.
- Most members agreed that we might not be ready to evaluate the triggers as described in Recommendation 34 and 35 and should “park” them for the time being. Our priority for the moment should be answering the following questions:
 - o Does the implementation of the GHG Regulations have the potential to impact the electricity sector?
 - o Will the implementation of GHG Regulations create the need to change the Framework?
 - o The last piece would be scenario analyses to determine the impacts of the potential changes.

- To determine the impact of the GHG Regulation, we may need an independent third party analysis. It was suggested that there are existing reports that analyse the macroeconomics of the electricity sector (see Action Item 2.3).
- Being able to consider multiple perspectives on the economic impacts of the GHG Regulations would be useful. One member suggested that it would be helpful to know how industry plans to respond to the required changes under the GHG Regulations. There was a concern that this might cause the review to focus on a unit-by-unit analysis, which is not the intent of the Framework. It was clarified that during the original Framework development, the team did consider individual units, but then developed recommendations that incorporated all the interests.
- It was suggested that interested parties could present on the potential impacts of the GHG Regulations at the next meeting (see Action Item 2.4). The purpose of the presentations is to help with understanding the varying perspectives around the table. Presentations should include:
 - o What has changed with the new requirement to implement the GHG Regulations?
 - o What impacts will the GHG Regulations have on the current coal fleet (versus the sector as a whole)?
 - o The GHG Regulations will now be considered the new “baseline” requirements. What are the concerns around the new requirements under the GHG Regulations overlaid with the continued implementation of the Alberta Framework?
 - o Why are interested parties concerned and what changes to the Framework would address the concerns?
 - o What are the rub points between the GHG Regulation and the flexibility that was afforded under the Alberta Framework?
- In addition to these presentations, it was suggested that a presentation from a government representative on the details of the new requirements under the GHG Regulations would be valuable (see Action Item 2.5).
- It was noted that the GHG Regulation impacts only coal-fired generation and that perhaps a smaller group should be formed to look at this issue.

Action Item 2.3: The team agreed to review relevant macro-economic reports before their next meeting.

The reports to be reviewed are as follows:

1. Evaluation of Market Fundamentals and Challenges to Long-Term System Adequacy in Alberta’s Electricity Market: 2013 Update. March 2013. Prepared by the Brattle Group for the Alberta Electricity System Operator (AESO).
2. Evaluation of Market Fundamentals and Challenges to Long-Term System Adequacy in Alberta’s Electricity Market. April 2011. Prepared by the Brattle Group for the Alberta Electricity System Operator (AESO).
3. State of the Market Report 2012: An Assessment of Structure, Conduct, and Performance of Alberta’s Wholesale Electricity Market. December 11, 2012. Market Surveillance Administrator.
4. Trends in GHG Emissions in the Alberta Electricity Market: Impact of fuel switching to natural gas. May 2, 2013. Prepared by EDC Associates for the Independent Power Producers Society of Alberta.

Action Item 2.4: Interested parties should let Robyn know if they will be making a presentation on the impacts of the implementation of the GHG Regulations at the next team meeting.

Action Item 2.5: Randy and Robyn will work with the AESRD to provide a presentation on the new requirements under the GHG Regulations.

7. Next Steps

Next Meeting

Meeting #3	Wednesday, June 26	Edmonton
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Action Item 2.6: Robyn will poll for dates for the next four meetings.