



AGENDA

GAS, POWER AND TELECOMMUNICATIONS COMMITTEE

October 10, 2019, 9:30 AM

LEGAL TRADITIONS COMMITTEE ROOM

Members

Councillor S. Chu, Chair
Councillor D. Farrell, Vice-Chair
Councillor J. Davison
Councillor J. Farkas
Acting Chief Financial Officer C. Male
Mayor N. Nenshi, Ex-Officio

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
 - 4.1 Minutes of the Regular Meeting of the Gas, Power and Telecommunications Committee, 2019 September 12
5. CONSENT AGENDA
 - 5.1 DEFERRALS AND PROCEDURAL REQUESTS
None
 - 5.2 BRIEFINGS
 - 5.2.1 Industry Update on Electricity, Natural Gas and Telecommunications, GPT2019-1290
 - 5.2.2 Status of Outstanding Motions and Directions, GPT2019-1292
6. POSTPONED REPORTS
(including related/supplemental reports)
None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES
None

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION
None

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 5G Ready for 2020 - Update, GPT2019-1245
Held confidential pursuant to Sections 23 (local public body confidences) and 24 (advice from officials) of the *Freedom of Information and Protection of Privacy Act*.

Review By: 2020 January 01 or until reviewed for consideration of public release.

10.2 URGENT BUSINESS

11. ADJOURNMENT

Members of Council may participate remotely, if necessary



MINUTES

GAS, POWER AND TELECOMMUNICATIONS COMMITTEE

**September 12, 2019, 1:00 PM
LEGAL TRADITIONS COMMITTEE ROOM**

PRESENT: Councillor S. Chu, Chair
Councillor D. Farrell, Vice-Chair
Councillor J. Davison
Councillor J. Farkas
Acting Chief Financial Officer C. Male

ALSO PRESENT: Regulatory Lead O. Shyllon
Senior Regulatory Analyst R. Holberton
Senior Regulatory Analyst B. Whyte
Business Strategist L. Shannon
Lawyer L. Bonnett
Acting City Clerk J. Fraser
Legislative Advisor D. Williams

1. **CALL TO ORDER**

Councillor Chu called the Meeting to order at 1:02 p.m.

2. **OPENING REMARKS**

No opening remarks were given at today's Meeting.

3. **CONFIRMATION OF AGENDA**

Moved by Councillor Farkas

That the Agenda for the 2019 September 12 Regular Meeting of the Gas, Power and Telecommunications Committee be confirmed, **after amendment**, by adding an item of Urgent Business, 9.1, September Notice of Motion Update Response Update (Verbal), GPT2019-1191.

MOTION CARRIED

4. **CONFIRMATION OF MINUTES**

4.1 Minutes of the Regular Meeting of the Gas, Power and Telecommunications Committee, 2019 July 25

Moved by Councillor Davison

That the Minutes of the Gas, Power and Telecommunications Committee held on 2019 July 25, be confirmed.

MOTION CARRIED

5. CONSENT AGENDA

Moved by Councillor Farrell

That the following item be received into the Corporate Record with respect to the Consent Agenda:

5.1 DEFERRALS AND PROCEDURAL REQUESTS

5.2 BRIEFINGS

5.2.1 Status of Outstanding Motions and Directions, GPT2019-1044

MOTION CARRIED

Moved by Acting Chief Financial Officer Male

That the Consent Agenda be reconsidered.

MOTION CARRIED

Moved by Councillor Davison

That with respect to Report GPT2019-1044, the following be approved, **after amendment in Attachment 1:**

In the Status of Outstanding Motions and Directions table, Column "COMMITTEE DIRECTIONS" second row, by deleting the words "September 2019 Council" and by substituting the words "**October 21 Combined**".

MOTION CARRIED

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS

None

8.2 NOTICE(S) OF MOTION

None

9. URGENT BUSINESS

9.1 September Notice of Motion Response Update (Verbal), GPT2019-1191

Moved by Acting Chief Financial Officer Male

That the Verbal Update with respect to Report GPT2019-1191 be received for information.

MOTION CARRIED

10. CONFIDENTIAL ITEMS

Moved by Councillor Davison

That pursuant to Sections 23 (Local public body confidences), 24 (advice from officials) and 25 (disclosure harmful to economic and other interests of a public body) of the Freedom of Information and Protection of Privacy Act, the Gas, Power and Telecommunications Committee move into Closed Meeting at 1:09 p.m. in the Legal Traditions Committee Room, to consider confidential matters with respect to the following:

- 10.1.1 Status of Expenditures on Regulatory Interventions, GPT2019-1033; and
- 10.1.2 Summary of Current Proceedings, GPT2019-1045.

MOTION CARRIED

Committee moved into Public Meeting at 1:33 p.m. with Councillor Chu in the Chair.

Moved by Councillor Farkas

That Committee rise and report.

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 Status of Expenditures on Regulatory Interventions, GPT2019-1033

Administration in attendance during the Closed Meeting discussions with respect to Report GPT2019-1033:

Clerk: J. Fraser, D. Williams. Advice: B. Whyte, O. Shyllon, R. Holberton, L. Shannon. Law: L. Bonnett.

Moved by Councillor Farrell

That with respect to Report GPT2019-1033, the following be approved:

That the Gas, Power and Telecommunications Committee:

1. Receive the report, **as amended, for the Corporate Record**; and

2. Direct that the Report, **as amended**, Attachment and Closed **Meeting** discussions remain confidential pursuant to Section 24 (advice from officials) and Section 25 (disclosure harmful to economic and other interests of a public body) of the *Freedom and Protection of Privacy Act* until reviewed for consideration of public release on or by 2029 January 1.

MOTION CARRIED

10.1.2 Summary of Current Proceedings, GPT2019-1045

Administration in attendance during the Closed Meeting discussions with respect to Report GPT2019-1045:

Clerk: J. Fraser, D. Williams. Advice: B. Whyte, O. Shyllon, R. Holberton. Observer: L. Shannon. Law: L. Bonnett.

Moved by Councillor Davison

That with respect to Report GPT2019-1045, the following be approved:

1. Receive the report for the Corporate Record; and,
2. Direct that the Report, Attachment and Closed Meeting discussions remain confidential pursuant to Section 23 (local public body confidences) and Section 24 (advice from officials) of the *Freedom of Information and Protection of Privacy Act* until reviewed for consideration of public release on or by 2022 September 12.

MOTION CARRIED

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

Moved by Acting Chief Financial Officer Male

That this meeting adjourn on 1:34 p.m.

MOTION CARRIED

The next Regular Meeting of the Gas, Power and Telecommunications Committee is scheduled to be held on 2019 October 10 at 9:30 a.m.

CHAIR

ACTING CITY CLERK

BRIEFING

Item # 5.2.1

Chief Financial Officer's Report to
Gas, Power and Telecommunications
2019 October 10

ISC: UNRESTRICTED
GPT2019-1290

Industry Update on Electricity, Natural Gas and Telecommunications

PURPOSE OF BRIEFING

This report summarizes key developments in the electricity, natural gas, and telecommunications industries since 2019 July 25, the date of the last industry update report (GPT2019-0887). This report provides information to GPT Committee members to assist them in their understanding of regulatory issues that affect The City's interests.

SUPPORTING INFORMATION

The Gas, Power and Telecommunications Committee has requested that this report be prepared every second month.

Natural gas, electricity and telecommunication markets are analyzed. It helps to provide an understanding of energy prices which affect The City's utility costs, municipal utility ratepayers and franchise fee revenue.

Policy issues in provincial and federal regulating agencies and general utility industry developments that could have an impact on The City's interests are reviewed to keep committee members informed of issues that may require future regulatory intervention or impact The City's operations.

Attachment 1 provides details on recent developments in Alberta's Utilities industry.

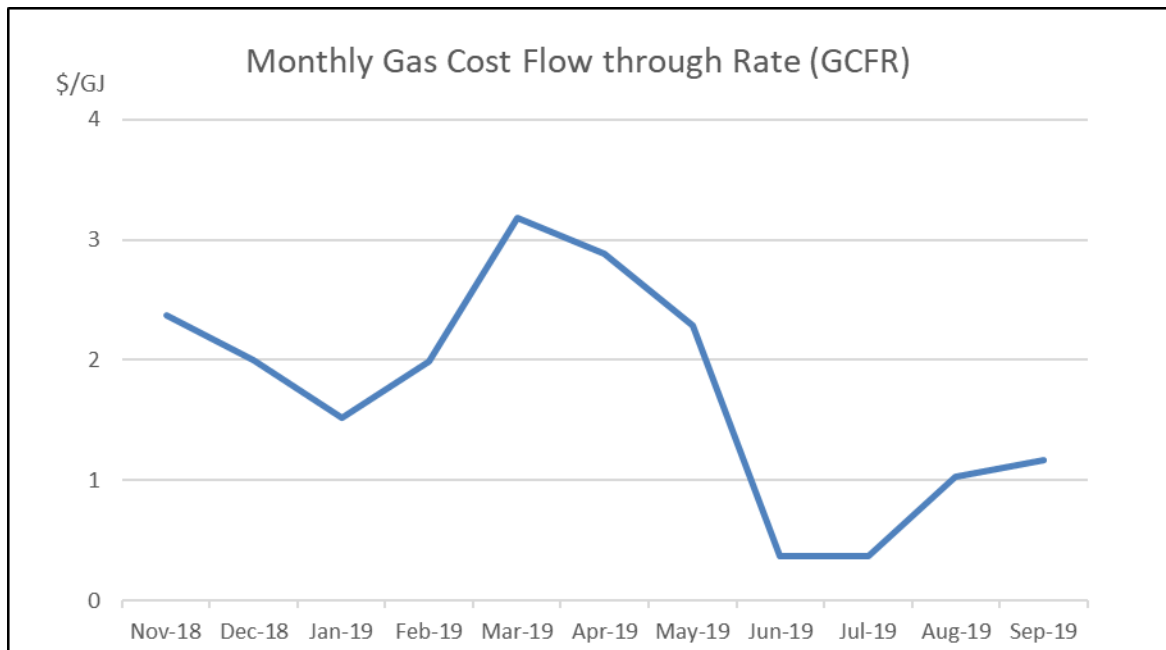
This report has no specific risks associated with it. Any risks arising from utility developments reviewed in Attachment 1 will be addressed in a separate report if required.

ATTACHMENT(S)

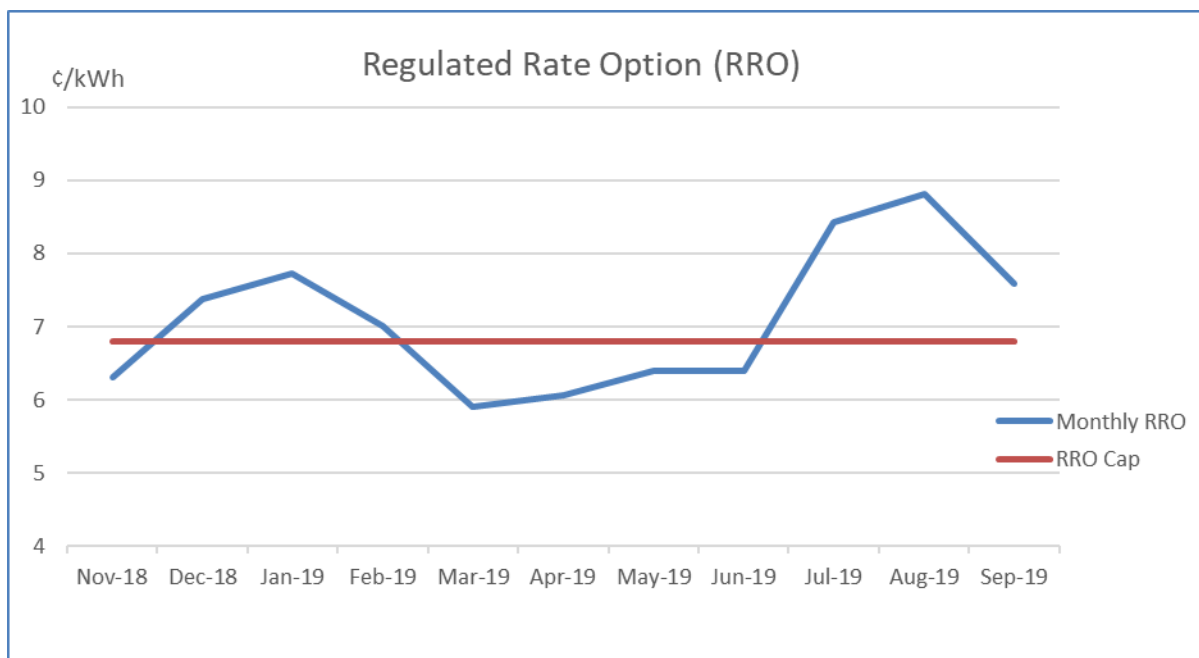
1. Attachment 1 – Industry Update on Electricity, Natural Gas and Telecommunications

ENERGY PRICES AND MARKETS**Natural Gas**

The 2019 September gas cost flow-through rate (GCFR) was \$1.17 per gigajoule. This is an increase from the exceedingly low price of \$0.37 recorded in June and July. Overall, natural gas market prices remain low due to weak demand, over supply and continuing pipeline constraints. For the first half of September, the Alberta daily price averaged only \$0.50 per gigajoule. Natural gas costs for The City from January to June 2019 are up 5.6 percent (\$341,000) relative to 2018, despite consuming lower volumes of natural gas, due to higher delivery costs.

**Electricity**

The ENMAX regulated rate option (RRO) price for 2019 September was 7.59 cents per kilowatt hour. The Price Cap of 6.8 cents per kilowatt-hour will be in effect for September (see graph on the next page). Electricity costs for The City from January to July 2019 are up 6.7 percent (\$3.1million) relative to the same period in 2018, despite lower volumes, due to an increased unit cost.



The month-to-date all-hours average price for 2019 September 16 was 5.77 cents per kilowatt-hour. For reference, the all-hours average price for 2018 September was 3.61 cents per kilowatt-hour. Based on the ICE NGX Canada Inc. (Calgary based natural gas and electricity exchange) forward prices it is expected that the price of electricity will remain near current levels for the remainder of the year.

UTILITY REGULATION UPDATE

Alberta Energy Regulator (AER)

The Alberta Government removed the Alberta Energy Regulator's (AER) entire board of directors on 2019 September 6. An interim board was appointed for a term of nine months. The government announced that it will also launch a full review of the agency's mandate and governance structure.

Energy Minister Sonya Savage said that it is unacceptable that it takes twice as long to get oil and gas projects approved in Alberta as it does in Saskatchewan despite the fact that the AER has hired more staff in recent years. The government will be consulting with stakeholders for recommendations related to the regulator's board, CEO accountability and oversight rules around budgeting and spending.

Alberta Utilities Commission (AUC)

Mark Kolesar, Chair of the AUC, will be attending the 2019 November 14 meeting of GPT. The purpose of the visit is to extend The City's welcome, provide a background on The City's regulatory intervention objectives and governance and to highlight a few of The City's regulatory concerns.

Alberta Electric System Operator (AESO)

The AESO is directed by the AUC to file a ISO Tariff application by 2020 March 31. With the government's decision to return to the energy only market, activities related to allocating the capacity procurement tariff have ceased. Stakeholder engagement related to allocating the costs of bulk and regional transmission are continuing.

The tariff design review will include revised transmission cost causation methodology, load analysis of major bulk system lines and services such as interruptible, standby and energy storage.

UTILITIES AND INDUSTRY DEVELOPMENTS**Travers Solar Project**

On 2019 August 27th, The AUC approved a \$500 million solar power project for southern Alberta that will be the largest in Canada. Greengate Power Corp. of Calgary will proceed with project construction next year with commercial operations set for 2021. The solar facility is designed to generate 400 megawatts at peak capacity, enough to supply electricity to more than 100,000 homes. Greengate Power said that construction of the project will create hundreds of jobs.

The project will be located in Vulcan county, which is 120 kilometers southeast of Calgary. The project will employ 1.5 million solar panels on approximately 1,600 hectares currently used primarily as grazing and crop land. This project is not part of the former government's Renewable Energy Program that provided a long term guaranteed price but is a non-subsidized commercial risk investment.

Suncor Energy Oil Sands Cogeneration

Suncor Energy has announced that it will invest \$1.4 billion to install two cogeneration units in its Oil Sands Base Plant. The natural gas fueled cogeneration facilities will replace petroleum coke-fired boilers reducing greenhouse gas emission by 25 percent. The cogeneration units will provide steam generation for Suncor's bitumen extraction and upgrading operations as well as providing 800 megawatts to Alberta's electricity grid.

Suncor says that the project will lower emissions equivalent to removing 550,000 cars from the road. The new cogeneration units will also cut Base Plant sulfur dioxide emissions by 45% and nitrogen oxide emissions by 15 percent.

Eavor Technologies Geothermal Project

Eavor Technologies, a Calgary based firm, is constructing a \$10 million geothermal project in central Alberta that is considered a "game changer" because it doesn't use water and creates no greenhouse gas emissions.

The project is a closed loop geothermal project that works as a kind of radiator. Wells are drilled kilometers apart and several kilometers deep before they are directionally drilled to intersect with each other creating a huge U-shaped well. The project uses a proprietary fluid to circulate through the system instead of water like other geothermal developments and is a scalable source of emissions free power.

Drilling is underway and the loop is expected to be closed by the end of 2019 September. The project benefits from Alberta's drilling industry expertise and abundance of available drilling equipment. Eavor Technologies says that the technology can be used almost anywhere rather than the 5 percent of the world where traditional geothermal resources are situated. The

project received \$1 million in funding from Alberta innovates and from Emissions Reduction Alberta.

TELECOMMUNICATIONS

5G Ready for 2020

- The 5G Ready for 2020 process re-design work has moved into implementation. This includes:
 - a soft launch to test the revised process,
 - development on an interim, followed by a long term, application intake and workflow system,
 - collaboration review of the process with the wireless service providers,
 - development of standard terms and conditions and a master agreement.
- This work will facilitate the deployment of the small cells, and other equipment, necessary for 5G.

BRIEFING

Item # 5.2.2

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**Chief Financial Officer's Briefing to
Gas, Power and Telecommunications
2019 October 10**

**ISC: UNRESTRICTED
GPT2019-1292**

Status of Outstanding Motions and Directions

PURPOSE OF BRIEFING

This report details the outstanding items for the Gas, Power and Telecommunications (GPT) Committee from the meeting of 2019 September 12.

SUPPORTING INFORMATION

The GPT Committee has directed that this report be prepared for each meeting. This report, and Attachment 1, provides a summary of outstanding items for the GPT Committee.

For the specific items listed in Attachment 1, the background is available in the original report presented to GPT as well as the minutes of the applicable GPT meeting. This report is in alignment with the mandate of the Gas, Power and Telecommunications Committee.

This report tracks outstanding motions and directions from the GPT Committee to Administration. The report has no specific risk associated with it. Directions or motions with risk implications have those risks addressed in the context of a report on the directions or motions.

ATTACHMENT(S)

1. Attachment 1 – Status of Outstanding Motions and Directions

STATUS OF OUTSTANDING MOTIONS AND DIRECTIONS

GPT 2019-1292
Attachment 1

ITEM	DATE OF REQUEST	REQUEST	COMMITTEE DIRECTION	STATUS
Send report GPT2019-0887 to Council	2019 July 25	Direction	Refer the July Industry Update on Electricity, Natural Gas and Telecommunications report (GPT2019-0887) to the October 21 Combined meeting for review.	On-going