



Legislative Assembly of Alberta

The 28th Legislature  
First Session

Standing Committee  
on  
Resource Stewardship

Hydroelectric Energy Production  
in Northern Alberta

Wednesday, February 27, 2013  
3:03 p.m.

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**Legislative Assembly of Alberta  
The 28th Legislature  
First Session**

**Standing Committee on Resource Stewardship**

Kennedy-Glans, Donna, Calgary-Varsity (PC), Chair  
Rowe, Bruce, Olds-Didsbury-Three Hills (W), Deputy Chair

Anderson, Rob, Airdrie (W)  
Anglin, Joe, Rimbey-Rocky Mountain House-Sundre (W)  
Barnes, Drew, Cypress-Medicine Hat (W)  
Bikman, Gary, Cardston-Taber-Warner (W)\*  
Bilous, Deron, Edmonton-Beverly-Clareview (ND)  
Blakeman, Laurie, Edmonton-Centre (AL)  
Brown, Dr. Neil, QC, Calgary-Mackay-Nose Hill (PC)  
Calahasen, Pearl, Lesser Slave Lake (PC)  
Cao, Wayne C.N., Calgary-Fort (PC)  
Casey, Ron, Banff-Cochrane (PC)  
Fenske, Jacquie, Fort Saskatchewan-Vegreville (PC)  
Fraser, Rick, Calgary-South East (PC)  
Hale, Jason W., Strathmore-Brooks (W)  
Hehr, Kent, Calgary-Buffalo (AL)  
Johnson, Linda, Calgary-Glenmore (PC)  
Kubinec, Maureen, Barrhead-Morinville-Westlock (PC)  
Lemke, Ken, Stony Plain (PC)  
Leskiw, Genia, Bonnyville-Cold Lake (PC)  
Luan, Jason, Calgary-Hawkwood (PC)\*\*  
Sandhu, Peter, Edmonton-Manning (PC)  
Stier, Pat, Livingstone-Macleod (W)  
Webber, Len, Calgary-Foothills (PC)  
Xiao, David H., Edmonton-McClung (PC)  
Young, Steve, Edmonton-Riverview (PC)  
Vacant

\* substitution for Jason Hale

\*\* substitution for Genia Leskiw

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**3:03 p.m.**

**Wednesday, February 27, 2013**

[Ms Kennedy-Glans in the chair]

**The Chair:** We're going to call this meeting to order, folks. Welcome, everyone. It's nonbullying day, so we should have a good time in this committee.

**An Hon. Member:** Phew.

**The Chair:** Yeah. Phew is right. Just about everybody's got pink on.

Okay. I'm going to just ask everybody to go around the room and introduce themselves. We have seven people on the line. What we'll do is go around the room here, and then we'll have people on the line introduce themselves. Mr. Fraser, I'll let you start.

**Mr. Fraser:** Rick Fraser, MLA, Calgary-South East.

**Ms Kubinec:** Maureen Kubinec, MLA, Barrhead-Morinville-Westlock.

**Ms L. Johnson:** Linda Johnson, MLA, Calgary-Glenmore.

**Mr. Stier:** Pat Stier, MLA, Livingstone-Macleod.

**Mr. Bikman:** Gary Bikman of Cardston-Taber-Warner. I'm here on behalf of Jason Hale.

**Mr. Anglin:** Joe Anglin, Rimbey-Rocky Mountain House-Sundre.

**Mr. Sandhu:** Good afternoon. Peter Sandhu, MLA, Edmonton-Manning.

**Mr. Xiao:** Good afternoon. David Xiao, Edmonton-McClung.

**Dr. Brown:** Neil Brown, Calgary-Mackay-Nose Hill.

**Dr. Massolin:** Good afternoon. Philip Massolin, manager of research services.

**Mr. Tyrell:** Chris Tyrell, committee clerk.

**The Chair:** All right.

For those folks on the phone I'll just go through the list. Let us know you're there. My vice-chair, Mr. Rowe.

**Mr. Rowe:** I'm here.

**The Chair:** Mr. Anderson.

**Mr. Anderson:** I'm here.

**The Chair:** Mr. Cao.

**Mr. Cao:** Present. I'm here.

**The Chair:** Mr. Lemke.

**Mr. Lemke:** Here.

**The Chair:** Mr. Barnes.

**Mr. Barnes:** Yes.

**The Chair:** Mr. Hehr.

**Mr. Hehr:** Here.

**The Chair:** Mr. Luan. I heard him earlier, so I think he's in the vicinity.

Everybody's had a chance to look over the agenda. Would somebody move that the agenda for this February 27 meeting of the Standing Committee on Resource Stewardship be adopted as circulated? Mr. Sandhu so moves. All in favour? Any objections? Any objections on the phone? Carried.

The next order of business is approving the meeting minutes. We have two sets of meeting minutes to approve. First of all are the minutes of the February 4 meeting of the Standing Committee on Resource Stewardship. Would somebody move that they be adopted as circulated?

**Ms Kubinec:** I will.

**The Chair:** Thank you, Ms Kubinec. All in favour? Any objections? The motion is carried.

I will do the next set of minutes. Would somebody move that the minutes of the February 5, 2013, meeting of the Standing Committee on Resource Stewardship be adopted as circulated? Ms Johnson. All in favour? Any opposed? Carried.

Just a correction. Chris Tyrell has noted that on the minutes for the February 4, 2013, meeting, under the approval of the minutes, there's a typo. In the third point it's: "Moved by Ms Kubinec that the minutes of the December 13, 2013, meeting of the Standing Committee on Resource Stewardship be adopted as circulated." That, of course, should be December 13, 2012. Any objections? Thanks.

Okay. Now we want to get into the meat of this meeting, which is to finalize this report. I want to thank the members of the working group who participated in the drafting of this. Since we've met as a large group, the working group has discussed this document, I think, five times. Mr. Hehr and I had a little chat on Sunday, and the group itself met to discuss it four times, so it's had a thorough going-over and lots of discussion. I'm delighted and grateful as chair for all the work that's been done. Again my thanks as chair to those who participated in that deliberation.

What I'd like to do is just invite some feedback from members of the committee on this document. We really do want to get it right. It's the first all-party committee report coming out of Alberta, and I think that's actually quite momentous. Who would like to start?

**Mr. Xiao:** I'd like to start, Madam Chair.

**The Chair:** Yes, Mr. Xiao.

**Mr. Xiao:** I think on the report on page 2, environmental considerations, the last paragraph, the last sentence, is: "The Committee recommends the completion of the baseline studies on Alberta's three major northern rivers as a priority." Madam Chair, I would just like to see, you know, probably one more change, considering that we are living in an era of strained finances. In the last set of recommendations I think that the committee passed judgment on baseline studies as a priority, and not weighing them against other possible ways to use the money would be misguided. So I'm asking for everyone's support in replacing the second recommendation with the following: the committee sees value in baseline studies on Alberta's three major northern rivers.

**The Chair:** On page 2 in the sets of recommendations, under environmental considerations, the second point: The Committee sees value in . . .

**Mr. Xiao:** . . . baseline studies on Alberta's three major northern rivers.

**The Chair:** As a priority.

**The Xiao:** Yeah, as a priority.

**Mr. Anglin:** With respect to the amendment, when I read what's actually here, it's clear to me, I think, where the recommendation is going. Would it be better to say that the committee recommends the completion of baseline studies prior to the consideration of these rivers? Because that's when you want those baseline studies done. If those rivers are going to be considered, then to me they would be of extreme, high priority. Whether or not it's the government or the applicant for the river, it would be a priority in my eyes. If that particular river is being considered, we'd want baseline studies. Would that be better?

3:10

**The Chair:** Can you read it the way you've suggested it?

**Mr. Anglin:** Sure. If I were to change it, it would state: the committee recommends the completion of baseline studies on Alberta's three major northern rivers as a priority when they are considered to be developed.

**The Chair:** What about a combination? Maybe as chair I shouldn't do this, but: the committee sees value in the completion of baseline studies in relation to Alberta's three major northern rivers prior to their – oh, I'm getting lost there a little bit.

**Mr. Anglin:** Let me just kind of clarify. There's always value in baseline studies regardless of how you're going to prioritize. The risk here is that if we were to take an applicant, approve an applicant, and not have the baseline study done, now we're in trouble because we missed that opportunity. It becomes a priority if it comes into consideration. That's where I was going with it.

**The Chair:** Well, I think we are considering them now, so is it consideration or advancement of a project?

**Mr. Anglin:** I would say advancement of a project. That, to me, is the consideration. When somebody actually starts putting together a plan and saying, "We want to put in a river run project, a dam," whatever they're planning on doing at that point, when they start to put that material together, then that becomes a priority because you don't want to lose your baseline information. You know, if the project gets a go-ahead, we need that baseline information.

**The Chair:** Okay. We have several lawyers at this table. Who would like to take a go at that?

**Dr. Brown:** Well, I think I see what Mr. Anglin is trying to achieve there. Right now it's just saying that all three of these rivers should be done as a priority. I think that the gist of what he's saying is correct. You know, you don't want to put the cart before the horse. You want to accomplish it before they're being considered for development. So I don't have a problem with Mr. Anglin's proposal.

**The Chair:** So no cart before the horse. All right. Sorry about that.

Okay. The committee sees value in the completion of baseline studies prior to the advancement of a project in relation to Alberta's three major northern rivers. Hydroelectric projects?

Can you read that back to us, Philip?

**Dr. Massolin:** No.

**Mr. Anglin:** Want me to take another crack at it?

**The Chair:** Sure, Mr. Anglin.

**Mr. Anglin:** I wouldn't even say three major northern rivers but prior to any development on a river.

**The Chair:** I know, but we're getting scope creep again, so that's a problem.

**Mr. Anglin:** Okay. We can stay with the three major northern rivers. The committee recommends the completion of baseline studies prior to the development on Alberta's three major northern rivers.

**The Chair:** Really it should be prior to the advancement of a hydroelectric project in relation to Alberta's three major northern rivers.

**Mr. Anglin:** You got it.

**The Chair:** Philip, did you get all that?

**Dr. Massolin:** Yeah.

**The Chair:** Can you read it back to us?

**Dr. Massolin:** Okay. Let me take a stab at it. The committee recommends the completion of baseline studies prior to the advancement of a hydroelectric project in relation to Alberta's three major northern rivers.

**The Chair:** Okay. We have a couple ways of doing this. We can see how many amendments we have and then bundle them as a vote, or do you want to vote on them one by one?

**Mr. Sandhu:** One by one.

**Ms L. Johnson:** I have a question before we call the vote, please.

**The Chair:** Yes, Ms Johnson.

**Ms L. Johnson:** My question is: is this amendment reading that the baseline study will be done on all three even though the project is starting on river 1?

**Mr. Sandhu:** Clarification.

**Ms L. Johnson:** Yeah, it's a clarification of the wording.

**The Chair:** Okay. The committee sees value in the completion of a baseline study, singular, prior to the advancement of a hydroelectric project in relation to Alberta's three major northern rivers.

**Mr. Anglin:** Just for clarification there's not a mandate here. When you read the motion, it's not a mandate that it has to be done. We're recommending that it happen. That would be for the next step, which would go to the AUC. It would also come from the minister and Alberta Environment. The government would want to then step in and look at our recommendation and refine it.

**Ms L. Johnson:** So this discussion clarifies that it's a study of the river being impacted, right?

**The Chair:** That's good language. The committee sees value in the completion of a baseline study prior to advancement of a hydroelectric project.

**Mr. Anglin:** On a river that will be impacted.

**The Chair:** We've got to keep it in scope, though. A hydroelectric project in relation to one of Alberta's three – anyway.

Where are we at, Philip?

**Dr. Massolin:** I think you just have to finish up that last bit. You know, is it in relation to one of Alberta's three major northern river basins?

**The Chair:** Yes. That works.

**Ms L. Johnson:** I'm not sure we want the word "basins" since we're talking rivers.

**Dr. Massolin:** Well, the problem with that is that the rivers themselves have tributaries on which projects can proceed. That's why "basins" was actually – you know, that goes back to the Hatch report.

**The Chair:** I'm more comfortable with "rivers," so I think we'd better leave it there, or else we'll have a whole other can of worms that we open up here.

Do you, folks, all agree that it was a good thing that the working group hashed this out? Can you imagine doing this whole report this way?

**Mr. Cao:** Madam Chair, Wayne Cao here.

**The Chair:** Yes, Mr. Cao.

**Mr. Cao:** Do I have a chance to input my thoughts here?

**The Chair:** Absolutely.

**Mr. Cao:** Whenever you call me.

**The Chair:** Please do it now, Mr. Cao. That would be wonderful.

**Mr. Cao:** Okay. That's good. I think that there are some good thoughts put in there. Also, on the duty of parties: if I'm a proponent and I apply for one side on one river, make sure that I don't have to do a baseline study for the other two rivers or the whole river, even. Somehow I wish the working group would look at that and word it well. Let's just say that I'm a proponent and I apply for it and go in there. Suddenly, looking at this recommendation, I would be worried that I have to do the three rivers and the whole length of the river even though only a section of it is affected. Somehow we need to think like that. Okay?

**The Chair:** I agree, Mr. Cao. Absolutely.

**Mr. Anglin:** I just want to point out that Alberta Environment actually has rules and regulations setting out their whole baseline program, so we're not reinventing the wheel here. When they require baseline data, whether it's for this hydroelectric project, for the extraction of water for fracking, or anything like that, it is well laid out what that entails.

I don't think the concerns are that overwhelming here because we just go by the existing rules and regulations. Wherever the project is, baseline data is going to be required. I think that's more than adequate as long as we require the baseline data. The project itself would determine the reaches of it.

**Mr. Cao:** Yes, I agree with you. There is some regulation, but we need to say that, though. We're just saying "baseline," right? We have to refer to a baseline by Alberta Environment or something. Anyway, those are my thoughts.

**The Chair:** Dr. Massolin, can you read the language to us again?

**Dr. Massolin:** Sure. The committee sees value in the completion of a baseline study prior to the advancement of a hydroelectric project in relation to one of Alberta's three major northern rivers.

**The Chair:** The last part doesn't work, does it? Why don't we set that one aside for a moment, and maybe it will occur to some of us or someone in the room how to draft that.

**Mr. Anglin:** Take it back to the working group?

**The Chair:** We could if we have to, but the problem with that is that we'll have another delay. If we can get it signed off here, then we can advance this.

**Dr. Massolin:** I think, perhaps, as was sort of indicated here on my left: in relation to any one of Alberta's three major . . .

3:20

**The Chair:** There we go. Thank you. [interjection] The lawyers over there. Thank you.

Okay. Dr. Massolin, if you would read that out, and then I'll ask for a motion to approve that amendment.

**Dr. Massolin:** Okay.

The committee sees value in the completion of a baseline study prior to the advancement of a hydroelectric project in relation to any one of Alberta's three major northern rivers.

**The Chair:** Would somebody like to make a motion that we accept that amendment?

**Mr. Sandhu:** I move.

**The Chair:** Mr. Sandhu. All right. All in favour? Any objections? So moved. Thank you.

All right. Other proposed amendments?

**Mr. Anglin:** I won't make an amendment because I think I know the outcome, but I want to make a comment on two items that were not considered in the report. I just want to get it on the record.

The first one is in regard to public interest. It did come up in debate, and in my view it is important that we make a recommendation to narrowly define what the public's role is in this as far as the public interest. I know that you discussed this. It was rejected at that level. I'm not going to make a motion, but I want that on the record.

The second item is the recommendation, whatever is decided, on how the government will participate. It's listed here as a public-private partnership in one of our recommendations. Now, not knowing on any particular project how it would be constructed, whether we would do it as a corporate entity partnership or whether we would float bonds or issue stocks, depending on how it would be structured, one of the items left out, which was a recommendation to this committee, was to make use of the Crown corporation. From where I sit, I don't know if a Crown corporation would be the most applicable entity to utilize, but I don't think it would be advisable to eliminate that as an option should the Department of Energy want to use that option. I know that recommendation was made by one of the other members, and I just wanted to bring that up and put it on the record.

Thank you.

**Mr. Hehr:** I, too, would like to echo that. I know there are strong, I guess, political reactions to the use of a Crown corporation. I

recognize that there are political issues with the words “Crown corporation.” Nevertheless, for us to eliminate it at this time, I think, would be unwise, and I think it should be included in the language of the report that the government make the case to the Alberta public as to what is in our best interests over the course of the 100-year run of any hydroelectric facility. For us not to reference that I think is maybe politically expedient; nevertheless, it dances around an issue that we fully discussed and actually had people and experts say that this may be the correct way to go over the course of time.

I am going to try and suggest an amendment for the record, if I could, and go from there. Does that sound fair, Madam Chair?

**The Chair:** Well, this is about the third time you’ve suggested this. I guess we could keep talking about it, and I have a feeling we’ll be talking about it for quite a long time. That’s fine.

**Mr. Hehr:** All right. I’ll fire it out there then, and we can vote on it and move on with our day accordingly after that. The government should seriously consider the funding of this project through its development of a Crown corporation or private partnership or a power purchase agreement. It is crucial that the government look at the 100-year life cycle of the project and the potential returns to Albertans and make the case to the public as to which is the best way forward.

**The Chair:** Okay. Any discussion on that proposal?

**Dr. Brown:** Madam Chair, isn’t that part of the considerations on page 10 of the draft, where it talks about examining the feasibility of public-private partnerships?

Does that not take care of your wish to have that included?

**Mr. Hehr:** You’re saying that that’s referenced in . . .

**Dr. Brown:** Item (d) at the top of page 10.

**Mr. Hehr:** I think mine makes it more clear, but if you’re suggesting that . . .

**Dr. Brown:** It’s already there.

**Mr. Hehr:** Okay. You know, that’s a fair assessment if you believe that that covers that. I think it would be more clear if we included it the way I referenced it, again, that we consider all three of these approaches and make the case to the Alberta public as to what’s in our best long-term interest.

**Mr. Cao:** Madam Chair.

**The Chair:** Yes, Mr. Cao.

**Mr. Cao:** Can I say something now?

**The Chair:** Absolutely.

**Mr. Cao:** Okay. I think on that subject, as I look at it, this is under the heading of capital financing. There are many methods of doing capital financing, right? So rather than taking it out, we probably would accommodate all interested parties by saying something about the public interest in capital financing options. Then we leave it so in the future whatever situation arises, we can do a different type of capital financing. That’s my input.

**The Chair:** Any other comments?

**Mr. Anglin:** I’m going to try to look for a resolution here, and I’m going to make a suggestion to Mr. Hehr, if I could maybe modify or amend his motion to simplify it . . .

**Mr. Hehr:** I would love that.

**Mr. Anglin:** . . . to accommodate what Dr. Brown just referenced, which would be something to the effect of examining the feasibility of undertaking projects as public-private partnerships, not excluding any and all options, to develop hydroelectric resources in Alberta’s northern rivers. That way you’re not mentioning Crown corporations, but they’re not excluded.

**Mr. Hehr:** I am fine with that.

**The Chair:** Folks, we’ve hashed this through four meetings. I think everybody at the table is aware of the role of Crown corporations in hydroelectricity projects. That was clear from the presentations. We can put it to a vote if you wish, but my sense is that we’ve already crossed through this. There is a reluctance to include every conceivable option, including Crown corporations, in this. That’s why we got to the wording “by examining the feasibility of undertaking projects as public-private partnerships to develop hydroelectric resources on Alberta’s northern rivers.” I think we’re there.

**Mr. Anglin:** Just for clarification, did Kent Hehr accept my modification?

**Mr. Hehr:** Yes, I did.

**Mr. Anglin:** He did. Okay.

**The Chair:** Yes, he did. We can vote on it if you wish.  
Mr. Bilous.

**Mr. Bilous:** Thank you. I can appreciate this, and I appreciate the discussions that we’ve had, but a P3 is not the same as a Crown corporation. Although the committee may be comfortable with using a P3, you know, it’s my position that this committee should be exploring or recommending that all options are on the table as opposed to vetting certain options when, again, we are not the experts in the field of development of these types of projects.

I can speak in support of Mr. Anglin’s amendment to Mr. Hehr’s motion.

**The Chair:** It would be interesting to get people’s opinion on whether a Crown corporation is a public-private partnership. I wouldn’t agree with you, Mr. Bilous, but it could be.

**Mr. Bilous:** But it doesn’t necessitate that it is. So what I’m saying is: right, it could be, but there are also Crown corporations that are not in partnership with private enterprise.

**Mr. Anglin:** Just for clarification, could you read the motion back? I forget what I said.

**The Chair:** Mr. Tyrell can read the motion back.

3:30

**Mr. Tyrell:** Sorry. So (d) would be: by examining the feasibility of undertaking projects as public-private partnerships, not including any and all options for developing hydroelectric resources on Alberta’s three major . . .

**Mr. Anglin:** Not to exclude.

**Mr. Tyrell:** Not to exclude. Sorry.

**The Chair:** That would get us to an interesting end if we didn't include any of those.

All right. Well, I am going to indulge you, Mr. Hehr, by putting this to a vote. I think we've gone through this already, and I think you can predict the outcome, but we will do this if you wish.

**Mr. Hehr:** I would love it if you would humour me in this regard.

**The Chair:** The reason, as discussed in the working group, for not making this amendment earlier is because all of those options are included in this language, and we would have to have a very long list of things besides Crown corporations.

Would someone like to move that this amendment be put on the table? Mr. Hehr, do you want to move that?

**Mr. Hehr:** Certainly.

**The Chair:** Can you make a motion, then?

**Mr. Hehr:** Okay. A motion to change recommendation (d) to the wording suggested by Mr. Anglin, which reads: by examining the feasibility of undertaking projects as public-private partnerships. What was the rest of that, Joe?

**Mr. Anglin:** Can we just have him read it back?

**The Chair:** Actually, I will have Dr. Massolin read that, please.

**Dr. Massolin:** I just have a bit of a procedural note. I believe that Mr. Hehr, if I'm not mistaken, moved an initial motion, which then was amended. But the amendment really was another motion, I would submit. I think the correct procedure here would be for Mr. Hehr to request unanimous consent to withdraw his initial motion and then move another motion, and then we'd have discussion and a vote.

Thank you.

**The Chair:** Thank you, Dr. Massolin.  
Are you okay with that, Mr. Hehr?

**Mr. Hehr:** Yup. I would request unanimous consent to rescind my motion and put forward the language that we discussed, Mr. Anglin's language.

**The Chair:** All in favour of allowing Mr. Hehr to withdraw his first motion and put another motion on the table. Any objections?

Mr. Hehr, we're with you here.

**Mr. Hehr:** Okay. Then if I can get some help from the clerk on the exact wording that we agreed with, changing recommendation (d) to the following.

**Mr. Tyrell:**

By examining the feasibility of undertaking projects as public-private partnerships so as not to exclude any and all options to develop hydroelectric resources on Alberta's three major northern rivers.

**Mr. Hehr:** That is what the motion should be.

**The Chair:** All in favour of the motion moved by Mr. Hehr.

**Mr. Anglin:** Joe Anglin, MLA, Rimbey-Rocky Mountain House-Sundre.

**Mr. Bikman:** Gary Bikman, Cardston-Taber-Warner, representing Jason Hale.

**Mr. Stier:** Pat Stier, MLA, Livingstone-Macleod.

**Mr. Bilous:** Deron Bilous, MLA, Edmonton-Beverly-Clareview.

**Mr. Hehr:** Kent Hehr, MLA, Calgary-Buffalo.

**Mr. Rowe:** Bruce Rowe, MLA, Olds-Didsbury-Three Hills, in favour.

**Dr. Brown:** Neil Brown, Calgary-Mackay-Nose Hill, in favour.

**Ms Calahasen:** Pearl Calahasen, MLA, Lesser Slave Lake.

**The Chair:** All opposed.

**Mr. Barnes:** Drew Barnes, Cypress-Medicine Hat.

**Ms Kubinec:** Maureen Kubinec, Barrhead-Morinville-Westlock.

**Ms L. Johnson:** Linda Johnson, Calgary-Glenmore, opposed.

**Mr. Sandhu:** Peter Sandhu, Edmonton-Manning.

**Mr. Xiao:** David Xiao, Edmonton-McClung. I actually am in favour of that.

**The Chair:** Okay.

We'll go back to people on the phone. Who's opposed?

**Mr. Anderson:** Rob Anderson, Airdrie.

**Mr. Lemke:** Ken Lemke, Stony Plain.

**The Chair:** Mr. Luan, are you there?

**Mr. Luan:** Yes. I'm in favour.

**The Chair:** Okay.

Mr. Cao?

**Mr. Cao:** I'm in favour.

**The Chair:** Eleven in favour and six opposed.

Mr. Hehr, you got your amendment.

**Mr. Hehr:** My mom will be so proud.

**Mr. Anderson:** Democracy just broke out at the Alberta Legislature. Unbelievable.

**The Chair:** Can we quote you on that, Mr. Anderson?

**Mr. Anderson:** Just this one time.

**The Chair:** Okay. It feels good.

All right. Any other proposals? Ms Kubinec.

**Ms Kubinec:** Yes. If we could look at page 9, I would like to remove section 4.2.2, recommendation (a), "By considering long-term power purchase agreements of low-carbon electricity given Alberta's Climate Change Strategy's electricity production emissions reduction targets of 37 megatonnes by 2050." Now, the reason that I'm proposing this change is that I don't believe that it is specific as to who's going to be entering these power purchase agreements, and I'm not comfortable with the government intervening directly in the market as a large-scale producer and reseller of electricity. I think the risk is too great.

**The Chair:** Ms Kubinec, you're suggesting that recommendation (a) be deleted?

**Ms Kubinec:** Yeah.

**The Chair:** Okay. Any comments, questions? Mr. Anglin.

**Mr. Anglin:** One comment. It's a good point because when I read it I didn't see it as the government entering into it. This is where maybe we need clarification. I think the government has to allow power purchase agreements. I may stand corrected on that. I thought that's what it was referring to.

In the example of Manitoba Hydro or B.C. Hydro when they undertake a project, the first thing they try to do, as we remember from the testimony, is that they go out and get the power purchase agreements before they even proceed with the project. That's how I understood that. I didn't understand this to be the government involved in doing it. Maybe that's what we need clarification on. Power purchase agreements actually play a very important role in the development of these facilities, whether it's coal, natural gas. It doesn't matter. If the business has those power purchase agreements, they have now the ability to gather capital to build their project.

Now, going back to my first statement, I believe that has to be permitted by the government. I maybe need clarification on that. There are rules and regulations on how these things are constructed. That's how I took that. Maybe I could use some help on that.

**Ms Kubinec:** Well, I think if you look just above that, the recommendation "the Committee recommends that the relevant government departments..." is very specific that it is the government that would be entering in.

**Mr. Anglin:** Let me continue that. It says, "the relevant government departments examine the following policy options." See, that's how I took it. Allowing power purchase agreements to be part of the policy so these companies can do it is how I took it. Maybe that's what we need clarification on. Clearly, whatever company, whether it's a public-private partnership or, as Mr. Bilous would have, a Crown corporation entering into this, you want the entity to have the ability to go out and get the power purchase agreements. It helps to secure funding. That's the purpose that I think is behind this. Maybe we need to clarify the writing so it's absolutely clear that we're not talking about the government getting the power purchase agreements or being involved, but it does say "policy options," and I thought that would be part of policy.

3:40

**Dr. Brown:** I think that the point was that the large industrial users would be entering into these power purchase agreements. I had the same question, and I made a marginal note, in fact, that I think some clarification of that wording would be in order. I would maybe say, "By considering the markets for long-term power purchase agreements," or something to that effect.

In other words, you know, if there are commitments made up front, then I think that's one of the relevant things that the government will look at if they were going to perhaps backstop the loan guarantee or whatever the involvement happened to be for the financing risk.

**Mr. Anglin:** Maybe we can change out one word, which would change the dynamics of this. Rather than saying "By considering," change that to "By promoting." Because the government is promoting these companies to do this, it reduces the government's role. The more power purchase agreements these companies

undertake, the less role there is for government intervention in the whole process.

**The Chair:** With respect, Mr. Anglin, I think we're going in the wrong direction on this conversation.

**Mr. Anglin:** All right.

**Mr. Lemke:** Madam Chair, was this paragraph gone through by the working committee?

**The Chair:** Yes, it was.

**Mr. Lemke:** I assume that it was left as it is for some reason.

**The Chair:** Ms Kubinec is raising some valid comments about the lack of clarity, and I think we need to pay attention to those.

If we put in "By considering markets for long-term power purchase agreements of low-carbon electricity given Alberta's climate change strategy" – I don't know – I am concerned that we're not being clear enough, and I think that any time we're not clear, the risk of being misconstrued is great.

**Ms L. Johnson:** We could withdraw it, as Ms Kubinec moved.

**The Chair:** Okay. Do you want to make that motion, then, to withdraw that clause?

**Ms Kubinec:** Yes. I'm asking that it be removed. That's my motion.

**The Chair:** Okay. Ms Kubinec moves that

on page 9 of the document in 4.2.2 the recommendation (a), "By considering long-term power purchase agreements of low-carbon electricity given Alberta's Climate Change Strategy's electricity production emissions reduction targets of 37 megatonnes by 2050," be deleted and that the recommendations following be renumbered to be (a), (b), (c).

**Mr. Bilous:** Can I speak before we vote?

**The Chair:** Yes, you can, Mr. Bilous. Absolutely.

**Mr. Bilous:** I'm going to speak against the motion because I think that, from the presenters looking at developing hydroelectricity, either in Alberta or the ones that already have, part of the feasibility was them being able to secure purchase agreements. Again, that affects their model, to ensure that it is actually going to be profitable, where it's not just short-term agreements. My concern, again, is that by taking this completely off the table, I think there's potentially more harm than good.

I mean, I'm in favour of rephrasing it to make it sound as an option, not as a must. I think that if this motion does go through, then we should put something on the table, that, you know, the government should review long-term power purchase agreements and maybe even clarify that it's not saying that it's the government's agreements between industry and government. It's just between industry or both or either.

**The Chair:** Mr. Anglin, do you have a comment on this motion?

**Mr. Anglin:** Yes, I do.

**The Chair:** Okay.

**Mr. Anglin:** I'm going to vote against this motion for that reason which has just been stated. Also, this statement does make a comment about the greenhouse gas emission standards and about



hitting some targets. That's extremely important, too, I think, having this committee make some recommendation about hitting those targets. Again, rephrasing it: I'm not against that. But to eliminate it: I think we need to address it in clarification.

Thanks.

**The Chair:** Any other comments on the motion?

Okay, we're going to take a vote. All those in favour of the motion moved by Ms Kubinec to remove point (a) as the motion was earlier read into the record? Anybody on the phone? All those opposed? So the motion is not passed.

Would somebody like to make a motion to amend paragraph (a)?

**Dr. Brown:** I'll make a motion. I'll try something. I would suggest we change it by just substituting a couple of words and make recommendation (a) read as follows: by considering long-term power purchase agreements of industrial users given Alberta's climate change strategy's electricity production.

**The Chair:** Can you read that again?

**Dr. Brown:** Delete the words "low-carbon electricity" and just say: by considering long-term power purchase agreements of industrial users . . .

**The Chair:** And stop there?

**Dr. Brown:** No.

. . . given Alberta's climate change strategy's, et cetera, et cetera.

**Mr. Rowe:** Excuse me, Madam Chair. Could I ask a question here?

**The Chair:** Yes, Mr. Rowe. Certainly.

**Mr. Rowe:** Why would we limit it to industrial users? What would be the difference between just industrial users and any entity wanting to sell it to whomever?

**The Chair:** Mr. Anglin, you had a comment?

**Mr. Anglin:** You could say industrial and commercial. You know, the way that power purchase agreements actually work – I think we're getting into the minutiae here. Only industrial users actually participate in this type of agreement. Like, the city of Fort Mac would consider themselves an industrial user. I mean, if you want to clarify it, you can say industrial and commercial users. You're not going to get a retail customer buying a power purchase agreement.

**Dr. Brown:** I would support that subamendment if that would make everybody happy.

**Ms Kubinec:** What about REAs?

**Mr. Anglin:** REAs would definitely be commercial.

**Mr. Rowe:** I would support it, then, if we added "commercial."

Thanks for that information, Joe.

**The Chair:** Dr. Brown, do you want to read it into the record and make your motion?

**Dr. Brown:** Okay. I would suggest that recommendation (a) be amended to read as follows:

By considering long-term power purchase agreements of industrial or commercial users given Alberta's climate change strategy's electricity production emissions reduction targets of 37 megatonnes by 2050.

**Dr. Massolin:** Just to tie this up procedurally, I assume, Dr. Brown and Mr. Anglin, that that was just a friendly amendment, so there's no need to have a subamendment. Is that the case? Okay. Thank you.

**The Chair:** I like this friendly amendment business on no bullying day. This is very good.

Okay. All in favour of the motion? All opposed? All right. The motion is carried.

It's too bad Mr. Anderson wasn't on the phone. He would see the second outburst of democracy here in one hour.

**Mr. Anderson:** I'm right here.

**The Chair:** Thank you, Mr. Anderson.

Okay. Any other suggestions?

3:50

**Ms L. Johnson:** If the committee could refer to page 11 of the report and the reference to the master agreement, the recommendation speaks about "an update on the progress of negotiations." I'm a little concerned that we end up exposing our position in public in a government-to-government negotiation. So I'd like to propose an amendment to that, that the committee request an update on the bilateral water agreements under the Mackenzie River basin transboundary waters master agreement upon the completion of each individual agreement. That would be my motion.

**The Chair:** Any questions or comments?

**Dr. Brown:** Well, I think it's very general, the way it's written. I mean, it just says "an update on the progress of negotiations."

**Ms L. Johnson:** Progress on what we're negotiating.

**Dr. Brown:** They're progressing well.

**Ms L. Johnson:** Yeah. So there's no value to that. Let's know when the deal is done and what the deal is. It's useful information for our committee and our project.

**The Chair:** Any other discussion?

**Dr. Brown:** Can you give it to us one more time, Linda?

**Ms L. Johnson:** Sure. The committee requests an update on the bilateral water agreements under the Mackenzie River basin transboundary waters master agreement upon the completion of each individual agreement.

**The Chair:** For clarity, the reason for this request?

**Ms L. Johnson:** There's a concern that as you give real updates as to negotiations, you're actually showing your hand in your position as the negotiations move forward.

**Mr. Anglin:** You mean we can require the government to show their hand?

**Ms L. Johnson:** We have democracy breaking out.

**Mr. Bilous:** Well, we're about to stifle it.

**Ms L. Johnson:** Well, you know, there's a major potential project beside my constituency. Respectful of the minister, he doesn't want to do his negotiations in public. So I can see the same sort of potential with updates on negotiations in water agreements.

**Mr. Bilous:** You know, to play devil's advocate, if this is a project that's going to affect those people, then you would think that they should be aware of where the negotiations are, considering these agreements do impact.

I mean, the other thing, too, is that, if anything, it's a system of feedback for the government in the process of negotiations to get a sense of how Albertans are feeling about the direction the negotiations are going in.

**Ms L. Johnson:** I appreciate your comments on that. I think that quiet update with stakeholders is how you can monitor how negotiations are moving forward. To have a public, *Hansard*-recorded, "Here's our position as we're going forward in our negotiations" is making it difficult for the people at the table.

**Mr. Bilous:** Which would not be my intention. However, my only concern would be not knowing exactly who is listed as stakeholders because, you know, again, there are different groups that are affected directly or indirectly. My only concern is that if it's only stakeholders that are identified as getting the update, what about those groups or communities or individuals who are stakeholders but aren't identified as such and, therefore, aren't updated?

**The Chair:** Folks, I think we're getting a little bit out of scope here. Ms Johnson's motion is that this recommendation be amended to read:

The committee requests an update on bilateral water agreements under the Mackenzie River basin transboundary waters master agreement upon the completion of each individual agreement.

Any comments or questions from the people teleconferencing in?

**Mr. Anglin:** I don't see the difference, actually, and I just want to go on record on that. If you ask for an update and you're in the process of negotiations, you're asking for an update on the negotiations. To me, as long as you're asking for an update, you're going to get your update. I don't see the difference. I don't see the harm in the existing motion. Just thought I'd throw that out there.

**The Chair:** My understanding of what Ms Johnson was saying is that if you are in the middle of a negotiation, it would be implicit in this that people would expect an update. If you're the negotiator of these agreements, then what do you have to disclose? I think that's actually a valid comment.

**Dr. Brown:** These are intergovernmental.

**The Chair:** Yes. They're intergovernmental, so there are not other stakeholders here.

Are we ready to vote on this?

**Mr. Cao:** Before I vote on it, I just want to have some thoughts in here. The request is for an update – it didn't say what information, details or what – so whoever wanted an update. Your note about the progress, at which date and so on, without saying anything further: unless the meaning of update is defined on what's to be said in there, to be told in there, then I share MLA Linda Johnson's concern. I think, to me, it's okay, but the committee will decide that.

**The Chair:** Okay. We have enough ambiguity. I would just call the vote on this. All in favour of the motion advanced by Ms Johnson, say aye. All opposed, say no. I think the ayes have it. Okay.

Anything else? Anyone on the phone?

Okay. What we've done in the past is that we've previously delegated the finalization of the report, the discussion of it and presentation, to the working group. What I'd suggest now, given that there are very few amendments, is to ask you, the standing committee,

to authorize the chair and the deputy chair to finalize the committee draft report currently under consideration based on the inputs here today.

If I could have a motion to that effect. Mr. Anglin. Okay. All in favour, say aye. Opposed, say no. Okay. Carried.

Folks, we just did it. Woo-hoo. Yeah.

All right. There is other business that's collateral to this, and some of it relates to the date of filing of this. Assuming all goes well, what I would suggest is that this be tabled on March 11 in the House, and I would also suggest that if anybody has a dissenting report that they would like to table, you submit it to Dr. Massolin.

What time would you like those dissenting reports submitted to you?

**Dr. Massolin:** If the target date here is for the chair to table this report in the Assembly on Monday, March 11, then working back from that, given *Hansard's* need to proof the report and so forth, I think it would be reasonable by mid next week.

**The Chair:** Can we say next Wednesday, then, for the minority reports?

**Dr. Massolin:** Yes.

**Mr. Bilous:** To the committee clerk: how soon will we get the revised, updated version of what's been passed today?

**The Chair:** What I would suggest is that given the motion that's just been passed, Mr. Rowe and I will review it as the chair and the vice-chair. We will probably be able to do that this week, by the end of the week, and get it to you then.

4:00

**Mr. Bilous:** Okay.

**The Chair:** All right. The only other bit of business is estimates. We are going to get to know each other very well over the next few weeks. I think we're looking at a meeting slot for Monday, March 11, from 6 to 7:30. Mr. Tyrell will contact everyone to confirm this, but that's the meeting slot we're looking at to discuss how we do budget estimates.

Any questions, comments?

**Mr. Rowe:** Madam Chair, if I could?

**The Chair:** Yes, Mr. Rowe.

**Mr. Rowe:** Just before we sign off here on this meeting, I had mentioned a couple of meetings ago that I would like the status of the various suggestions for the committee to work on. There were a number of proposals put forward before we decided on the run-of-the-river projects such as fracking and pipeline integrity and those kinds of things, and we were told at that time that there were others looking at those issues. I would really like to get an update

on what's happening with those, and I think all the committee members should get that.

**The Chair:** That's very good, Mr. Rowe. In fact, as chair I contacted the Ministry of Energy and the Ministry of Environment and SRD to ask specifically for updates on what they're doing with respect to fracking and water, and I anticipate receipt of those updates fairly soon. As soon as I get them, I'll share them with the full committee.

**Mr. Rowe:** Okay. That's great. Thank you.

**The Chair:** All right. If there's nothing else, would a member like to move to adjourn? Mr. Xiao moved that the meeting be adjourned. All in favour, say aye. All opposed, say no.

Thank you very much, folks. I appreciate your support in doing this.

[The committee adjourned at 4:02 p.m.]





