



Legislative Assembly of Alberta

The 30th Legislature  
Second Session

Standing Committee  
on  
Resource Stewardship

Ministry of Energy  
Consideration of Main Estimates

Tuesday, March 16, 2021  
9 a.m.

Transcript No. 30-2-17

**Legislative Assembly of Alberta  
The 30th Legislature  
Second Session**

**Standing Committee on Resource Stewardship**

Hanson, David B., Bonnyville-Cold Lake-St. Paul (UC), Chair  
Ceci, Joe, Calgary-Buffalo (NDP), Deputy Chair  
Phillips, Shannon, Lethbridge-West (NDP),\* Acting Deputy Chair

Dach, Lorne, Edmonton-McClung (NDP)  
Feehan, Richard, Edmonton-Rutherford (NDP)  
Ganley, Kathleen T., Calgary-Mountain View (NDP)  
Getson, Shane C., Lac Ste. Anne-Parkland (UC)  
Guthrie, Peter F., Airdrie-Cochrane (UC)  
Issik, Whitney, Calgary-Glenmore (UC)  
Loewen, Todd, Central Peace-Notley (UC)  
Singh, Peter, Calgary-East (UC)  
Turton, Searle, Spruce Grove-Stony Plain (UC)  
Yaseen, Muhammad, Calgary-North (UC)

\* substitution for Joe Ceci

**Also in Attendance**

Bilous, Deron, Edmonton-Beverly-Clareview (NDP)

**Support Staff**

|                     |  |
|---------------------|--|
| Shannon Dean, QC    | Clerk  |
| Teri Cherkewich     | Law Clerk                                      |
| Trafton Koenig      | Senior Parliamentary Counsel                   |
| Philip Massolin     | Clerk Assistant and Director of House Services |
| Sarah Amato         | Research Officer                               |
| Melanie Niemi-Bohun | Research Officer                               |
| Nancy Robert        | Clerk of <i>Journals</i> and Research Officer  |
| Warren Huffman      | Committee Clerk                                |
| Jody Rempel         | Committee Clerk                                |
| Aaron Roth          | Committee Clerk                                |
| Rhonda Sorensen     | Manager of Corporate Communications            |
| Jeanette Dotimas    | Communications Consultant                      |
| Tracey Sales        | Communications Consultant                      |
| Janet Schwegel      | Director of Parliamentary Programs             |
| Amanda LeBlanc      | Deputy Editor of <i>Alberta Hansard</i>        |

**Standing Committee on Resource Stewardship**

**Participant**

Ministry of Energy  
Hon. Sonya Savage, Minister



9 a.m.

Tuesday, March 16, 2021

[Mr. Hanson in the chair]

**Ministry of Energy  
Consideration of Main Estimates**

**The Chair:** Good morning. I'd like to call the meeting to order and welcome everyone. The committee has under consideration the estimates of the Ministry of Energy for the fiscal year ending March 31, 2022.

I'd ask that we go around the table and have members introduce themselves for the record. I am David Hanson, the MLA for Bonnyville-Cold Lake-St. Paul and the chair of this committee, and we'll begin starting to my right.

**Ms Phillips:** Shannon Phillips, MLA for Lethbridge-West.

**Mr. Getson:** Shane Getson, MLA for Lac Ste. Anne-Parkland.

**Mr. Turton:** Good morning. Searle Turton, MLA for Spruce Grove-Stony Plain.

**Mr. Singh:** Good morning, everyone. Peter Singh, MLA, Calgary-East.

**Mr. Guthrie:** MLA Peter Guthrie, Airdrie-Cochrane.

**Ms Ganley:** Kathleen Ganley, Calgary-Mountain View.

**Mr. Bilous:** Good morning. Deron Bilous, Edmonton-Beverly-Clareview.

**Mr. Huffman:** Good morning. Warren Huffman, committee clerk.

**The Chair:** Thank you. Now we'll go to the members participating virtually. When I call your name, please introduce yourself. We're just going to the virtual members. I see Member Issik.

**Ms Issik:** Good morning. Whitney Issik, the Member for Calgary-Glenmore.

**The Chair:** Thank you.  
Member Yaseen.

**Mr. Yaseen:** Good morning. Muhammad Yaseen, Calgary-North.

**The Chair:** Member Loewen.

**Mr. Loewen:** Todd Loewen, MLA, Central Peace-Notley.

**The Chair:** Thank you. Due to the current landscape we are in, all ministry staff will be participating in the estimates debate virtually. Minister, please introduce yourself and any officials who are joining you who may be speaking on the record.

**Mrs. Savage:** Thank you, and good morning. Joining me at the table from the Department of Energy are Grant Sprague, deputy minister; Stephanie Clarke, ADM, natural gas and electricity; Roxanne LeBlanc, ADM, finance.

Do you want me to start?

**The Chair:** No, I'd like you to introduce yourself, Minister, as well, and then we'll carry on.

**Mrs. Savage:** Sonya Savage, MLA for Calgary-North West and the Minister of Energy.

**The Chair:** Thank you very much.

I'd like to note the following substitutions for the record: Member Phillips for Member Ceci as deputy chair.

Before we begin, I would note that in accordance with the recommendations from the chief medical officer of health, attendees at today's meeting are advised to leave the appropriate distance between themselves and other meeting participants. In addition, as indicated in the February 25, 2021, memo from the hon. Speaker Cooper, I would remind everyone of committee room protocols in line with health guidelines, which require members to wear masks in the committee rooms and while seated except when speaking, at which time they may choose not to wear a face covering.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Those participating virtually are asked to turn on their camera while speaking and please mute your microphone when not speaking. Members participating virtually who wish to be placed on a speakers list are asked to e-mail or send a message in the group chat to the committee clerk, and the members in the room are asked to please signal the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. A total of six hours has been scheduled for consideration of the estimates for the Ministry of Energy. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of her comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but time may be combined between the minister and the member. The rotation of speaking time will then follow the same rotation of the Official Opposition, independent members, and the government caucus, with individual speaking times set to five minutes for both the member and the ministry. These times may be combined into a 10-minute block. One final note. Please remember that discussion should flow through the chair at all times regardless of whether or not speaking times are combined. If members have any questions regarding speaking times or the rotation, please feel free to send an e-mail or message to the committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone have opposition to taking a break? Seeing none, we will announce that just prior to the break.

Ministry officials, at the direction of the minister, may address the committee. Ministry officials are asked to please introduce themselves for the record prior to commenting. I would just like to note that there is a little bit of a delay on the microphones, so if you could make sure that your microphone is on before you start speaking, that would be great.

Space permitting, opposition caucus staff may sit, appropriately distanced, at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to six hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Points of order will be dealt with as they arise, and individual speaking times will be

paused; however, the speaking block time and the overall three-hour meeting clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members.

The vote on the estimates and any amendments will occur in Committee of Supply on March 17, 2021. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk, and as a courtesy an electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

I now invite the Minister of Energy to begin with her opening remarks. You have 10 minutes, Minister.

**Mrs. Savage:** Well, thank you, and good morning. I'm here today to present the highlights of the Ministry of Energy's 2021-22 budget. With any remaining time I'll outline some of the ministry's key initiatives and priorities as included in our current business plan.

The Ministry of Energy's mandate is to manage the responsible development of Alberta's energy and mineral resources to ensure that they benefit and bring value to Albertans as owner of these resources. Through the stewardship and responsible development of our energy and mineral resources, our ministry contributes to sustained prosperity in Alberta. Through Budget 2021 the Department of Energy will contribute to the province's economic recovery by building on Alberta's existing strengths in the energy sector.

The ministry's total expenses are approximately \$2 billion. This includes funding for the ministry programs, including ministry support services, resource development management, cost of selling oil, climate change, and economic recovery support. The Ministry of Energy's 2021-22 operating expense budget is \$963 million, which includes \$480 million in economic recovery support. Of the ministry's total expense, \$313 million is allocated to cover the cost of regulatory agencies, including the AER, Alberta Energy Regulator; the Orphan Well Association; and the Alberta Utilities Commission. It should be made very clear, however, that funding for these agencies comes from industry levies and fees; government does not fund these organizations.

The total budget for the Alberta Energy Regulator and the Orphan Well Association is \$282 million. The AER regulates energy development in the province and is responsible for regulating the life cycle of oil, oil sands, natural gas, and coal projects in Alberta. The Orphan Well Association, OWA, is a delegated administrative association with its own board of directors. The OWA collects and remits its orphan well levy and fees with assistance from the AER.

As for the Alberta Utilities Commission, or AUC, it's responsible for ensuring that the delivery of Alberta's natural gas, electric, and water utilities is conducted in a manner that's fair, responsible, and in the public interest. Its expenses are projected at \$31.5 million. Collectively, funding for these agencies ensures that they can continue to fill their duties on behalf of Albertans.

As I mentioned, the ministry's budget includes \$480 million in economic support funding. Of this support \$452 million is funding for the site rehabilitation program. This represents an increase of approximately \$200 million in program funding from 2020-21 due to an increase of expected grant payments in the upcoming fiscal year. As the SRP program is funded through the federal government's COVID-19 economic response plan, these expenses are offset by an increase in revenue. To date approximately \$325 million in grant funding has been approved and is being allocated to Alberta-based companies. This funding has created over 1,500

jobs so far and in total is expected to create approximately 5,300 direct jobs and keep Alberta's oil field service companies going during these very difficult times.

All told, the program launched in May of 2020. The government has made \$800 million in grant funding available to Alberta companies. Of this, \$100 million of program funding is to clean up inactive oil and gas sites on indigenous communities across Alberta. This funding demonstrates the government's commitment to ensuring that indigenous businesses and communities play a meaningful role in Alberta's postpandemic energy strategy. I'm very proud of the success of the SRP program and the very positive impact it has had in terms of both job creation and environmental cleanup.

**9:10**

Also, through Budget 2021 our government is including \$28 million for the mineral strategy and geothermal resource development. The development of a modern mineral strategy will help strengthen and diversify Alberta's economy and is another element of the province's postpandemic recovery. Alberta has a vast untapped geological potential to meet the increasing demand for critical and rare-earth minerals, minerals such as lithium, vanadium, uranium, and all sorts of rare-earth elements that we have here in Alberta. I'm excited to share more information about the mineral strategy later this year, but what I can say now is that I'm very certain it will strengthen Alberta's competitive advantages as an attractive investment destination. It's one of these many initiatives the government has undertaken to diversify our energy sector and our economy.

As part of this approach Alberta is also taking a deep dive to attract new investment into geothermal energy as it continues to plan, to build out, and to diversify the province's energy sector. Research has identified potential to develop this resource on a commercial scale, particularly within western Alberta. Using emerging, made-in-Alberta technical ingenuity and decades of drilling experience, the government continues to work on a framework to create the conditions for industry to safely and successfully harness geothermal energy.

The department's budget also continues to support the Associate Minister of Natural Gas and Electricity, which is driving key initiatives such as our plan to revitalize the natural gas industry and modernize our electricity sector. This office and Associate Minister Dale Nally work hand in hand with regulators and industry to streamline project approvals, improve pipeline access, and ensure that Albertans have access to safe, affordable, and reliable electricity.

On that note, our government will continue to honour commitments for a value-added natural gas strategy and the Alberta petrochemical incentive program, APIP. By implementing this strategy, announced in October of 2020, we will increase economic activity across Alberta's entire natural gas sector by growing opportunities in petrochemical manufacturing, LNG, hydrogen, and a plastics circular economy, and APIP will help the province become a global leader in petrochemical production. It will enable us to aggressively compete with other jurisdictions around the world and bring long-term investments and thousands of jobs to the province. These actions are part of our continuing effort to build upon the strength of our energy sector and to seize new and emerging opportunities in the global marketplace for our resources and for our workers.

Before I move on to Alberta Energy's business plan, I want to provide some information about the government's investment in Keystone XL. Through the fiscal plan we have provided Albertans with a transparent breakdown of the government's current financial

support. As of February 2021 the government's financial exposure is approximately \$1.28 billion, comprised of \$384 million in equity investment and \$892 million in loan guarantees. I'd like to provide some further clarity about terms of the government's investment. The initial estimate for the investment was a 2020 equity investment of \$1.5 billion and a \$6 billion loan guarantee starting in January 2021. However, the 2020 investment ended up being approximately one-third less as a result of construction delays in the United States and favourable exchange rates. In addition, in early 2021 TC Energy opted to convert a portion of the equity investment into a loan guarantee, an option that was incorporated into the government's agreement with TC Energy.

To be abundantly clear, this option did not increase the government's financial exposure on this project. Once again, the \$1.28 billion figure represents the government's total exposure on the project as of February 2021, including equity investment and loan guarantees. The government continues to work with TC Energy in examining all options for the project, including all avenues to recoup the investment if the project is not completed. We are committed to transparency and will continue to inform Albertans about the details of the investment in KXL through financial reporting.

Now that I've walked you through some of the highlights of Budget 2021, I will outline some of Energy's key priorities as included in our current business plan. The first outcome is that Albertans benefit economically from "investment in responsible energy and mineral development and access to global markets." To achieve this outcome, we are committed to improving market access for Alberta's energy resources and products through advocacy and support for new, optimized, and expanded pipelines. We also aim to create an investment climate that supports the development . . .

**The Chair:** My apologies for interrupting, Minister. Your 10 minutes are over.

For the hour that follows, members of the Official Opposition and the minister may speak. The timer will be set for 20-minute intervals so that you're aware of the time. Do you wish to go back and forth with the minister?

**Ms Ganley:** Thank you very much, Chair. If she's agreeable, I do wish to go back and forth.

**The Chair:** Minister, you're okay with going back and forth?

**Mrs. Savage:** Absolutely.

**The Chair:** All right. Member Ganley.

**Ms Ganley:** Thank you very much. I'd like to take a brief moment to thank you, Minister, for being here and to thank your staff as well. I know there's an enormous amount of preparation that goes into getting ready for estimates, so I really appreciate that. I do think that they serve an incredibly important function, and I think that the budget overall is arguably one of the most important things the government does, particularly the budget in this ministry, for the future of Albertans. So this is sort of action, not words. I know that it seems like six hours is an enormous amount of time, but I think that we're likely to run a bit short, so I will try to keep my questions fairly succinct. I would ask that you do the same with your answers.

I think the obvious place to start is with questions, and you yourself have alluded, Minister, on page 32 of the fiscal plan, to the discussion of Keystone XL. I think the reason that that's a very obvious place to start is that this is probably one of the single most important – well, this was an incredibly important project to the

people of Alberta. I think that we all suffer for its loss. You know, I think that we all agree on that. I think what's worth discussing now is the decision to make the investment and the timing around that. As you've indicated – and thank you for opening with that – on page 32 of the fiscal plan we see something like an accounting of what was spent on the Keystone XL project.

That money doesn't appear to be booked anywhere in the usual ways, so I'm a bit – I have a few questions about that. It indicates that the total forecast exposure, as you said, to the end of February 2021 is almost \$1.3 billion. Through the chair, when the minister says "forecast exposure," are you talking about money that has already been spent? If the minister could explain why that accounting isn't in either the forecast budget or the supplemental supply, that would be very helpful.

Thank you.

**Mrs. Savage:** Well, thank you. Thank you to the member for the question. The full accounting of this will be, obviously, in the APMC accounts. The investment was made by the government through APMC, the Alberta Petroleum Marketing Commission, which is the commercial arm of the government. The full accounting will come when they do their reporting.

With regard to this, yes, the money has been spent, the \$1.28 billion. As I emphasized in my opening statements, we will be taking every measure we can to recoup that investment, including looking at all options with TC Energy as well as looking at options to recoup it from the U.S. administration.

9:20

**Ms Ganley:** Thank you, Minister.

On page 32 we're seeing that the total forecast exposure to February 2020 is \$1.3 billion. Now, as you'll be familiar with and as most members of this committee will be familiar with, even though the project has been cancelled, there can be continued costs: costs related to litigation, costs related to potential liability and/or remediation, costs related to contracts that sort of continue because they have certain clauses in them even though the project has been cancelled. Minister, I'm wondering: is there an accounting for the forecast exposure going forward from February?

**Mrs. Savage:** The \$1.28 billion is the estimated total exposure on the KXL project. We do not expect that those numbers will be materially higher.

**Ms Ganley:** Okay. Thank you.

Now, the APMC, while being a separate entity, is sort of accounted for in terms of money coming in and out of the Energy budget. I understand why you would say that the money would go there, because previously that's where the Auditor General had directed it. I'm just curious: why isn't it accounted for? Like, we see this one-pager in the fiscal plan, but why isn't it accounted for in Energy's budget?

**Mrs. Savage:** Well, I think it's accounted for, and there's a page in the information in the fiscal plan to be transparent and to be fully transparent with Albertans on the potential financial exposure for the project. As I noted, the financial exposure is approximately \$1.28 billion, including the \$384 million in equity and \$892 million in potential exposure on loan guarantees. It'll be accounted for fully in the APMC reports when they do their reporting. Because APMC is the commercial arm of the government, the transactions are all through APMC, very similar to the crude-by-rail contracts that the government was managing. All of that was managed and funded through the APMC as well as the Sturgeon refinery. Commercial aspects of the government are managed by APMC.

**Ms Ganley:** Thank you, Minister. I do appreciate all that. I think that when I'm talking about accounting – when we turn to page 85 of your budget, the ministry financial statements and statements of operation, you'll see, under Revenue, net income from the Alberta Petroleum Marketing Commission, and you can see that it's sort of broken out. Obviously, it's in a negative number, but that's because the money is flowing through the budget. So while I appreciate that it is external, I don't actually think this is fully transparent. In addition, you have sort of broken out numbers relating to – you're saying that they manage other financial transactions, but numbers relating to other financial transactions have in fact been broken out in this budget. I'm just a little curious as to why it is that we don't think that we should account for these numbers or break them out. It's an incredibly large sum of money. I think a one-pager in this instance is insufficient.

You know, obviously, there are different views on how good an idea this was in terms of an investment, but I think Albertans have a right to see a full accounting and to make that determination for themselves. So I'm a little troubled by this, and I add to that that last March the government committed that \$1.5 billion in equity and \$6 billion in loan guarantees to the KXL position, and nothing was initially booked in that budget, so roughly a similar decision to the one that's being made right now.

When the Auditor General's review was released in his November 2020 report, he said:

APMC and TransCanada Pipelines entered into Keystone XL investment agreements effective March 31, 2020. As part of the agreements, APMC is making equity contributions totaling \$1.06 billion until the end of 2020. Both the department and APMC stated that there were no accounting implications, other than the need for disclosure, as of March 31, 2020. However, we found, per the agreements, that an initial contribution of approximately \$100 million was due on March 31, 2020, and as a result APMC's assets and liabilities were understated. Neither APMC nor the department were able to provide us with an accounting analysis to support their conclusion that there were no accounting implications for fiscal 2020. After we raised the unrecorded asset and liability error, the department made the necessary adjustment.

So in the previous instance you hadn't booked anything. The Auditor General came back and suggested that you ought to book something. Now we're saying again that we don't need to book it, that this one page was sufficient. I'm just wondering, Minister, why that decision was made and whether you spoke to the Auditor General about that decision and got approval.

Thank you.

**Mrs. Savage:** Sure. I think some of the information is in the Auditor General's report, and it will be reflected in the annual report. The \$100 million expenditure line was for the government's share of work done on the project in the first quarter of the fiscal year. That was last year's first fiscal quarter. The department made an accounting error: originally a \$100 million expense in the 2020-21 fiscal year when, in fact, the payment was due on March 31, which was the last day of the 2019-2020 fiscal year. The department made the necessary adjustment after discussions with the Auditor General. To be really, really clear, the error has no financial implications on Alberta taxpayers. It was a matter that was booked into the wrong year of the budget when the expense incurred on the very last day of the previous year's budget.

So it has been fixed. It was merely an accounting transaction that was moved from one year to the other.

**Ms Ganley:** Okay. I appreciate that. But I guess what I'm saying is that the Auditor General has fairly clearly taken the position that

this is money that ought to be booked under APMC in your budget. After having made that choice in your last budget not to book it and then the Auditor General having to sort of come back and have a conversation about that, you've made that same decision again not to book it. So I'm just a little curious. You know, did you speak to the Auditor General, and what was his opinion about making that choice again?

**Mrs. Savage:** No, I did not speak to the Auditor General on this.

To be clear, the \$100 million was an expenditure that appears in APMC's books. It would be considered an investment. That was a timing issue. Again, it was a timing issue that was dealt with by the Auditor General and with officials at Treasury Board and Finance. There's nothing unusual in the course of an audit as they work to ensure that the appropriate treatment and timing of expenses are reflected in the right year.

Again, to be clear, the error has no financial implications on Alberta taxpayers. It's just a booking that was in one year moved to another year.

**Ms Ganley:** Thank you, Minister. I think we may have to agree to disagree on that particular one.

I think that now I would like to turn to page 81, line 2.3, which is industry advocacy, also known as the war room. When the pandemic first hit, the Premier promised reduced spending by the war room by 90 per cent for at least three months. That announcement was in March 2020. The first three months happened to align neatly with the first quarter of 2020. Yet looking at line 2.3, we see that the war room is forecast to spend \$29 million, or 97 per cent, of its total budget. Minister, can you explain to Albertans why the promised reduction didn't occur?

**Mrs. Savage:** So you're referring to the 2020-21 forecast versus the 2020-21 budget?

**Ms Ganley:** That's correct.

**Mrs. Savage:** In the 2020-21 budget there was booked \$30 million for a budget for industry advocacy. That isn't all of the war room, the Canadian Energy Centre. It includes the Canadian Energy Centre. The total spending for the entire industry advocacy budget in 2020-21 is forecast to be \$29 million, a decrease of \$1 million. The forecast is lower due to a one-time reallocation of funds to cover the administration costs of the SRP, site rehabilitation program, in 2021.

9:30

**Ms Ganley:** Thank you. Could you break out for me, Minister, how much of that budget is the war room and how much is not the war room? Originally, the war room was set to a budget of \$30 million. The announcement that was made through your own press release indicated, when you said that you would drop the spend of the war room, that it would be \$2.84 million for the year if that 90 per cent reduction continued, which would have been a savings of \$27 million. Obviously, that wasn't realized. I'm just curious: how much is the total budget of the war room?

Thank you.

**Mrs. Savage:** For 2020-2021 the total budget for the Canadian Energy Centre is forecast to be \$10 million. At the outset of the pandemic, as you noted, we temporarily reduced the Canadian Energy Centre's monthly budget by about 90 per cent, but since then there have been some advertising campaigns that have been initiated within the Canadian Energy Centre. We anticipate that their forecast spend for that year, for the 2020-21 budget, will be

\$10 million, \$10 million of the \$30 million industry advocacy budget.

**Ms Ganley:** Thank you, Minister.

Turning now to the Energy business plan, which is located on page 35 of the ministry business plans, on pages 37 and 38 we find a series of objectives and performance measures, yet there doesn't seem to be any specifically intended to determine the impact of the war room. Even if it's a spend of only \$10 million, I think that the public deserves to see metrics in terms of what that impact is.

There are specific ways, I think, to measure outcomes and the effectiveness of this sort of advocacy. For example, under the previous NDP government we did public opinion surveys in order to judge the effectiveness of advertising we did on pipelines. We advertised the benefits of pipelines – their safety, their comparative costs – in the rest of Canada, and that moved public approval opinions from something like 40 per cent to almost 70 per cent. That's significant and arguably impacted the decision of the federal government to ultimately sponsor and move ahead with the TMX project.

I'm curious. Given that we know that these metrics are available and governments have done them in the past, why are there no metrics to determine what the impact the war room is having on public opinion is?

**Mrs. Savage:** I think, first off, the advocacy – the measure and the key objective around industry communication and advocacy include a number of items. It includes all the work that we do every single day within our caucus and in our government, in the whole of government, the whole of our caucus, to support the energy sector and to talk about all the good things it accomplishes. It includes the work that the Canadian Energy Centre does. Now, going forward, it's going to also include the work of the ESG secretariat, the environmental, social, governance secretariat, that we'll be setting up in Executive Council.

I guess I would point to the efforts and all of the efforts of our government to communicate some progress on that. We actually have pipelines being built now. We have TMX set to be in service by the end of 2022. We have Enbridge line 3 set to be in service by 2021. We have increased capacity going forward on pipeline optimization projects.

We have a federal government that – with our more assertive stand and our more assertive approach to standing up and supporting and defending our energy sector, with our more assertive approach to disputing the false narratives that are being set by opposition to the oil and gas sector, we are seeing positive progress with the federal government. They're coming to the table, to us, to partner on new and emerging industries, things like hydrogen, like geothermal, like a critical and rare-earth mineral strategy. They're helping us advocate for line 9. They're helping us advocate for Enbridge line 3.

Those are measures of success, and those types of measures of success are a result of having a more assertive approach across our entire government to defend our energy sector and to dispute the false narratives that are being spread by a decades-old, decades-long campaign to target our energy sector, to discredit it, to tell misrepresentations and lies about it. This more assertive approach has been very successful.

Let me talk about an approach and what happens when you don't counter, when you don't stand up for the energy sector . . .

**Ms Ganley:** Thank you, Minister. I think that answers the question. I appreciate that answer. That's very helpful.

Moving on, then. With respect to those outcome measures, now I appreciate your position, that you're trying. I think we all know that trying is very important, but I think my concern is that there's no way to measure that outcome, so while trying is delightful . . .

**The Chair:** That's your first 20 minutes.

**Ms Ganley:** First 20 minutes? Thank you, sir.

. . . I think it's important to measure what the impacts of these are. You cited it yourself. We've seen approvals for TMX and line 3. Both of those approvals occurred under the NDP government, so they don't really indicate a change, you know. Those continue to be approved, and I'm glad that they're moving forward. Those are incredibly important projects. We worked incredibly hard to ensure the approval of those projects.

But what I'm talking about now specifically is the war room and how we're measuring the impact that the war room has. I don't think we are measuring it, and I think that is my concern. You know, we're not measuring the positive impact. We're also not measuring the negative impact. The stated goal of the war room recently was to launch a war on a movie called *Bigfoot Family*. That particular movie didn't do exceptionally well at the box offices. I haven't seen it myself, but I understand it's not the best movie that's ever existed. It was getting very little notice, in fact, until such time as the war room came along, and suddenly it shot up to be on the list of the top 10 viewed in Canada movies on Netflix. The war room seems to be having what I would argue is the opposite effect of the effect that it is intended to have. What I'm wondering is not how we're measuring how people feel about the efforts; what I'm wondering is how we're measuring what the actual outcomes in terms of public opinion are.

Thank you.

**Mrs. Savage:** Well, the one thing for sure that I know is that when you don't stand up for the energy sector, you signal that it doesn't matter, and you've ceded ground to the opponents of the industry. That's what happened for four years under the NDP. That's what happens when you don't take an approach to counter a false narrative that's developing.

Not everybody is going to agree with every single tactic of the Canadian Energy Centre. I don't either, but I did find that the comments I've heard in that cartoon were quite offensive, and they're comments that have to be countered somewhere. There's no question whatsoever that we have to find a way to counter the kinds of campaigns and the kind of narrative and the significant misinformation that are targeted at our energy sector and discrediting the hard-working men and women of Alberta who work in it.

For more than a decade that kind of targeting has happened. Industry tried to fight back, but what was missing over that time was the government. They needed the backing and the weight of the government. Because the narrative went unchallenged for more than a decade and particularly for the period from 2015 to 2019 . . .

**Ms Ganley:** Thank you, Mr. Chair. It doesn't seem that I'm going to get an answer to this question, so perhaps I'll move on.

I do think that, you know, this is public money. Generally I believe that governments owe to the public an accounting of the use of public money, particularly when – and I'm not disputing that we should push back on false narratives. Absolutely, we should push back on false narratives. I believe we should push back on falsehoods of all sorts. But what I think I am disputing is the impact that the Canadian Energy Centre has. Again, I haven't seen this movie. It seems that perhaps the minister has. My view of the attempts made by the war room is that they've had precisely the

opposite effect. If the intention was to have fewer people hear that false narrative, it seems that the effect has been opposite to that, so what I'm suggesting is that we ought to measure that.

9:40

That being said, I think it's worth moving on. With respect to that sort of ongoing narrative in terms of the war room and its interaction with Bigfoot, a lot of people have, according to the Energy Centre's own publications, written in. I'm just curious what ultimately will be done with those details in light of the fact that the war room doesn't appear to be subject to the same sort of oversight that the government would be. What happens to those people's information?

Thank you.

**Mrs. Savage:** Well, thank you. I haven't seen the details of who has written in to the Canadian Energy Centre. But what I can tell you is that I'm not surprised if a lot of people have written in to be particularly offended by those who would target and spread completely inaccurate information about the environmental and social governance of our energy sector and all the good work that our industry takes to do things right.

We know that we need to start talking about all of those things because when you don't, you cede ground to a narrative that doesn't, and that's what's happened over the last decade. Let me tell you that when you talk about value for industry advocacy, whether it's the government doing it, whether it's our caucus doing it, whether it's the Canadian Energy Centre doing it, whether it'll be the work of the ESG secretariat, when you don't do it, like what happened over the last decade, we see what it results in, and it's a massive economic cost to our economy. It's led to pipelines being vetoed or cancelled, not enough takeaway capacity, prices . . .

**Ms Ganley:** Thank you, Minister. Again, I think we're talking about outcomes here. I appreciate your position, that you don't agree with all of the tactics of the war room. I think that's a pretty rational position in light of the fact that it appears to be having the opposite effect; i.e., driving away international investment rather than attracting it. I'm just curious, Minister, which tactics you don't agree with. You know, you are the head of this particular corporation. If it were a private corporation, do you think that Mr. Olsen would still be heading it?

Thank you.

**Mrs. Savage:** Well, the tactics I don't agree with are the tactics under your government to do nothing. To do nothing. In fact, you had the chance. For four years you could have countered some of this narrative. I was in industry at the time, and I saw it growing. We kept saying: "Where's the government? We're alone in this. We're trying to tackle this negative narrative. Where's the government?" The NDP didn't do anything when they had a chance.

**Ms Ganley:** Thank you, Minister. We're here to talk about the budget right now, and in particular we're here to talk about the budget of the war room. I appreciate that you don't want to talk about the budget of the war room. I wouldn't particularly want to talk about it either if I was responsible for this, but that is what we're here to talk about, so I will ask the question again: do you think that the tactics of the war room have been effective?

**The Chair:** Through the chair, please, if you would.

**Ms Ganley:** Oh, sorry. Through the chair, does the minister think that the tactics of the war room have been effective tactics, and does

the minister believe that if Mr. Olsen were working in the private sector, he would . . .

**Mr. Singh:** Point of order.

**The Chair:** Point of order noted.  
Mr. Singh.

**Mr. Singh:** Thank you, Mr. Chair. The point of order is under section 23(b) of the standing orders, the member speaks to matters other than the question under discussion, and 23(c), the member persists in needless repetition.

**Mr. Bilous:** Mr. Chair, may I respond?

**The Chair:** Yes. Please go ahead, Mr. Bilous.

**Mr. Bilous:** On behalf of the Official Opposition, that's a matter of opinion. This is not a point of order. It's up to the member. If the member chooses to spend the next five and a half hours talking about the war room, that is the prerogative of opposition. Again, I appreciate that the member may feel like this has been answered, but if it has not been answered – well, that's a matter of opinion, whether it's been answered or not. Again, as you have ruled in previous estimates, Mr. Chair, I believe that this is not a point of order.

**The Chair:** Thank you very much.

I'm prepared to rule on this. Agreed. I will not agree that it's a point of order in this case. I one hundred per cent agree that the time is yours to question. If you want to spend the entire six hours on one subject, although I don't think that that serves the purpose of the meetings and serves the best interest of Alberta, it is your prerogative. I would caution the member, though. You're now seeking personal opinions of the minister rather than seeking what is in the book. So if I could caution you on that point, to kind of stray back onto the numbers and the documents that we have in front of us, that would be appreciated. This is not a point of order.

We will continue with the questioning.

**Ms Ganley:** Thank you very much, Mr. Chair. I appreciate that caution. I do think that the minister, as a board member of the corporation – her opinion is relevant. She has been willing to express it at great length on many other matters so far, but with that, I think I am willing to move on.

Turning, then, to measuring the impact of an investment – again, I think that if the government is going to spend money, it is worth while to measure, in a measurable way, not in a "we tried" or a "we make people feel good" way but in a measurable way, what the impact of that is. I think I'm curious what we think the impact of the war room has been on capital investment. If it is the right strategy, capital investment in the oil and gas sector, which is on page 50 of the fiscal plan, is not projected to rebound to 2016, 2017, 2018, or 2019 levels until at least 2024. Shouldn't Albertans be seeing some success if this is the right strategy during this government's current mandate? You know, obviously, in terms of using investment as a measure, you are not going to be successful by your own projections. But how are you measuring success, since you keep referring to it as successful?

Thank you.

**Mrs. Savage:** Well, thank you for the question. I would start by saying that I'm extremely optimistic for the future of energy in Alberta. I think a starting point is that every single credible forecast for energy demand around the world shows that oil and gas will continue to play a prominent role in the energy mix. Alberta is

particularly suited to supply that based on our low risk, low costs, and our ESG metrics. That's where I think I'm particularly excited, to be able to be working with not only the whole caucus but with a whole-of-government approach, with the ESG secretariat, and supported by advertising that will be coming from the Canadian Energy Centre. We will be able to demonstrate to the world that we will be low carbon and demonstrate the highest ESG standards.

We know Alberta is particularly well suited to supply energy demand in the future. I think we need to be very, very, very assertive at getting that message out there and to talk about the good things that the energy sector is doing. That's what some of the things that our entire government . . .

**Ms Ganley:** Thank you, Minister.

I appreciate that we're not, it seems, measuring outcomes from the war room. I think you actually, rather helpfully, have raised the ESG secretariat. I understand from the Premier in estimates on Executive Council that roughly \$2 million worth of both money and personnel have been moved from Energy to Executive Council in order to form an ESG secretariat.

Now, I do, I must say, really appreciate the sort of change in tone from the government. I think, you know, as we've said, we see that it looks like investment in the sector isn't going to rebound during the mandate of your government, until 2024, to levels that it was at previously. So that's certainly a concern. I think the willingness of yourself and your Premier to sort of alter your focus, the Premier having said just 18 months ago that ESG was a passing fad – I'm glad to hear that we've decided to get serious and to focus on this.

**9:50**

In light of the fact that on the one hand we have Executive Council, formerly Energy, spending \$2 million on an ESG secretariat and on the other hand we have the Ministry of Energy spending \$10 million on a war room whose purpose appears to be to mock those very concerns that the ESG secretariat is trying to tell the international community we're serious about, I'm just wondering: what is the intended outcome of this? Again, how do you plan to measure that?

I appreciate your position with respect to the advocacy. I think we all know that's important. As I indicated, our government took positions on that as well. We did some excellent advocacy for pipelines, advocacy that got pipelines. I'm wondering, you know: in light of the fact that there have been no new pipeline approvals in your mandate, in light of the fact that we're seeing investment drop, how are you measuring the effectiveness of these two things, and are they not working at crosspurposes?

**Mrs. Savage:** Well, to answer, we're actually getting pipelines built during our mandate. During the previous government's mandate pipelines were being vetoed and cancelled, starting with Northern Gateway being vetoed in 2016, when the NDP government said nothing about it. Energy East was cancelled in 2017. The former NDP government said nothing about it. In our government we're actually getting pipelines . . .

**Ms Ganley:** Thank you, Minister. We're here to talk about the budget, so let's try to keep focused on that.

Minister, I think the concern is that you're making an investment of public dollars in the war room. I'm just trying to understand how you're measuring the return on that investment. At this point it doesn't appear to be going exceptionally well. The measures that I would use, i.e. the cancellation of the Keystone XL project and investment in the oil and gas sector, which, again, by your own metrics will not rebound to levels that existed before your

government, until 2024 – what measures are you employing, Minister?

**Mrs. Savage:** Well, I think – and if you'd let me answer the question – I was talking about the pipelines that were under construction and plan to be in service, including line 3: under construction to be in service end of 2021. The Trans Mountain: expected to be in service under 2022. We're also seeing progress on pipeline optimization, and that's real progress that gets product to market for Albertans.

If I look at the investment – you mentioned the investment in the oil and gas sector. That started diminishing in about 2016. That was a function – there was a lack of pipeline capacity. The differentials had blown out. There was no ability to move production. There was no ability to move it. So it's not investable. We're not going to see the significant investment into the sector when there's no pipeline capacity to take it away. That's what happened starting in 2015, with the vetoing of the Northern Gateway pipeline, with Energy East cancelled. We blew out the differentials. We are still recovering from that. We are also still recovering from . . .

**Ms Ganley:** Thank you, Minister. While I appreciate that you appear to be trying to answer the question, we don't appear to be going anywhere in terms of hearing about actual measures.

You know, it's all fine for us to argue our various positions all day, but here in estimates we're here to talk about numbers and measures and performance measures specifically. That's what I'm trying to ask about in this case. In light of the fact that I think we've tried three or four times now and we aren't hearing anything about how we're planning to measure performance, I think I'll move on.

Another question I have with respect to the Canadian Energy Centre is that it was meant to bring back jobs. I'm interested to see if you could table for us a list of the jobs that you can tie directly to creation by the Canadian Energy Centre or even jobs that have been defended, I think, with an analysis that sort of links what the work of the war room is to those jobs, because at the end of the day it is meant to be having an impact. I think we haven't heard about any way we're measuring it, and I think that jobs are what people are interested in. It's what this government promised when it ran on its election. If you could table a list of jobs and the way in which they're directly related to the impact of the energy centre, that would be helpful.

**Mrs. Savage:** Well, I think you're asking about measures. There is one measure that we put in. There are others that are performance indicators, but if you're asking for performance measures, the measure is "Alberta oil sands supply share of global oil consumption," and that measures going forward, looking forward into the future. We've always said that the Alberta oil sands share of world oil consumption is an effective measure – measure; you keep talking about measures – of Alberta's vision to be a global energy leader. We want to be recognized as a leader in responsible energy supply or in ESG. Our objective here, the objective of the department, is to have year-over-year growth, which reflects Alberta's oil sands' increasing importance in the global energy mix. That's important to Alberta. That's a measure that we're looking at. How do we ensure that our oil sands production, our crude oil and our natural gas production – but in this place, in the measure, is the oil sands production, to have year-over-year growth. That's an actual measure. That production reflects a number of factors . . .

**Ms Ganley:** Thank you. I think that does answer the question. That certainly is a measure of a number of factors. I think my concern is that we're hoping to measure specifically the impact of the war room.

With that, I think I just heard that the next 20-minute block has expired, so I will move on in my questioning.

One of the other interesting things that has come up. In May 2020 a letter was sent indicating the rescission of the 1976 coal policy, beginning in June of that year. Applications pending, i.e. those that were received between 1976 and 2020, were processed first. Then a public offering was made in December 2020. The leases from the December 2020 offering were cancelled. However, the leases granted for the pending applications or leases held prior to 1976 were not. I understand there were 506 lease applications pending that could be impacted by the rescission of the policy, affecting about 652 hectares of land.

I also understand that the estimated revenue from this was about \$2.3 million. What I'm wondering is, you know, in light of the fact that you took the step of walking back on the leases that were approved for applications that were made after the announcement but not the leases that were approved between the initial announcement and then the sort of walk-back, if you will, I understand that the estimated revenue for those leases would have been about \$2.3 million. Going forward, is that \$2.3 million reflected in projected revenues?

**Mrs. Savage:** Through you, Chair, if the member could reflect and point me and direct me to the section of the budget and what page she's referring to in the documents related to the budget.

**Ms Ganley:** Yes, absolutely. On page 85, under Revenue. I assume that under either Bonuses and Sales of Crown Leases or, alternately, under Other Revenue revenue relating to leases through the Department of Energy would be reflected. In this case my understanding was that if those 506, maybe slightly fewer because not all of them were on the basis of being in category 2 or 3 lands according to the note, affecting 652 hectares, if you intended to proceed with those leases, it would represent about \$2.3 million in revenue. I'm wondering if that revenue is reflected under these lines on page 85.

10:00

**Mrs. Savage:** So you're looking at the lines on page 85 that would show bonuses and sales of Crown leases for 2020-21 forecast in budget?

**Ms Ganley:** Yes. I'm looking at revenue coming into the government, and it's entirely possible that those are accounted for. I mean, these are very high-level lines. It's entirely possible that those are accounted for under other premiums, fees, and licences. I'm just curious if money anticipated to come in from those lease applications in categories 2 and 3 lands – is there any money reflected in revenue from those leases?

**Mrs. Savage:** Well, the line item you're referring to there is for bonuses and sales of Crown leases for the 2020 and 2021 budget, and that includes, of course, oil and gas leases. It includes the oil and gas leases for the year, PNG hectares sold. I understand it would also include coal leases.

**Ms Ganley:** Okay. You project the revenue based on things which are leased. In your projected revenue have you included money expected to come in from the lease of those lands in categories 2 and 3?

**Mrs. Savage:** Well, the future projection for – I assume now you're talking about the 2021-22 estimate. Is that correct?

**Ms Ganley:** Yes.

**Mrs. Savage:** How we impact there: again, remember that that includes the petroleum and natural gas leases as well, and the estimate is derived primarily on the petroleum and natural gas leases. Remember that we have paused all future leases on category 2 lands when I announced that we were reinstating the coal policy. All those leases are paused.

Mr. Chair, please let me walk through these numbers. The member has interrupted me numerous times before I've had an opportunity to complete my answer, so I would ask the indulgence from the chair to let me actually complete my answer. On a number of occasions here I've been cut off before I've had an opportunity to complete it.

That number there – and I think you're referring to \$151 million – is based on an estimate for PNG leases primarily, and it would be based on the activity in the industry, the drilling estimates, the number of leases in exploratory stages, cash availability of the industry. All affect the quality and quantity of the price. A number of issues impact that forecast, including the number of leases up for auction, the number of lands up. What I can tell you in that category is that we've had an increased interest for petroleum and natural gas leases in recent days. I think that reflects a very big optimism in the energy sector that prices are recovering, that we're going to have pipeline capacity adequate to move our product. That number reflects petroleum and natural gas leases.

As I mentioned, coal leases have been paused.

**Ms Ganley:** Thank you, Minister, and I apologize. It isn't my intention to be impolite when I cut you off. It's simply that, you know, I'm asking very specific questions about very specific things, and while I appreciate the digressions and opinions, we're here to talk about the budget. It is my responsibility to Albertans to find out information about the budget, so I will redirect you to the budget because that's the conversation we're having today.

Again, what I'm asking is whether, under that number, you can break out an amount that is anticipated for coal leases, and in light of the fact that – I understand that you paused the auction of coal leases in categories 2 and 3 lands – there were those 506 lease applications that were pending when the announcement was made and that those were approved, what I am asking is how much revenue you anticipate not in general but specifically for coal leases and specifically for those coal leases in the categories 2 and 3 lands.

Thank you.

**Mrs. Savage:** Thank you. I'm just looking at some numbers here. The coal leases would be actually reflected in the next item, which is rentals and fees, which is estimated for 2021-2022 to be globally, for all of these things, \$118 million. That includes \$89 million for petroleum and natural gas, it includes \$24,300,000 for oil sands, and it includes \$1,740,000 for coal and mineral development. Now, that would also include other forms of minerals like lithium and other minerals that the energy sector overall is seeking. It would include lithium and any other precious and rare-earth mineral that's being pursued across the province. I don't have a breakdown of what is estimated to be coal and what would be estimated to be other types of minerals.

**Ms Ganley:** Thank you, Minister.

I mean, it's my understanding from a briefing note signed by yourself, which was filed in court in public filings, that the estimated revenue from those approved leases, the ones that have not been rescinded in categories 2 and 3 lands, is \$2.3 million. Can you confirm my understanding that that \$2.3 million would be found, then, in this line of rentals and fees and that you are anticipating taking in that money for the upcoming year?

**Mrs. Savage:** Just bear with me because I'm reaching through some documents here. The coal leased by region and coal category would show that there is category 2, the coal lease area – the total annual rental from coal in all categories of land is \$2.08 million, and that would include category 2, category 3, and category 4 leases. The total annual rental is \$2.08 million.

**Ms Ganley:** Thank you very much, Minister. That is helpful.

Then I can confirm that the government is anticipating some revenue from leases in categories 2 and 3 lands based on that.

**Mrs. Savage:** Yes. And those leases are paid on an annual basis. Each and every year there's a lease rental from the beginning, the same as in petroleum and natural gas leasing. There's an annual fee each and every year that the lease is in impact. It doesn't mean new leases; it means revenue from existing leases.

**Ms Ganley:** Thank you, Minister.

In the event that you chose to – I don't think that this is an unreasonable question in light of the fact that you have, you know, rescinded other leases in categories 2 and 3 lands. If you were to choose to cancel and compensate the coal leases in those categories 2 and 3 lands, those roughly 500 that were in the pending applications that were approved when the 1976 coal policy was rescinded, do you have an estimated cost for that?

**Mrs. Savage:** Bear with me for the answer because there are two or three parts to the answer on this. Number one, we have a coal consultation that we'll be starting on March 29, that will give an outcome. Albertans will tell us how they want to see coal development, if they want to see coal development, and, if they want to see coal development, where it will be, whether it's in categories 2, 3, 4 lands. We want to hear from Albertans. We're not going to prejudice what they're going to say.

**10:10**

With respect to the leases that are still there in category 2 lands, remember that under the 1976 coal policy there was a restriction on surface mining. There wasn't a restriction necessarily on subsurface mining, so rescinding those leases at this time, before the consultation is complete and before knowing what sort of restrictions will be in the various categories, is not something we're looking at. We're going to wait for those consultations to be complete.

The second part of the question. Remember that a lease does not mean a coal mine; a lease is simply an ability to stake a claim to the resource that's beneath the surface. It does not mean under any circumstances that a mine is going to be developed. It doesn't even mean that the resource is going to be explored. We rescinded the leases that were put out after we rescinded the coal policy, the leases from the 11 – I think it was 11 leases that we rescinded and paid out. There has been interest in there and applications to lease in that area that go back decades. The interest in there goes back decades, and we're waiting till the outcome of the coal consultation before taking further steps on that.

**Ms Ganley:** Through you, Mr. Chair, thank you for that answer, Minister.

I think what I'm trying to get at here, because this is sort of the purpose of estimates, is that you're kind of estimating what you anticipate coming in and going out throughout the year, which sort of reflects what you anticipate happening. In this case my understanding is that you're booking revenues on those leases. Those leases: as you've mentioned, there's historic interest that goes back. There were all those applications that were filed between

1976 and 2020 that have now been approved, and only those ones that came in in 2020 have been rescinded. I guess what I'm trying to get at is that you are anticipating booking revenues on those leases.

**Mrs. Savage:** Yes. There's a very small amount of revenues, as I noted before, and it appears here to be \$2.08 million booked for '21-22.

**Ms Ganley:** Thank you, Minister.

Related to that, obviously, when it comes to the extraction of anything, really, any mineral, the government can sort of seek revenues in two ways. There are the leases, which we've discussed, and then there are also royalties. Royalties, obviously, come only in the instance that the mineral is actually extracted, and as you've quite correctly pointed out, in order to extract on those coal leases, they would require additional approvals and additional permits. Are you anticipating any royalties from coal extraction in category 2 or 3 lands in this budget?

**Mrs. Savage:** We've got coal royalties booked for the year coming from both bituminous coal, which is the category 4 coal and the thermal coal, and for subbituminous coal, which is the metallurgical coal. Remember that these are coal mines – the royalties are only in place for coal mines that are already approved and built and operating. There are various mines across Alberta. Some have been in place for decades. One was put in place and approved by your government, the Vista coal mine. The total number there for coal royalties that are booked in the budget for 2020 and '21 estimates is \$8.25 million, and that would come from \$6.95 million that's related to the bituminous coal, the thermal coal, and \$1.1 million for – pardon me. Sorry. That's the opposite way: \$6.95 million for bituminous coal and \$1.1 million for subbituminous coal. The bituminous coal is that. That's the total estimate that we're looking at for 2020-21.

**Ms Ganley:** Thank you very much, Minister. That was helpful.

Are you assuming the approval of the Grassy Mountain project, meaning changes to water allocation in the Oldman are a foregone conclusion?

**Mrs. Savage:** Water allocation on the rivers is a policy matter for the minister of environment, so I think those questions are more appropriately directed to the minister of environment.

**Ms Ganley:** Okay. Thank you very much.

I think we can move on from there. Oh. It seems that I am about to run out of time, so I suppose it's probably not worth using my time to ask additional questions when we won't be back for a while.

Thank you, Minister. That was helpful. I appreciate the information. With that, I suppose I should tap dance for the next 30 seconds.

**The Chair:** Interesting.

That concludes the first portion of questions for the Official Opposition.

**Mr. Bilous:** I think the minister wants to respond.

**The Chair:** Oh, okay. Just quickly, Minister.

**Mrs. Savage:** I just want to correct one thing on some numbers that I gave to the member. When I said that the coal royalty estimates were \$8.25 million, that was an estimate that we had put in place at the end of last year. In the budget we have rounded that up to \$10 million for 2021-22 estimates. For coal royalties it's estimated to

be \$10 million. The number I gave you was based on an earlier estimate and just rounded up.

**The Chair:** Thank you very much, Minister.

We will now move to the government caucus for 20 minutes of questions from the members, followed by a five-minute health break after that point. Do the members wish to go back and forth with the minister?

**Mr. Singh:** Thank you, Mr. Chair.

**The Chair:** Back and forth with the minister?

**Mr. Singh:** Yes.

**The Chair:** Very good. Go ahead, Mr. Singh.

**Mr. Singh:** Thank you, Mr. Chair, and thank you, Minister. I want to commend the minister and all the staff in the ministry for the outstanding efforts to ensure that our energy and natural resources are developed responsibly to bring fruitful benefits to Albertans. In key objective 1.1 of the business plan it states that Energy will “improve market access for Alberta’s energy resources and products to get Alberta’s oil and gas to market.” Canada needs to tap into international markets to secure the wealth of the country today and for future generations. Minister, what activities will be conducted to expand markets for oil and gas in 2021 and 2022?

**Mrs. Savage:** Well, thank you for that question. It really encompasses a lot of the work that my entire ministry is working on, and it encompasses the work that caucus is helping us work on, too, to ensure that we advocate for and take every step possible to ensure that pipelines are built, that we have capacity to move our products to market.

Some of the things that we’re doing – and I’ll list a number of these things here because they’re all important. We know we need to ensure that we have adequate capacity to move the products. We know what happens when you don’t. You end up with price differentials blown, and you end up chasing away investment because there’s no ability to move the product. So we’re taking a much more assertive and stronger approach here. We’re intervening in all regulatory and legal proceedings where the province has standing. That includes intervening in the United States in various matters. Look at line 3 and line 5, in particular. We’re intervening in matters in Canada, intervening in regulatory matters in the Canadian Energy Regulator.

We are engaged in a very, very fulsome advocacy effort with the U.S. federal government and state-level governments in the United States to advance projects. That includes some of the very good work that our representative in Washington, DC, James Rajotte, is working on.

**10:20**

We’re participating in every possible intergovernmental forum to build support for expanding market access. That includes the Energy Council, the Council of State Governments, the National Governors Association, the Council of the Federation, and the Energy and Mines Ministers’ Conference. That’s on both intergovernmental here in Canada and across the border. I’ve had numerous, numerous meetings with my counterparts at state level in the United States plus the regulators, including the Texas Railroad Commission, all the energy secretaries in oil-producing states, and that’s so that we can ensure that they understand and that they’re aware of the interdependence between our energy markets,

both in Canada and the United States, that they understand that they need our product as much as we need access to their markets.

We’re working collaboratively with other provinces, particularly with Ontario and Saskatchewan. I work very closely with my counterparts in those provinces to ensure that we have allies at the table. We’re working very closely with Minister Seamus O’Regan in Ottawa to ensure that he’s on our side, that he’s working side by side with us. I think, to a point that I was trying to make earlier in talking about things when I was quite interrupted by the Member for Calgary-Mountain View, we are working with the federal government to pursue options and to stand up and advocate for line 5, for line 3. We’re working very closely with them. We’re also creating new provincial offices in B.C., Ottawa, Quebec, and Texas to advance Alberta’s interests in other markets. That will include more than just the energy sector but includes all sorts of investments.

And very, very prominently here we’re developing a provincial ESG strategy aimed at strengthening and promoting Alberta’s position as a responsible energy producer, because we know that if we’re going to get our products to market, we’re going to have to show that our products are produced under the highest ESG standards and that we can compete with the very best around the world.

Thank you for your question.

**Mr. Singh:** Thank you, Minister.

Regarding market access in key objective 1.1 of the business plan, would the minister provide an update for existing, new, and optimization of pipelines?

**Mrs. Savage:** Sure. Well, thank you. That was also some information that I was trying to get in earlier to show the metrics and some of the things that our advocacy has been successful in doing and some of the things that our government, whether it’s our caucus, our ESG, our entire government, is working on, being able to fiercely advocate for market access, existing, new, and optimization of pipelines.

I would start with some of the good work being done on line 3. This is, you know, a 60-year-old pipeline that’s being replaced for safety reasons. I had the good fortune of having worked on that project myself. In my previous career, before being Minister of Energy, I worked on that project, starting back in 2013. It is now close to finished, and it’s set to be in service by the end of 2021, after seven years of work. That will increase pipeline capacity into markets of 760,000 barrels a day.

Let’s talk about the Trans Mountain pipeline, that’s also been in the regulatory process for a very, very long time and has suffered setback after setback. It’s now scheduled to be complete at the end of 2022, and that will move an additional 590,000 barrels a day to the west coast, which will be able to get to new and growing markets in Asia.

We’ve also seen progress on optimization of pipelines. Various companies have plans under way to increase pipeline capacity by up to 500,000 barrels a day, so you’re seeing a large amount of pipeline capacity being developed, which will help us be able to increase and grow production here in Alberta to get our oil to markets.

Another interesting thing that we’re working very, very hard on to help and support is solidified bitumen. There’s a market for things like CanaPux and BitCrude, where the bitumen is made into solidified form so that it can safely be transferred to growing markets, and it can actually be transferred and shipped off Canada’s northwest coast because the tanker ban is not applicable to solid

bitumen. All of these things will get upwards of 2 million barrels a day of increased capacity to get our product to market.

What that will do is that it'll allow our industry to grow; it will bring investment back into the sector. What was problematic for many years, from 2015 to today, as we're making progress, was lack of capacity, which constrained investment and damaged our economy and led to hundreds of thousands of job losses.

That's what we're working on. We're doing everything we possibly can to ensure that we have enough space to move our product, and I think we're seeing some success. I'm extremely optimistic – extremely optimistic – for our energy sector because we're going to have the capacity to be able to move the product. We're able to expand. We're able to get the product to market. We're attracting new investment back in. We're already seeing increased drilling activity. We're seeing increased interest in land sales. We're seeing an uptick in the price, and we're seeing a real enthusiasm. But the starting point of all of this is getting these pipelines built. I'm really proud of the work that's under way by our industry and our government in getting this done.

**Mr. Singh:** Thank you, Minister, for your reply, which explains the activities that expand the market for oil and gas as this sector is our biggest export industry. With this expansion, coupled with an innovative energy industry and diverse energy future, many jobs will be created for Albertans.

With that, Mr. Chair, I will turn it over to MLA Pete Guthrie.

**Mr. Guthrie:** Thank you. Minister, through the chair, one of the key roles – I'll just jump back for a minute to some of the conversation that was going on earlier – of the CEC is to defend the oil and gas sector. They have over 51,000 followers on Facebook. They have around 25,000 direct e-mails. They are doing podcasts. They're doing research pieces, and I think, as you know, some of the research that's going on there by Mark Milke and his team is just excellent, excellent work. They're doing commentary from guest speakers. They promote the sector's superior ESG record. They have a following from over 190 different countries, with a reach of around 1.5 million people per month just on Facebook alone. Like, I find it interesting that the opposition claims that we should defend the oil and gas industry, yet they oppose the CEC. Then they claim that the CEC doesn't work, but next they highlight that the CEC had the ability to take obscure movies created to present misinformation about the energy sector and boost these obscure movies to the top of the charts. I think that's pretty awesome if they have that kind of ability. So the NDP's opposition to the CEC as well as the media and activists tells me it's working and working pretty well, I might add.

You know, the more support that we can find and identify, the more politicians will understand the oil and gas industry and its strong support by Canadians, which, ultimately, I think, is another goal of the CEC. Would you agree with that, Minister?

**Mrs. Savage:** Absolutely. Absolutely. I think their role is going to be pivotal as we move forward with ESG initiatives. We are creating an ESG secretariat within Executive Council, and that's a very separate and distinct and different function from the Canadian Energy Centre. The ESG secretariat will be co-ordinating within the government, within the various ministries and departments, a whole-of-government approach to ESG. We're going to need to get that message out. We're going to have to get the key message out, and that will be a key task that's going to be given to the Canadian Energy Centre, to promote some very large advertising campaigns to get that message out. As you noted, they've got a large following there.

**10:30**

The interesting thing, as I've stated earlier – and, of course, I was cut off very significantly by the Member for Calgary-Mountain View. I'll point out that they cut off there because they don't like their record on this. They didn't counter a negative narrative. They didn't say anything to counter and to correct the record of the opponents of our oil and gas sector. They didn't do anything. What they did is they ceded ground . . .

**Mr. Bilous:** Point of order.

**The Chair:** Point of order noted. Go ahead, Mr. Bilous.

**Mr. Bilous:** It's under 23(j). Well, actually, 23(h) and 23(i) and (j), so making allegations against another member, false or unavowed motives, and using language likely to create disorder. First of all, the minister is doing this to create disorder, but second of all, Mr. Chair, we're talking about the estimates of the government spending moving forward from '21-22. I appreciate that the minister loves to talk about our government; however, this is not Public Accounts. This is estimates, so we are looking forward, asking questions about how the government is spending Alberta tax dollars in the years looking ahead.

**The Chair:** Go ahead, Mr. Getson.

**Mr. Getson:** Yeah. Mr. Chair, obviously, this is, in my opinion, not a point of order. Obviously, it's a matter of debate. I believe the chair has offered great latitude for the Member for Calgary-Mountain View, I believe, who's expounded on tons of things, inclusive of making mockery of the centre fighting back against a children's film, et cetera, notwithstanding cutting the minister short on several items, whether it's through *Hansard* or otherwise due to the new format that we have, not allowing to engage. I find it quite rich that the Member for Edmonton-Beverly-Clareview would call this point of order given that when one was called on their group similarly for the same dialogue, it was overruled. He argued quite eloquently, and I'm more than happy to use his own arguments against him.

**The Chair:** Thank you. I'm prepared to rule on this. I don't find a point of order. The minister did not name a particular member. She was talking about a party. We have gone through that in particular with questions from the opposition as well. I do agree that it's a matter of debate and not a point of order.

I would caution the minister to please try and stick to documents that we have in front of us as well as members of the government caucus to stick to the documents we have. Thank you.

Go ahead, Mr. Guthrie, I believe.

**Mr. Guthrie:** The minister was still addressing.

**The Chair:** Minister.

**Mrs. Savage:** I think I was just thanking the member for his questions and pointing out some of the indicators of success of our government's advocacy program. I think, just to very quickly finish the point I was making, that when you don't counter a negative narrative, you allow that narrative to grow. You've ceded ground to the opponents of our industry, and we can't let that happen. We can't let that happen, because we know that when it does happen, we end up having pipeline projects cancelled, investments delayed, jobs lost. We have to do things differently than how they have been done in the past. We have to make a more assertive stand, and we have to counter that false narrative, and that's what we're doing.

**Mr. Guthrie:** Thank you, Minister, through the chair. I think, too, it's interesting that the opposition tried cutting you off again during that, not wanting to hear your story, but we'll move on here.

On key objective 1.2, that would be on page 37, it discusses responsible energy development, implementing the natural gas strategy and vision, including capitalizing on opportunities in liquid natural gas. I'm just wondering if you could maybe go on and expand a little bit about the opportunities that exist here for Canada and, of course, Alberta through LNG.

**Mrs. Savage:** Well, thank you for that question. It's a very key part of the natural gas strategy that Associate Minister Nally has been working on. I think it's important because we know the world is looking for more natural gas. Alberta can produce it responsibly. We have an abundant supply of it. We're continuing to work with other governments, regulators, and industry to find a way to ensure that we can continue to grow. We know that the country needs the infrastructure, and regulatory processes need to be streamlined, need to be in place to move LNG to international markets in the coming years.

Just to point out one of the key recommendations that's in the Roadmap to Recovery report that underlines where our natural gas strategy is, one of the 48 recommendations is calling for additional megaprojects to help get Alberta LNG to international markets. We want to secure a second west coast LNG project. That's because we know that global demand for gas will increase and is expected to increase by 36 per cent. We know the world is looking for clean natural gas to replace coal-fired electricity in Asia. We're continuing to work with governments and regulators to ensure that these projects can have a path to be successful. We're working with our industry. We're working with investors to move these things forward.

**Mr. Guthrie:** Thank you, Minister.

Through the chair, just on that same line, then, I think the government had referenced three possible projects or a desire, anyway, to have three LNG projects by 2030, and I think you may have referenced one there. Are there any others that we should know about?

**Mrs. Savage:** Well, I think we support each and every possible project that there is. We support them all. Industry is working with a number of different proposals, trying to find which ones have the commercial underpinning to proceed. We're supporting each and every one of them. We will support any form of project for egress. There are a number of them that are being proposed. Some of them might be commercially sensitive, but we will work with every single project to find a way to ensure that our natural . . .

**The Chair:** Thank you, Minister. Sorry to interrupt.

We will now take a very quick five-minute health break. Time flies when you're having a break, so make sure you're back in your chair.

[The committee adjourned from 10:37 a.m. to 10:43 a.m.]

**The Chair:** Thank you. That concludes the government members' first block of questions. Now we move to five minutes of questions from the Official Opposition, followed by five minutes of response from the minister. As mentioned, members are asked to advise the chair at the beginning of their rotation if they wish to combine their time with the minister's time, and please remember that discussion should flow through the chair at all times regardless of whether or not speaking times are combined. Member Ganley.

**Ms Ganley:** Yes. I would like to continue to combine time if that's agreeable.

**The Chair:** Perfect. Go ahead.

**Ms Ganley:** Thank you very much. I think that I have a couple more questions with respect to the coal leases and policy. I'm hoping that the minister can confirm my understanding of the revenue breakdown read into the record earlier. As you confirmed, there are assumptions that the government of Alberta will be projecting revenue from mining in category 2, which was previously prohibited. I'm wondering if you would be willing to provide us with sort of a written list of those projects and what the assumptions are.

**Mrs. Savage:** To start with, there are actually no coal mines in category 2 lands. There are actually no coal mine applications in category 2 lands that I'm aware of. The only one that was – bear with me, Mr. Chair; I ask for your indulgence here – moving towards development was the Ram River Coal Corp. in 2016, which was the mine where your government told them on May 24, 2016, that the coal category 2 designation does not preclude surface coal mine development, which is not what the coal category says. There are no mines in an application stage for category 2 lands.

**Ms Ganley:** Yes. My apologies; I should have said “leases” and not “mines.” That was my – I used the wrong word.

I'm hoping that the minister can read some of the breakdown anticipated in terms of the revenue into the record. Can you provide – obviously, you probably don't have this information at your fingertips, but I'm hoping that the minister can provide a breakdown, as a written undertaking, spanning last year, this year, and the next two forecast years in the documents so that Albertans can see what's driving those revenue assumptions. I'd like to see sort of what the anticipated – what it was in the past in terms of coal leases and what's anticipated into the future.

**Mrs. Savage:** What I can tell you is the booking for coal leases, and I know your questions are with respect to the category 2 lands, but those bookings are made – they're projections. They were projections that would have been made prior to the coal consultation being announced. It would be made prior to us announcing that we're reinstating the coal categories and going to consultation.

I know what you're trying to suggest here is that we're precluding, that we're suggesting that those leases are going to stay after the coal consultation and that coal mining will be permitted in category 2 lands, which is as far from the truth as possible. We are actually consulting with Albertans to get their views, their thoughts, where they see the future of coal mining.

I heard very strongly from them, as did members of my caucus, that there were some very big concerns about surface mining, the potential of surface mining in category 2 lands. That's why we have it out for consultation. We're going to hear the views of Albertans. We're going to listen to them. We're going to understand that before we take any next steps with respect to what can or can't be developed on category 2 lands.

But the lease revenues that were mentioned were booked before that, and they're just an estimate of what is there. It's not any sort of prejudgment of what could or might happen in the coal consultations.

**Ms Ganley:** Thank you, Minister. I appreciate that position, that the consultation needs to come first. I'm just wondering: can the minister commit to an open meeting with citizens in southern

Alberta and a specific meeting with chief and council for the Blood Tribe, Siksika, Piikani, Stoney Nakoda, and the Lethbridge Métis?

**Mrs. Savage:** Well, the interesting thing is that I've already met with the council for Siksika. I've had conversations with the chief for the Piikani and the chief for Kainai, and we'll continue with that. Part of the coal consultation commitments is that there will be government-to-government consultation with indigenous communities, and that will run parallel with consultation that will start on the 29th of March. We're working on the final pieces of what that consultation will look like. The department is putting the final pieces together, and we hope to have announced in short order what it will look like.

There will definitely be – we've already announced that there will be government-to-government direct consultations with indigenous communities, starting on the 29th. In fact, that's already started. I've spoken to all the chiefs already and spoken to the chief and council of Siksika. We'll continue those conversations because we want to hear what their views are and what their opinions are and what they want to see with a modern coal policy, as we want to hear from all Albertans.

**Ms Ganley:** Sorry. Can you just confirm for me my understanding, then, that you will have a public meeting with the people of southern Alberta?

**Mrs. Savage:** This will be done under the consultations when we announce them, starting the 29th of March. The method and the engagement for those consultations will be determined at that time, and we'll be announcing what that will look like. We will announce who will be doing it. What I can say ahead of time is that it will be consultation by Albertans for Albertans. It will be open consultation where we very genuinely want to hear what Albertans think. Albertans own the natural resources. They love their mountains. They own the mountains. They cherish them. We want to hear from Albertans what their views on coal development are and if and where they want to . . .

10:50

**Ms Ganley:** Sorry, Minister. I just want to confirm really quickly that what you're committing to is that you will have public meetings with people in southern Alberta. Yes or no?

**Mrs. Savage:** You will hear more from the coal consultation plan in the days ahead. That will be a comprehensive plan that will be led by Albertans for Albertans to solicit the views of Albertans. You will be hearing more about that in the days ahead. What I can commit to is that it will be very open. It will be broad consultations. It will solicit the views of Albertans. We will come forward with recommendations on a new and modern coal policy. Until that time we have fully – fully – stopped leases, any further leases in the category 2 lands. We have stopped any further exploration in the category 2 lands. We want to hear from Albertans. It's their resource. It's their mountains. Until we do, all of that activity is stopped.

**Ms Ganley:** Thank you. Sorry. Can I confirm what you just said there, that you have committed that no further exploration permits will be issued for category 2 or 3 lands?

**Mrs. Savage:** We have actually given a directive to the Alberta Energy Regulator that there will be no further exploration permits on category 2 lands until further notice, and that will be not until after consultations, pending consultations, and pending the outcome

of consultations. We've not only said it; we've put it in a directive to the Alberta Energy Regulator.

**Ms Ganley:** Thank you, Minister.

I think I'd like to move back around to line 2.3, talking about advocacy. One of the things you mentioned was that – well, I'll just ask the question for both this past budget, the forecast for 2021, and for the upcoming estimate, '21-22. It's my understanding that for the forecast, it is forecast that \$10 million of this \$29 million will be spent on the war room. Can you confirm that it will be \$10 million going forward in 2021-22, and can you break down a little bit for me what that \$19 million in forecast and \$17 million in estimate in other advocacy will be?

Thank you.

**The Chair:** Sorry, Minister. We'll try and catch that answer on the next round.

We now move to a 10-minute rotation for the government caucus. Do you wish to go back and forth with the minister?

**Mr. Turton:** Yes, please.

**The Chair:** Go ahead, Mr. Turton.

**Mr. Turton:** Excellent. Thank you very much, Mr. Chair, and thank you very much, Minister, for coming out here today along with your staff. I guess a couple of questions. To kick-start, key objective 1.3 of your business plan states that the government is investing in "job creation through environmental stewardship by providing support to site rehabilitation." Is this reference to the site rehabilitation program that you have? It's specifically, I think, on page 37.

**Mrs. Savage:** Yes. That's referring directly and specifically to the site rehabilitation program. Of course, you know, that's a program that's coming from a billion dollars of funding from the federal government, funding that we pushed for very hard and asked for to help the recovery of the energy sector. The program itself has the added benefit – it's a job-creation program, but it has the added benefit of being an environmental program as well. We're directing a billion dollars to help clean up oil and gas sites, pipeline sites, to close these and help the energy sector. We're believing that in that, it will create up to 5,300 direct jobs, and it will put the Alberta oil field service sectors back to work during these difficult times.

I would point out that it's a program that the people in the department have worked incredibly hard at to get the money out the door. At the beginning of the program they had over 35,000 applications to get through. They have worked incredibly hard to get this money out the door to keep the energy sector and service sector working.

As of last week I'm very happy to say that there has been more than \$320 million in grant funding that's been approved and allocated to almost 600 Alberta-based companies that will create 1,500 jobs and help the energy sector get back to work. It's been an enormous amount of work for the department. They've gone through volumes and volumes of applications and are putting Albertans back to work.

**Mr. Turton:** Excellent. Thank you very much for that, Minister.

I guess my supplementary question is, I mean: how does it actually aid in the economic recovery? I know in key objective 1.3 of the business plan it talks about enhancing Alberta's investment climate through these measures to improve the province's standing with investors. I was just wondering if you could clarify a little bit on the economic recovery portion of that.

**Mrs. Savage:** Yeah. Well, the main point there is that it will help get people back to work. It's estimated to create 5,300 jobs, get Albertans back to work. It will help the oil field service companies stay afloat during these difficult times. As you know, the pandemic and the global price collapse in energy prices put the energy sector at a very, very, very perilous point. There wasn't drilling; the service sector wasn't put to work. This will put the service sector back to work with much-needed jobs, with a billion dollars of funding.

We've got \$320 million of it already allocated, and we've only just started. We have eight rounds. We're working on \$800 million of funding to allocate \$300 million in rounds 1 to 6; \$320 million has been allocated already and is getting out the door. I would also note that it not only is a job-creating program, but it has the added benefit of an environmental program. It gets wells closed, gets liabilities off the books of the energy sector so that their balance books are in a better position to be able to attract financing and be able to undertake new drilling. The program has multiple measures to help Albertans get back to work and to make our energy sector strong.

**Mr. Turton:** Excellent. Thank you very much for that comprehensive answer, Minister.

To take a slightly different line of questioning – it really has to deal with indigenous and regional development – I guess my question is: what is your ministry doing to promote indigenous involvement in resource economies? I mean, how does it benefit regions here in the province? I mean, just outside of my riding of Spruce Grove-Stony Plain, obviously, Paul band First Nation, Enoch First Nation are pretty close. Just wondering if you can just tie in about, you know, energy and your relationships and conversations with the First Nations communities.

**Mrs. Savage:** Well, thank you. When it comes back, there are several things there. Going back to the site rehabilitation program, we worked very closely with our indigenous partners to make the program work in a way that helps their people. It helps clean up sites on indigenous and Métis lands, and that helps get the indigenous oil field service companies back to work. We've taken several measures to help them and to strengthen their participation in the site rehabilitation program. That includes, first, that we have an industry advisory committee and an indigenous round-table. We have a dedicated indigenous liaison to deal with First Nations and indigenous people.

**11:00**

Particularly, we worked with IRC, Indian Resource Council, to design a period of the funding to help First Nations and to be dedicated specifically, so a tranche of \$100 million has been dedicated to work on indigenous and Métis lands. That was working very closely with our indigenous partners to design a program to assure that there was an allocation of money directed directly to them. Of that, \$85 million will go to work in eligible well licences on First Nation communities. The other \$15 million will go to eligible work on Métis settlements. We're working very closely with them on managing that part of the process to ensure that the funding gets out the door quickly and gets to work.

We also have some elements of the program that run through the entire program, including that project – all of the projects and contracts in the SRP for indigenous that are directed to indigenous companies will ensure that 100 per cent of the project value of the licensed contract is paid for by the site rehabilitation program whereas in other areas the companies are expected to contribute 50

per cent. We're seeing some good work with the site rehabilitation program.

We also have the Indigenous Opportunities Corporation to help indigenous communities be able to participate and take equity stakes in projects, and we're pretty happy that we announced the first project, the Cascade power project near Edson, Alberta, where six Alberta First Nations will acquire a \$1.5 billion equity stake in Cascade power project, and that's being enabled by the Alberta Indigenous Opportunity Corporation.

We're taking a lot of steps to ensure that our indigenous people are partners in prosperity, that they can participate in these projects, that they can share the wealth, that they can find employment, put their people to work, and we're taking additional steps in the site rehabilitation program to ensure that they benefit from those funds as well.

**Mr. Turton:** Excellent. Thank you so much, Minister.

At this point I'd like to hand it over to MLA Shane Getson.

**Mr. Getson:** Thank you, Member Turton. Much appreciated. Thanks, Minister.

You know, I've been accused of having a one-track mind and pipeline dreams or a pipe dreamer, so it should be no surprise to you that I want to jump right into infrastructure and talk about that a bit. Your business plan mentions liquefied natural gas in key objective 1.2. It says that the government, we want three – sorry. I'm looking at the wrong item here. The business plan mentions natural gas regulatory as key objective 1.2. Sorry. I was going to get you mixed up there as well as myself. What actions are the government going to take to improve the regulatory process for the natural gas infrastructure projects? Given that recently I was talking to a VP at a former company that we know is the largest midstream company in North America . . .

**The Chair:** I hesitate to interrupt, Member.

We'll now go back to the Official Opposition for a 10-minute back and forth with the minister.

**Ms Ganley:** Yes,. Thank you very much, Mr. Chair.

**The Chair:** Thank you. Go ahead, Member Ganley.

**Ms Ganley:** So we're all on the same page, I'm just going to reframe my question from the last time and perhaps make it a bit less compound because it was probably a bit confusing. I'll start with the \$29 million forecast to spend in budget 2020-2021. I understand that \$10 million of that is for the war room. If the minister could confirm that understanding, that \$10 million went to the war room, and just break down what the other \$19 million there under industry advocacy is.

Thank you.

**Mrs. Savage:** This is – you're referring to item 2.3.

**Ms Ganley:** Correct.

**Mrs. Savage:** I think you're referring to the 2020-21 budget, which was \$10 million to the Canadian Energy Centre, because I believe for the 2021-22 budget we're estimating \$12 million to the Canadian Energy Centre. So it's a very slight, slight difference. Are you referring to 2020-21 or 2021-22?

**Ms Ganley:** Well, ultimately, we'll go through both, but I wanted to start with 2020-21, the \$19 million under industry advocacy that did not go to the war room. Could you break down what that was for?

**Mrs. Savage:** Sure. This comes from a general budget, the industry advocacy budget, and from that, \$10 million was to the Canadian Energy Centre. The other ones will be used for various other industry advocacy projects to ensure that pipelines are built, to stand up within the ministry and support those pipelines and any efforts within the department that are needed to engage to support the industry, to support projects and anything that has the ability to get our projects to market. That funding was allocated to and within the department for other various initiatives to manage industry advocacy. All of those specific amounts will come up and be itemized in the annual report that will be coming out later, so you'll see a full accounting of the remaining \$19 million. So \$10 million went to the Canadian Energy Centre. The remaining \$19 million that was allocated towards various initiatives to support market access and to support the industry and to support the ability to get to market will be itemized in the annual report.

**Ms Ganley:** Thank you, Minister.

I think my point here is that that's money that at this point is forecast to be spent, so it's spent already. It's Albertans' money that's been spent, and I'm asking you to outline what those various other initiatives are.

**Mrs. Savage:** That, according to standard practice, will be fully accounted for in the annual report, that will be coming out later this year, in June. As per standard practice you will see that itemization in June.

**Ms Ganley:** What you're saying, Minister, is that the public has to wait until June for you to tell them how you spent their money and that you're coming back to this committee, asking us to agree to give you an additional \$15 million, as you've outlined in 2021-22, to spend on various other initiatives in advance of knowing what even at a general level those various other initiatives might be.

**Mrs. Savage:** Yes. That's standard protocol, standard practice each and every year that it's done to itemize it. Yes, you'll get a full accounting of all of that, in standard practice, when it comes out in the annual report, in June. There will be a full itemization of it, which is a very standard, common practice under every single government.

**Ms Ganley:** Well, as a person who was a minister for four years myself, it was my standard practice to know what I had spent Albertans' money on and be able to answer those questions when I came forward in estimates.

I think, then, sort of continuing along that line, I'm curious – you know, these various other initiatives that you've outlined: presumably they're trying to sort of move the needle on public impressions on ESG and, ultimately, on investment in our oil and gas sector. We had, when last this committee met to discuss energy estimates, a number of banks that had committed not to invest in the oil sands. Obviously, that's a pretty big concern for us here in Alberta in terms of jobs moving forward, and the number of banks that have committed not to invest in the oil sands has increased in the year. I'm just wondering how exactly we're measuring success.

**11:10**

**Mrs. Savage:** I think you're talking here about ESG and the efforts we're taking to ensure that investment continues to come into the energy sector and that we're displaying to the world that we are leaders in ESG and that we're able to continue to tell the story to global investors who are looking for real actions to support responsible resource development. Part of this is talking about the action we're taking, the long action in Alberta on climate issues,

backed by more than two decades of climate-relating programs. We're the first jurisdiction to put a price on carbon. We've invested billions of dollars in technologies to reduce carbon. We're stepping up our efforts to talk about ESG. In the budget you'll see that we've allocated for 2021-22 \$2 million of the advocacy budget to the ESG secretariat in Executive Council, which will be a new focus, a whole-of-government focus, on ESG to be able to ensure that we have reflection across government on ESG.

That was announced earlier in March, that this would be co-ordinated. This will be launching a co-ordinated, crossdepartment secretariat to deal with ESG issues. That we think we're going to be . . .

**Ms Ganley:** Thank you, Minister. I appreciate, I think, the answer there. I did hear that in the going-forward budget for estimates 2021-22, the reason we see a \$2 million decrease is because that's gone to Executive Council for the ESG secretariat. I think that that is good.

I'm just going to ask one more time on behalf of Albertans, because we are expected to vote on this budget, whether you will give us a breakdown of the additional \$15 million in industry advocacy for the 2021-22 estimate year.

**Mrs. Savage:** Well, I think we're estimating that initiatives would be up to \$15 million. Of course, we don't know. One thing I know for certain when you're dealing with market access and dealing with the energy industry, particularly with pipelines, is to expect the unexpected. We don't know what's going to be coming at us. We don't know what projects might be challenged. We don't know where we might need to focus our efforts. Over the last number of years we've learned to expect the unexpected. We'll be targeting that kind of money to ensure that our energy sector is being supported, that market access projects are being supported. Remember, we're not just looking at crude oil pipelines. We're looking at taking steps to ensure we've got market access and investor confidence in electricity, for a natural gas strategy. We'll be needing to put efforts towards our natural gas strategy. We see LNG market opportunities, and, Mr. Chair . . .

**Ms Ganley:** Thank you, Minister. I think what I'm getting is that there is no answer there.

**Mrs. Savage:** Mr. Chair, can I please finish my question? This has been a repeated practice of the Member for Calgary-Mountain View, to cut me off before I finish my question. It's unacceptable that I'm being cut off. Please, I will finish my question that she asked me, investor confidence and what the money would be used for. I was giving her the answer. She may not like the answer . . .

**The Chair:** Thank you, Minister. I hate to interrupt, but that 10-minute segment is up. It is a bit of a problem that we've had during these estimates, the cut-off from one room to another because we can't have both microphones on at the same time. Please bear with, but if you do ask a specific question, if the minister is in the process of answering it, it would be nice if we could get that answer. I know it is your time. I do concede that.

We'll now move on to a 10-minute block with the government caucus. Mr. Getson has the floor.

**Mr. Getson:** Sure, Minister. We'll do a take two on this since I can make sure I'm reading the proper part and let you get settled there. In recent conversations with the largest midstream company in North America, one of the key elements that they have was regulatory, so again looking at investment and how they can move forward. Your business plan mentions that the natural gas

regulatory environment is key to objective 1.2. What actions will the government take to improve the regulatory process for natural gas infrastructure projects?

**Mrs. Savage:** Thank you for the question. I'd note that some of these matters are provincially regulated when it comes to natural gas. Some are provincially regulated, and other matters fall under federal jurisdiction and are regulated by the Canadian Energy Regulator. I know that you will know that well because you've worked on many pipeline projects. Probably most were the federally regulated ones.

Regardless of whether it's provincially regulated or federally regulated, we're continuing to find and advocate for improvements. We are continuing to engage with the government of Canada and the Canadian Energy Regulator to advocate for faster, more predictable regulatory processes for natural gas infrastructure, and we're also intervening in natural gas related regulatory processes to ensure that Alberta's interests and Albertans as owners of the natural resource are fully protected.

We have a crossministry team here in the department to ensure that provincial approvals are speedy and efficient and that provincial approvals for the NGTL system, which is federally regulated, that correspond with that occur smoothly and in a timely fashion. Of course, we continue to leverage relationships with Canada. I would point out some collaborative relationships we've had with Enercan to ensure that these infrastructure projects move quicker, and we've seen some success in that, with the recent approval last fall and moving forward with NGTL.

One other, last thing is that we've made improvements within the AER, within our own regulator, to find efficiencies. We replaced the previous board. They're doing a review to find efficiencies. They're focusing on their mandate now. They're focusing on the important things within the mandate, and they're cutting red tape. They're improving timelines. I guess the answer to your question is two parts. We're taking steps here within the province to improve the provincial regulator, and we're working with Canada and working with the Canadian Energy Regulator to ensure that their processes are fast and efficient as well.

**Mr. Getson:** I appreciate that, Minister. You know, coming from that industry, it did seem like the fox was in the henhouse there a bit for the AER, so I'm glad you cleaned up that directive and made sure they're staying within their scope now.

On 1.2, again, we're stating that the natural gas vision – and it's one of those big items. Alberta's natural gas sector is expected to support domestic and global emission reductions. It might seem kind of counterintuitive to some of the folks at home on that given that natural gas is a fossil fuel. Maybe you can expand on that, please.

**Mrs. Savage:** Thank you. Well, I guess that there are a number of parts to your question. I guess the first answer I would look at is the global emissions. Alberta and Canada, as you know, are leaders in innovative technology regulatory systems to control GHG. We are looking globally so that we can meet growing demands for energy. We're in a very unique position here in Alberta to be a preferred supplier of global demands in a low-carbon energy future. We know that our LNG can displace high emitters of air pollution. We know that it's in demand in Asia Pacific countries, in China, India, Africa, the Middle East, and the use of natural gas instead of coal in electricity generation can significantly reduce air pollution. We believe that we're the solution to the problem.

If you want to look at recent studies here in Canada, recent studies here in Canada show that Canadian facilities can have the

potential to significantly lower global greenhouse gas emissions by producing and supplying Asian markets with a secure, lower carbon LNG. For instance, the Canadian LNG alliance completed a global benchmark analysis on emissions intensity of LNG operations, and that study confirms that the emission intensity of Canadian LNG is approximately 30 per cent lower than the best performing global facilities. Canadian LNG emits approximately 35 to 55 per cent fewer GHG emissions than coal in China. LNG Canada's Kitimat operations will be lower than any large GHG facility currently operating anywhere in the world today. So we have some fantastic, fantastic records here in Canada of reducing emissions in the natural gas sector.

**11:20**

I guess there's a second part to the question, a little bit about domestic, that I would say on domestic. We now know that there's accelerating of the coal-fired electricity, to be off coal by 2023 now, and that's going to have a role for natural gas to fill because we're going to see lower emitting natural gas filling that place.

I just want to take two seconds to talk about the improvements in emissions within our natural gas sector, within our energy sector, period. We're global leaders in it, and in fact jurisdictions in the United States are looking to us, looking to Canada, looking to Alberta as being leaders and pioneering the way. We have methane emission regulations. The United States is looking at bringing in their own methane emission regulations. We've already done it. They're interested in us sharing our perspectives. Flaring and venting from our natural gas have decreased significantly. We were the first subnational government across North America to bring in emission reduction targets, and that's targets of 45 per cent emission reductions by 2025 from 2014 levels. We'll achieve those targets and better, and I think we can demonstrate to the world our efforts at reducing emissions. They're starting right here in Alberta in our natural gas sector, and I think there's a lot to celebrate there.

**Mr. Getson:** I appreciate that, Minister.

With that, I'll cede my time, Chair, to the MLA for Calgary-North and rodeo fan and supporter, Mr. Yaseen.

**Mr. Yaseen:** Good morning, Minister. Thank you very much for your hard work on this very important ministry, of course, and thank you, all, to your staff as well. I am going to talk about a newer topic a little bit, and that is hydrogen energy. Your business plan on page 37 mentions that hydrogen is key objective 1.2. In the fall of last year our government committed to play a leading role in the future of Canada's clean hydrogen economy by building a provincial hydrogen road map. I'm just wondering if that work has begun on this road map, Minister.

**Mrs. Savage:** The answer is, yes, the work is under way, under way already. Just to point out, hydrogen is a particularly exciting opportunity for Alberta's economy and energy sector. We know that the world, as it seeks to lower emissions, is going to be seeking hydrogen, and we believe we can be part of the solution. Hydrogen itself can be a significant part of the world's clean energy future, and Alberta is in a particularly good position to contribute to that. We're currently working on a hydrogen road map. The road map will connect to the recently released federal hydrogen strategy and leverage what gives Alberta a competitive edge in the future of hydrogen; namely, that's Albertans. That's what we have here in Albertans. It's the leadership, it's the expertise, and it's the long-standing experience in our energy sector.

We've met with over a hundred organizations. Minister Nally has been doing some terrific work in this area. We've partnered with

researchers, environmental groups, indigenous representatives, and others to identify unique opportunities that we have in Alberta. I would just note that we're also doing some . . .

**The Chair:** Sorry to interrupt, Minister. We'll have to get back to that.

We'll now move on to 10 minutes of the Official Opposition. Mr. Bilous, I believe you have the floor.

**Mr. Bilous:** Yes. Thank you very much, Mr. Chair. Thank you, Minister, for joining us and to your department staff. I just want to say at the outset that, Minister, if I interrupt, it's not to be rude. There are several reasons, one being that there's a time limit. I have many, many questions I want to ask on behalf of Albertans. I may feel that you've answered the question, or I may need to rephrase because you're not answering or you're not giving the answer that I'm trying to get to. Honestly, I've also been a minister, and there are – not you, Minister – other ministers that just want to run the clock. We're here to get some answers, so I appreciate your candour.

I'm going to jump to line 2.3, but I want to look at this year moving forward, so '21-22. This is for industry advocacy. Minister, out of the \$27 million in your estimates, how much is for the war room?

**Mrs. Savage:** I believe that it's \$12 million. I'm looking for the numbers here, but my recollection is that of that budget, \$12 million goes to the Canadian Energy Centre.

**Mr. Bilous:** Okay. Thank you, Minister.

Out of the \$27 million, \$12 million for the Canadian Energy Centre, or war room, so that leaves \$15 million for industry advocacy. I'll start by just talking about the \$12 million for the war room. Minister, are there performance metrics for the war room?

**Mrs. Savage:** I think we've been over this several times, and I think metrics that we're going to see – I think that for the overall industry advocacy there are performance indicators. We want to see pipelines built. We want to see that we'll have sufficient capacity to move our product to market, and as I noted before, we're seeing that. I'm really optimistic about the future of energy. I'm really optimistic that we're going to have an additional \$2 million . . .

**Mr. Bilous:** Minister, I appreciate that. What I'm looking for are specific metrics. I'm saying: how do you know that we're getting value for money of your \$12 million? I appreciate that the final goal or outcome is more pipelines, more access, but each year the war room has a budget. What are their goals or targets that they have to achieve so that Albertans know they are getting value for money?

**Mrs. Savage:** Well, there's certainly in terms of the financial reporting. The Canadian Energy Centre is required to report regularly to the Ministry of Energy, and certainly any approval of larger expenditures requires sign-off under the granting agreement, so I think they'll – you have to remember that most of the budget within the Canadian Energy Centre is for advertising campaigns. That's what we're anticipating this year, advertising campaigns to support ESG initiatives. All of those requests for expenditures would have to be signed off, would have to meet the financial reporting and be asked for by the Energy Centre to our department.

**Mr. Bilous:** Thank you, Minister. Thank you.

I appreciate that the bulk is for advertising. I mean, I'd love to get a breakdown of how they plan to spend their budget. I imagine that, just like every other department and every company, they have

to budget when they come to you saying, "This is the money that we're looking for" so they have an idea of how much is spent on advertising, salaries, materials, et cetera.

Of the remaining \$15 million, Minister, can you provide a breakdown of the programs that that will be spent on? The reason I'm asking – I appreciate that you've been talking high-level advocacy, but if we take this example to the private sector, if the marketing department of a company said, "We need \$27 million," they would be asked: "What are your milestones? What are your performance metrics? How do we know that we're getting value for money?" I think you'd be hard-pressed to find a CEO that would write a blank cheque to the marketing department to say: just go out, and hopefully you can change people's minds; don't worry about measuring success or what success looks like. You know, I'm not trying to be flippant. I'm just trying to find out, Minister: what are the targets? What are the metrics? How do you know that this money is being well spent?

Again, you know this, Minister. These are taxpayer dollars. These are not my dollars; they're not your dollars. They belong to Albertans, and Albertans have elected the opposition to ensure that this money is being spent responsibly and that we see what we're getting for it. I appreciate that the overall goal is advocacy, but for Albertans that are asking me, what are their – let me ask, Minister: do you feel that the war room is doing a good job?

**Mrs. Savage:** Well, I think, to answer your first question, on how we will ensure that money is being spent responsibly and will have value, every single proposal from the Canadian Energy Centre will have to come forward to its board and to this ministry to ask for a request for spending on whatever advertising project they're pursuing.

**11:30**

Remember that we're setting up the ESG secretariat, which is going to focus on environmental, social, and governance, to be a focus and a focal point for this government. There are going to be, within that, key priorities, key items that we want to promote as a government across the government. The Canadian Energy Centre is going to be expected to take part in that. Every single proposal that they would be bringing forward would be evaluated to see whether it has merit, to evaluate it in line with the goals of the ESG secretariat, the goals of our government, the goals of Albertans to make sure that we're advocating for our energy industry and that we can actually see progress in supporting our industry, whether it's LNG opportunities, whether it's pipelines, whether it's supporting efforts in the oil sands.

**Mr. Bilous:** Thank you, Minister.

So what you're telling me, then, is that there are not performance metrics. The Energy Centre and the additional \$15 million: that's under the industry advocacy. There are so far, Minister, no programs specifically that you have identified. Again, being a former minister, every line item has – the department comes to you with proposals for programs. Otherwise, this is a \$27 million slush fund, which I don't think it is.

**Mr. Singh:** Point of order.

**The Chair:** Go ahead. Point of order. Mr. Singh.

**Mr. Singh:** Thank you, Mr. Chair. The point of order relates to section 23(h) and (i) of the standing orders. The member makes allegations against a minister and "imputes false or unavowed motives to another Member."

**The Chair:** Go ahead, Mr. Bilous.

**Mr. Bilous:** Mr. Chair, this is not a point of order. This is a difference of opinion. I'm asking how the money is being spent specifically for programs. It is my opinion that if the minister is unable to point to specifics within on how that \$27 million that she's asking for members to vote on – in my opinion, that fund can be categorized as a slush fund.

**Mr. Getson:** Mr. Chair, just a point of edification. I'm not sure if it's procedure. Is a member allowed to speak to their own point of order if it's against them, or is somebody else supposed to speak for them? I'm just not sure of the nuances. That's a valid question. I'm not sure.

**The Chair:** Yeah, it is a valid question. But, you know, we only have two members in, so it would be . . .

**Mr. Bilous:** One is a lawyer.

**The Chair:** One is a lawyer.

I will accept the argument from Mr. Bilous in this case. But maybe, in future, if you can get the other person to speak for you.

I'm prepared to rule on it. I don't see the point of order. Section 23(h) and (i), making allegations against a specific member: I don't believe that Member Bilous did that. The reference to a slush fund might be potentially on the verge of being out of order, so I'd caution the member for that purpose.

Yeah. This is a matter of debate, and we'll continue with Mr. Bilous' question for about 48 seconds.

**Mr. Bilous:** Okay. Thank you, Mr. Chair. Noted.

What I'm trying to get to, Minister, is that, again, in the private sector there would be zero chance of \$27 million being allocated to a department without having any kind of indicator on success. How does the Energy Centre define success?

**Mrs. Savage:** I think that, to answer your question on allocating the budget, having worked in the energy sector and having worked in public affairs in the pipeline industry, you don't know what's going to come at you. You allocate a budget so that you have funds available to meet issues as they arrive.

**The Chair:** Sorry to interrupt again, Minister. These 10-minute segments go by pretty quickly.

We'll now move on to the government caucus for a 10-minute block. Going back and forth with the minister?

**Mr. Getson:** Actually, it was Member Yaseen, I believe.

**The Chair:** Oh, Member Yaseen.

**Mr. Yaseen:** Yes.

**The Chair:** Back and forth with the minister again?

**Mr. Yaseen:** Yes.

**The Chair:** Okay. Go ahead, sir.

**Mr. Yaseen:** Thank you, Chair, and thank you, Minister. Minister, you were just talking about the road map for hydrogen energy development. Would you like to continue on that?

**Mrs. Savage:** Yes. I think I'd just finished speaking about the road map that we're putting together and that we're working on to be able to deploy investment in the hydrogen sector. I was just going

to make reference to carbon capture, utilization, and storage. We know as a province that we have an abundance of natural gas. You can use natural gas to produce hydrogen. It's called blue hydrogen. To make sure that the emissions are as low as possible, you need to couple that with carbon capture, utilization, and storage. We're working on a strategy to deploy wide-scale CCUS, and we're working with the federal government, with a significant ask to the federal government, to help us with that. We have a working group put together with our departments here in Alberta and federal government departments to enable that.

I do think that there's an enormous potential for hydrogen. It's one of the key objectives of our government, and it's one of the key proponents of our natural gas strategy. I think it's part of the reasons, one of the many reasons, why we need to be optimistic in Alberta about the energy future. We've been known around the world as oil and gas producers. We're the third-largest producer in oil. We know that the world is going to continue to seek and demand and need oil and gas, so I'm very optimistic about our future there as long as we continue to promote the ESG message, as long as we continue to make progress on emissions reduction, and as long as we take an assertive stand and stand up for our energy sector to enable it to achieve and stay relevant and increase and grow production.

I'm also optimistic because we know that energy forecasts around the world are saying that there are going to be new and emerging sources of energy that are going to form part of the energy mix, and hydrogen is right at the top of that list. We know that the world is going to be looking for hydrogen. We expect global demand to be significant by 2040, so our goal here is to be part of that. We want to work with industry and other partners to ensure that we maximize every possible aspect of a hydrogen strategy. We know and what these forecasts say is that global demand for hydrogen could increase by up to 10 times by 2050, and it could be a \$2.5 trillion U.S. a year opportunity. That's why we're working very hard with the Hydrogen Council. We're working hard with our industry, with the private sector. I think we're particularly well suited to help Alberta to be part of that future of energy opportunity.

**Mr. Yaseen:** Well, thank you very much for that very elaborate answer, and I think that you already got into my next question there a little bit.

Some say that hydrogen development should be focused on green hydrogen. Why is that, and what do you say to that? Why is the Alberta government counting on blue hydrogen?

**Mrs. Savage:** Well, I think what we need to realize here is that both Alberta and even the federal government, too, are concerned about reducing carbon emissions, not the colour of hydrogen and the way it's produced. Our road map will focus on carbon intensity, not the colour of production. Of course, hydrogen produced from natural gas, as I mentioned, along with carbon capture, utilization, and storage is the most cost-competitive way to produce hydrogen right now, and that's why we're working with the federal government on CCUS, carbon capture, because we know that we're going to need to enable large-scale carbon capture to be able to produce low-emission, green hydrogen.

I think one important point to remember here is that the projections for future energy use are not projecting that green hydrogen, produced fully from renewables, will be cost competitive for at least another decade, so we're going to need to get moving on blue hydrogen to enable green hydrogen. That's what we're doing, and that's what we're good at in Alberta. That's why we're working with the federal government on it.

**Mr. Yaseen:** Well, thank you very much.

One more question on hydrogen. Based on your road map, what kind of investment are you expecting as a result of the work that you have been doing on this?

**11:40**

**Mrs. Savage:** Well, we are, you know, trying to provide policy certainty to the industry so that they're enabled to invest in it. We're providing that kind of certainty with regard to hydrogen, and this is so that we can accelerate investment in the economy. We know that as the hydrogen economy develops, we need to continue working with investors, partners to ensure that Alberta can maximize this opportunity, and we know that hydrogen is primed for rapid growth. As I mentioned before, this is a \$2.5 trillion opportunity in the world. It can create 30 million jobs – that's what they're predicting – by 2050. So we're working with hydrogen to enable that.

I should note that one important thing is that hydrogen is eligible for APIP grants, the Alberta petrochemical grants investment program, so there are grants available for hydrogen. I think that that's important because that'll enable the investment to come in, and it'll enable the industry to develop.

**Mr. Yaseen:** Well, thank you very much, Minister. I appreciate that information on hydrogen.

I will now give my time to MLA Singh.

**Mr. Singh:** Thank you, MLA Yaseen, and thank you, Mr. Chair. Thank you, Minister. Your business plan mentions implementing the natural gas strategy and vision in key objective 1.2, which includes carbon capture, utilization, and storage. What work is planned in 2021-22 to advance carbon capture, utilization, and storage?

**Mrs. Savage:** Well, thank you. I think that the starting point for that question is the memorandum of understanding that we announced I think it was last week, certainly within the last two weeks, with the federal government. That MOU was signed with the federal government, and it enabled a working group to be put together to work collaboratively with the federal government on what needs to happen to deploy wide-scale carbon capture, utilization, and storage. Along with that, we have a \$30 billion ask from the federal government for initiatives that will help lower emissions, not only to enable hydrogen but also to lower emissions in the oil sands.

We have a number of our oil sands producers that have pledged and have a commitment to have net zero production by 2030. We're working very diligently with our oil sands producers to lower emissions and to be able to have net zero production within the oil sands. That work is under way.

We're working within the department on what tenure would look like, of course, the sequestration piece. The capture piece is from capturing the emissions at source. Then it needs to be transported, and the sequestration piece, used for enhanced oil recovery, would be where you eliminate the carbon emissions. So we're working on a tenure piece, on what that would look like, what needs to happen in Alberta to be able to sequester it, usually in deep saline aquifers to eliminate the emission from the air.

I guess that, in short, we're working with the federal government on this, we're working with the industry on this, on how they can find pathways to net zero, and we're working within our department on the tenure that's needed to enable this.

**Mr. Singh:** Thank you, Minister.

In your business plan the plastic circular economy is noted under key objective 1.2. Minister, what is the plastic circular economy?

**Mrs. Savage:** Well, sure. That was an announcement, a key, critical piece of the natural gas strategy that was announced in October by

the Premier and Associate Minister Nally and myself. Associate Minister Nally has been working very, very diligently on this piece. A circular . . .

**The Chair:** Sorry to interrupt, Minister. Like I said, those 10 minutes go by pretty quick.

We'll now move to a 10-minute segment for the Official Opposition. I believe Member Ganley has the floor.

**Ms Ganley:** Thank you very much, Chair. Again, I'll just start by very briefly saying, Minister, that if I cut you off, it is not at all my intent to be impolite. It's just that, you know, my job in this is to seek information on behalf of Albertans, and that information is about specific numbers and specific outcomes. I do appreciate that you are trying very hard, and I don't dispute that for any amount at all. That is fine, but, you know, I tend to be looking for numbers and for outcomes, so if you've answered the question, I'd just like to move us on. At this point I'm about a quarter of the way through my questions and we're about halfway through time, so that's why.

I'd like to turn now to the inquiry. That's \$3.5 million in spending, and I believe that some of that money was from last year's budget and then some will be from this year's budget. I understand that it'll be in the forecast, but it's likely not going to be in the estimate for next year. Like the war room, I understand that the point of this was to combat misinformation and bring back investment. I'm just wondering if you have, again, any way that you're measuring, not your attempts, not your story but any way that you're measuring the impact that that inquiry is having on public opinion. I'm concerned that perhaps the impact is in the wrong direction, not so much supporting investment as working at crosspurposes or counter to investment.

**Mrs. Savage:** Well, we won't know that impact until we see the report from the commissioner. The report from the commissioner right now is scheduled to be released on May 31. We gave him a four-month extension so he could complete the due diligence process, so he could complete the administrative process, to give fairness to those who would be named in the report, to give them an opportunity to respond to that. There is a four-month delay on that, but we're expecting the report on May 31.

I'm actually very excited to see what might be in that because we know the importance of this – and please let me finish it here – we know that it's important to Albertans to have answers to some questions, questions that most of us here and I certainly have had long questions about. Albertans deserve to know where the money came from. Is there funding coming across the border to target our energy sector? How much of it? Where is it coming from, where is it going to, and what is it used for? I think Albertans deserve to know that, so when the report is tabled, I think they'll get their answers, and we'll measure it from there. I'm looking forward to that report coming in.

**Ms Ganley:** Absolutely, Minister, and I could not agree with you more. Albertans absolutely deserve to understand where money is coming and going, and that is the purpose of this estimates project, for Albertans to understand where their money is being spent.

I think with respect to the inquiry, we saw recently that a significant sum of money was spent on some interesting reports, which have been called by experts, you know, climate denial science, asserting that climate change is a conspiracy spread by George Soros, which I think is a concern both in terms of the quote, unquote, science contained in that report and in terms of the sort of anti-Semitic overtones there. This is public money. It's public money, Minister, that was spent by your ministry. Do you think that that was an appropriate use of funds?

**Mrs. Savage:** Well, to be clear, the commissioner expressly stated – and I’m vaguely familiar with the reports you’re talking about. I haven’t read them myself, but the commissioner expressly stated that the information and opinions expressed in those reports do not represent findings or positions taken by the inquiry, and instead that information was intended to provide a platform to obtain perspectives and positions on policy issues of potential interest to the inquiry. So, clearly, they’re not part of what his mandate is, and he’s not intending to have them form part of the positions and policy at the end.

11:50

**Ms Ganley:** Thank you. I think my other question with respect to this – this is why I’ve been asking, both with the war room and now with the inquiry, about how it is that we are measuring the outcomes here – is that the government has sort of moved forward and reversed its previous position and determined that it is important to work with international investment on ESG factors, that those factors are relevant to investment, and that those are real concerns which Albertans need to address. I am glad to see that move, absolutely, but I think my concern here is that in light of how the money is being spent coming out of the inquiry, what that’s doing is having a negative impact on our international reputation, and that this inquiry, which is meant, I understand, to sort of advance Alberta’s position by spending public funds on these reports which deny science and which allude to, at least in some cases, conspiracy theory, is going to have a negative impact on investment in the province. So I’m just wondering: how can we measure whether this has had a positive or a negative impact in the end?

**Mrs. Savage:** Again, to be clear, the commissioner has said that he doesn’t consider science of climate change to be part of his mandate. It certainly isn’t part of the mandate that we gave him, and it’s not part of the mandate. Again, we’re waiting to see the report. I’m excited to see what’s in that report.

This is an entirely different issue. To try to connect that and in some way say that that’s related to ESG; it’s two entirely different things. ESG is environmental, social, and governance and what our industry has been doing, what our government has been doing to meet that. What the public inquiry is doing is seeking information: what has happened over the past decades? How much money has been spent on targeting our energy sector? Where is that money coming from? What is it being used for? And what’s the impact of that? We know that that has damaged our energy sector incredibly. That money has come in and it’s being used to undermine – to completely undermine – the ESG narrative that the industry has been trying to talk about. It’s being used to undermine the very things that we know we do well in this province, that our industry does well. So the two things are completely different. The public inquiry is trying to get at the source of: what has been targeting our energy sector, how much money has been spent, and what was their objective? Entirely different thing than ESG.

**Ms Ganley:** I think, Minister, the point I’m trying to make – I understand your position that this is very different than ESG and that the war room is very different than ESG, and I concur. I think what I am trying to point out is that my concern is that the reason we are not seeing investment is because of concerns about ESG factors. We’re aware of that. Many companies, banks, insurance companies have made that public, that that is the source of the concern. What I am saying is that the government, on the one hand, is spending money trying to address those concerns, which I think is a very, very good thing. My concern is that on the other hand we seem to be spending money creating those concerns.

We’re spending money on a war room. We’re spending money on this inquiry. When the inquiry commissions, specifically requests – I mean, whether or not they’re going to consider it going forward, they paid money to commission reports which sort of defy science and sort of tend towards conspiracy theories. I mean, unless it’s your position that the actions of the government have no impact on investment in the oil and gas sector, I think the fact that the war room and that the inquiry are potentially doing these things, are sort of engaging in these things, which – I mean, for goodness’ sake, the war room is now being covered internationally in the press . . .

**The Chair:** Sorry for interrupting, Member.

We’ll now move on to the government caucus for the remaining five minutes of this section.

**Ms Issik:** Good morning.

**The Chair:** Okay. Go ahead, Member Issik.

**Ms Issik:** Thanks. I’ll go back and forth if that’s okay.

**The Chair:** Thank you.

**Ms Issik:** Thank you, Minister. On page 37 of the business plan the key objective 1.1 reads: “Improve market access for Alberta’s energy resources and products to get Alberta’s oil and gas to market and support Alberta’s economic recovery.” In that key objective we’re basically committing to improving market access for energy resources and products. I know that in the past – and we talked about it this morning, and perhaps you can give a little more detail because there were a few interruptions. I know that in the past curtailment was a tool that was used to manage Alberta’s lack of takeaway capacity. I just wonder if you could comment a little bit on what’s happened in this past year and what’s going to happen with curtailment this year.

**Mrs. Savage:** Well, thank you for that question. As you know, we stopped setting monthly oil production limits in December 2020 to allow producers to utilize available pipeline capacity. What we also did is that we continued the regulation until the end of 2021, just as an insurance policy to make sure that we could manage production if we got into a situation again where there wasn’t enough pipeline capacity.

The tool is still in place. It’s not needed right now. It’s not needed because we’ve got sufficient pipeline capacity. We’ve had optimization programs put in place. We’ve got the private sector: the private sector has over 400,000 barrels a day of rail-loading capacity. We’ve got sufficient pipeline capacity to move production right now. Right now we’re not having to use the curtailment. I’m actually very, very optimistic for the future that we’re not going to need to use the curtailment, and that’s because we’re making progress on pipeline capacity with line 3 coming into place, with TMX coming into place, with optimization programs that the pipeline companies are utilizing, that could get us up to 500,000 barrels a day of additional capacity. We’re in a good place because there’s been progress made on pipelines.

Just to give a little bit – I know you had mentioned that I didn’t get a chance to complete what I was talking about earlier due to interruptions. How did we get to curtailment in the first place? I think that’s the main question that we have to ask, and that’s the main question that Albertans are asking when I speak to them. You know, what happened over the last decade? What happened that we got to a situation where we didn’t have enough pipeline capacity to take away our production, that we had to bring in a policy like curtailment in Alberta – in Alberta – curtailment production quotas.

That's what they do in Russia and Saudi Arabia, but we got to that place because we didn't build pipelines when they needed to be built, and that happened because we had governments who allowed a false narrative to take over, and they ceded to the opponents of our energy sector. We had pipeline projects killed starting with Northern Gateway, next with Energy East. We had every other project delayed. Line 3 was delayed. TMX was delayed. The first delay was when the federal government added a whole new layer of process to it. The NDP didn't do anything or say anything about that. For five years we got into a position where we could not have pipeline capacity to take away our product. It resulted in curtailment.

That's what I was saying: why we need to take a more assertive stand against opposition to our energy sector, why we need to do that is so that we never ever ever again in this province get to a

situation where we have to use curtailment and tell our energy sector how much oil they are allowed to produce. That's why . . .

**The Chair:** Sorry to interrupt, Minister.

I apologize for the interruption, but I must advise the committee that the time allotted for this segment of consideration of the ministry's estimates has concluded. I would like to remind committee members that we are scheduled to meet next this evening at 7 p.m. to continue our consideration of the estimates for the Ministry of Energy.

Please remember to take your drinks and other items with you as you leave.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 12 p.m.]





