

Minutes



Electricity Framework Review Project Team, Meeting #10

Date: Monday, February 24, 2014
Time: 10:00 am to 4:30 pm
Place: CASA offices, Edmonton

Name	Stakeholder group
In attendance:	
Njoroge Ngure	TransCanada
Srikanth Venogopal (alternate)	TransCanada
Ahmed Idriss	Capital Power
Anamika Mukherjee	CAPP
David Lawlor	Enmax
Jim Hackett	ATCO
Don Wharton	TransAlta
Steven Flavel	Alberta Energy
Peter Moore (alternate)	Alberta Energy
Randy Dobko	AB Environment and Sustainable Resource Development
Kristi Anderson	Mewassin Community Council
Tim Weiss	Pembina
Ben Thibault (alternate)	Pembina
Wayne Ungstad	Ponoka Fish and Game
Leonard Standing on the Road (alternate)	Ponoka Fish and Game
Robyn Jacobsen	CASA
Daniel Johnston	Facilitator
Michelle Riopel	CASA
Guests:	
Chris Devasahayam	Maxim Power
Sushmitha Gollapudi	AB Environment and Sustainable Resource Development
Vince Kostas	TransCanada
Vinson Banh	Alberta Energy
Regrets:	
Rod Crockford	ENCANA
Andre Chabot	Alberta Urban Municipalities Association
Rob Watson	Milner/Maxim Power
David Spink	Prairie Acid Rain Coalition
Tom Marr-Laing	Pembina Institute
Al Schulz	CIAC
Marlo Reynolds	BluEarth Renewables
Shaun McNamara	Milner Power Inc.

Action items	Who	Due
1.10: Provide an update on discussions regarding contributing funding to the team.	Jim/Robyn	Update at next meeting
5.7: Ensure that a review of the implementation of recommendations is discussed.	Robyn	Meeting 10
5.9: Ensure that development of a PM Management System for existing units is discussed.	Robyn	Meeting 10
7.1: Follow-up with Allen Crowley (EDC) to provide a longer term graph for "AES Energy Production Forecast".	Robyn	ASAP
7.2: Distribute Allen's presentation.	Robyn	ASAP
7.3: Distribute Ahmed's presentation.	Robyn	ASAP
8.1: Prepare wording around a smart grid recommendation as per discussions at meeting 8.	Kristi, Krista	Meeting 10
8.4: Obtain the registry data for distribution to the team.	Randy	ASAP
9.1: Champions will provide relevant background information on their respective options to Robyn.	David, Jim, Chris, Rob, Tim	ASAP
9.2: Prepare a framework for the next meeting for a structured triggers discussion.	Robyn	ASAP
9.3: Poll for dates for meeting #10.	Robyn	ASAP
10.1: Circulate the work done by the previous PM Management task group.	Robyn	Before next meeting.
10.2: Form a task group to develop the communications plan. It would be helpful to have members who are communications experts.	Robyn	ASAP

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

1. Introduction

The group did a round-table of introductions. The agenda and objectives for the meeting were reviewed. The purpose of this meeting is to discuss whether consensus can be achieved on the economic trigger in the Framework. Once we've determined this issue, we will discuss how to proceed.

The team discussed the question: **should we spend more time to determine if consensus can be achieved on the economic trigger?** Key points made during the discussion included:

- There may be further information coming from the task groups that could shed light on this matter.
- There are some viable substantive options on the table for potential revisions to the framework that haven't been fully explored yet and perhaps warrant further work. Further effort on the options may result in reaching some middle ground on whether a review of the framework should take place.
- Some parties aren't clear on what everyone's interests are regarding the issue of a full, structural review.
- It was noted that the federal GHG Reg on its own should not result in a full structural Framework Review. However, others observed that the implementation of the GHG Regulations may result in one of the trigger conditions under Recommendations 34 or 35 being met.

- Even if the EFR team isn't able to agree on the economic trigger, the EFR team still needs to do its due diligence and examine the emissions trigger. If the emissions trigger is met, the next step would likely be a team discussion on the scope of a review.
- If we have a non-consensus outcome, there is the potential to affect the public's view on the credibility of the Framework and/or the review process.
- It seems highly unlikely that we will reach consensus on the need for a full structural review of the Framework.
- In practice, it doesn't seem that the triggers have enabled the work of the team. Rather, they seem to have had a limiting influence and we may need to consider some lessons learned for future reviews.
- If we move to developing a non-consensus report, we must focus on providing useful information to the decision-makers. The report should accurately describe what the team has spent their time working on, as well as all the perspectives around the table.
- A non-consensus report should respect the "without prejudice" nature of the discussions. (I.e. Team members will not be viewed as having committed to a particular solution being discussed.) Disregarding the "without prejudice" ground rule may undermine the integrity of consensus processes in the future.
- The Government of Alberta affirmed that they would prefer more than a "one-liner" stating that the team couldn't reach consensus on the economic trigger. They would be looking for the advice of the group and would like as much information as possible about the team's work.
- The 2008 Electricity Framework Review final report contained one non-consensus item and the characterization of that discussion could offer guidance to the current team's work.

The Facilitator noted that:

- Non-consensus is not a failure, as long as you've maintained the integrity of the process by ensuring that 1) your discussions have been interest-based and 2) that you have left no stone unturned.
- Following a determination that an impasse exists, the next step is a decision from the third party who makes a decision in the event of an impasse (in this case the GoA). A fulsome description of the nature of the impasse and the interests of each of the parties in relation to the impasse often assists the ultimate decision-maker and can contribute to the effectiveness and efficiency of process.
- One benefit of exploring robustly describing the nature of an impasse in an interest based manner is that insights sometimes emerge that can create opportunities for further exploration.

The Facilitator suggested some questions (see attached) to guide the remainder of the discussion on how to address the impasse and participants agreed that these should form the basis for discussion. The notes below include the highlights of the discussion.

Triggers

- There was general agreement that the team was unlikely to reach consensus on the economic trigger.
- The team felt that the emissions trigger has some clear metrics that should make a discussion around the emissions trigger easier.
- However, even in the event that the emissions trigger was reached, they felt it was unlikely that they would reach agreement on the scope of the review that would take place as a result.

Non-Consensus Report

- There was general agreement that regardless of the outcome of the emissions trigger review, there will be a need for non-consensus report and it should be started immediately.
- There was agreement that any non-consensus report should be as robust as possible, as per the Government of Alberta's request.
- The report should be ready to present at the June 2014 CASA board meeting.

The team generally agreed to a framework for the report as follows:

- Description of impasse
- Description of the interests of each party regarding the issue that gave rise to the impasse
- The nature of the decision we are looking for from the decision-maker
- Information the decision maker should take into consideration or base the decision on
- Criteria the decision maker should take into consideration or base the decision on
- Description of the nature of discussions about "related" issues (i.e. the options) and the "without prejudice" nature of the team's discussions on the options.
- A discussion on the options could include things like the team's rationale for considering options, what work we did on the options, what their status is, the varying perspectives on each option, etc.

The team generally agreed to a process for completing the report as follows:

- Strike a working group consisting of co-chairs and anyone else who has an interest in participating.
- The objective of the working group is agreement on the content of the report and the description of the non-consensus (i.e. how to describe the non-consensus nature of the impasse, interests of different parties relative to the impasse etc.).
- Based on the aforementioned framework for the report, the project manager will develop a table of contents and an initial draft. This should include a neutral description of the team's discussions to date.
- The project manager and the working group will review/finalize a draft.
- The draft will then be reviewed by the entire group.

The following are some general comments or observations about expectations around a non-consensus report:

- The description of the status of options and the way in which options are characterized requires further work.
- There will need to be discussion about whether additional work needs to be done to further analyse any options.
- Government was clear that they would prefer more (vs. less) detail on the nature of the impasse and nature/assessment of the options.
- There was agreement that the final non-consensus report could be supported by submissions/letters from any member who wishes to provide additional detail/explanation regarding issues described in the non-consensus report.

2. Task Group Updates

Control Technologies and Review Strategies

- The task group has developed an RFP for the technology review that takes a phased approach, as follows:

- The consultant will work on gas-fired generation first, because the team will definitely need this information.
- The CTRS group still needs to make a determination about reciprocating engines, and will direct the consultant to begin work on that phase once they have reached a decision.
- The group needs some direction on how to proceed with coal-fired generation.
- Coal-fired generation:
 - The 2008 review defined BATEA as supercritical coal. Some members felt that we should use that going forward, as it is unlikely that new coal will be built in the future. Perhaps the regulator could agree to approve new coal units on a case-by-case basis.
 - Even if we agree that new coal units are unlikely to be built, there are still the questions of 1) units that might choose to meet the 'standard of the day' at end-of-life and 2) setting credit thresholds.
 - The team agreed that the task groups needs to reach a conclusion about coal-fired generation and provide their advice to the team.
- One member raised the issue of biomass. It was agreed that the task group would discuss this at their next meeting.

Health and Ecological Effects Task Group

- The task group is proceeding with the health and ecological effects literature reviews.
- For the substance review (Recommendation 71 in the Alberta Framework), the task group will:
 - Develop a comprehensive list of substances emitted from electricity generation, based on the literature reviews and possible further screening.
 - Develop criteria by which to evaluate each substance and recommend next steps. Next steps could range from “develop management plan” to “flag for future review” to “no action required”.
- This work is likely to be a broader scope and budget than what was originally imagined.
- The team agreed that this work is timely and proactive and directed the task group to continue with finalizing the scope and budget of their work. The task group will bring forward their workplan and budget for the team’s approval once it is finalized.

PM Management System

- There was some work done on this topic but it is currently in abeyance.
- It was noted that any work on this topic should take into account the work done on the Canadian Ambient Air Quality Standards (CAAQS).
- The team felt that the results of the emissions forecasts will be valuable, as they will indicate if PM is an issue that requires urgent attention.

Action Item 10.1: Robyn will circulate the work done by the previous PM Management task group.

Review the Implementation of the Emissions Trading System

- The work under this task could be tied to one/more of the options that the team has discussed.
- This work could also inform future discussions on the options.
- The team agreed that there should be a task group to develop the scope of work around this task. However, they agreed that the priority was the non-consensus report and this work could be kicked off once the report was complete.

Base Case Working Group

- The group hired a consultant to complete 2 phases of work. The first phase is finished and it detailed the assumptions used in the modelling for the 2003 emissions forecast, the 2008 emissions forecast, and EDC's Quarterly Forecast for the Electricity Sector (Q4-2012).
- The group feels there are some fundamental flaws in the way the 2003 and 2008 forecasts were modelled and cursory examination has revealed concerns about the forecasts. Further work needs to be done to ascertain the implications of the flaws in modelling.
- The team agreed that both the development of the base case and the 2013 emissions forecasts will be valuable pieces of information for the non-consensus report.
- **This task group was directed to complete their work as quickly as possible.**

Public Consultation

- The team agreed that we need to develop a communications plan, including considerations such as:
 - What strategies or options are available?
 - Who is the audience?
 - What are we asking for in terms of feedback?

Action Item 10.2: Robyn will form a task group to develop the communications plan. It would be helpful to have members who are communications experts.

3. Next Steps

The team agreed that they would not need to meet until the draft non-consensus report is ready for their review.

Facilitator's Questions

1. Are you likely to reach consensus on:
 - a. Whether the economic trigger has been reached?
 - b. Whether the emissions trigger has been reached?
 - c. The need for a full review even if a trigger is not achieved?
2. Should discussion on a “non-consensus” report be postponed until due diligence on the emissions trigger has been completed?
3. If there is “non-consensus” on the triggers and/or desirability of a review even if no trigger, does the group prefer:
 - a. A “one-line” consensus report
 - b. A comprehensive non-consensus report signed off on by all partners (and is it intended that this is stand alone or intended to be supported by “submissions” from each participants)
 - c. Something else
4. What should a non-consensus report include:
 - a. Description of impasse
 - b. Description of the interests of each party regarding the use that gave rise to the impasse
 - c. The nature of the decision you are looking for from the decision maker
 - d. Information you believe the decision maker should take into consideration or base the decision on
 - e. Criteria the decision maker should take into consideration or base the decision on
 - f. How “related” issues are addressed (i.e. the options) and the “without prejudice” nature of the options discussion is respected
 - g. Other?
5. Process for developing a non-consensus report
 - a. Role of CASA?
 - b. Committee of the whole or subgroup?
 - c. Single text or other?