

Final Mission Report

Travel to New Orleans, Louisiana

The Energy Council

2007 State and Provincial Trends in Energy and the Environment Conference

June 28 – July 1, 2007

Executive Summary:

The Energy Council is a United States legislative organization, whose members are legislators from energy producing states. A number of Canadian provinces and the country of Venezuela are international affiliates. Alberta became the first international affiliate of The Energy Council in 1991. The purpose of the Council is to discuss and promote policies that encourage the efficient development of domestic natural resources. The Council meets in various locations in Canada and the U.S. on a quarterly basis.

Mission Objectives:

- Long term advocacy and promotion of Alberta's interests in the development of U.S. energy policy and as a major energy supplier to the U.S.
- Furthering existing partnerships and relationships with counterparts from U.S. legislatures.
- Fostering the development of a cohesive Canada- U.S. strategy on global energy issues.

Summary of Conference Presentations:

Friday, June 29, 2007

Breakfast Address: The Business of Renewable Energy

The conference opened with a speech from **Mr. Pat Wood III of Wood3 Resources**, who emphasized that renewable energy is “an industry whose time has arrived.”

A unique coalition of varying interests- air quality, economic development, national security, resource conservation, religious stewardship and climate change – has created a “green majority” in the US. In addition, the economics of renewable energy are now attractive. As the costs of natural gas, coal and uranium fuels have risen, wind, solar, biomass, and geothermal costs have been driven down by competitive forces. Many states have promoted renewable energy through such varied policies as renewable electricity portfolio standards, carbon caps, expanded power transmission line construction, tax credits and tax abatements.

The Gulf of Mexico – America's Offshore Oil and Gas Patch

Energy production in the Outer Continental Shelf was detailed by **Mr. Tom Fry, President of the National Ocean Industries Association**. America's outer continental shelf holds tremendous energy potential, yet current policies place over 80 percent of it

off-limits. A strong record of safety and technological innovation should allow these policies to be re-thought.

Ms. Cathy McRae, Venture Manager of Shell Exploration and Production Company gave a presentation regarding her company's industrial operations in the Deepwater Gulf of Mexico (GoM). Shell is the leading deepwater producer in the GoM. Ms. McRae suggested that the GoM will continue to play a critical role for the U.S. economy, energy supply and security. "Shell helped change the face of the offshore oil and gas industry starting more than 50 years ago and that same creative energy is what will push the limits of technology and imagination as we move forward with projects like Perdido in the ultra deepwater GoM." As the easy oil has been discovered and tapped in the GoM and elsewhere, new technologies and innovations will be the keys to unlock new resources.

World Energy Review

Mr. Mark Finley, Head of Energy Analysis BP PLC, indicated BP's Statistical Review of World Energy 2007 shows that growth in global energy consumption slowed in 2006, despite stronger economic growth. Energy prices remained high by historical standards, although price movements in 2006 varied by fuel type and region.

State Energy Regulatory Issues

Critical issues currently facing state regulators are many and varied. Current needs include new electric base load generation and corresponding transmission, as well as a renewed approach to "Integrated Resource Planning." An aggressive focus should be placed on energy efficiency and demand response. Due consideration must also be paid to the impacts of potential new Congressional energy policies on state planning efforts and regulatory policies. There is a lack of certainty on future fuel choices and a need for incremental supplies. All of these issues impact reliability, choices, and rates.

Expanding Horizons – Energy in Kansas & Saskatchewan

The Honourable Carole McGinn, of the Kansas Senate and Mr. Eric Cline, MLA for the province of Saskatchewan, presented applications for membership to the Energy Council on behalf of their respective elected bodies.

Mr. Cline stated, "Saskatchewan's energy interests are in common with other member of the Energy Council, and should be considered for membership. Saskatchewan's diverse energy resources include uranium, coal, oil, and natural gas. The province is a major Canadian producer of energy and exports significant amounts of energy to the United States."

CLEER University Advisory Board Seminar on Hydrogen Fuel Cell

Mr. Craig Murray, VP Manufacturing and Value – Added Processing, Saskatchewan Research Council

The Center for Legislative Energy and Environmental Research (CLEER) is the Research Affiliate of the Energy Council. It supports the energy and energy-related environmental

policy development, dialogue, forums, and outreach undertaken by the Council. CLEER is funded by contributions from various Energy companies. CLEER meetings are held quarterly in conjunction with the Energy Council meetings.

Saturday June 30, 2007

Reshaping Provincial/State Energy Plans

The Hon. Richard Neufeld, Minister of Energy, Mines, and Petroleum Resources for the province of British Columbia presented the province's new energy and climate action plans to the Council. The plans will be complemented by an air quality improvement initiative. Among the provisions of the energy plan is a requirement that the Province be electricity self sufficient by 2016 and that at least 90 percent of electricity comes from clean, renewable sources. Any coal-fired project will require 100 percent carbon sequestration.

A \$25 million Innovative Clean Energy Fund will be established to encourage the commercialization of alternative energy solutions and new solutions for clean remote energy. There is also a federal – provincial partnership to invest \$89 million for fuelling stations and the world's first fleet of 20 fuel cell buses.

Right to Know/Need to Know and Critical Energy Infrastructure

Mr. Alan Rathbun, of the Washington Utilities and Transportation Commission Pipeline Safety Division spoke regarding measures that have been implemented to protect critical energy infrastructure in Washington State. They consider the location of transmission pipelines as public information critical to public awareness and safety. The commission has supported legislation whereby the underlying detailed geographic information data should be protected from public disclosure, however litigation is pending under current Washington law.

Environmental Impacts of Offshore Seismic

Mr. Herb Leedy of the U.S. Department of Interior Minerals and Management Service outlined the growing public debate over the potential impacts of noise caused by humans on marine mammals. Noise associated with offshore development includes seismic surveys, service vessel traffic and explosive materials. The regulatory process requires scientific information and while progress is being made, there is still much to be learned.

State Incentives for Coal Gasification and Coal to Liquids

Mr. Mike Nasi, Partner with Jackson Walker L.L.P.

America's need for reliable and affordable electric power makes coal the preferred fuel for electric power generation in the U.S.

Strong public support for achieving all-time low air quality emissions and the potential for carbon regulation in the U.S. create the urgent need to develop next generation coal

plans that further cut emissions and have real potential to control, sequester, and maybe use carbon dioxide.

It is also essential to U.S. National Security that technologies be developed that enable coal to be cost-effectively utilized to produce transportation fuels for our growing population.

States across the country have passed legislation designed to create financial, market and regulatory incentives for coal gasification and liquefaction, including Texas, which recently passed a significant new law that could shape the direction of electric generation in Texas for years to come.

Official Delegation

Hon. Mel Knight, Minister of Energy

Jason Ennis, Executive Assistant

Frank Oberle, MLA for Peace River