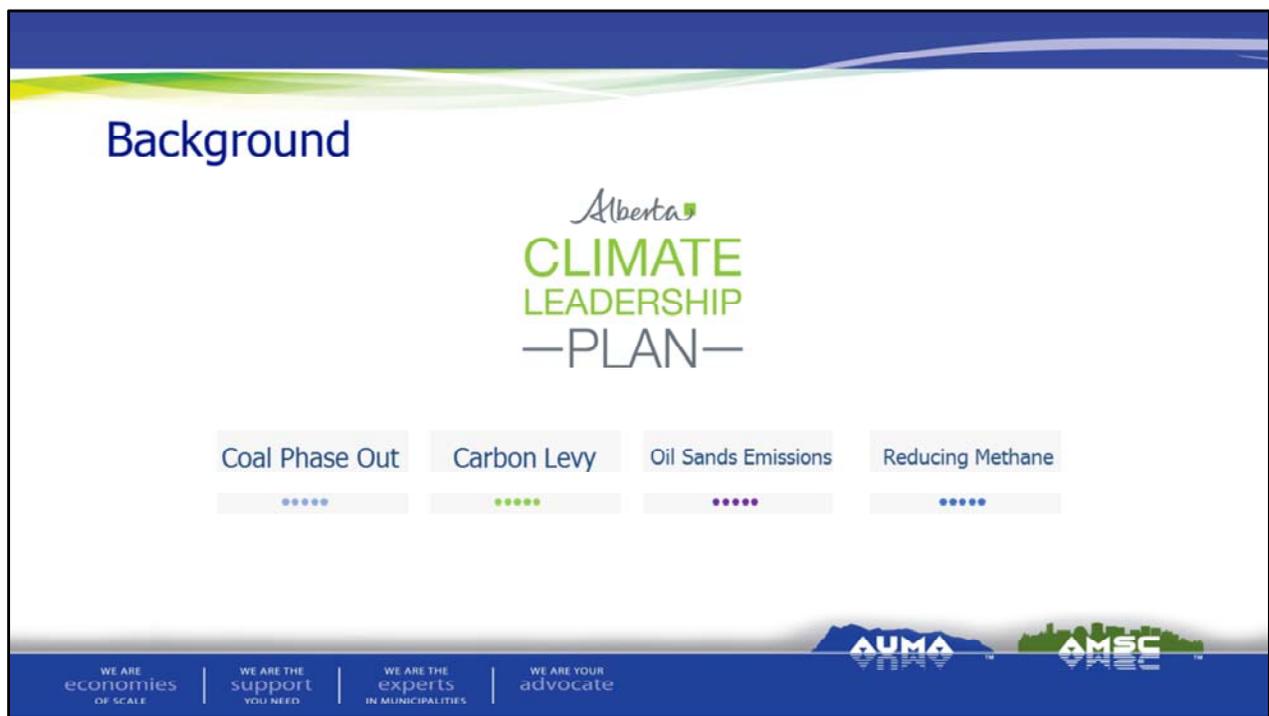


- Ok, everyone, it's time to get our next session started.
- Good morning.
- My name is Bruce McLeod and I am the Mayor of the Village of Acme, and AUMA's Director of Villages South.
- Welcome to today's session on community generation.
- I am going to start today by explaining how this session is going to work.
- Our speaker is going to come up and briefly introduce the concept of community generation.
- Then we will have a panel discussion facilitated by our speaker and if time allows an opportunity for comments or questions from all of you.
- Our speaker and facilitator today is AUMA's Senior Director of Utility Services, Alvin Law
- I'd like to call up Alvin now to kick us off.



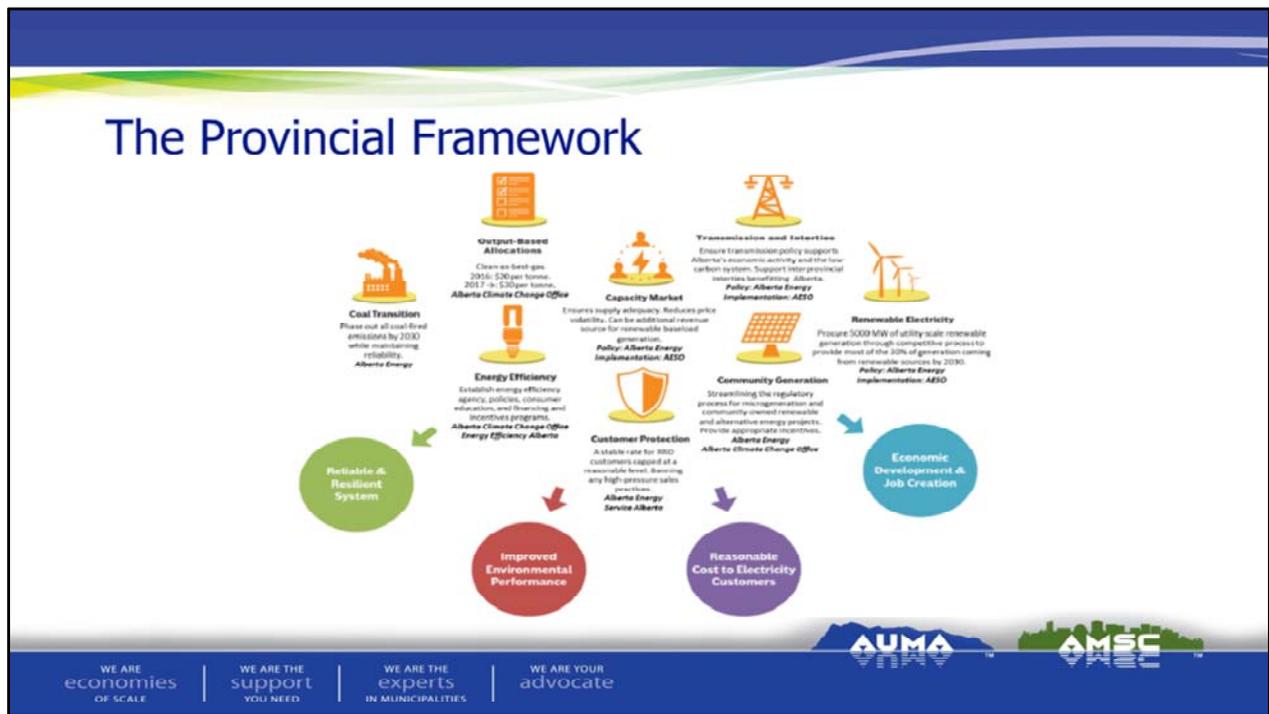
[ALVIN SPEAKS.]

- Thank you, Bruce.
- I'd like to start with a bit of background and review of what led us here. A lot of what I will talk about today really had its roots within the Alberta Climate Leadership Plan
- What is the Climate Leadership Plan?
- Well, it's a strategy the province released in November 2015, based on recommendations from the Climate Change Advisory Panel led by Dr. Andrew Leech.
- The strategy promotes actions in the four areas of:
 - Phasing out coal;
 - Implementing a carbon levy;
 - Capping oil sands emissions; and
 - Reducing methane emissions.
- The strategy's overall goal is reduce our province's emissions while enhancing our economic position.
- One of the key elements of the Climate Leadership Plan is developing more renewable energy.
- The government set a target of 30 per cent renewable electricity by 2030 and has announced several initiatives to help reach this goal...including yesterday's announcement regarding the investment of \$54M in the Municipal Climate

Change Action Centre.

- At the utility-scale level, the government launched the Renewable Electricity Program.
- On a smaller scale, the government amended the Micro-generation Regulation and is now looking at community generation.

The Provincial Framework



- In order to understand the connection between the Climate Leadership Plan and Community Generation, we must look at the framework upon which the government is using to create changes within the entire electricity industry.
- The province want to meet four objectives:
 - A reliable and resilient electricity system;
 - Improved environmental performance;
 - Reasonable cost to electricity customers; and
 - Economic development and job creation.
- This graphic shows all of the key focus areas that the province is working on in restructuring the electricity industry.

What is Community Generation?

Community Generation – distributed generation where local communities, First Nations, Métis settlements, MUSH sector organizations, community associations, or co-operatives participate in the production and/or use of alternative and renewable energy. Community generation can be intended to meet the electricity consumption of a community, and/or export excess electricity to the distribution grid for the purpose of revenue generation.

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- So what is community generation?
- The province initially defined community generation as distributed generation where local communities, First Nations, Métis settlements, MUSH sector organizations (i.e. municipalities, schools, universities, and hospitals), community associations, or co-operatives participate in the production and/or use of alternative and renewable energy.
- Community generation can be intended to meet the electricity consumption of a community, and/or export excess electricity to the distribution grid for the purpose of revenue generation.
- Some challenge elements within this definition while others have challenged the entire definition.
- There is no clear interpretation at this point and some see the term as redundant – being simply a term that captures a group of interested parties operating as a distribution connected generator through financial instruments.
- Others view this more as a physical connection between assets.

What Could Community Generation Look Like?



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- So what could community generation look like?
- Communities of thought
- Financial Communities
- Geographic Communities

It could look like a bunch of solar photo voltaic panels on a new residential community, a farm of panels in a field, or wind turbines or perhaps biogas.

There is no one definition at this point.

Why Community Generation?



So you may ask, why do we need community generation?

- The Government of Alberta conducted a review of the Micro-Generation Regulation in 2016.
- This regulation enables Albertans to meet their own electricity needs by generating electricity from renewable or alternative energy sources, less than 5 megawatts.
- The regulation sets out simplified rules compared to utility-scale or commercial generation, and establishes a mechanism to compensate micro-generators for the excess electricity they send to the distribution grid.
- During the review, stakeholders expressed strong support for a regulatory framework that enabled something bigger than micro-generation, something bigger than 5MW, and bigger than what you could consume on site – something like community generation.
- The key issue raised was that some viewed the Government of Alberta as not having a policy in place for distribution connected alternative and renewable generation sized for net export.
- Hence, a spot for something called community generation was borne.

Why This Matters to Municipalities

Opportunities

- Potential for new revenue sources
- Potential for better management of utilities costs
- Can enable economic diversification and job opportunities
- New opportunities for regional collaboration

Risks

- Generation is a highly complex industry
- Incumbents may challenge participation by public entities
- Issues in land use, zoning and ownership.

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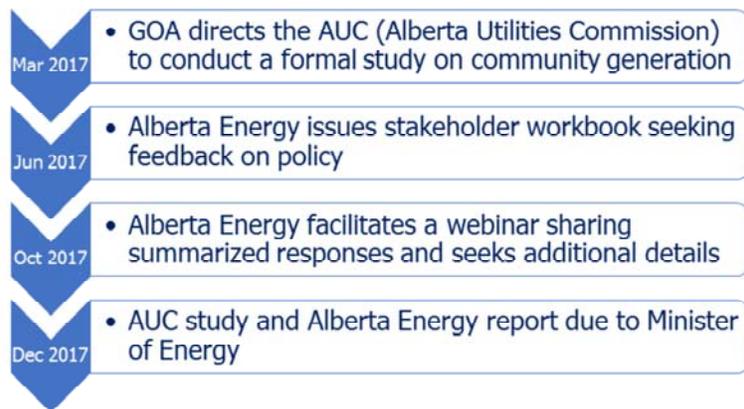
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So why does this matter to the folks in this room?

- Regardless of the outcome, there is a potential for significant impacts on municipalities.
- These include opportunities such as:
 - New revenue sources and tax opportunities;
 - Cost management;
 - Economic diversification and jobs; and
 - Regional collaboration.
- But there are also risks, including a significant gap in knowledge and capacity as this would be a new approach.
- Incumbent companies may vehemently challenge the participation of public entities in their marketplace.
- And there could also be issues around land use, zoning, and infrastructure ownership.
- Even if municipalities themselves do not want to directly generate energy, they will likely have to deal with parties who do.

Progress Thus Far



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- This slide is a review of some of the engagement activities on this topic thus far.
- Neither the AUC study nor the Alberta Energy report have been made public at this time.

Panel Discussion



Chris Warwick
Mayor
Town of Hanna



Manny Deol
Chief Operating Officer
Clean Energy
Technology Centre

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It is now my pleasure to introduce your panel who will help us better digest and provide perspective on this concept of community generation.

Chris Warwick is Mayor of the Town of Hanna. Mayor Warwick was the recipient of AUMA's Award for Excellence for showing outstanding civil leadership during his term as his community faced the impacts of the phase out of coal.

Manny Deol is Chief Operating Officer of the Clean Energy Technology Centre in Drayton Valley. An engineer by training, Manny worked for the Town of Drayton Valley first in the engineering department before moving up to become Chief Administrative Officer.

- How would you personally define Community Generation?
- What do you see as the benefits of Community Generation for municipalities?
- What sort of challenges do you see for municipalities in an environment that allows for Community Generation?
- Should Community Generation be flexible to allow any source of generation or restricted to renewable or non-emitting sources?
- Who should be the owners of community generation? Should municipalities play

a role in ownership?

- Does Section 95 of the EUA act as a barrier to municipal ownership?
 - What are other barriers?
- How can municipalities fund the development of community generation if they want to own the asset?
 - As your chance to provide closing comments, and in asking you to take the role as the visionary, what would an ideal community generation environment look like? Both from a policy perspective and from a municipal participation perspective.
- TIME PERMITTING
 - I want to open this up to the room, does anyone have any comments, concerns or experiences they would like to share on community generation?
 - Is this a subject you would like more information on in the future as it becomes available?
 - Is this something AUMA should be actively advocating on?



[END DISCUSSION AT 10:55 A.M.]

[BRUCE SPEAKS.]

- Ok, we've run out of time for discussion.
- I want to thank Alvin, Chris and Manny for coming out today.
- This was a great conversation on an interesting topic.
- I also want to thank all of you for coming out today
- This kind of feedback is really useful in shaping our approaches on emerging issues.
- I will now turn things over to my fellow Board member, Maryann Chichak.