



Canadian  
Electricity  
Association

Association  
canadienne  
de l'électricité

EXTRACTS FROM CEA REPORT

# PERSPECTIVES FROM & ON THE TRUMP ADMINISTRATION

WASHINGTON POLICY FORUM | WASHINGTON, DC  
APRIL 3 & 4, 2017

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## I. INTRODUCTION

On April 3 and 4, CEA led a delegation of 16 members, including eight CEOs, to Washington for the annual CEA Board of Directors Washington Policy Forum.

This year's visit took on added importance given the new Trump Administration. It offered the opportunity to gain early, on-the-ground perspectives of what a Republican controlled White House, House of Representatives and Senate may mean for national policy direction, both in tone and substance. It also provided opportunities to network and to build relations with U.S. thought-leaders, stakeholders and policy makers working to influence the energy agenda and outcomes.

The underlying goals of the forum included the following:

- Advancing and increasing the visibility of CEA member interests within U.S. policymaking circles;
- Gathering information on initiatives of interest and the trajectory of U.S. energy policy;
- Communicating the Canadian electricity sector's views on emerging policy issues;
- Enhancing CEA's profile in U.S. policy arenas as a strong, credible, engaged and effective voice, focused on opportunities for cooperation on mutual challenges; and,
- Building relationships with, and enhancing access to, key decision-makers.

This trip report details the insights gained while in Washington. The first section provides a discussion of key insights and takeaways; the second section outlines actions items and next steps. The Appendix contains additional information, including the delegate list.

## II. EXECUTIVE SUMMARY

### THREE KEY CONCLUSIONS:

1. The Trump Administration is still getting up to speed on the issues and putting its team in place, especially at the senior levels of the bureaucracy. While the Administration officials, House Representatives and Senators we met with were very receptive to our key messages, we must continue to increase the understanding that an integrated electricity grid delivers value on both sides of the border. We do not need to necessarily change minds, but we do need to educate a new cadre of senior officials, including the new Secretary of Energy, Rick Perry, and his team.
2. There are two low-probability, high-impact factors that may deeply impact the Canada-U.S. energy relationship: unfavorable changes to the North American Free Trade Agreement's (NAFTA's) Chapter 6 on energy trade and a Border Adjustment Tax (B.A.T.) applied to Canadian energy exports. In both cases, the CEA delegation was told repeatedly that Washington does not want to undercut the relationship, which is critical to America's national energy security. The risk remains, however, that the Canadian electricity sector could get swept up in the broader protectionist narrative. Again, in concert with Canadian governments, our industry must continue to educate and advocate on these two fronts.
3. NAFTA and the B.A.T. aside, there are many areas ripe for an "early harvest" of solid bilateral progress, including cross-border infrastructure permitting, physical and cyber security, energy innovation including grid modernization and carbon capture and storage, and electricity market reform. The Canadian electricity sector should work with our U.S. counterparts to identify and deliver a few early wins; this will resonate well with an Administration and a Congress eager to show results.

### ELEVEN NEXT STEPS:

1. Continuously refine our key messages and look for opportunities to repeat, repeat, repeat.
2. Get Canadian experts in front of Senate and House Committees.
3. Host U.S. officials in Canada, preferably on-site at members' facilities.
4. Continue to build relationships with Congressional and Senate offices.
5. Feed the federal and provincial cross-border outreach machines.
6. Connect with U.S. bureaucrats once they are in place (see inside for discussion on a proposed fall trip).
7. Closely monitor the U.S. legislative agenda.
8. Support Canadian trade negotiators by providing sector-specific data and details, in order to protect the free trade of electricity.
9. Work to further strengthen the Canadian value of the Electricity Sub-Sector Coordinating Council (ESSC).
10. Share lessons learned and key takeaways from the trip with CEA members.
11. Debrief Government of Canada officials working on the Canada-U.S. file.

### III. STRATEGIC TAKEAWAYS

#### A. POLITICAL SCENE ON THE GROUND IN WASHINGTON

**1. Many commented on the “chaotic” start to the Trump Administration.**

- A number of people suggested that “nobody knows where all of this is going.”
- It is difficult to distinguish between what is rhetoric and what is government policy.
- Some commented that President Trump is still in “campaign mode,” reacting to opponents rather than setting the agenda.
- Trump officials (like all their predecessors) are finding out quickly that governing is much more difficult than campaigning.

**2. President Trump was essentially elected on a platform of job creation and improving the economy for middle America. This is not too dissimilar to Prime Minister Trudeau’s mandate.**

- President Trump is a product of a “national sentiment”.
- During the campaign he tapped into a raw nerve of deep middle-class anxieties, not unlike other movements and elections elsewhere in the world.
- Many feel that globalization has not worked for them and favour a protectionist stance.
- This will present ongoing challenges for Canada’s trading relationship with the U.S.
- Canada must help the Administration find ways to transform these anxieties into opportunities for them and for us.
- Despite the economy-centric mandate, the early issues --- Russian interference in the election, health care, Syria, etc. --- that have been getting a lot of attention in Washington are non-economic (this is similar to the Clinton Administration, where the President was elected on an “It’s the Economy Stupid” slogan, and yet started his mandate by focussing on the highly charged, highly partisan issue of ‘gays in the military’).
- Trump needs to pivot to the economy, and he has signaled that he will be doing just that (i.e. tax reform, an infrastructure bill).

**3. Huge policy and political changes are underway, both in terms of substance and governance.**

- While there was considerable policy alignment between the Obama and Trudeau governments, now there is potential for misalignment on a number of policy fronts (i.e. climate policy, clean energy, multilateral trade).
- However, some American insiders the delegation met with noted the need to protect the things that do work well, and included energy cooperation with Canada as an example. So far, there is no ‘push back’ on this from the Trump Administration.

- Also, there are many initiatives being pushed by qualified officials and agencies, that began under the Obama Administration and will continue under President Trump.

**4. Impacting the ability of the White House to implement its ‘change agenda’ is the reality that President Trump and many of his advisors do not have any government experience.**

- In fact, some of his advisors wish to ‘break’ the current model of governance, and rebuild it on very different foundations (although it seems like the President is increasingly distancing himself from this ideology).
- Some touched on the President’s vision to decentralize the role of the federal government (make it smaller), in favour of greater State authority and action.

**5. Compounding political inexperience is the fact that some 4,000 staffing appointments have yet to be made.**

- Many departments are almost devoid of senior political staff.
- The Federal Energy Regulatory Commission (FERC) does not have a quorum of Commissioners, which has put all major decisions on hold.
- Until the last moment, the Trump campaign team was not expecting to win, so preparations for the transition started later than they should have.
- It was estimated by one insider that some 80% of the Republican talent pool, from which senior political department staff are typically drawn, opposed Trump during the primaries which makes it virtually impossible to appoint them to senior positions now.
- President Trump’s people are closely screening candidates, which has further slowed the appointment process.

**6. President Trump does not have long or deep ties to the Republican Party.**

- Many commented that while he led the Republican ticket, he is more of an ‘Independent’.
- One suggested that President Trump executed an “unfriendly take over” of the Republican Party.
- He now needs to build these relationships in order to sustain his policy agenda.
- And yet, the President is taking an aggressive approach against some of those Republicans from the ‘Freedom Caucus’ (on account of the failed Health Care Bill) that will make relationship building more difficult. This approach also runs the risk of alienating parts of his base. Someone described it as a “civil war” with his conservative base.

**7. The President must quickly build bridges to the Democratic Party.**

- It was clear from some Democratic elected officials that we spoke to that the President has much work to do in order to bridge the bitter divide that currently exists.
- Whether the President will commit to doing so remains an open question.

**8. President Trump has low (30-35%) popularity scores.**

- This serves to undercut his political authority with both Republicans and Democrats, making it more difficult to build the necessary bridges.
- Normally, a President's political currency is highest following a national election. This has not been the case with President Trump, who must now work to build his political capital after a bumpy start.

**9. This does not necessarily mean that the initial "chaotic" start will continue, or characterize the rest of the term.**

- Many, including industry, hoped that the Trump Administration will soon find its 'sea legs', making governing more stable and policy more predictable.

**10. Despite the wave of political changes, people suggested that not everything will be lost or turned over.**

- Some officials in fact argued that it is important to "protect the things that work between Canada and the U.S., and that energy policy is among these".

**B. THE CANADA-U.S. RELATIONSHIP**

**11. All U.S. officials spoke warmly of the bilateral relationship, and the importance of continuing to build and protect this partnership.**

- This was particularly the case when it relates to energy. Our American counterparts readily accepted that Canadian energy supply, including imports of clean Canadian electricity, contributed to U.S. national energy security, and that they want this to continue into the future.
- Our story of friendly, dependable, reliable, secure, low cost, and clean electricity as a key input to U.S. economic success, does resonate. We need to repeat, repeat, repeat.
- This is a very positive signal that we must build on.
- In fact, in a sea of political changes and policy waves, the bilateral energy relationship may be the exception to the rule.

**12. Many commented positively that the Canadian government has been quick, active and astute in its engagement with the Trump Administration.**

- Both the federal government and provincial governments have been actively engaged in Washington. There has been a high degree of cooperation between the two levels of government.
- During our trip, Premier Wall was in town to make the case for a continued strong relationship on energy and other matters.
- There has also been strong cooperation between Canadian governments and the private sector to align key messages and policy advocacy efforts.

- Government officials are enjoying good access to American decision makers. Federal Ministers are busy getting to know their Trump Administration counterparts.
- Many commented that the first meeting between Prime Minister Trudeau and President Trump was seen as very positive from both Canadian and American perspectives.
- Prime Minister Trudeau continues to find channels to deepen engagement and relationships; he recently attended the Broadway debut of the theatre production “Come From Afar” with Ivanka Trump, a public relations and government relations success.

**13. One person close to the President noted that the President’s advisor, Jared Kushner, is interested in Canada’s public/private infrastructure investment model.**

- Kushner, who is the President’s son-in-law, is emerging as a key confidant. Some described him as the “go-to-guy” if one wants something important to get done.

**14. A number of people suggested that Canada should brace for a severe (35-45%) tariff applied to Canadian softwood lumber.**

- This could certainly sour the cross-border relationship. Prime Minister Trudeau would almost certainly have to react – but how?
- It was also pointed out that while Obama offered “soothing words” on the softwood, nothing was ever resolved.

**15. The issue of the competitiveness “gap” between Canada and the U.S. came up a number of times.**

- The worry was that this gap could widen due to a number of actions being contemplated by the Administration, including climate policy reversals, deregulation, and tax reform.
- Many noted that the Canadian governments must be sensitive to this.

**16. It is clear that the White House, the Senate and the House are keen to work with Canada on bilateral energy issues.**

- How, therefore, can Canada and the U.S. collaborate on policies which speak to the Republican agenda of middle-class job creation and economic growth?
- Ensuring affordable energy for all is one such opportunity.
- Moreover, many felt that the U.S. infrastructure file was seen as a potential area for bipartisan support, especially with respect to ensuring timely Presidential permits for cross-border energy infrastructure.
- A third area of potential collaboration is for the two governments to pursue and sponsor joint energy innovation and R&D, with a focus on ensuring reliable, secure, affordable energy for all.



## C. KEY POLICY ISSUES

**17. Electricity Policy...** *Very little has been said by the Trump Administration on electricity policy, beyond the move to repeal or replace the Clean Power Plan. The Clean Power Plan was thought to represent an opportunity for Canada.*

- Many U.S. politicians and the American public in general still do not appreciate the extent of the energy integration between our two nations.
- Canadian governments and industry must intensify educational efforts on this front. We must articulate the benefits from the U.S. perspective, in addition to our own.
- A number of participants offered that CEA's message to U.S. policy makers should focus on three main themes:
  - 1) Energy integration, especially with respect to low cost hydro, supports energy security and jobs.
  - 2) Cross-border energy infrastructure, if we pick our spots to work together, supports reliability and jobs.
  - 3) Safety and security, including both cyber and physical aspects, is critical to both countries.

**18. Cyber security...** *is a very important issue for all elected officials, and for the Trump Administration.*

- Cyber security is an issue at the top of Secretary Perry's radar, which reflects what we have been hearing from Canadian officials.
- Because there is already strong collaboration on this issue between our two countries, our governments, our respective electricity trade associations, and our private industries, we can build on this as an 'early harvest'. A critical next step will be to identify new elements that can be added to bolster this bilateral cooperation, while maximizing the value of existing structures.

**19. The Border Adjustment Tax (B.A.T.)...** *is a seductive revenue generator. While some U.S. officials kept their powder dry, the overwhelming majority of people we met with felt that this tax will not see the light of day.*

- There was a broad recognition that the B.A.T. would harm U.S. trading relationships and the many American jobs reliant on the free flow of goods, services, and people.
- Moreover, Senators and Members of Congress are aware that the B.A.T. would trigger reciprocal actions from Canada and other nations, which would make the consequences much more serious and detrimental.
- People were unsure how invested the President is on the B.A.T.
- Canada's messages against the B.A.T. have resonated in Washington and have found support at the state level. However, we need to keep up our advocacy on this front because we should not assume that the B.A.T. will not move ahead. It is currently a low probability outcome; however, President Trump badly needs to generate revenues to support his tax reform agenda, so we must treat it as a constant risk.

- Some expressed a worry that no final decision will be taken on a B.A.T., and that it will just “sit there” as a possibility for months. That would be unhelpful. If the B.A.T. is widely recognized as a bad policy option, it should be killed quickly.

**20. The Clean Power Future...** *Many commented that while President Trump is rolling back the Clean Power Plan and other environmental policies, they believe that the march towards cleaner energy will continue.*

- They felt that many U.S. sub-national governments (states and cities) and much of industry will continue to make investments towards a greener and cleaner future.
- This sentiment was also clearly expressed and endorsed by the President and CEO of the Edison Electric Institute (EEI), CEA’s U.S. sister organization.
- Nonetheless, Canadian governments must still be sensitive to the competitiveness of Canadian industry, because between policy changes on the environment and regulatory as well as tax reform, the competitive gap between U.S. and Canada can widen.
- Republicans are seen as more friendly to hydro than they are to other renewables like wind and solar.

**21. Energy and the Environment in that order...** *During the Obama Administration, politically speaking, environment came before energy. Thus far, under President Trump, the order has been reversed.*

- When the Administration speaks about environmental issues, it’s generally framed in the context of clean air and clear water, not climate change.
- Energy development and energy security are paramount.
- It remains to be seen if the President will be successful in bringing back coal jobs. With resource extraction automation and the current low price of natural gas, very few people are predicting the opening of new mines or new coal-fired generating stations.

**22. Trade Policy...** *Just as in the election campaign, Trump is changing the traditional U.S. position on trade policy.*

- Typically, the U.S. was the ‘locomotive’ for freer trade. Today, it is legitimizing protectionism. In fact, at a recent G20 meeting, the U.S. took the position that protectionism should not be condemned, while Brazil and China sang from the opposite hymn sheet. A complete reversal of roles.
- The President has ordered a full review of all trade agreements, with a focus on all the elements which work ‘against’ America.
- They have not signalled any new bilateral trade plans.
- Nor have they been saying anything about the multilateral trading system (WTO), except during the campaign, when candidate Trump threatened to not respect WTO rules.
- One person described Trump’s economic approach as a “grand bargain”. To achieve tax relief, regulatory relief and a repatriation of overseas assets will require changing the trade paradigm.

**23. Renegotiating NAFTA.....***Formal notice to begin the negotiations has not yet been given by President Trump, and nobody seems to know what the extent of this re-examination will be.*

- Will it consist of tweaks, or profound changes? Between the two, more people thought it would be the latter.
- Not much has been said about NAFTA's energy chapter (Chapter 6). It has not been flagged by any party as a point of contention.
- Some speculated that there will be two tracks; one quicker, lighter engagement before the U.S. mid-terms (November 2018) and the Presidential election in Mexico (July 2018), and a deeper one following these two events.
- While Canada and Mexico have said that the negotiations must be trilateral, the Commerce Secretary Wilbur Ross has said that "we will start together...", without specifying where it will proceed and how it will end.
- Secretary Ross is seen as a smart, experienced, and hard working person, who has a lot of currency with the President. He also is a businessman, so the concept of free trade should naturally appeal to him.
- Some suggested that Canada may suffer "collateral damage" by way of a tough U.S.-Mexico negotiation and the "Buy America" campaign.
- There has been a lot of support for continued free trade from state Governors. However, New York State recently tried to push through "Buy New York" provisions in its state budget. The provision was struck in 11<sup>th</sup>-hour negotiations, but that it was tried at all should be worrisome to Canada's federal and provincial governments.
- People expressed that it will be difficult to reconcile President Trump's campaign rhetoric on trade ("American First"), with palatable outcomes for Canada and Mexico.

#### **D. CEA'S U.S. SISTER ORGANIZATION, THE EDISON ELECTRIC INSTITUTE (EEI)**

EEI shared with the delegation how the U.S. electricity sector is responding to the early days of the Trump Administration.

- EEI's vision for the future of electricity in the U.S. has not changed. It remains predicated on clean power, a smarter grid, and customer solutions.
- EEI is supportive of tax and regulatory reform.
- Despite President Trump's recent executive order on the Clean Power Plan, industry and sub-national governments will continue to pursue a clean energy trajectory.
- EEI's position is that the U.S. should not exit the Paris Agreement.
- They support the continued importation of clean electricity from Canada.

- Cyber issues are very high on the agenda. EEI and others are expecting the President to soon issue an executive order (EO) on cyber security. The EO was expected at the end of January, but was pulled without explanation at the last minute.
- EEI is focussed on energy storage as a critical issue for the future.
- CEA and EEI work well together and have strong relationships at the CEO level and amongst staff counterparts.

## IV. NEXT STEPS

### 1. Continuously refine our key messages and look for opportunities to repeat, repeat, repeat.

Prior to the Washington visit, CEA crafted four key messages and a number of sub-messages to guide discussions with U.S. policy makers. A full set may be found in Appendix B. The core message is that Canada remains a reliable and trusted energy partner to the U.S. Together with other Canadian energy producers, Canadian electricity supply contributes to America's national energy security.

The Canadian electricity sector must continue to find opportunities to repeat these messages, whether at conferences, in meetings, or in formal submissions to U.S. government processes. CEA will compile a list of relevant Canada-U.S. meetings and conferences to the end of 2017.

### 2. Get Canadian experts in front of Senate and House Committees.

The CEA delegation met with members of a number of committees including, amongst others, the Senate Energy and Natural Resources Committee, the Senate Committee on the Environment and Public Works, the House Energy and Commerce Committee, and the House Water and Power Subcommittee.

Members and their staff expressed interest in having Canadians appear before the various committees to share expertise in areas like hydropower development, cross-border transmission line development, carbon capture and storage, and cyber security. Each appearance would provide an opportunity to stress the value of an integrated grid.

CEA will follow-up with Committee staff to seek opportunities for appropriate and relevant Canadian participation.

### 3. Host U.S. officials in Canada.

Most of the American officials with whom the delegation met were very interested in opportunities to visit Canada, especially to learn from us on the areas of expertise mentioned in Next Step #2.

CEA will work with members and the Canadian federal government to identify possible opportunities to host U.S. officials in Canada in 2017. Where possible, these trips should include visits to members' facilities. CEA will ask all member companies for ideas in the coming weeks.

### 4. Continue to build relationships with Congressional and Senate offices.

Throughout the meetings, Members of Congress, Senators and their staff showed interest in the topics that the Canadian electricity sector is seized with, including resource development, climate policy, community and

indigenous engagement, cyber security, electro-magnetic pulse, maximizing the value of the integrated grid, and electricity market reform.

CEA will follow-up with Congressional staff to provide additional information on topics of mutual interest. CEA will also work to identify House Representatives and Senators who have not yet met with the annual CEA delegation, in order to build a rapport with staff ahead of next year's Washington Policy Forum.

**5. Feed the federal and provincial cross-border outreach machines.**

Federal and provincial government representatives are very focused on engaging U.S. officials in Washington and at the state level.

CEA will continue to arm federal officials with our key messages and the data that backs them up. We encourage all members to do the same on a regional basis. Canadian politicians should be champions of Canada-U.S. electricity integration.

**6. Connect with bureaucrats once they are in place.**

As noted by many in Washington, most of the 4,000 politically appointed departmental staff are not yet in place. The expectation is that staffing will continue to ramp up over the next few months.

Accordingly, CEA will lead a small delegation to Washington in the fall to meet with these new and critical bureaucrats at departments and agencies that impact the Canada-U.S. energy relationship, including the Department of Energy, the Environmental Protection Agency, the Department of Homeland Security, the State Department and the Federal Energy Regulatory Commission. CEA will rely on both the Canadian Embassy and CEA's U.S. Legal Counsel, Dentons, for assistance. More details on this trip will be shared before the summer.

**7. Closely monitor the legislative agenda.**

The 115<sup>th</sup> United States Congress began on January 3<sup>rd</sup>, 2017, and runs until January 3<sup>rd</sup>, 2019. The legislative agenda is beginning to take shape.

CEA will monitor for Bills related to energy and infrastructure, and will work to ensure that Canadian interests are well-represented as legislation takes shape and moves forward. Of particular concern is the inclusion of a border adjustment tax in tax reform legislation, "Buy America" legislation, any legislation that would require FERC to compel the North American Reliability Corporation to act in a way that does not value Canadian participation in the standard-setting body, and any legislation that undermines the value of Canadian electricity imports into the U.S.

On the opportunities side, CEA will support efforts to streamline Presidential permitting for cross-border energy infrastructure, to improve physical and cyber security protections for the shared grid, and to improve cross-border information sharing.

**8. Support Canadian trade negotiators to ensure that NAFTA Chapter 6 is not altered in a way the undermines the free trade nature of North American electricity trade.**

While the timelines for NAFTA negotiations remain unclear, Canada's federal government has begun its own consultation process with Canadian stakeholders.

CEA will continue to participate on Global Affairs Canada's NAFTA Energy Working Group. CEA will provide data and input to bolster the case that free trade in electricity is a win-win for both countries, despite the current trade imbalance. CEA will seek input from members and keep them informed of discussions through the new CEA Cross-Border Trade Working Group under the Power Marketers Council.

**9. Work to strengthen Canadian value of the Electricity Sub-sector Coordinating Council (ESSC).**

The ESSC is the principal liaison between leadership in the federal government and in the electric power sector, with the mission of coordinating efforts to prepare for national level incidents or threats to critical infrastructure.

CEA will work to deepen our participation in the forum by adding one or two new Canadian seats around the table. CEA will also improve the dissemination of information generated by the ESSC to CEA's membership particularly interested in security matters.

**10. Share lessons learned and key take-aways from the trip with CEA members.**

There is broad interest across CEA's membership in how the Trump Administration and the Republican-held House of Representatives and Senate may impact Canadian interests.

**11. Debrief Canadian government officials working on the Canada - U.S. file.**

To help inform the active cross-border outreach already underway by federal Ministers, Members of Parliament, Senators and departmental officials, CEA will share the lessons learned from the Washington Policy Forum and follow-up meetings over the next several months. Our contacts in Ottawa have expressed interest in learning what we picked up. We will continue to engage in a two-way dialogue.

## APPENDIX A - THE DELEGATION

CEA 2017 WASHINGTON POLICY FORUM - CEA ATTENDEES		
NAME	TITLE	ORGANIZATION
<b>CEA MEMBERS</b>		
Scott Thon	President & CEO – <i>Chair of CEA’s Board of Directors</i>	AltaLink
Anthony Haines	President & CEO	Toronto Hydro
Karen Hutt	President & CEO	Nova Scotia Power
Rob Lister	President & CEO	Oakville Hydro
Jeffrey Lyash	President & CEO	Ontario Power Generation
Mike Marsh	President & CEO	SaskPower
Ray Robinson	President & CEO	Saint John Energy
Mayo Schmidt	President & CEO	Hydro One
Gaëtan Thomas	President & CEO	New Brunswick Power
Kate Chisholm	Senior Vice-President, Legal and External Relations	Capital Power Corporation
Steve Demers	Vice President - Business Development, Acquisitions & Strategy	Hydro-Québec
John Kousiniotis	Chief Legal and Compliance Officer and Corporate Secretary	TransAlta
Lorne Midford	Vice-President, Generation & Operations	Manitoba Hydro
Jon Norman	Vice-President, Government & Regulatory Affairs	Brookfield Renewable
Bill Taylor	Executive Vice-President and President, Energy	TransCanada Corporation
Erica Young	EVP Regulatory and Chief Legal Officer	ENMAX
<b>CEA STAFF</b>		
Sergio Marchi	President & CEO	Canadian Electricity Association
Francis Bradley	Chief Operating Officer	Canadian Electricity Association
Devin McCarthy	Vice President, Public Affairs and U.S. Policy	Canadian Electricity Association
Steve Koch	Director, Emerging Issues	Canadian Electricity Association
Leah Michalopoulos	Advisor, U.S. Affairs	Canadian Electricity Association
<b>CEA US COUNSEL</b>		
Gordon Giffin	Partner	Dentons US
Andrew Shaw	Senior Managing Associate	Dentons US
Jon Sohn	Counsel	Dentons US



## APPENDIX B - KEY CEA MESSAGES TO U.S. INTERLOCUTORS

### POSITIONING THE CANADA-U.S. ELECTRICITY RELATIONSHIP A CROSS-BORDER WIN-WIN

#### 1. **Canada remains a reliable and trusted energy partner to the U.S. Together with other Canadian energy producers, Canadian electricity supply contributes to America's national energy security.**

- Canadian electricity is an affordable, reliable, safe, secure, clean supply option.
- Cross-border partnership and collaboration has served American businesses and communities for over 100 years.
- We share custody of an integrated grid linked by over 35 cross-border transmission lines. Six more lines are under construction. Integration has resulted in a flexible, reliable and secure grid on both sides of the border.

#### 2. **Canada and the U.S. enjoy a robust trade in electricity, which is mutually beneficial.**

- Canada exported 73.5 terawatt hours of electricity to the U.S. last year – enough to power 8 million homes.
- Exports continue to grow as demand from border states increases. Canada has additional surplus supply as well as rich resource development opportunities.
- Some 30 states buy Canadian electricity each year. These sales are particularly critical to the supply mix in northern states.
- In both New York and New England, Canadian electricity imports account for 12%-16% of total annual retail sales of electricity.
- Canadian electricity accounted for 12% of the electricity supply in Minnesota and North Dakota in 2014. The figure was 6% for Michigan.
- Other major purchasers of Canadian power include California, Oregon, Washington, Montana, and Vermont.
- Any tax or tariff on imported Canadian electricity will increase the cost of power in the U.S., especially in northern states. This does not seem to align with stated policy goals of rebuilding the manufacturing base and growing middle-class jobs.

#### 3. **Canada and the U.S. have worked closely together to develop exemplary best practices and institutions in support of a safe, secure, reliable electricity system.**

- The North American Electric Reliability Corporation, for example, manages the reliability of the bulk power system on both sides of the border.
- Mutually beneficial electricity trade is best supported by common policy frameworks. For this reason, one country should not get too far ahead of the other on environmental policy action, just as protectionist

trade policy or punitive taxes would hurt both countries' interests. Policy should be as integrated as our shared grid.

- For many years, Canada and the U.S. have worked together to move to a more integrated energy and environmental framework for North America. Both countries would benefit from a deepening of this cooperation in the years ahead.

**4. Canadian and U.S. electricity companies, supported by their respective governments, collaborate closely to protect the grid from cyber security threats.**

- This has become a top priority for both countries.
- Formal structures, such as the Electricity Subsector Coordinating Council, which focuses on strengthening the integrity of our system against cyber and physical attacks, enjoys the participation of senior government officials and utility CEO's from both countries.
- Here again, there is significant strength in cross-border collaboration, particularly related to information sharing, the development of innovative protection technologies and protocols, and cyber mutual assistance in times of need.