

Minutes



Electricity Framework Review Project Team, Meeting #4

Date: Tuesday, August 13, 2013

Time: 10:00 am to 4:00 pm

Place: CASA Office, Edmonton

In attendance:

Name	Stakeholder group
Brian Jackowich	AUMA
David Lawlor	Enmax
Randy Dobko	Alberta Environment and Sustainable Resource Development
Anamika Mukherjee	CAPP
Don Wharton	TransAlta
Rod Crockford	ENCANA
Krista Brindle	Alberta Energy
Tom Marr-Laing	Pembina Institute
Al Schulz	CIAC
Ahmed Idriss	Capital Power
Shaun McNamara	Milner Power Inc.
Tom Watson	Milner Power Inc. (alternate)
Wayne Ungstad	Ponoka Fish and Game
Kristi Anderson	Mewassin Community Council
Srikanth Venogopal	TransCanada
Njoroje Njure	TransCanada (alternate)
Jim Hackett	ATCO
Robyn Jacobsen	CASA
Michelle Riopel	CASA
Celeste Dempster	CASA

Guests:

Name	Stakeholder group
Peter Moore	Alberta Energy
Colin Dumais	Enmax
Sushmitha Gallapudi	Alberta Environment and Sustainable Resource Development
John Storey-Bishoff	Alberta Environment and Sustainable Resource Development

Regrets:

Name	Stakeholder group
David Spink	Prairie Acid Rain Coalition
Tim Weiss	Pembina

The meeting convened at 10:10 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 an update on discussions regarding contributing funding to the team.	Jim	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. <i>-This item is not currently a priority.</i>	Robyn and Anamika	Future meeting
3.4: Investigate getting copies of the EDC report "Alberta Annual Electricity Study 2013" for all team members (some members have already purchased copies). A request will be made for EDC to give a presentation on the report.	Robyn	ASAP
4.1: Provide the data on expected emissions reductions, to be circulated to the team for their review before being forwarded to EC.	Ahmed	ASAP
4.2: Circulate the presentation from AESRD on the Implementation of the GHG Regulation for Coal-Fired Electricity Generation.	Robyn	ASAP
4.3: Poll for dates for a working group to create a draft list of outcomes of the Framework for discussion at the next meeting	Robyn	ASAP
4.4: Provide a rough draft of the emissions trajectory for the working group to review as part of their work.	Srikanth	Before the working group meeting
4.5: Work with Wayne to finalize the logistics of hosting a meeting at Ponoka Fish and Game Association.	Robyn	Update at next meeting.
4.6: Draft a status report for the Board of Directors meeting on September 19, to be approved by the co-chairs.	Robyn	Finalized by August 21

1. Introductions and Administration

- a. The group did a round-table of introductions.
- b. The meeting objectives and agenda were approved.
 - There were some concerns expressed about discussing the mass-based emissions proposal before we've reached a resolution on the triggers. The process discussion scheduled for agenda item #5 will need to be resolved before we move on to any further discussions.
- c. The team reviewed and approved the minutes from meeting #3.
- d. Robyn provided a brief update on other CASA activities.
 - The Odour Management Team (OMT) has prioritized their key tasks (health, assessment, and complaints) and is developing workplans for task-groups to convene in September 2013.
 - A workshop on non-point source air emissions is being planned for October. The outcome of the workshop will be to provide the Board with advice on how CASA should proceed with non-point sources.
 - The next Board meeting is September 19 in Calgary.
- e. Industry meeting with Environment Canada
 - Ahmed updated the group on a meeting between Environment Canada (EC), Alberta Environment and Sustainable Resource Development, Enmax, Capital Power, Atco, and TransCanada on July 24, 2013. EC requested the meeting to better understand how the

Alberta Framework is implemented. At the meeting, EC was encouraged to join the CASA table for the Five Year Review. It was suggested that we provide EC with some data on the emissions reductions expected under the Alberta Framework.

Action Item 4.1: Ahmed will provide the data on expected emissions reductions, to be circulated to the team for their review before being forwarded to EC.

f. Review Action Items from Meeting #3

Action items	Who	Due
1.9: Provide an update on the status of funding from AESRD.	Randy	Carry forward
1.10: Provide a report on discussions regarding contributing funding to the team.	Jim	Carry forward
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. <i>- This item is not currently a priority.</i>	Robyn and Anamika	Carry forward
2.5: Work with the AESRD Climate Change Secretariat to provide a presentation on the new requirements under the GHG Regulations.	Randy and Robyn	Done
3.1: Track the suggested changes and circulate a new version of the Operating Terms of Reference.	Robyn	Done
3.2: Review the 2011 Brattle Report with special attention to any indication of impacts to the Alberta Framework.	All	Done
3.3: Clearly articulate issues with the reports and forward a written response to Robyn to be distributed to the team prior to the next meeting.	All	Done
3.4: Investigate getting copies of the EDC report "Alberta Annual Electricity Study 2013" for all team members (some members have already purchased copies). A request will be made for EDC to give a presentation on the report. <i>- Robyn has contacted EDC but has not heard back from them.</i>	Robyn	Carry forward
3.5: Distribute copies of the presentations on the challenges associated with implementing the Alberta Framework + GHG Regulation	Robyn	Done
3.6: Poll for dates for a meeting of the mass-based emissions working group.	Robyn	Done

2. Operating Terms of Reference

There were no further comments on the revised Operating Terms of Reference (ToR).

The Operating Terms of Reference was approved by consensus.

3. Implementation of the GHG Regulation for Coal-Fired Electricity Generation

John Storey-Bishoff from AESRD provided a presentation on the requirements under the "Reduction of Carbon Dioxide Emissions from Coal-fired Generation of Electricity Regulations".

Key points made during the discussion include:

- Slide 3: 420 tonnes/GWh refers to the calculated intensity of the unit. It is one standard for all units and is not adjusted for heat rate or elevation.

- Slide 11: Retirement of units is not 50 years across the board. There are some units that must retire on December 31, 2019 and another group of units that must retire on December 31, 2029.
- The Government of Alberta is interested in pursuing an equivalency agreement. The province would have to demonstrate that there is existing regulation that provides equivalent outcomes, such as:
 - o Specified Gas Emitters Regulation (SGER): this regulation expires in 2014 and would have to be renewed to be considered under the equivalency agreement.
 - o 2008 Climate Change Strategy: targets and specific areas of reduction considered in the strategy could be considered under the equivalency agreement.
 - o Any updates to the SGER and/or the Climate Change Strategy are planned to occur in Spring 2014.
- The Federal GHG Regs are to be implemented on July 1, 2015 and will be regulated under the Canadian Environmental Protection Act (CEPA).
- EC has indicated that they are working on GHG Regs for gas-fired electricity generation. Since regulations for gas-fired generation are still in development, it will be difficult to pursue equivalency for the electricity sector as a whole at the current time. Equivalency agreements may have to be iterative, adjusted as the federal government develops more regulations. Equivalency for the sector as a whole might be preferable in Alberta, because it would allow flexibility within the sector as to how the reductions “burden” is shared.
- It is believed that equivalency will be evaluated on GHG emissions, not the co-benefits of other emissions reductions (EC has not provided explicit guidance on this).
- There was a suggestion that input to the Government of Alberta from a multi-stakeholder group of Albertans would be beneficial to the equivalency discussions.

Action Item 4.2: Robyn will circulate the presentation from AESRD on the implementation of the GHG Regulation for Coal-Fired Electricity Generation.

4. Review Macro-Economic Reports

The following reports were referenced during the team’s discussion:

1. 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).
<http://www.brattle.com/documents/UploadLibrary/Upload943.pdf>
2. Evaluation of Market Fundamentals and Challenges to Long-Term System Adequacy in Alberta’s Electricity Market. 2013 update. Prepared by the Brattle Group for the Alberta Electricity System Operator (AESO).
<http://www.brattle.com/documents/UploadLibrary/Upload1123.pdf>
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.
<http://albertamsa.ca/uploads/pdf/Archive/2012/SOTM%20Final%20Report%2020130104.pdf>
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.
http://www.ippsa.com/IP_pdfs/Analysis%20of%20GHG%20Emissions%20in%20the%20Alberta%20Electricity%20Market%20-%20May%202013.pdf
5. Alberta Annual Electricity Study 2013. Prepared by EDC Associates. Available for purchase on-line.

TransAlta, Capital Power, and Alberta Energy provided written comments on the reports. Highlights included:

Alberta Energy

- The Brattle report concludes that cumulative requirements are unlikely to lead to significant resource adequacy impacts.
- The EDC report mentions CASA forecasts and requirements. It may be useful to investigate these forecasts further.

Capital Power

- Capital Power believes that the Alberta Electricity System Operators (AESO) and the Market Surveillance Administrator (MSA) are in the best position to address the viability of the electricity sector.
- The Brattle report concludes that there is no compelling or immediate need for major design changes.
- The MSA report concludes that Alberta's wholesale electricity market is effectively competitive and efficient and there is no need for changes to the policy framework or MSA enforcement framework.
- The IPPSA report does not address the viability of the electricity market.

TransAlta

- The reports oversimplify the workings of the Power Purchase Arrangements (PPAs).
- The reports do not accurately model the impacts of the interaction between the federal GHG Regs and the Alberta Framework.
- The reports oversimplify supply growth in the electricity sector.

Highlights of the team's round table discussion included:

- Some members feel that the reports are not specific enough to support CASA's work on the Alberta Framework.
- There was a suggestion that the team should conduct some further economic assessment using scenarios to build a common understanding and determine whether or not a full review is warranted. Further to this, the consultant could include specific input from team members in order to address the concerns of individual companies and/or units.
- One member suggested that a third party review of the economics could help to ascertain whether the risks that have been described by individual stakeholders are credible.
- There were concerns that it may be challenging to reach consensus, even with an independent third party review.
- There was some discussion around the definition of "the viability of the electricity sector":
 - o One suggestion is that there are actually two parts to Recommendation 34:
 - Are the economic assumptions significantly different?
 - If so, does this adversely affect the viability of the electricity sector? An adverse affect could be any negative consequence.
 - o There was also some discussion around the original purpose of the economic trigger.
 - o Some stakeholders felt that an examination of the viability of the sector should not include looking at impacts to individual companies or units. It should focus on protecting the PPA system and impacts on pool price.
- One stakeholder expressed concerns about the EFR team pursuing a review of the economic trigger for the following reasons:
 - o There are many factors that potentially impact sector viability. The GHG Reg is only one of those factors and should not be the focus of the team's work.

- There is an on-going market review being conducted by Alberta Energy looking at market design. Our work should not overlap or impede this work.
- This stakeholder could agree to discuss the perceived misalignment between the Alberta Framework and Federal Coal GHG Regulations, as long as it is explicit that we have not yet reached agreement on whether Recommendation 35 has been triggered.
- Stakeholders raised concerns over potentially reaching an impasse if the team continues to focus on the economic trigger (Recommendation 35).
- There was also some discussion on the emissions trigger (Recommendation 34):
 - Some data on emissions, in terms of what we've accomplished to date and whether or not we're on track for the future, might help to shed some light on potential issues. There is no modelling that takes into account the impact of the implementation of the GHG Regs. Possible scenarios could include:
 - What were we expecting emissions to look like when the Framework was finalized in 2003?
 - What do emissions forecasts look like now?
 - Just Alberta Framework.
 - Just GHG Regs.
 - Alberta Framework + GHG Regs.

5. Process Check-In

Stakeholders raised concerns regarding a potential impasse if the team continues to focus on the economic trigger (Recommendation 35) and discussed potential alternate paths forward. Highlights of the discussion included:

- The Government of Alberta recognizes that there are new requirements as a result of the GHG Regs, but they have an interest in maintaining regulatory authority. The team needs to look for ways to address the new requirements of the GHG Regs that everyone can live with. If the team can't reach consensus on this, the GoA will proceed with the necessary adjustments.
- Some members view the question of sector viability as something that has a wider impact than just those involved in this CASA discussion.
- A member suggested that our disagreement over the economic trigger is actually a symptom of the fact that the Framework no longer meets everyone's needs. Regardless of what information we gather in pursuit of the discussion on the triggers, the fundamental question remains "does the information warrant a review of the Framework and, if so, what parts of the Framework do we review?" The team's focus could be on developing mechanisms/options to appropriately address the range of interests at the table.
- The overarching purpose of the Framework is to manage emissions from the electricity sector. It was suggested that we could focus on the original outcomes and/or the principles that drive the Framework. Developing "principles" for the review would improve our understanding of each other's interests and what everyone needs/wants from the process, and would ensure that we have a common understanding of the intended outcomes of the Framework.

The team agreed on a path forward:

Develop options for adapting the current Alberta Framework that address the range of interests at the table and meet the outcomes of the Framework.

Step 1: Agree to defined outcomes of the Framework.

Step 2: Brainstorm options for adapting the Framework. These options will be further developed in detail by task groups.

In order to have a productive discussion at the next team meeting, members agreed to convene a small working group to create a draft list of outcomes of the Framework for discussion at the next team meeting. Members of the working group are: Randy Dobko, Ahmed Idriss, Srikanth Venugopal, Njoroge Njure, Don Wharton, Rod Crockford, David Lawlor, NGO representative, Krista Brindle.

Action Item 4.3: Robyn will poll for dates for a working group to create a draft list of outcomes of the Framework for discussion at the next meeting.

Action Item 4.4: Srikanth will provide a rough draft of the emissions trajectory for the working group to review as part of their work.

Considering the team’s tight timelines, it was agreed that other work should occur in parallel to this process. This will be an agenda item for the next meeting, including:

- Prioritizing tasks.
- Developing timelines for tasks.
- Developing sub-groups if necessary.

The idea of seeking out “champions” for each area of work was suggested as a useful way to ensure that the work happens as effectively and efficiently as possible.

6. Next Steps

Next Meeting

Meeting # 5	Wednesday, September 18	Calgary
Meeting # 6	Monday, October 7	Ponoka Fish & Game Association

Action Item 4.5: Robyn will work with Wayne to finalize the logistics of hosting a meeting at Ponoka Fish and Game Association.

Action 4.6: Robyn will draft a status report for the Board of Directors meeting on September 19, to be approved by the co-chairs.

Objectives for the next meeting:

- Agreeing to defined outcomes of the Framework
- Prioritizing tasks to occur in parallel.
- Developing timelines for prioritized tasks.
- Developing sub-groups if necessary.
- Discuss the need for a revised roadmap flowchart