

Minutes



Electricity Framework Review Project Team, Meeting #5

Date: Wednesday, September 18, 2013

Time: 10:00 am to 4:00 pm

Place: Kahanoff Center, Calgary

In attendance:

Name

Andre Chabot
Rod Crockford
Randy Dobko
Jim Hackett
Ahmed Idriss
David Lawlor
Tom Marr-Laing
Shaun McNamara
Al Schulz
David Spink
Wayne Ungstad
Don Wharton
Kristi Anderson
Njoroge Ngure (alternate)
Ben Thibault (alternate)
Glynis Carling (alternate)
Robyn Jacobsen
Celeste Dempster

Stakeholder group

Alberta Urban Municipalities Association
ENCANA
Alberta Environment and Sustainable Resource Development
ATCO
Capital Power
Enmax
Pembina Institute
Milner Power Inc.
CIAC
Prairie Acid Rain Coalition
Ponoka Fish and Game
TransAlta
Mewassin Community Council
TransCanada
Pembina
CAPP
CASA
CASA

Guests:

Name

Peter Moore
Colin Dumais
Sushmitha Gallapudi

Stakeholder group

Alberta Energy
Enmax
Alberta Environment and Sustainable Resource Development

Regrets:

Name

Anamika Mukherjee
Srikanth Venogopal
Krista Brindle
Tim Weiss

Stakeholder group

CAPP
TransCanada
Alberta Energy
Pembina

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 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	Provide options for resolution at next meeting
5.1: Add some context as a preface to the outcomes of the Framework that are finally agreed to.	Robyn	Before next meeting.
5.2: Distribute the article on the social costs of carbon that was referenced during the discussion.	Robyn	ASAP
5.3: Develop wording for an additional outcome relating to social capital	Wayne and Kristi	Before next meeting
5.4: Share the data files that correspond to the model.	Njororge	ASAP
5.5: Poll for dates for the Control Technologies and Reduction Strategies sub-group.	Robyn	ASAP
5.6: Poll for dates for the Health and Environmental Affects sub-group.	Robyn	ASAP
5.7: Ensure that a review of the implementation of recommendations is discussed.	Robyn	Meeting 7 or 8
5.8: Organize presentation on the Emissions Trading System from Stephen Dobson.	Robyn	Meeting 6 or 7.
5.9: Ensure that development of a PM Management System for existing units is discussed.	Robyn	Meeting 7 or 8

1. Introductions and Administration

- a. The group did a round-table of introductions.
- b. The meeting objectives and agenda were approved as presented.
- c. The team reviewed and approved the minutes from meeting #4.
- d. Robyn provided a brief update on other CASA activities.
 - The Odour Management Team (OMT) has developed workplans for 3 task groups to convene in October 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. Robyn prepared an information sheet for the Board's Review.
- e. Operating Terms of Reference
 - Robyn congratulated the team on their recent success – consensus agreement on the Operating Terms of Reference! The ToR included important topics, such as the collaborative nature of the team's work, what consensus means, without prejudice

discussions, and non-attribution. In addition, the team was reminded that they have committed to resolving issues at the CASA table and they shouldn't be attempting to secure an outcome away from the table that favours their own interests at the expense of other team members.

f. Review Action Items from Meeting #4

Action items	Who	Due
1.9: Provide an update on the status of funding from AESRD.	Randy	Carry forward.
1.10: Provide an update on discussions regarding contributing funding to the team.	Jim	Carry forward.
<i>Industry confirmed that 4 members have confirmed funding of \$15,000 each. Other members are still contemplating their contributions.</i>		
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
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	Carry forward
<i>Robyn has followed up with EDC by phone and email but has not heard back from them. Robyn will provide options for resolution at the next meeting.</i>		
4.1: Provide the data on expected emissions reductions, to be circulated to the team for their review before being forwarded to EC.	Ahmed	Done. Agenda Item # 4.
4.2: Circulate the presentation from AESRD on the Implementation of the GHG Regulation for Coal-Fired Electricity Generation.	Robyn	Done
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	Done
4.4: Provide a rough draft of the emissions trajectory for the working group to review as part of their work.	Srikanth	Done. Agenda Item # 4
4.5: Work with Wayne to finalize the logistics of hosting a meeting at Ponoka Fish and Game Association.	Robyn	Done
4.6: Draft a status report for the Board of Directors meeting on September 19, to be approved by the co-chairs.	Robyn	Done

2. Process/Road Map Check-in

The team revisited their agreement at the last meeting to "develop options for adapting the current Alberta Framework that address the range of interests at the table and meet the outcomes of the Framework." Key points during the discussion included:

- Some stakeholders were unclear about what the team agreed to. It was felt that the team agreed to developing the criteria for evaluating options and considering the development of options. There was confusion about whether or not there was an agreement to develop options. Without an analysis of the triggers, some members felt there would be no impetus to change the Framework in any way.
- Other members suggested that the agreement to develop options is a way around the potential impasse if we continue to discuss the triggers. The development of options would be done without prejudice. i.e. Team members will not be viewed as having committed to a particular solution being discussed prior to reaching agreement on a complete package of recommendations.

- It was agreed that team members are open to discussing options for adapting the Framework within the team, but it needs to be explicit that the team is only considering that possibility; no changes have been agreed to.

The team also considered the question of whether options for adapting the Framework are exclusively focussed on coal-fired generation, or whether gas-fired generation will be considered at this time. Key points during the discussion included:

- In the future, gas-fired generation is going to become more prominent and we should keep it in mind. However, our priority should be coal-fired generation, due to the immediate concern of the federal GHG Regulations.
- There was some uncertainty about whether the Framework will need to be adapted for gas-fired generation, but once we've identified options related to coal, we will consider how those options might impact other parts of the Framework. There is also the possibility that the future development of federal regulations for natural gas could impact the team's work.

The team agreed that, by definition, the Electricity Framework Review includes gas-fired generation. However, they agreed that coal-fired generation will be their priority. Once options for adapting the Framework as it relates to coal-fired generation have been developed, the team will consider what impact the proposed changes would have for gas-fired generation and whether further work will be required.

3. Outcomes of the Framework

Don Wharton provided an introduction of the work the sub-group did to develop the draft outcomes.

Key points made during the discussion include:

- These outcomes should be viewed as criteria for examining the options we develop.
- It was suggested that there may be some missing pieces. A key driver of the original Framework was to ensure emission control standards remained current with the evolution of technology. The Framework was also meant to provide certainty around investment decisions, as well as the social commitment that plants would shut down over a defined lifespan (i.e. orderly and predictable capital stock turnover).
- It was agreed that these are certainly a number of other fundamental aspects of the Framework and that we don't need to explicitly mention them because they are understood to be true. The outcomes presented today were developed in the specific context of what we need to consider for coal-fired generation. They are a sub-set of the overarching outcomes of the Framework as a whole.

Action Item 5.1: Robyn will add this context as a preface to the outcomes the team agrees to.

1. Environmental Outcomes

Discussion:

- There was concern that “maintain the same or similar environmental outcomes” excludes the concept of continuous improvement. It was suggested that the concept of continuous improvement is built into the Framework. Also, the base case that is developed for environmental outcomes should include the updates for NO_x and SO_x standards that are contemplated at each Five-Year Review.
- The team agreed to add “. . . the same or similar environmental outcomes and expectations . . .” to the outcome.

Outcome:

Any options that the team considers for adapting the Framework should maintain the same or similar environmental outcomes and expectations of the current Framework.

2. Power Purchase Arrangements (PPAs)

Outcome:

Any options the team considers for adapting the Framework should maintain the PPAs as they relate to NO_x and SO₂.

3. Regulatory Certainty

Discussion

- Consideration of the federal GHG Regulations is an important aspect of the team’s work.
- The current regulatory environment is different than it was when the Framework was developed. There are new mechanisms (e.g. AQMS, Lower Athabasca Regional Plan) that regulate some of the things that the Framework was intended to regulate (e.g. continuous improvement, hot spots protocol). It was felt that the base case analysis we do under the environmental outcomes will consider this – we’ll consider where we thought we’d be in 2003 and then consider where we actually are, including consideration of the current regulatory environment. All the mechanisms that have been developed since the inception of the Framework are trying to achieve the same things and there don’t seem to be any apparent inconsistencies. It was also noted that the Framework should be setting the overarching policy on managing emissions from electricity generation and set the stage for all the other policies and regulations.
- The team agreed to add “. . . regulatory certainty and efficiency . . .” to the outcome, with the understanding that anything the team could do to coordinate existing policies would be valuable.

Outcome:

Any options the team considers for adapting the Framework should provide regulatory certainty, efficiency, and outcome predictability over the long-term.

4. Alberta’s Deregulated Energy Market

Outcome:

Any options the team considers for adapting the Framework should respect the structure of Alberta’s deregulated energy market and not disrupt its reliable operation.

5. Efficient Use of Capital

Discussion:

- The context for including this outcome is that economics is a fundamental piece of any policy development that should always be considered.
- Capital refers to the costs to industry to comply with regulation.
- Some stakeholders suggested that there are other types of capital.

Outcome:

Any options the team considers for adapting the Framework should consider cost implications and the efficient use of capital.

Action Item 5.2: Robyn will distribute the article on the social costs of carbon that was referenced during the discussion.

Action Item 5.3: Robyn will work with Wayne and Kristi to develop wording for an additional outcome relating to social capital

In summary, it was noted that, similar to a multiple accounts analysis, these outcomes specify the criteria for evaluation so that any options we develop can be systematically assessed in terms of their impacts. Using multiple accounts analysis makes it possible to differentiate among options in ways that are not possible if each of the outcomes/criteria was viewed independently.

4. Base Case for Emissions Reductions

The team discussed the assumptions and data required to develop a base case for evaluating the “same or similar environmental outcomes and expectations of the Framework.”

2003 and 2008 EDC forecasts

- Neither of the forecasts is 100% correct. We should still revisit the forecasts as possible points of reference. The team should consider the assumptions of the modelling to determine if they are relevant.

Presentation: Expected emissions trajectory when the Framework was developed (Njoroge)

- This model assumes the requirement for physical BATEA to be installed. The modeling shows what would be achieved at a minimum. It assumes that only the Alberta Framework is in play, coal replaces coal, and units reaching their end of life are meeting the 2008 BATEA.
- Emission credits shown in the model are based on the rate at which credits have been accumulated to date. Some stakeholders felt this didn't reflect their internal assessments.
- The assumptions we use for credit generation will be central to the base case.

Action Item 5.4: Njoroge will share the data files that correspond to the model.

Presentation: Assumptions and data on expected emissions reductions that was forwarded to Environment Canada (Ahmed)

- This model assumes just coal, no growth, and no 5 year review considerations.

Key points made during the discussion include:

- The Framework didn't have a predetermined objective for emissions reductions, e.g. 20% reduction by 2020.
- However, the Framework did set some expectations and there was the fallback that if emissions increased more than 15% there was an issue, using the forecasts as a benchmark.

- The Framework also set the expectations that units would have a defined life, after which they would have to meet the BATEA of the day to continue operations.

Some thoughts on assumptions for the base case included:

- One member suggested we could assume coal replaces coal and a 5% reduction to account for new BATEA every 5 year cycle. This would form the “worst case” scenario against which to evaluate the options.
- Another member suggested that we could use the 2003 forecasts, but look at numbers for coal and leave gas out.
- A further suggestion was that assuming coal replaces coal is unrealistic.
- There was a question about whether a 5% reduction due to BATEA is realistic.

The team decided that a sub-group needs to take an in-depth look at the assumptions. The sub-group will:

- Consider how to produce the best 2003 forecast, 2008 forecast, and 2012 forecast. This exercise will ensure that the assumptions of each scenario are clearly articulated.
- Consider all the variables regarding the assumptions and make a recommendation to the team about what the assumptions should be.
- Make a recommendation about what the base case should be.
- Members are: Peter, Ahmed, Don, Randy, Njoroge, Tom, Glynnis/Anamika, Enmax (David?) and Atco (Jim?).

5. Prioritizing the Team’s Work

The team considered the tasks required as part of the 5 Year Review and discussed their relative priority. The following list details those tasks in order of priority and includes some next steps.

Control Technologies Review

- A review of technology for coal-fired generation would contribute to the team’s current priorities. However, including gas and reciprocating engines could be a more efficient use of the consultant’s time. The sub-group should consider whether all three should be looked at together when they convene.
- The sub-group should consider which criteria contaminants should be included in the review (i.e. should it include PM?).
- Another consideration for the sub-group will be the definition of natural gas. This will be an important part of the scope of the review.
- The sub-group should develop a workplan as soon as possible.
- The first meeting should be as soon as possible, in the next 2 to 3 weeks
- Members: Krista, David S., Capital Power (Ahmed?), Sushmitha, CAPP, Atco, Enmax, Wayne

Action Item 5.5: Robyn will poll for dates for the Control Technologies and Reduction Strategies sub-group.

Substance Review and Health and Environmental Effects Review

- The sub-group should review the previous Terms of Reference for the consultants and discuss if any changes are necessary.
- Alberta Health has already committed to providing the literature reviews in-kind.
- Members: Kristi, Debra Hopkins, industry (?)
- The first meeting should be as soon as possible, in the next 2 to 3 weeks.

Action Item 5.6: Robyn will poll for dates for the Health and Environmental Affects sub-group.

Review the implementation of recommendations

- Task for the project team

Action Item 5.7: Robyn will ensure that a review of the implementation of recommendations is discussed at meeting 7 or 8.

Review the Implementation of the Emissions Trading System

- Step 1: presentation from AESRD (Stephen Dobson) at meeting #6 or #7

Action Item 5.8: Robyn will organize presentation on the Emissions Trading System from Stephen Dobson at meeting 6 or 7.

Evaluate existing PM Management

- Step 1: review the work completed in 2008

Action Item 5.9: Robyn will ensure that development of a PM Management System for existing units is discussed at meeting 7 or 8.

Continuous Improvement Report (by industry)

- No next steps at this time.

Public Engagement

- No next steps at this time.

6. Next Steps

The team discussed the need to spend some time discovering each others' interests. It was felt that the team needs to articulate the tough elements of the discussion and be prepared to discuss them – there needs to be an explicit discussion about why the Framework needs to be changed. There is a difference of opinion about whether or not the existing Framework needs to be changed and we need to have a detailed discussion about these issues.

Next Meeting

Meeting # 6	Monday, October 7	Ponoka Fish & Game Association
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Objectives for the next meeting:

- Finalizing the defined outcomes of the Framework
- Review the sub-group's work on the base cases for environmental outcomes.
- Update on progress on the 5 Year Review tasks.