

# Minutes



---

## *Electricity Framework Review Project Team, Meeting #6*

Date: Monday, October 7, 2013

Time: 10:00 am to 4:00 pm

Place: Ponoka Fish and Game Association, Ponoka

### **In attendance:**

<b>Name</b>	<b>Stakeholder group</b>
Kristi Anderson	Mewassin Community Council
Rod Crockford	ENCANA
Krista Brindle	Alberta Energy
Randy Dobko	Alberta Environment and Sustainable Resource Development
Jim Hackett	ATCO
Ahmed Idriss	Capital Power
David Lawlor	Enmax
Tom Marr-Laing	Pembina Institute
Anamika Mukherjee	CAPP
Al Schulz	CIAC
David Spink	Prairie Acid Rain Coalition
Leonard Standing on the Road	Ponoka Fish and Game
Wayne Ungstad	Ponoka Fish and Game
Don Wharton	TransAlta
Ben Thibault (alternate)	Pembina
Njoroge Ngure (alternate)	TransCanada
Brian Jackowich (alternate)	Alberta Urban Municipalities Association
Robyn Jacobsen	CASA
Celeste Dempster	CASA

### **Guests:**

<b>Name</b>	<b>Stakeholder group</b>
Peter Moore	Alberta Energy

### **Regrets:**

<b>Name</b>	<b>Stakeholder group</b>
Srikanth Venogopal	TransCanada
Tim Weiss	Pembina
Shaun McNamara	Milner Power Inc.

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

<b>Action items</b>	<b>Who</b>	<b>Due</b>
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. As the day progressed, it became clear that the team needed to dedicate their time to the brainstorming session. The following items were postponed to the next meeting:
  - i. Reviewing and approving the minutes from meeting #4.
  - ii. CASA update.
  - iii. Reviewing Action Items from Meeting #4. All action items were carried forward.

<b>Action items</b>	<b>Who</b>	<b>Due</b>
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 Effects 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

## 2. Outcomes of the Framework

The team reviewed the outcomes of the Framework that were introduced at the last meeting. The team discussed adding a social outcome. Key points included:

- When considering the impacts of any options for adapting the Framework, we should consider total costs, not just actual dollars.
- Including this outcome would require a discussion about social outcomes of any options the team considers.
- Some members weren’t sure what this outcome would include and felt that it is was ambiguous. There was discussion about social license, role of elected officials, public acceptability, public participation, transparency, accountability, etc.
- It was agreed that all the outcomes are to be used as guidelines and therefore, specificity is not required. The wording was accepted as written.

There was some discussion about the wording of the PPA outcome. The new wording is as follows:

Any options the team considers for adapting the Framework should maintain the PPAs as ~~they relate to NO<sub>x</sub> and SO<sub>2</sub>~~ described in the 2003 Framework.

## 3. Brainstorming Session

The team used the rest of the meeting for a very productive brainstorming session on what works and doesn’t work about the Framework. The results of the brainstorming session are attached.

## 4. Next Steps

- The Base Case working group was unable to present their update to the team. However, the team agreed to approve their proposed next steps via email.

### Next Meeting

Meeting # 7	Tuesday, October 29	AMEC Building, 801 - 6th Avenue SW, Calgary
Meeting #8	Tuesday, November 19	CASA Offices, Edmonton

### Objectives for the next meeting:

- Review the notes from the brainstorming session.
- Update on progress on the 5 Year Review tasks.
- Receive a presentation from EDC on their Annual Electricity Report.

### Objectives for Meeting #8

- Presentation on the emissions trading system. The team would like to know about:
  - o Supply and demand forecast
  - o How credits are generated

## Facilitator's Notes from Brainstorming Session

### **1. Alberta's Electricity Market Structure**

- Framework respects Alberta's electricity market structure
- Original intent of the Framework was not about the market, but about not impacting responsible environmental regulation.
- To respect the market, it shouldn't differentiate between fuels, and BATEA does differentiate between fuels – different standards for gas and coal.
- Not sure we can do anything to influence the market, because we can't impact the PPAs.
- Broader electricity discussion
  - Have lost the ability to include broader considerations in our review – price of electricity, sector viability, competitiveness, market disruption, affordability, cost to consumers, etc.
  - Is this our mandate? GoA would have to signal to us that we should look at this – Alberta Energy = this is one of their interests
  - Our mandate is responsible emissions management – being “responsible” means you also consider costs, but its not the primary driver – realization that responsible environmental management comes at a cost
  - The Framework needs to consider environmental and economic outcomes
  - 2003 process did consider pool price
- Is this about the content of the Framework or a process-related issue?

### **2. Flexibility and responsiveness**

- Credits for early shutdown
- Emissions trading incents early action – but we haven't really seen this occurring
- The flexibility built into the Framework was originally a selling point
- There is lots of flexibility built into the Framework already, but, of course, it comes at a cost
- We're here because there is some ambiguity in the flexibility mechanisms
- Has the implementation of the federal GHG Reg introduced the need for more flexibility?
  - The Framework can be as flexible as we need it to be, as long as it achieves the same outcomes
- How much flexibility does the Framework really have? Some think its limited and could be better
- There isn't enough flexibility in compliance
- This limited flexibility doesn't allow for the best outcome – economic or environmental
- Doesn't encourage new investment
- Not responsive to changing circumstances
- Framework sets specific rules, rather than focusing on the ultimate outcome of reducing emissions
- Requirement for large capital investments at end of life is wasteful
- Should add more ways to generate credits
- A barrier to flexibility is that we can't look at commercial arrangements (i.e. PPAs)
  - E.g. barrier to early action – PPAs wouldn't allow installation of technology
- How does the Framework respond to changing circumstances?
- Issues with emissions trading system
  - Limited opportunity to generate SOx credits
  - This is not a Framework/flexibility issues – industry hasn't taken action

### **3. Regulatory certainty**

- Regulatory certainty – know what the rules are
- Regulator has moved from a command and control role
- Important in terms of investment considerations
- Provides reliability in supply – electricity to consumers, keeping the lights on
  - Ensuring reliability is AESO's mandate, not ours
- Provides certainty for the public about how development will occur
- Nothing is ever certain – perhaps it provides clarity with regards to:
  - Environmental standards
  - Timeframes
  - With some caveats (e.g. hot spots protocol)
- Clarifies expectations

### **4. Collaborative approach**

- Agreement includes a diverse range of interested stakeholders
- Public endorsement – indirectly through the composition of CASA tables
- This has created a dynamic, robust, comprehensive Framework
- Balanced outcome for all interested parties

### **5. Continuous improvement**

- Includes a 5 year review to ensure standards reflect the BATEA
- BATEA was a key driver for the development of the Framework
- Review of BATEA every 5 years provides credibility and assurance that appropriate emission controls are implemented
- How does it account for cumulative effects? The hot spots protocol is one way
- The continuous improvement element of the Framework looks at the sector as a whole
- Emissions trading incents early action, which could be seen as aspect of continuous improvement – in the Framework, emissions trading is treated as a separate element from continuous improvement
- Considers the sector as a whole – would look at things like transmission as well, not just generation
- Expectations for CI not clear – means different things to different people
- CI is not linked to quantifiable emissions reductions – how do we measure it?
- If we look at emissions trends, that provides some quantifiable measurements
- CI is about actions, not all of which lead to emissions reductions, e.g. research – not always tangible results
- If it isn't tangible, how do we demonstrate it? How do we document it?

### **6. Framework is a package of recommendations**

- No cherry picking
- The package idea makes the Framework better – its multi-faceted, complex, and balanced among all interests
- Provides comfort because stakeholders know that its all or nothing
  - What about the recommendations on renewables and GHGs that weren't implemented?

- Context of how we arrived at this “package” would be helpful – i.e. what were the tradeoffs in 2003?

## **7. Made-in-Alberta**

- Established GoA as the regulator.
- The Framework is “the” way we manage emissions from the electricity sector in Alberta

## **8. Five Year Review Process**

- BATEA review and review of emissions (health and environmental effects literature review to identify new substances of concern)
- Review of BATEA every 5 years provides credibility and assurance that appropriate emission controls are implemented
- Ensures the Framework doesn’t become dated
- Allows us to ask the question “is the Framework still appropriate?”
- It’s a benefit that each new project doesn’t have to do a BATEA review for their proposal – the 5 Year Review does the work
- Is 5 years an appropriate timeframe? It’s a lot of effort to undertake every 5 years, especially when BATEA doesn’t seem to change that quickly
- Or if technology does progress quickly, we wouldn’t know until the 5 Year Review
- Resilience
  - Once PPAs expire, this review process will look quite different – is there anything we can do to make the Framework more resilient?
  - How does the Framework respond to changing circumstances?

## **9. Public consultation**

- Important aspect of the Framework
- Lacking in FN engagement

## **10. Sectoral approach**

- Looks at the electricity sector as a whole
- Multi-pollutant

## **11. Consistent treatment of regulated parties**

- Not meant to give a competitive advantage to anyone
- Consistent implementation of the rules
- There IS different treatment for coal and gas – BATEA and end of life – but the criteria and approach for developing the specific standards and end-of-life was consistent across fuel types
- Framework appears to favour generation types
- While the intention is to regulate consistently, the focus should be to achieve consistent outcomes from all regulated parties – set an emission limit across the sector and let each party figure out how to meet it
  - That would work if the Framework was a cap and trade system
- BATEA discriminates fuel types
- The Framework has to reflect reality – Alberta does have different fuel types – but it was agreed in 2003 that we would develop a fuel neutral policy where each fuel type would be required to implement best practices

- Not supposed to pick winners and losers
- Our focus is pollution prevention and emissions minimization – the most effective ways to achieve this – by applying the best available technology
- In 2003, GoA indicated that standards that put coal out of business would be unacceptable

## **12. Renewable Energy**

- Renewable energy was considered in the original Framework – groups couldn't reach agreement
- Looking at renewables would require looking at market structure
- Currently, we have more renewable energy than what was envisioned
- Alberta Energy is developing an Alternatives and Renewable Energy Strategy
- Lacks renewable energy requirements
- Framework should include a renewable portfolio standard or other renewable energy support mechanism
- Looking at renewables could create a broader opportunity for consensus – allows flexibility in our response to changing circumstances

## **13. PM Management**

- The development of a PM Management system for existing units is in abeyance
- There wasn't enough certainty to develop a PM Management system in 2008 Review process
- Hasn't been fully addressed or resolved

## **14. GHGs**

- The Framework should incorporate GHG Management (originally recommendations 23 to 26)
- The original recommendations were superseded by the Climate Change Policy which was much broader
- This is why we're here!! CASA Framework doesn't coordinate effectively with the federal GHG Reg and Alberta is vulnerable to the federal government stepping in
  - Others don't see the misalignment
- There is little value in us pursuing GHGs unless we get direction from GoA on what meaningful work the team could do
- Could we have input to the SGER review?

## **15. For further discussion**

- 5 Year Review Process
  - Rigid nature of the review process
  - Changes should be considered if they make sense vs. every 5 years
  - Process efficiency – how can we improve, given that the review is every 5 years, but it takes us 2 years to complete
  - Longer intervals
- Government follow-up
  - What changes to the Framework does government need to avoid BLIERs for existing units?
  - How has the government followed up on the recommendations for the 2008 review?
  - We need timely implementation of the consensus recommendations and resolution of the non-consensus recommendations

- Absolute emission limit
- Link to regional air quality management frameworks
  - Could be used to measure progress on environmental advancements
  - Could help resolve the debate – is the emission trend improving?
  - Could answer the question – is the framework appropriate?