

Minutes



Electricity Framework Review Project Team, Meeting #11

Date: Friday, June 20, 2014

Time: 10:00 am to 4:00 pm

Place: Enmax, Calgary

Name

Stakeholder group

In attendance:

Njoroge Ngure

Ahmed Idriss (phone until 12:00)

David Lawlor

Jim Hackett

Steven Flavel

Randy Dobko

Kristi Anderson

Wayne Ungstad

Robyn Jacobsen

Michelle Riopel

David Spink

Al Schulz

Ben Thibault

Tom Marr-Laing

Rob Watson

Shaun McNamara

TransCanada

Capital Power

Enmax

ATCO

Alberta Energy

AB Environment and Sustainable Resource Development

Mewassin Community Council

Friends of Chain Lakes

CASA

CASA

Prairie Acid Rain Coalition

CIAC

Pembina

Pembina Institute

Milner/Maxim Power

Milner Power Inc.

Regrets:

Don Wharton

Anamika Mukherjee

Rod Crockford

Brian Jackowich

Marlo Reynolds

TransAlta

CAPP

ENCANA

Alberta Urban Municipalities Association

BluEarth Renewables

Action items	Who	Due
1.10: Provide an update on discussions regarding contributing funding to the team.	Jim/Robyn	Update at next meeting
8.1: Prepare wording around a smart grid recommendation as per discussions at meeting 8.	Kristi, Steven	Carry forward
10.1: Circulate the work done by the previous PM Management task group.	Robyn	One week before next meeting

11.1: Provide a budget update at the next meeting, at which point the team can discuss the need to pursue more funding.	Robyn	Update at next meeting
11.2: Ensure that the Interim Report is transmitted to appropriate Government of Alberta departments.	Robyn	ASAP
11.3: Contact Encana and TransAlta to gauge their on-going participating on the team.	Robyn	ASAP
11.4: The team requested that the HEAT group provide a summary of the July workshop, even if a final agreement has not been reached.	Robyn/Michelle	ASAP
11.5: Distribute the Phase 1 report to the team.	Robyn	ASAP
11.6: Have a discussion on conventional vs. unconventional coal to the next CTRS meeting.	Robyn	Update at next meeting
11.7: Convene a meeting for a small group to discuss the path forward for developing a PM Management System.	Robyn	ASAP
11.8: Provide a written summary of the current state of the Emissions Trading System.	Randy and/or Stephen Dobson	ASAP
11.9: Send a request for interested parties to submit their perspectives on the implementation of the ETS.	Robyn	ASAP
11.10: Confirm their representatives on the small group that will review the implementation of recommendations.	Jim and Steven	ASAP
11.10: Convene a meeting of the small group to review the implementation of recommendations.	Robyn	End of August
11.12: Solicit Communications task group members by email.	Robyn	ASAP
11.13: Poll for dates for a team meeting in mid-September.	Robyn	ASAP
11.14: Develop a draft table of contents for final report to be presented at the September team meeting.	Co-Chairs	One week before next meeting

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

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 #7 to #10.
 - i. It was noted that in the February 24 meeting minutes, individual perspectives are not clear. Anyone who is interested in more details should refer to the Interim Report.
- d. Review action items.

Action items	Who	Due
1.10: Provide an update on discussions regarding contributing funding to the team.	Jim/Robyn	Carry forward
Action Item 10.1: Robyn will provide a budget update at the next meeting, at which point the team can discuss the need to pursue more funding.		

5.7: Ensure that a review of the implementation of recommendations is discussed.	Robyn	Done. Agenda item #4
5.9: Ensure that development of a PM Management System for existing units is discussed.	Robyn	Done. Agenda item #4
7.1: Follow-up with Allen Crowley (EDC) to provide a longer term graph for "AIES Energy Production Forecast".	Robyn	Done. This was forwarded to the BCWG
7.2: Distribute Allen's presentation.	Robyn	Done
7.3: Distribute Ahmed's presentation.	Robyn	Done
8.1: Prepare wording around a smart grid recommendation as per discussions at meeting 8.	Kristi, Krista B.	Carry forward
Kristi drafted some wording and forwarded it to Krista Brindle. Krista has since moved on. Kristi will follow up with Steven.		
8.4: Obtain the registry data for distribution to the team.	Randy	Done
9.1: Champions will provide relevant background information on their respective options to Robyn.	David, Jim, Chris, Rob, Tim	Done
9.2: Prepare a framework for the next meeting for a structured triggers discussion.	Robyn	Done
9.3: Poll for dates for meeting #10.	Robyn	Done
10.1: Circulate the work done by the previous PM Management task group.	Robyn	Carry forward
10.2: Form a task group to develop the communications plan. It would be helpful to have members who are communications experts.	Robyn	Done. Agenda item #4

2. CASA & Board Meeting Updates

Robyn provided an overview of the team's interim report.

Action Item 11.2: Robyn will ensure that the Interim Report is transmitted to appropriate Government of Alberta departments.

The team discussed the implications of the non-consensus. Highlights of the discussion are as follows:

Coal-fired units

- Some stakeholders feel that in the absence of a final decision from the GoA, the issues that they have raised about the Framework remain unaddressed. This would suggest that reaching a consensus agreement on emissions standards for coal units would be challenging.
- There was general agreement that the CTRS task group should continue to discuss standards for coal-fired units and try to reach agreement, but with a caveat that a final decision from GoA is still pending. The decision from GoA may require a review of any foregoing provisional agreements.

Emissions Trading System (ETS)

- It was noted that, regardless of the outcome of our review of the ETS, there likely won't be agreement on whether changes to the Framework are warranted.

- There is certainly the potential for disagreement, as there seems to be at least two positions regarding whether the ETS is achieving its intended objectives. The team should focus on interest-based discussions to avoid a potential impasse.
- It was agreed that it would be helpful to complete the following tasks:
 - o Review and develop a common understanding of the original objectives of the ETS.
 - o Complete an assessment of the implementation of the ETS, as per objectives 11 and 12 in the 2013 EFR Project Charter. The “assessment” would simply be interested parties’ perspectives about whether the ETS is achieving the intended objectives.
 - o Based on the outcome of the preceding steps, the team may wish to consider seeking direction from the GoA on how to proceed. I.e. would the GoA request advice from the EFR team on adjustments to the ETS?
- The GoA representatives indicated that they cannot commit to a timeframe for providing a response to the Interim Report. However, there is a clear expectation that the team should continue its work on the remaining elements of the 5 year review.
- Considering that the team is working in a “policy vacuum” until the GoA provides a response to the Interim Report, there is concern that stakeholder interest and energy might wane. It was noted that our work on the remaining tasks of the 5 year review is important if we want to remain relevant.

Action Item 11.3: Robyn will contact Encana and TransAlta to gauge their on-going participating on the team.

3. Task Group Updates

Health and Ecological Effects Task Group (HEAT)

Kristi provided an update on behalf of the HEAT Group. The group has completed two literature reviews – one on ecological effects and one on health effects. They are also in the process of completing a chemical screening. They will use these pieces of work, plus work from 2003 and 2008, to complete an air emissions substance review. The group is holding a workshop in July to review the list of substances emitted from electricity generation and identify further action, if required. Lastly, the group will document their process to provide guidance for future 5 year reviews. They expect to forward their final report and recommendations to the team at the beginning of September.

Comments during the discussion included:

- Task group members indicated that it was too soon to draw any conclusions about the list of substances and what further actions might be recommended.
- It was noted that if any substances are added to the priority list, there will be definite implications for other pieces of the team’s work, such as the BATEA review. Any substances added to the priority list will likely require an “Emissions Management Approach”, similar to what we have for NOx and SOx.

Action item 11.4: The team requested that the HEAT group provide a summary of the July workshop as soon as possible, even if a final agreement has not been reached.

- Although the literature reviews and chemical screening did not focus on a particular type of coal, one of the criteria the group will use to categorize the chemicals will be whether it’s emitted in Alberta. Other criteria include: bioaccumulation, persistence, toxicity, etc.

- The literature reviews also considered other jurisdictions.

Base Case Working Group (BCWG)

Tom provided an updated on behalf of the BCWG. The group has completed Phase 1 of their work and is in the process of finalizing Phase 2. Phase 1 included a comparison of the assumptions used to develop the emissions forecast in 2003, 2009, and EDC's "Alberta's Annual Electricity Study 2013". The purpose of Phase 1 was to develop a common understanding of the assumptions used in the modelling and agree to the assumptions for Phase 2. Phase 2 is an updated emissions forecast for 2014. The group expects to forward their final report and recommendations (if appropriate) to the team at the end of July.

Comments during the discussion included:

- There is likely not a direct correlation between gas prices and demand, but gas prices would definitely impact the supply mix.
- It was noted that there will likely be a need for some policy-related discussions based on the output of this group. For example:
 - o How do we interpret the forecast? What do we compare the 2014 forecast to – 2003 or 2009? This 5 year review gives us the opportunity to clarify these processes.
 - o If there are some peaks above the 15% trigger, how do we interpret that? Are we only considering an average over 5 years? How do we know if there's a problem?
 - o Is the 15% trigger based on volume or intensity?
 - o Etc.

Action Item 11.5: Robyn will distribute the Phase 1 report to the team.

Control Technologies and Review Strategies (CTRS)

Wayne provided an update on behalf of the CTRS Task Group. The group has commenced discussions on BATEA standards for coal-fired generation, gas-fired generation, and reciprocating engines. They are also gathering information on the relative contribution of bio-mass-fired generation. For coal-fired generation, the group is gathering feedback from their constituencies on the options they have discussed to-date. For gas-fired generation, the group has hired ERG to conduct a technology review and they are working with the consultant to finalize the report. For reciprocating engines, the group has reached a provisional agreement that they are testing with their constituencies. Additionally, the industry continuous improvement report is well underway and will be forwarded to the group in July. The group expects to forward their final report and recommendations to the team by mid-October.

Comments during the discussion included:

- It was noted that since CCS controls GHG, it would not directly control the priority substances, but there would likely be co-benefits. Currently, there is lots of discussion about whether CCS qualifies as BATEA, i.e. is it "economically achievable"?
- The group confirmed that they have also considered gasification.
- It was suggested that the team should develop the BATEA standards for new coal-fired plants. Even if no new coal plants are built, the standard would provide the reference for the deemed credit threshold and would also cover off existing facilities reaching end of life.
- From the discussion earlier in the day, it was reiterated that the team has already reached an agreement to discuss standards for coal-fired units with a caveat that a final decision from GoA is still pending. The decision from GoA may require a review of any foregoing provisional agreements. In moving forward with this discussion, it was noted that the team should consider cost vs. benefit in terms of the amount of effort spent on trying to reach an agreement.

- It was noted that at the June 17 CTRS meeting, there was general agreement among the members present that their recommendation for coal-fired units would be for the regulator to apply the standards developed for the 2008 review as the minimum threshold, with a case-by-case review, as necessary.
- It was suggested that the CTRS task group should discuss conventional coal vs. unconventional coal. The framework is designed to be proactive and to provide clear policy direction *ahead of the game*. Therefore, our work should try and cover off both possible scenarios. I.e. set a forward looking standard that allows for the possibility of the emerging world of unconventional uses.

Action Item 11.6: Robyn will add a discussion on conventional vs. unconventional coal to the next CTRS meeting.

- The team needs to consider unintended consequences. For example, if we agree to use the 2008 standards and facility is built using CCS, would that facility be allowed to generate a windfall of credits?
- The group noted that they haven't received enough information on bio-mass to agree on a scope for the review.
- The HEAT group had a question about whether the ERG work would include information on the co-benefits of the technologies they review. The CTRS task group clarified that ERG will likely only comment on co-benefits for common compounds, but would not include information on every compound that might be impacted by the technology.
- For gas-fired generation, there was a query about whether there would be a differentiation between combined cycle units and co-generation units. The group is having discussions about this currently.

Timelines

- Based on the updates from the task groups, the team reviewed their own timeline to present the final report to the Board in December 2014. The team agreed to continue to work to this timeline; there isn't a lot of appetite to extend the work into 2015.
- The CTRS task group will present the biggest challenge in terms of timelines. The team agreed that as long as they continue to receive regular updates from all the task groups that can share with their constituencies, timelines should not be an issue. The team acknowledged that they would only have about 2 weeks to review and agree to the CTRS recommendations (scheduled to be forwarded mid-October).

4. Outstanding 5 Year Review Tasks

PM Management System

The team discussed objective #10 from their project charter: develop a PM Management System for existing units.

- It was noted that the team's work should be linked to the work that is happening at a regional level with the development of the PM and Ozone management plans, but we need to develop something that will be applicable at the provincial level.
- There needs to be some discussion about what should happen at the end of design life.
- A "management system" for PM would likely need to include credit thresholds, emissions trading, alternate compliance mechanisms, etc.
- The team agreed that a small group should meet to discuss the following:
 - o Review existing information and provide advice to the team on a path forward.

- Develop a budget estimate.
- Attendees: Randy, Njoroge, Rob, Jim, Kristi, David S., Al

Action Item 11.7: Robyn will convene a meeting for a small group to discuss the path forward for developing a PM Management System.

Implementation of the Emissions Trading System (ETS)

The team discussed objectives #11 and #12 from their project charter on completing an assessment of the implementation of the ETS.

- It was noted that Stephen Dobson from AESRD made a presentation on the state of the ETS at a previous meeting.
- Some stakeholders felt that ‘policy discussions’ about the effectiveness of the ETS would be complicated by issues related to the GHG Regs. The team should report on implementation and provide a commentary on the different perspectives. However, no further work should be initiated unless there is explicit direction from the GoA.
- Others suggested that the ETS may not be meeting the intended objectives and therefore there is some work to do. The first step should be to review and develop a common understanding of the original objectives of the ETS.
- There was one observation that we could likely all agree that the “hardware” is in place. However, there will be differing perspectives on whether it is effective.
- The team agreed to the following steps:
 - AESRD will develop a summary of the implementation of the ETS.
 - The team will develop a common understanding of the intended objectives of the ETS.
 - All interested parties will present their perspectives on the implementation of the ETS.
 - Is it meeting the intended objectives?
 - What is/isn’t working?
 - Parties will provide their perspectives in advance of a team (or small group?) discussion.
 - The team will develop a report to record the outcomes of the previous steps.
 - If there is an indication that the ETS is not achieving the intended objectives, the team would seek direction from the GoA on how to proceed.

Action Item 11.8: Randy and/or Stephen Dobson will provide a written summary on the current state of the Emissions Trading System.

Action Item 11.9: Robyn will send a request for interested parties to submit their perspectives on the implementation of the ETS.

Review implementation of past recommendations

The team discussed objective #14 in the project charter on reviewing the implementation of recommendations.

- The team agreed to use the 2008 process, as follows:
 - One person from each caucus will take the lead on getting feedback from each caucus.
 - This process might identify areas that need more information (e.g. hot spots protocol)
 - The small group can make recommendations as appropriate.
 - Members: Peter Moore (to be confirmed by Steven), an Atco representative (to be confirmed by Jim), Tom.
 - This group should have a final product to the team by Mid-October.

Action Item 11.10: Jim and Steven will confirm their representatives on the small group that will review the implementation of recommendations.

Action Item 11.11: Robyn will convene a meeting of the small group to review the implementation of recommendations at the end of August.

Public Consultation

The team discussed objective #15 in the project charter on developing and implementing a strategy and action plan for communicating and engaging with stakeholders and the public. The team discussed what they will do and who the audience should be.

- What? That there is a formal review every 5 years and here are some of the issues that we've dealt with. It was noted that there may not be a lot of two-way dialogue, as it's likely that we won't be seeking specific feedback on particular issues. We should still provide a generic opportunity for feedback.
- Who? The usual suspects – communities and stakeholders that we've communicated with before. We should keep in mind that First Nations will have unique processes and protocols and the strategy needs to include this.
- The team agreed to strike a task group to develop the strategy and action plan. They will not be responsible for implementing the plan.

Action Item 11.12: Robyn will solicit Communications task group members by email.

5. Next Meeting

- The team agreed to meet again in mid-September. This would be the kick-off meeting for developing the final report and the team will also expect thorough updates from the task groups

Action Item 11.13: Robyn will poll for dates for a team meeting in mid-September.

Action Item 11.14: The co-chairs will develop a draft table of contents for final report to be presented at the September team meeting.

- It was noted that if the GoA made a decision on the team's Interim Report before the September meeting, the decision would filter through Board and the Board would then direct the team to do the work. At that time, the team may have to call a meeting to discuss the implications of the decision.

6. Other Business

Wayne Ungstad announced that his affiliation is changing to Friends of Chain Lakes.