



Legislative Assembly of Alberta

The 30th Legislature
Fourth Session

Standing Committee
on
Resource Stewardship

Ministry of Affordability and Utilities
Consideration of Main Estimates

Tuesday, March 14, 2023
7 p.m.

Transcript No. 30-4-9

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Fourth Session**

Standing Committee on Resource Stewardship

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Feehan, Richard, Edmonton-Rutherford (NDP), Deputy Chair
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Standing Committee on Resource Stewardship

Participants

Ministry of Affordability and Utilities
Hon. Matt Jones, Minister
Stephanie Clarke, Deputy Minister

7 p.m.

Tuesday, March 14, 2023

[Mr. Hanson in the chair]

**Ministry of Affordability and Utilities
Consideration of Main Estimates**

The Chair: I call this meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Affordability and Utilities for the fiscal year ending March 31, 2024.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are with you and joining you at the table. My name is David Hanson. I'm the MLA for Bonnyville-Cold Lake-St. Paul and the chair of this committee. We'll begin, starting on my right.

Mr. Turton: Thank you, Mr. Chair. Good evening, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

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

Mr. Orr: Welcome back. I'm Ron Orr, Lacombe-Ponoka.

Mr. Reid: Roger Reid, MLA for Livingstone-Macleod.

Mr. Sigurdson: R.J. Sigurdson, MLA for Highwood.

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

Mr. Jones: Matt Jones, MLA, Calgary-South East, Minister of Affordability and Utilities. I'm joined by my deputy minister, Stephanie Clarke, and three ADMs: Matt Grossman, David Stanford, Andrew Buffin. We also have Chris Hunt, the Utilities Consumer Advocate, seated in the gallery.

Ms Renaud: Marie Renaud, St. Albert.

Mr. Eggen: Good evening. My name is David Eggen. I'm the MLA for Edmonton-North West.

Mr. Dach: Good evening. Lorne Dach, MLA for Edmonton-McClung.

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: Now we'll go to the members participating remotely. When I call your name, please introduce yourself for the record. I see Member Aheer. Member Aheer, you're muted.

Okay. We will move on.

I'd like to note the following substitutions for the record: hon. Member Eggen for hon. Member Feehan as deputy chair, and Member Reid for hon. Member Issik.

A few housekeeping items to address before we turn to the business at hand. Please note that microphones are operated by *Hansard* staff. Committee proceedings are 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. Members participating remotely are encouraged to turn your camera on while speaking and to mute your microphone when not speaking. Remote participants who wish to be placed on the speakers list are asked to e-mail or message the committee clerk, and members in the room should signal to 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 Affordability and Utilities. For the record I would note that the Standing Committee on Resource Stewardship has already completed three hours of debate in this respect.

As we enter our fourth hour of debate, I will remind everyone that the speaking rotation for these meetings is provided for under Standing Order 59.01(6). We are now at the point in the rotation where speaking times are limited to a maximum of five minutes each for both the member and the minister. These speaking times may be combined for a maximum of 10 minutes. Please remember to advise the chair at the beginning of your rotation if you wish to combine your time with the minister's.

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 a 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 oppose taking a break? Seeing none, we will announce that shortly.

When we adjourned this afternoon, we were five minutes into the exchange between Member Orr and the minister. I will now invite Member Orr or another member from their caucus to complete the remaining time in this rotation. You have five minutes, sir.

Mr. Orr: Chair, I will cede my time to the Member for Highwood.

The Chair: Mr. Sigurdson.

Mr. Sigurdson: Through the chair, to the minister, can we combine time, go back and forth?

Mr. Jones: Yes.

Mr. Sigurdson: Well, thank you. First, I just want to start by saying thank you, Minister Jones, to yourself and your staff. I don't think there's an issue in Alberta more important than affordability. Right now I know it definitely is a conversation that is being had around many kitchen tables in my riding, and it definitely is a key interest of many of my residents, who continue to send requests and letters, and they are very thankful for what's happening right now and the continued work that you're going to do on this file.

I am going to focus a little bit on key objective 2.2 on page 12. It mentions that the ministry will address the cost of utilities by reviewing the electricity pricing system along with the aforementioned transmission and distribution costs. I just wanted you to maybe expand on what the ministry is hoping to achieve by doing these reviews and what you think it will have as far as an impact to cost savings for Albertans.

Mr. Jones: Thank you, Chair, and thank you to the member for the questions. I think it's important to highlight – well, first, we know that Albertans are facing extreme affordability challenges, and that includes in utilities, both electricity and in recent months even our natural gas. That's why our government came forward with a broad suite of affordability measures, that included affordability measures specific to electricity and natural gas. Of course, we launched last year our electricity rebate program, which provided an average of \$50 per month in electricity rebates to almost 2 million Albertan homes, small businesses, and farms. That program runs until April 2023.

As I said, affordable electricity is a central concern for this government. Delivery charges for distribution and transmission can make up a significant portion of a consumer's electricity bill. Our government is exploring viable options to better manage these charges. Recent policy and legislative changes will enable various aspects of the electricity utility system such as transmission facility owners, distribution facility owners, and the Alberta Utilities Commission and the AESO to better manage transmission and distribution costs. The AESO is responsible for planning the bulk transmission electricity grid. It is currently seeking to optimize the existing transmission system by identifying potential opportunities to delay large transmission developments while meeting reliability needs. Our government is also currently reviewing the transmission regulation under the Electric Utilities Act to seek approaches to maximize the use of existing transmission infrastructure, limiting the need for costly new builds.

Likewise, last year the electricity statutes amendment act was passed and includes provisions to support better planning for the future of Alberta's electricity distribution infrastructure to help keep long-term costs affordable. Proactive planning to modernize the distribution system will provide better cost management and improve ratepayer outcomes. The act also enables energy storage to provide cost-effective nonwires alternatives for distribution and transmission where it makes sense.

Electricity rates for the regulated rate option, the default price for those who have not chosen or who are unable to sign a competitive contract, have been experiencing record highs and record volatility. In response to higher than normal RRO rates in 2023 our government implemented the RRO stability program to put a price ceiling on the RRO rate of 13.5 cents a kilowatt hour for January, February, and March 2023. As this is a temporary measure, we will be exploring longer term solutions for the RRO in order to keep electricity affordable for families.

I should note that since being appointed minister in October 2022, I've been actively meeting with stakeholders to hear their concerns along with Albertans to gather their thoughts and ideas on how to ensure the affordability of utilities longer term. My department and I will use this feedback to shape our efforts over the next fiscal year, and I look forward to sharing more of this work as it unfolds.

Mr. Sigurdson: Excellent. Thank you, Minister.

In this block we only have about 19 seconds, so I just want to thank you for that continued work and reviewing this and looking at options. Definitely, on the distribution side of it we hear it a lot from people who are – you know, it has become the largest part of their bills. Thank you for that answer.

The Chair: Thank you.

We will now go to the Official Opposition for a 10-minute block. I understand, Minister, that you still want to remain on block time.

Mr. Jones: Yes.

The Chair: You have five minutes.

Ms Renaud: Thank you, Mr. Chair. Just before I begin, I'd like to acknowledge that we are gathered today on beautiful Treaty 6 territory, that is also home to the Métis people.

I also want to make one other comment before I get going, and, you know, I will at other estimates as well. Right now we have American Sign Language for a portion of the proceedings in the Legislature. I hope that one day we'll get to a place that all of these proceedings have ASL. I know there are deaf people in Alberta that would like to know what's going on and don't do well with

captioning. Anyway, in the future I hope that that's a change that we can make.

Okay. There are some problems with the affordability criteria, in our opinion. The \$600 in affordability payments was paid to a narrow slice of Alberta's population contrary to the talking points that we hear from government. This left many people, millions actually, desperate for assistance. Critics, not just the opposition, of the plan asked very similar questions that we did. How was this eligibility list developed? What steps did this ministry take to decide that the people that were targeted for relief were the best targets for this program? The questions are: who was consulted within government and outside of government to ensure affordability payments were received by those most in need? That's my first question.

My second question is that key objective 1.1 on page 11 of the business plan tells us that the ministry will lead and co-ordinate the government of Alberta inflation relief measures. What processes were undertaken, and who was involved in the decision-making to determine who was and was not eligible for relief? If those sound like similar questions, they are. I'm trying to impress on the minister how important this answer is. Who was consulted? Specifically, who was consulted?

According to the minister's – actually, the previous minister of community and social services, his comments on the International Day of Persons with Disabilities last year. He told Albertans that at least 21 per cent of Alberta's population is disabled. So that means close to – that's a lot. If we've got 4.5 million people in this province and we've got 21 per cent of that as disabled, that is quite a bit.

7:10

Now, the UCP said that they were supporting disabled Albertans, but in reality they only helped a tiny fraction. Unless a disabled Albertan is receiving a core benefit, things like assured income for the severely handicapped, income support, both programs, PDD, which is odd, and the seniors' benefit – unless they're on a core support, they're over 65, or have kids, they have zero affordability relief. Zero. There are only approximately – and I think it's about 72,000 people on AISH. There are a couple of hundred people on PDD that were covered; there are quite a few seniors. Income support: there's probably – if I had to guess right now, I guess 60,000 people on there received benefits. That's a tiny fraction of the whole number of disabled people in Alberta.

According to the latest Canadian Survey on Disability "1.6 million Canadians with disabilities were unable to afford [the] aids, devices, or prescription medication [they require] due to cost." That translates here at home in Alberta. Ongoing changes to aids to daily living and co-pays have left people in a position where they're unable to afford basic equipment. Now, specifically designed walkers can cost up to \$2,500. A customized power wheelchair can cost more than \$25,000. A porch lift: upwards of \$5,000. Modifications and renovations to a home to make it accessible cost tens of thousands, and costs can be prohibitive. You can imagine, say, somebody getting a spinal cord injury, wanting to return to work: they need a vehicle, because public transportation is not what it should be in this province, and there's that expense with a lift. We're starting to see the picture that I'm painting.

Working-age adults without a disability make a higher median after tax personal income of about \$39,000 than those with a milder disability, and they're at about \$34,000. Those with a more severe disability that are working full-time earn on average \$19,000. Approximately 59 per cent of working-age adults with disabilities are employed compared to 80 per cent without disability. As the severity of the disability increases, the percentage of those

employed falls from 76 per cent of those with mild disability to 31 of those with severe disability. So you can see where I'm going, that there is a tiny fraction of the population of disabled Albertans that are actually getting affordability relief.

Now, the UCP continue to point to their jobs now program as a solution for employment for disabled Albertans. I've heard that answer numerous times in the Legislature, and what I can tell you – we found out in PAC, in Public Accounts, on February 21, 2023. Officials told us that there were 12,670 jobs created.

The Chair: Thank you.

Minister, you have five minutes to respond.

Mr. Jones: Yeah. Thank you, Chair, and thank you to the member for her question. I would disagree. Our affordability action plan contains a broad range of measures that provide significant broad-based relief to all or the vast majority of Albertans, and then we also have targeted inflation/cost-of-living supports. Very quickly, that would include, of course, our affordability payments – that would be a targeted measure – and our electricity rebates. That's going to 2 million households, farms, and small businesses. But we also have fuel tax relief, natural gas price protection. We indexed core support programs, including AISH, income support, the Alberta seniors' benefit, the Alberta child and family benefit. We retroactively indexed income taxes. Again, that's all Albertans. The fuel taxes: all Albertans. We've got affordable child care investments that are available to all Albertans. We've made investments to support affordability available to all postsecondary students. We've paused auto insurance rate increases for all Albertans, and we've made other investments.

I fully agree that affordability is one of the primary challenges facing all Albertans today, so it's important to keep in mind all the work that our government has done and continues to do to support Albertans facing higher costs and to make life affordable. In November Premier Smith invited me to serve as the minister of the new Ministry of Affordability and Utilities. It was a great privilege but also a serious responsibility. The Ministry of Affordability and Utilities serves the people of Alberta and is expected to deliver on the provincial priorities through the minister. More specifically, the department leads and co-ordinates the government's ongoing efforts to make life more affordable for Albertans. It manages policy, legislation, regulation, and programming related to the generation, transmission, distribution, and retail and wholesale markets for electricity to support a competitive, safe, reliable, and affordable power system for Albertans.

My department also manages policy, legislation, regulation, and programming related to the distribution and retail marketing of natural gas. It manages the policy and programs supporting the expansion and upgrading of rural utility infrastructure, and it oversees the Utilities Consumer Advocate's critical role in representing, educating, and supporting residential, small-business, and farm consumers of electricity and natural gas. The advocate has consistently had considerable success in supporting affordability for consumers through informing them about their choices and advocating for lower rates and the Alberta Utilities Commission.

This is a broad, important mandate, and the member had asked who we're co-ordinating with, and that would include every ministry in government, Treasury Board and Finance in particular – so Treasury Board and Finance we worked with on the indexing of income tax and the fuel tax relief. Children's Services: of course, I've worked with them on affordable child care. Seniors, Community and Social Services: not only did we index AISH, income support, the Alberta seniors' benefit, but we also automatically enrolled 300,000 recipients of Alberta's core support

programs in our affordability payment program. And that is a great segue into our work with Technology and Innovation, who helped us stand up – well, they stood up – the affordability portal. They did it very quickly and created a robust, efficient, made-in-Alberta affordability portal that enabled us to get support to Albertans in January, months before an alternative delivery option. We also partnered with Advanced Education to bring forward the four recently announced postsecondary affordability measures. And we work with other departments and ministries as required to implement or work on additional inflation relief measures.

Through the creation of this ministry and the actions that it's taken, our government has provided real relief that has helped reduce the impact of rising inflation and provided more financial flexibility to Albertans, enabling individuals, families, and seniors and vulnerable Albertans to save money for what matters to them. A recent analysis, including by leading economists in the public domain, suggests that Alberta's actions have alleviated much of the impact of inflation for Alberta's families. Another measure of success is the timeliness of support. We have focused on providing payments and other relief quickly in order to ensure that support is provided when it's needed most.

In December I was proud to support the implementation of these measures through the inflation relief act, which was passed by the Legislative Assembly on December 15. This act enabled the government to deliver both the broad-based and targeted inflation relief measures that I highlighted at the beginning. It contained amendments, for example, to the Fuel Tax Act. The . . .

The Chair: Thank you, Minister.

We'll now move on to a 10-minute block with the government caucus. Are you going to go back and forth or block time?

Mr. Sigurdson: Once again, back and forth preferred if it's okay with the minister.

Mr. Jones: Yep.

The Chair: Go ahead.

Mr. Sigurdson: Excellent. Once again, thank you, Minister. My previous question, of course, was surrounding the review that you were doing on the pricing of energy as well as transmission distribution costs. Looking, I think, right now, you've created a huge package for affordability that deals with the short term. I kind of want to move and talk a little bit about what the medium- and long-term strategy is moving forward for the province of Alberta. I know you'd mentioned before that one of the best things we can do to get costs down is of course increase investment into the space, additional competition. On pages 12 and 13 of your business plan we see key objective 2.1 and performance indicator 2(d) both mention the attraction of investment to the electricity sector as being a priority for your ministry, which I believe is incredibly important, and for this I have two questions. First, where do you think the biggest opportunities are right now for investment in this sector in Alberta? And, secondary to that, when we look at medium- and long-term down the road, what policies are you setting to appeal to investors and encourage investment in Alberta in this space?

7:20

Mr. Jones: Thank you to the member, through the chair. Alberta has a deregulated market-based system for generation, so private investors determine which investments are viable based on opportunities in the market. The government of Alberta does not determine what specific opportunities are viable, unlike some other jurisdictions. Alberta is broadly recognized as the best place in

Canada to invest in renewable electricity projects and is also recognized as the best place in Canada for companies, big companies like Amazon and Microsoft, to support their own ESG goals through procurement of green power. Currently Alberta major projects is reporting \$3.5 billion of wind and solar generation under construction.

We're seeing growing interest by private investors to also potentially bring small modular nuclear reactors to Alberta, and of course we're seeing continued investment in reliable and clean natural gas generation. We have two large natural gas projects that are set to come online in early 2024, adding over 1,700 megawatts of reliable power to our grid. These two projects alone represent over \$2.9 billion in investment in Alberta. Generally higher prices in the wholesale market drive generation investment. Sustained high prices, such as what we are currently experiencing, indicate the need for investment in new generation. There are currently over 6,000 megawatts of generation under construction, up approximately 4,000 megawatts last quarter and 800 megawatts two years ago.

Government has been taking steps to maximize investment within the market framework. The Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act, 2022, enables energy storage and unlimited self-supply with export. Over time this is expected to encourage the adoption of and investment in emerging energy systems and technologies, bringing long-term cost savings for consumers and industry. The act enables energy storage by incorporating a legal definition of energy storage, which will allow greater development of energy storage by market participants. It also allows distribution and transmission utilities to own and/or operate energy storage assets as part of their regulated functions within clearly prescribed limits. Adoption of unlimited self-supply with export is expected to enhance generation competition and support system reliability over time by encouraging additional supply. It will also further the development of distributed electrical resources across our system.

The increased use of distributed energy in the coming years will need proactive planning of new distribution infrastructure to ensure efficient investments in the system. Our commitment to the energy-only market also creates the policy certainty that investors need to feel confident about their investment plans for Alberta. Knowing that they will be able to develop their project and compete on a level playing field gives investors a strong signal to come to Alberta, and that's exactly what they're doing, especially when it comes to renewables.

Mr. Sigurdson: Well, excellent. Thanks for that, Minister. This is why I like estimates; I learn a lot as I'm going through this. Thank you for that explanation.

Now, you had mentioned in your answer the strategic infrastructure planning. My next question is related to key objective 2.4, where the ministry states its intention, of course, to ensure safe, reliable, efficient, and environmentally responsible development and operation of the electrical system in order to protect the public interest. Now, I've heard this a lot in my riding and had a lot of conversations about this in the past, that many individuals in Alberta have stated that we have overbuilt our transmission infrastructure, leading to underuse and higher charges on utility bills that are being passed down to everyday Albertans. When you talk about the strategic plan moving forward, how will your ministry strike a balance in order to just make sure that we're moving down the right path the right way to be able to make sure that this isn't adversely affecting Albertans as we continue to build out the space?

Mr. Jones: Yeah. Great question. Thank you for it. Alberta's rapid economic growth prior to 2015 meant that our transmission system needed to be expanded and reinforced to meet the needs of our economic and population growth. From 2015 to 2019 \$7.5 billion in new transmission infrastructure was built, including \$5.2 billion in critical transmission infrastructure projects such as the eastern and western Alberta transmission lines and the Fort McMurray west 500-kV line. These costs will be recovered over the 50-to-60-year life of the asset. The AESO is moving towards a just-in-time approach to build new infrastructure only when there is a high level of certainty that the need will occur. For example, the 2022 long-term transition plan defers more than \$1 billion in capital spending by several years compared to the 2020 long-term transition plan.

Still, providing market access to all generators increases competition in the wholesale electricity market and lowers costs for consumers. We initiated a review of the transmission regulation in 2021. This review is nearing completion, and proposed changes will seek to ensure that Alberta's transmission policies keep up with the rapid evolution of the grid, maintain an attractive investment climate, and continue to support a safe, reliable, and affordable electricity system. Part of this is ensuring that the regulation encourages the use of existing transmission lines with available capacity, maximizing the use of existing infrastructure and limiting the need for costly new builds.

Mr. Sigurdson: Excellent. Thanks again for that.

With two and a half minutes left, I'm going to try to get my last question in here. It's around the AESO net zero report issued in June 2022. The Alberta Electric System Operator published its Net-Zero Emissions Pathways Report, which I'm sure you're aware of, which looks at the potential impacts of Alberta transitioning to net zero. My next questions are, of course, related directly to objective 2.4 again. First question: could you provide a summary of the report's findings and detail what progress has been made? Additionally, would you mind explaining what the findings of this report mean for your ministry moving forward?

Mr. Jones: Great question. In its report the AESO evaluated three potential pathways to a net-zero grid and their implications for Alberta. At a high level pathways explored included high renewables and energy storage, thermal energy with CCUS and hydrogen, and a midrange scenario with some thermal storage and significant renewables. The report concludes that the pathways to achieving net zero are highly uncertain and present a significant risk to achieving net zero by 2035. It will require massive investments, increased cost to Albertans and still potentially impact energy reliability and affordability. The 2035 goal is especially ambitious given the range of uncertainties associated with the maturation of low-carbon technologies, supply chain readiness, and development timelines for energy-related infrastructure.

Pathways shows an additional cost of \$44 billion to \$52 billion over the reference case from AESO's 2021 long-term outlook, mostly in generation capital investment and operating costs but inclusive of transmission needs as well. This represents a 30 to 36 per cent increase relative to the baseline and may result in costs being \$50 a megawatt hour, or 40 per cent higher, by 2035 and does not yet include the substantive costs like distribution, which are expected to be significant. The report notes that Alberta's market structure is capable of delivering sufficient supply to meet demand during the transition, but this depends on a suite of assumptions . . .

The Chair: Thank you, Minister.

We'll now move to block time with the Official Opposition. Member Renaud, you have five minutes.

Ms Renaud: Thank you. The minister made a comment that his government retroactively reindexed things. I didn't catch the rest of it. Just for clarity, the core benefits – AISH, income support, all those things – were indexed indeed but not indexed to 2019, where they should have been. It was on a go-forward basis. Just wanted to clarify.

Also, my question – I asked about consultation not just inside of government but outside. Who else did you speak to? Within government I'm curious why you didn't speak to the structures, Premier's councils to ask persons with disabilities, the disability advocate, anything, just to get some insight on people with disabilities struggling.

Anyway, we know the highest rates of poverty for those aged 15 to 64 were among those with disabilities who live alone. Again, just to remind government, not all disabled Albertans are on core supports; actually, most are not. So when you say that you're helping disabled Albertans, the most vulnerable, you're just helping a tiny slice. My question. We know the vast majority of disabled Albertans, 21 per cent of the population, don't access core supports. Why did this government overlook disabled Albertans when creating this affordability payment? That is my first question.

Second, students. Tuition has gone up 30 per cent over the last four years. The UCP has increased interest on student loans, putting it at prime plus 1 only recently, undoing that just a few months in time for an election. What a coincidence.

7:30

Students continue to struggle with unmanageable tuition and soaring costs: housing, food, insurance, utilities. We know that campus food banks are overwhelmed. We read stories about it all the time. So why did the UCP – this is my second question – deliberately choose not to include to support postsecondary students through this affordability crisis? Regularly we hear from this government that they're investing in postsecondary seats for training, that it's so important to invest in postsecondary because that is our future. I couldn't agree more; it is our future. So why not support these folks who have struggled through COVID and who continue to struggle with poverty? That is my second question.

Okay. Going on, key objective 1.1 notes this ministry is the lead on identifying and advancing opportunities to address affordability and cost-of-living concerns for Albertans. So how many total FTEs in the new Department of Affordability and Utilities? It's on the org chart on page 9 of the business plan. On the piece to the far left, the Department of Affordability and Utilities, how many FTEs are assigned to that department? How many are specifically assigned to the work described in key objective 1.1, specifically looking at affordability work? Now, if you want to look at it with another lens, that would be poverty reduction. How many people are involved in that work, looking at opportunities to reduce cost, looking at opportunities to reduce poverty? How many FTEs? And, more importantly, what metrics is this new ministry – I would assume one of the first things that a new ministry would do is build metrics so that you can tell where you're going, if you're going in the correct direction, and how successful you are being. So what metrics are in place to evaluate the progress?

If you – no, I'm going to skip that. That was four questions. My next question. On page 14 the 2023-24 estimate for Affordability and Utilities expense is just over \$23 million, \$23,809,000. Other than capital grants for \$6.925 million, what are the other expenses? What are the other expenses that are included in that line, and what are these capital grants for that make up the \$6.925 million estimate?

I wanted to go back. Now, I just wanted to – I find it a little difficult to follow sometimes because this government regularly

uses labels like “most vulnerable.” I don't really know what that means. When you're using, like, “most vulnerable,” what does that mean? Is that a poverty measure? Is there an income measure that you're using? Is it just a personal feeling when you look at someone? What is the criteria that this government is using to deliver affordability support to Alberta's most vulnerable? I'm not super clear on what that is.

Just to review with this last little bit of time: who was consulted outside of government? Which structures within government that were disability specific were contacted? Why ignore postsecondary students in affordability help? Why ignore the majority of disabled Albertans in affordability help? And then my other questions were around key objective 1.1 and then the expense of \$23.8 million and then what the capital grants for \$6.925 million were.

With that, I will end.

The Chair: Thank you.

Minister, you have five minutes to respond.

Mr. Jones: Yeah. Thank you, Chair and to the member for her questions. I think it's really important that I go over the affordability action plan components because there clearly are some misconceptions. For example, it was said that we've ignored postsecondary students or disabled Albertans, and it couldn't be further from the truth. Of course, we have included them, and in fact there are specific measures for postsecondary students. There are specific increases to core supports for disabled Albertans. There are specific affordability payments for disabled Albertans, but we'll get to that.

Again, we passed an act that enabled the government to deliver timely, effective cost-of-living supports and inflation relief across the province. It contained amendments to the Fuel Tax Act, the Alberta Personal Income Tax Act, the Fiscal Measures and Taxation Act, 2019, and what became the Regulated Rate Option Stability Act. Through the necessary changes in legislation our government was able to deliver financial relief in a number of ways.

This included pausing the collection of the full 13-cent tax on gasoline and diesel, 13.6 including GST, until June 30, 2023, regardless of oil prices, and of course the program will continue. This effectively extended the provincial fuel tax relief program, which had been implemented on April 1 but was set to end in December. That program, along with the electricity and natural gas rebate programs, was part of a number of earlier inflation relief measures brought forward in the spring and summer of last year. Under the extended fuel tax relief program from January 1 to June 30 all Albertans are saving 13.6 cents per litre every time they fill up. For someone who drives an F-150 pickup truck and fills up once a week, the estimated savings is \$444 over this six months alone. In general Albertans will save an estimated \$570 million in fuel tax relief this fiscal year. That's on top of the \$1.2 billion Albertans saved in 2022-2023. In addition, this legislation made the fuel tax relief program permanent after June 30 so Albertans can continue to benefit from their natural resource for years to come. Under the program when west Texas intermediate is above \$90 a barrel, then the fuel tax will be fully suspended. The collection of the full 13 cents per litre tax will only resume once oil prices return to levels below \$80 a barrel.

The Alberta Personal Income Tax Act was also amended to resume indexation of nonrefundable tax credits and tax bracket thresholds in the personal income tax system retroactive to 2022. This created larger personal income tax brackets for the 2022 tax year. That means that Albertans will owe less tax or receive a higher refund come tax time. Albertans are also already benefiting from lower tax withholdings on their paycheques since January. As a

result of these changes, an additional 80,000 to 95,000 Albertans will not pay provincial income tax. This is in addition to the 1.3 million tax filers who already pay no provincial tax. Roughly 40 per cent of lowest income Albertans do not pay provincial tax.

An amendment to the Alberta Personal Income Tax Act also enabled us to deliver up to six monthly payments of \$100 to seniors, families for each dependent child under 18, and vulnerable Albertans receiving AISH, PDD, and income support. I will speak more about these affordability payments later.

Furthermore, in order to help reduce utility bills during the winter months, the legislation placed a temporary price ceiling on the regulated rate option, or RRO. The RRO is the default electricity option for residential and commercial users who use electricity in Alberta. To reduce bills during record-high months, consumers on the RRO have not been charged any price above 13 and a half cents per kilowatt hour during January, February, and March of this year. The ceiling is working as intended, lowering bills during winter months when usage is highest and the weather is coldest.

Alongside Bill 2, we also amended several regulations to deliver additional relief. This included indexing for inflation the assured income for the severely handicapped, income support, the Alberta seniors' benefit, and the Alberta child benefit by 6 per cent in 2023. This protection will be ongoing, with indexing continuing in order to ensure these benefits keep pace with inflation.

Electricity rebates were also extended for an additional four months, providing another \$200 in relief from January to April to nearly 2 million homes, farms, and small businesses. The electricity rebate program came into effect in July of 2022 and was initially implemented automatically to provide \$50 rebates to Albertans' electricity bills for six months until December 2022. Extending the program into 2023 meant that again nearly 2 million homes, farms, and small businesses would receive \$75 credits on their January and February electricity bills, followed by . . .

The Chair: Thank you, Minister.

We'll now move to a 10-minute block for the government caucus. Continue to go back and forth, Minister?

Go ahead, Mr. Singh. You have the floor.

Mr. Singh: Thank you, Mr. Chair, and thank you, Minister, for coming here today to this committee. I appreciate the hard work being done by the ministry in ensuring living in Alberta is more affordable.

With the continuing high prices of commodities and inflation, my Calgary-East constituents are eager to know the ministry's additional initiatives in making utilities affordable. My question is on the Balancing Pool here. Given that key objective 2.4 states that the government is working to protect the public interest of Albertans, I have a few questions for the minister regarding the eventual phase-out of the Balancing Pool. Would the minister provide some details on how this will benefit Albertans and provide an overview of the phase-out timeline?

7:40

Mr. Jones: Thank you, Chair and to the member for his question. For some context, the Balancing Pool was established in 1999 by the government of Alberta to help manage the transition to competition in Alberta's electric industry. The transition included the provision of power purchase agreements, which were contracts that sold the right to bid power into the market as a temporary measure to introduce more competition into the deregulated electricity sector.

The expiry of power purchase agreements in 2020 presented the opportunity to begin winding down the Balancing Pool agency.

Winding down the Balancing Pool will reduce administration costs as well as oversight requirements. However, the government is taking a phased approach to winding down the Balancing Pool since some of its responsibilities will wind down naturally in the near future and are best managed by the Balancing Pool.

An independent financial review of the Balancing Pool revealed that the power purchase agreements lost approximately \$1.34 billion between 2015 and 2019, over the term of the previous government. This debt is now being paid off through a monthly surcharge on Albertans' utility bills known as the Balancing Pool rider. That number, again, was \$1.34 billion that Alberta ratepayers are now paying back from the 2015 to 2019 activity.

The Balancing Pool will remain in place until the surcharge recovers the cost of the debt, which is expected to occur by 2030. The Balancing Pool is also addressing outstanding legal matters that must be resolved before its complete dissolution. It was determined that the Balancing Pool would remain in place until these matters are concluded to ensure they are managed in the best interests of ratepayers. The Balancing Pool continues to operate with a reduced mandate, managing only its expiring responsibilities. Following the repayment of the Balancing Pool's remaining debt and the conclusion of those legal matters, the agency can be wound down completely.

Once proclaimed, amendments in the Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act, 2022, will transfer many of the Balancing Pool's ongoing responsibilities to other entities in order to reduce costs and size. The administration of the small-scale generation program will be transferred to the Alberta Electric System Operator, or AESO. The transfer will be initiated when the act is proclaimed and finalized over an approximately six-month period.

Financial obligations under the isolated generation and customer choice regulation will be recovered from ratepayers through the transmission facility owners' general tariff application instead of from the Balancing Pool. This will occur upon proclamation of the act. The isolated generation and customer choice regulation provides the framework for isolated generating units in the province which are not connected to the wider grid.

Administration of the payment in lieu of tax program and associated revenues will be transferred to Treasury Board and Finance. This program is administered on the calendar year; therefore, the transfer will occur at the beginning of the first calendar year after the act is proclaimed. The payment in lieu of tax, or PILOT, program is laid out in two regulations, the PILOT regulation and the Medicine Hat PILOT regulation. These create a level playing field in the energy-only market between municipalities that would otherwise not pay tax and generators that do pay tax. The Medicine Hat PILOT regulation is required as Medicine Hat has a unique electricity structure with self-generation.

Funding of the Utilities Consumer Advocate will transfer to electricity distributors, with payment facilitated by the Alberta Utilities Commission, or AUC. Once the act is proclaimed, the AUC will finalize a rule directing the payment. This is expected to be in place in 2023 and for distributors to be responsible for the payment pertaining to the 2022-2023 fiscal year.

The Balancing Pool's obligations are clearly defined in regulation and legislation, and its successors will be required to carry them out in a similar manner. The successor organizations . . .

The Chair: Minister, I hesitate to interrupt, but we're limited to five minutes speaking time per person, so we'll go back to Mr. Singh, please.

Mr. Singh: Thank you, Minister, for answering here.

What and when will existing responsibility be delegated to other entities, and how will the ministry ensure that these responsibilities are delegated to entities that care about consumers?

Mr. Jones: Right. Thank you for the question. Again, funding of the Utilities Consumer Advocate will transfer to electricity distributors, with payment facilitated by the AUC. Once the act is proclaimed, the AUC will finalize a rule directing the payment. This is expected to be in place in 2023 and for distributors to be responsible for the payment pertaining to the 2022-2023 fiscal year. The Balancing Pool's obligations are clearly defined in regulation and legislation, and its successors will be required to carry them out in a similar manner. The successor organizations are other arm's-length government agencies or government departments with public interest mandates comparable to the Balancing Pool.

Thank you.

Mr. Singh: Again thanks for the answer.

Thank you, Mr. Chair. I will move to TIER increases here. Since the technology innovation and emissions reduction, TIER, program will more than triple the carbon tax on Alberta-based heavy emitters by 2030 and key objective 2.1 mentions supporting the adoption of lower carbon energy in the province, I would like to ask two questions. The first one is: how will this impact electricity prices for Albertans?

Mr. Jones: Yeah. Good question. Alberta has had industrial carbon pricing since 2007. TIER is the third generation of industrial pricing systems. TIER has met the federal benchmark criteria under the Greenhouse Gas Pollution Pricing Act. As part of Canada's approval TIER must follow the federal carbon price schedule, starting with \$65 per tonne in 2023, rising \$15 per tonne and reaching \$170 a tonne in 2030.

Broad stakeholder engagement took place in 2022 centred on the following objectives: Alberta intends to meet the federal benchmark requirements and maintain the TIER regulatory system in the province through to 2030; to maximize private-sector investment attraction and job growth in Alberta; to achieve fairness across sectors and make considerations for competitiveness; and improve regulatory efficiency and minimize administrative burden for regulated parties where possible. Modelling of Alberta's electricity market suggests that TIER will send strong signals that favour electricity generators that are efficient, low cost, and low emitting. The market is anticipated to change between now and 2030 with the retirement of coal and unabated natural gas generation and the development of more efficient, lower emitting technologies. That should also lead to lower prices.

All electricity generation in TIER is subject to the electricity high-performance benchmark, or HPB. This is in alignment with the fair, efficient, and openly competitive principle of Alberta's electricity market. The electricity benchmark is to protect electricity consumers from significant rate increases that would otherwise occur when carbon pricing is used to drive decarbonization towards efficient natural gas generation. Efficient gas generation has little or no carbon costs under TIER.

Thank you.

Mr. Singh: Thanks for the answer.

What will this mean for the investment into low-carbon electricity projects in Alberta?

Mr. Jones: Yeah. Thank you. Based on current plants, all Alberta coal-fired generation will be phased out by the end of 2023, much sooner than federally mandated in 2030. This is due in part to the

powerful economic incentives created by carbon pricing through TIER. Carbon pricing has created strong incentives for additional investment in zero- and low-carbon intensity generation capacity like wind and solar, geothermal, hydrogen, and even small modular reactors, which are getting a lot of interest for their potential. Carbon pricing creates a financial market for zero-emission renewable generation or other low-emitting technology through emission offsets or credits.

That takes us to our time. Thank you.

The Chair: Thank you very much, Minister.

We'll now go back to the Official Opposition for 10 minutes. I presume you want to continue with block time?

Mr. Jones: Yeah.

The Chair: Go ahead, Member Renaud. You have five minutes.

Ms Renaud: Thank you. It's unfortunate that I review every time, but again you're not answering my questions, Minister. It would be great, Mr. Chair, if we could get some answers. I know we're doing block time for a reason, but I still expect answers.

You know, I asked: who was consulted outside of government? I gave some examples of who was potentially consulted inside of government: the Premier's Council on the Status of Persons with Disabilities, the disability advocate. I asked about metrics to evaluate the work. I also asked about a capital grant. I think it is important that we get answers to those questions.

A brand new ministry overseeing millions with 75 plus 11 FTEs tasked with affordability, utilities, climate change, and a renewable electricity program only listed or explained four investments in the business plan related to the ministry and the business plan, so nothing to measure, really, other than money out. There's very little transparency, very few metrics to let Albertans know, you know, a year from now, when we look back and evaluate the work that we did: did it get to the correct people? Did it do what we wanted it to do? There are no metrics here for us to look at. So next year or even in Public Accounts when we go back and look at the year, what are we looking at? There's not much here. It's somewhat disappointing. If there are other metrics that the ministry is using, it would be most helpful to have those tabled.

7:50

Next, page 161 of the fiscal plan, schedule 22, which is the full-time equivalents, tells us that the new ministry moved 75 FTEs into the ministry, which makes sense. I note that there's some adjusting because of the reorganization of ministries, again. Could you tell me or list the numbers? The 75 that were moved into the ministry: where were they taken from? Specifically, what other ministries were they taken from? Were these new positions that were created? A little bit of information would be helpful.

The other piece that I don't understand is that 75 positions were put into this new ministry, yet I see there's an additional change of 11 FTEs over and above the 75 that were put there. I'm just curious as to why such a new ministry, with 75 FTEs, would already instantly know they need 11 more, which is fine. If you could just explain to us what those 11 FTEs will be doing and why there needed to be that addition. Could you tell me: of the 75 FTEs and the 11 additional, do any of these FTEs have experience with vulnerable populations, and what is that? That would be really helpful.

On page 162, schedule 23, expense by object, it notes \$19 million under Other/Contingency and Disaster Assistance. I did hear the minister reference a couple of things in the first three hours, but

perhaps he could elaborate further. What is that full \$19 million fund for?

Next, did the government of Alberta create an agreement with registry agents in Alberta to assist with the affordability payments? What was the scope of that agreement, and how much was that agreement worth? Is there any place online or any information available where Albertans can go and see what that looked like? What was the agreement? How much was it for? What can we expect in return?

The other comment that I have is that I think this government has talked a lot about the fact that they've helped the most vulnerable. We still don't know who the most vulnerable are because this government is not willing to define what that word means to them. But this most vulnerable group, that is on AISH or income support, has actually been targeted for a lot of clawbacks over the last few years. I don't know if the minister is aware of that, Mr. Chair. But there are a number of people on income support and AISH who perhaps had a spouse or that lost their job during the pandemic and applied for a federal benefit or had to go on EI, and we know that thousands of Albertans on AISH and income support had money clawed back.

There's a repayment plan that is still going on. They're losing sometimes \$100 a month because of clawbacks. Yet they're getting clawed back by one department, and they're getting \$100 from another department. You're the lead department on this affordability plan. Was there any communication about that? If the goal is actually keeping as much money as possible in people's pockets, was there any communication? Again, my question is: who did you consult? I understand you consulted your counterparts in different ministries, but who else? Was there anyone with any kind of expertise in this area or with these communities?

With about 20 seconds it's my sincere hope that we can get some answers this time. I'd really rather prefer not to review the questions in the next block because we are not going back and forth. That would be most helpful.

Thank you.

The Chair: Yes. Thank you. I'd encourage the member to go through the chair and stop referring to the minister as "you."

Minister, you have five minutes to respond.

Mr. Jones: Thank you. In January we launched the affordability payment program, which provided up to \$600 in monthly affordability payments to provide additional relief to those particularly impacted by rising inflation, including those on limited and often fixed incomes. To deliver the support, we set up an application and payment system that is fast, effective, and secure. Along with in-person options a secure application portal with rigorous identity verification was developed to deliver fast payments to eligible parents and seniors. On January 18 seniors 65 or older not receiving the Alberta seniors' benefit and eligible parents with children under 18 were able to start applying for up to \$600 in tax-free payments over six months. For those Albertans that applied in the first week, they received their first payment on January 31. All clients accessing AISH, income support, or services through PDD were automatically enrolled in the program and did not need to sign up to receive their benefits. They began receiving their \$100 payments on January 31.

The targeting of payments was carefully considered. Families with dependent children spend more as a percentage of their income on food, fuel, utilities, and housing. Seniors, often on fixed incomes and lower incomes in general, are also disproportionately impacted when prices rise. Our made-in-Alberta application and distribution system is delivering millions of payments quickly and effectively

to those that need them most. Eligible Albertans have until June 30 to apply and will receive retroactive payments for any months that they were eligible for.

We have continued the momentum. More than 1 million Albertans have now applied for or have been automatically enrolled in the program. As I have already mentioned, most Albertans have already started receiving the payments, and the rest will start to get them very soon. This payment program has been a tremendous success, and we continue to see more applications every day.

Through the Ministry of Health we've also provided additional targeted affordability support for vulnerable Albertans living in continuing care. On July 27 of last year we announced \$11 million in new funding to help seniors in designated supportive living and long-term care fight inflationary increases to accommodation costs from November to June 2023. That funding was in addition to almost \$14 million already committed to provide financial relief for continuing care residents from July 1 to October 31, 2022. My colleague Minister Copping can provide additional information at his committee if you have questions on that.

Through the Ministry of Seniors, Community and Social Services we remain focused on keeping housing affordable in Alberta. The temporary rent assistance benefit provides subsidy for up to two years to help eligible tenants afford their rent while they stabilize or improve their finances. The benefit is part of Alberta's 10-year stronger foundations strategy to improve and expand affordable housing. As part of this, we expanded the temporary rent assistance benefit to over 80 communities, including those surrounding Alberta's major centres, including Airdrie, Fort Macleod, Rocky Mountain House, and Conklin. My colleague Minister Nixon can provide additional information at his committee on this.

Food banks. The rising cost of food was certainly making it harder for Albertans to provide for themselves and their families, particularly our most vulnerable. Many people are turning to food banks for help, and we wanted to help them. On November 23 we announced up to \$20 million in new funding to food banks and other organizations to provide critical food supports to our most vulnerable. This includes providing \$10 million over the two years of 2022-23 and '23-24 in matching funds.

Through the Ministry of Seniors, Community and Social Services we are also working to raise community awareness and involvement for food banks and other civil service agencies by allocating that additional \$10 million over two years in matching funds. In other words, for each dollar raised from civil society for food banks, our government will match that amount up to \$10 million.

We've also heard Albertans' concerns about auto insurance rates and have taken action there. On January 26 our government announced a pause on private passenger vehicle insurance rate increases until January 2024. Insurance companies must also offer payment plan options to ensure that Albertans don't have to pay their full year's premium up front while rate increases are paused. These are temporary measures to give Albertans some breathing room while we explore longer term solutions. The government is working to strike a balance between affordable insurance premiums for Albertans and industry sustainability.

Moving on to child care, on January 31 we announced a cost-control framework with the federal government. This expands on our . . .

The Chair: Thank you very much.

We will now move on to the government caucus for a back and forth for 10 minutes. Go ahead, Mr. Singh.

Mr. Singh: Thank you, Mr. Chair, and thank you, Minister. We had some good discussion on the Balancing Pool and TIER increases. That was excellent here. I will switch to hydrogen now. My question is in reference to hydrogen and how it relates to key objective 1.2, the goal of providing financial relief to Albertans. Could the minister, please, go into detail on the potential for using hydrogen as a mode of electricity generation and energy storage in Alberta, and how, in turn, will this provide financial relief to Albertans?

8:00

Mr. Jones: Thank you to the member, through you, Chair. Hydrogen could be used as the primary fuel in combined-cycle, simple-cycle, and combustion turbines that currently use natural gas as their primary fuel. It's important to note that we have the intention as a government to make that hydrogen right here in Alberta from our own abundant natural gas supplies. Hydrogen as a low- or zero-emitting fuel source creates more opportunities for competition in the marketplace, which can help put downward pressure on electricity prices. Alberta is experienced at hydrogen production and has used hydrogen successfully for many years as part of the upgrading of bitumen.

Hydrogen can be extracted from water, methane, propane, butane, and other hydrocarbons. Hydrogen can be extracted using steam methane reformation, electrolysis, or autothermal reformation. Steam methane reformation involves using very high temperature steam to react with methane or natural gas to produce hydrogen. Hydrogen production from electrolysis uses electricity to break down water into hydrogen and oxygen. When this process is powered with small modular reactors, hydro, solar, or wind, it's emission free. Autothermal reformation uses steam and oxygen to react with methane or natural gas to produce hydrogen. When producing in conjunction with carbon capture and storage, it can also make use of low-emissions hydrogen. Hydrogen can be stored in geological pore spaces or salt caverns, which would make a good medium for storage.

One interesting application for hydrogen would be to use electricity during low prices for electrolysis and inject the hydrogen for storage and then to extract the hydrogen from storage for generation during high prices, basically creating a hydrogen battery, essentially backstopping electricity shortages and shaving price peaks. Use of hydrogen for energy storage can provide energy arbitrage, where storage is charged during periods of lower prices and released during peak demand hours, typically between 5 and 7 p.m. This increases energy available during peak demand hours, increasing competition and putting downward pressure on prices.

Mr. Singh: Thank you, Minister, for the answer here.

The federal clean electricity regulation here. The federal government is advancing the clean electricity regulation, which seeks to achieve a net-zero electricity grid across Canada by 2035. While the clean electricity regulation aligns with the adoption of lower carbon energy, as stated under key objective 2.1, some have argued that rushing to a net-zero grid could impact electricity affordability. My question is as follows: what are the potential impacts of the clean electricity regulation for Albertans?

Mr. Jones: Yeah. The proposed federal regulation could have serious implications for both reliability and affordability of electricity in this province. The Alberta Electric System Operator, or AESO, has found that the regulation could result in incremental costs of \$44 billion to \$52 billion. This includes generation and transmission costs but does not take into account distribution costs, which are expected to also be substantive. The transition towards

lower carbon technologies and growing demand for clean energy could require the capital stock turnover of over 11,000 megawatts of natural gas fired generation through retirements and replacement with lower emitting generation or with retrofits to carbon capture and storage and hydrogen.

In addition, the transmission and distribution system will require significant expansions to support the two-way flow of energy across new geographic locations. Infrastructure upgrades to support an optimal transition will include the need for investment in new low-emitting technology and in-province transmission and distribution. Investment is also needed in technology such as energy storage that can be an effective nonwires alternative to provide grid stability. All this investment is needed in just 12 years, which is an unrealistic timeline.

Informed by feedback from Alberta's electricity sector stakeholders, Alberta has provided input to Canada on its proposed regulation, and we will continue to work collaboratively to ensure a shared understanding of the potential impacts on our province.

Mr. Singh: Thank you, Minister, for the answer.

How feasible is the 2035 net-zero electricity objective for Alberta?

Mr. Jones: The federal government's plan for achieving net-zero electricity by 2035 will require massive investment that could significantly increase costs to Albertans and still negatively affect reliability. The AESO's analysis finds that abating all electric system physical emissions to zero would come with rapidly increasing costs and is operationally unrealistic. The 2035 goal is especially ambitious given the range of uncertainties associated with the maturing of low-carbon technologies, supply chain readiness, and development timelines for energy-related infrastructure.

Mr. Singh: Thank you for the answer, Minister.

Additionally, given that the goal of 2035 is ambitious, what is the ministry doing to ensure the reliability of the electricity system throughout the transition?

Mr. Jones: A great question. The Alberta Electric System Operator is responsible for providing for the safe, reliable, and economic operation of the Alberta interconnected electric system. As part of this mandate, they are reviewing the ongoing reliability of the system facing a rapid change in its generation mix, including use of existing tools such as ancillary services market and fast frequency response tools that can quickly respond to variations in the system such as cloud cover over solar panels, a sudden drop off in wind energy, or unforeseen gas plant outages.

The AESO's recently released 2023 reliability requirements road map outlines actions to ensure Alberta's grid is reliable and able to adapt to a period of significant change. Any overreach by the federal government to drive specific changes in the generation mix in the province will exacerbate the reliability challenges already outlined by this report. Affordability and Utilities, as part of regular and ongoing analysis, is reviewing the regulatory framework to identify any opportunities to continue to modernize policy to keep pace with rapid transformation.

Mr. Singh: Thank you, Minister, for your answers here. I really appreciate your ongoing efforts to ensure utilities in Alberta are more affordable and reliable.

I give the remaining time to my colleague Member Reid. Thank you, Mr. Chair.

Mr. Reid: Thank you, Member Singh, and thank you, Minister, for your time tonight, and thank you for the focus of your ministry. It's a privilege to be able to be here with you at estimates tonight and discussing utilities and affordability. I can tell you that at home in the riding the number one issue that my office hears about, that I hear about is concern from Albertans over utilities and overall affordability, so I'm very pleased to have a new ministry that's focused on these for Albertans. Thank you for your efforts on this thus far.

I want to start this evening by talking about electricity interties. Under key objective 2.1 it discusses the adoption of lower carbon energy in Alberta. Some have pointed to electricity interties as a means of importing low-carbon electricity from other jurisdictions, thus lowering Alberta's emissions related to energy generation. My question is very simple. How feasible is this option, and what roles do interties have in Alberta's future electricity system?

Mr. Jones: Thank you. Yeah. An intertie is a transmission facility, usually a transmission line, which interconnects two adjacent electric systems and allows power to be imported and exported between them. Alberta currently has three interties, one each with B.C., Saskatchewan, and Montana. These interties support the operation of Alberta's electricity grid by providing the AESO with a level of flexibility to maintain system reliability by providing near immediate response to generator outages.

When the interties are connected, the Alberta grid is synchronized with the western interconnection, which includes British Columbia and the western United States. When loss of load or generation occurs in Alberta, power flows on the interties to make up for the loss. Interties also help balance the system as the development of intermittent renewable generation continues in Alberta. For example, interties can bring in additional power when clouds move over a large solar facility. Electricity imported via interties can also put downward pressure on wholesale electricity prices.

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

We'll now move on to the Official Opposition for a 10-minute block. Five minutes. I see Mr. Dach has his hand in the air. Go ahead, Mr. Dach. You have five minutes, sir.

Mr. Dach: Yes. Thank you, Chair. Pleased to continue with the questions for the minister and, hopefully, receive answers to the actual questions rather than the repetition of the documentation before him. I know that Albertans at home certainly would have preferred the scrutiny of a real debate, but we will continue on with the block questioning and hope that the minister will engage with the real answers that Albertans are hoping to receive.

8:10

I'll start with eligibility for affordability payments, Mr. Chair. My question would be, first of all, regarding the ministry's estimates: how many Albertans were actually eligible for the affordability payments, and as of today's date how many Albertans have actually applied for the payments? We've heard that only half of eligible Albertans have actually applied, and it begs the question: why? Why does the minister think that so many Albertans have not applied for these payments? Is it – well, I'll let the minister answer as to why he thinks this is the case with respect to the lack of uptake as far as the eligibility for affordability payments that are being offered to Albertans.

The second topic, Mr. Chair, that I'd like to question the minister on regards child care. Now, the minister's mandate letter from the Premier dated November 9, 2022, states that the mandate of the Minister of Affordability and Utilities includes to

increase the affordability and availability of child care for Alberta parents by continuing to work with the federal government on the child care agreement to ensure the equitable inclusion of private child care operators, which represent the majority of our child care spaces.

Yet neither the business plan nor the 2023 budget for the ministry include any measures related to child care, and I wonder why that is. A pretty curious omission. Following that, I'd like to ask what role the minister plays in ensuring that child care is actually affordable.

Next, is the minister actually tracking the cost of child care fees in the province? Related to that, Mr. Chair, it'd be very interesting to know if the ministry is tracking the extra charges that child care operators receiving government funding, including private operators, are charging to parents over and above the base daily rate for child care. I'm talking about extra fees for meals, snacks, educational and/or instructional supplies, laundry services, equipment and infrastructure maintenance surcharges, and the lists have gone on. There are menus of services that we've seen some operators charging for over and above the daily rate yet still boasting that they are charging an affordable daily rate when, in fact, the affordability has gone out the window with this number of surcharges that we're seeing charged to parents who are attracted, first of all, to the affordable daily rate, which becomes unaffordable when these surcharges are added on.

Next, I would like to know if the Ministry of Children's Services is providing regular reporting on the cost of child care fees, including regional breakdowns; to the minister, Mr. Chair. Those are some very interesting questions that I hope we get clear and concise answers to in the minister's response.

I'd like to turn my attention now to performance measures for affordability. In the 2023 business plan, Mr. Chair, outcome 1 for the ministry is that "everyday life is more affordable for Albertans." How does the minister define affordable? The business plan contains absolutely no performance measures for affordability, so how does the minister know whether or not they're actually making life "more affordable" for Albertans? It's a pretty fundamental definition that should be addressed and properly defined by the minister, I believe. For example, giving each Albertan a \$20 bill arguably makes their life more affordable. Would the minister consider that satisfying outcome 1? We need more clarity and more meat on the bones of that definition, if you don't mind.

The Chair: Thank you, Member.

Minister, you have five minutes to respond.

Mr. Jones: Yeah. Thank you, Chair and to the member for his questions. I'm pleased to report that as many as 1.7 million Albertans are eligible for monthly affordability payments or have a parent or guardian who will receive payments on their behalf. This includes roughly 300,000 Albertans receiving payments automatically through the Alberta seniors' benefit, income support, assured income for the severely handicapped, or receiving services through the persons with developmental disabilities program. Applications may be made by another 520,000 seniors and on behalf of 860,000 children who are eligible. Exact numbers of payments will depend on the number of applications received and will be reported once the payment program is complete.

The targeting of payments was carefully considered. Families with dependent children spend more as a percentage of their income on food, fuel, utilities, and housing; seniors, often on fixed incomes that do not adjust for inflation and lower incomes, are disproportionately impacted when prices rise; and, of course, vulnerable Albertans, with the lowest incomes and the least ability

to fully participate in the workforce at times. I'll remind you that these targeted affordability payments are over and above the significant broad-based relief available to households across Alberta.

Again, the average benefit, the estimated benefit for an average household that is not receiving affordability payments is upwards of \$900. That includes electricity rebates. That includes fuel tax relief from January to June 30, with the full suspension of the 13.6 cent per litre fuel tax. And it includes things like our changes to income tax and other programs.

I'm pleased to report that over 1.1 million Albertans have enrolled for these affordability payments, so well over half have already enrolled and are receiving their payments. Another reminder that even if an Albertan enrolls in the last month of June or just before that, in May, they will receive all payments that they were eligible for at that time retroactively. Again, these were targeted intentionally to provide additional support to groups that were in highest need, those being families with dependent children, seniors on lower and fixed incomes, and our most vulnerable, and the program is working very well.

The member opposite asked about child care, and while I'm not the Minister of Children's Services, I'm happy to report that last year child care cost an average of \$17 a day in Alberta. This year it's targeted to be an average of \$15 per day. That represents savings of between \$400 and \$650 a month to the average Albertan family per child. Real inflation, cost-of-living support right there and another reminder that we're on our way to an average of \$10 a day by '25-26. It's one of the many ways that we're supporting affordability for Albertans.

I believe the member touched on our recent agreement with the federal government, which fully included our private operators. Unfortunately, the federal government and the members opposite before them chose to exclude private operators in the provision of affordable child care for some ideological reason, which is odd given that 69 per cent of spaces and the majority of child care operators in this province are private.

But our government respects parents. We know that they know best what their children require, so we fought for private operators to be included in the provincial-federal child care agreement, and in January we got that cost-control framework. Twenty-two thousand additional private spaces are now eligible for funding as part of the affordable child care framework, and it's not just a big win for children, a big win for families, and a big win for affordability; I'll remind you that the majority of these operators are female entrepreneurs, again, a very odd group to exclude by the members opposite and the federal government.

As we touched on child care, I just want to give a little bit of history there. On January 31 we announced the cost-control framework with the federal government, and that expanded our existing agreement with Ottawa on affordable child care and specifically created more affordable child care spaces for Albertans. This is reflected in Budget 2023, which allocates \$1.3 billion in '23-24, \$1.4 billion in '24-25, and \$1.6 billion in '25-26 in operating expense in the child care program from provincial funding and the federal-provincial...

The Chair: Thank you very much, Minister.

We'll now move over to the government caucus for 10 minutes back and forth if it's okay with the minister. Go ahead, Mr. Reid.

Mr. Reid: Thank you, Chair. Just before I move on, Minister, is there anything else that you wanted to say about interties?

Mr. Jones: Yes. It's an important topic. Again, an intertie is a transmission facility, usually a transmission line, which interconnects two adjacent electric systems and allows power to be imported and exported between them. Alberta currently has three interties: one with B.C., one with Saskatchewan, and one with Montana. These interties support the operation of Alberta's electricity grid by providing the AESO with a level of flexibility to maintain system reliability by providing near-immediate response to generator outages.

When the interties are connected, the Alberta grid is synchronized with the western interconnection, which includes British Columbia and the western United States, and when loss of load or generation occurs in Alberta, power flows on the interties to make up for that loss. Interties also help balance the system as the development of intermittent renewable generation continues in Alberta; for example, interties can bring in additional power when clouds move over a large solar facility.

8:20

Electricity imported via interties can also put downward pressure on wholesale electricity prices as current AESO rules require imports to offer electricity into Alberta's market at zero dollars per megawatt hour. However, imports do not flow into Alberta continuously. They only occur when neighbouring jurisdictions form a view that prices in Alberta's market will be higher than in alternative markets for their electricity.

Restoring existing interties or building new ones could allow the AESO to better manage Alberta's grid as more intermittent, low-carbon electricity comes online. It enhances competition and increases access to the province's electricity market. However, this expansion would need to be balanced within the system to ensure it adds to reliability rather than creating more potential problems. As interties are not guaranteed sources of energy, they cannot be relied on such as an in-province natural gas generator can. But they are another important tool for reliability. From a system perspective, Alberta cannot always rely on imports. So while we could theoretically have more interties, we would still need to ensure that we are self-sufficient for those times when, for whatever reason, our neighbours are unable to supply us with power.

Thank you.

Mr. Reid: Thank you, Minister.

I'd like to jump over to speaking about the Utilities Consumer Advocate if we could. On page 11, referring to key objective 1.3, the business plan states that the Utilities Consumer Advocate will "educate, mediate, and advocate" for the utility consumers of Alberta. Could the minister please explain to us how the Utilities Consumer Advocate will fulfill this role and how Albertans can access these services?

Mr. Jones: Yeah. Great question. Albertans have an excellent resource in the Utilities Consumer Advocate, or UCA. The UCA works to help consumers make informed energy choices through its phone and contact centre and its website at ucahelps.alberta.ca. Customers who have concerns about their bills or who are unable to resolve an issue with their energy provider can contact the UCA toll-free at 310.4UCA for assistance. Through 2021-22 the UCA helped over 30,000 Albertans seeking information or assistance related to their electricity or natural gas services through the 310.4UCA phone line.

The UCA's consumer education program conducted 47 outreach events in '21-22, shifting back to in-person events as COVID restrictions were eased. This outreach was complemented by over 685,000 consumer visits to the UCA website in 2021-22. Notably,

the website includes a function that enables consumers to compare the various power and natural gas contracts available and find the best deal for their needs. This is a critical affordability support and complements our government's other actions to make life more affordable for Albertans.

The UCA also works with the Alberta Utilities Commission, or AUC, and energy retailers to identify and reconnect utilities to residential sites requiring service during the cold months. Each fall, as part of the annual AUC winter utility reconnection program, UCA staff reach out to Albertans with disconnected utilities, who companies have been unable to contact and who may be at risk, to ensure that they get their heat and power back on before winter sets in.

The UCA also represents consumer interests for safe, reliable, energy utility services at the lowest reasonable cost to the AUC in dozens of regulated rate hearings annually. The UCA independently reviews applications for rate increases made to the AUC and identifies opportunities for savings in its submission to the commission. The AUC routinely cites UCA evidence and arguments in its decisions determining just and reasonable rates. This work by the UCA has prevented cost inflation on consumers of over \$200 million annually, or about 4 per cent of the annual \$5.5 billion in regulated grid and pipeline network costs. These consumer savings far outweigh the overall \$6.7 million UCA budget and come at a minimal cost of approximately 25 cents on the average consumer bill.

Mr. Reid: Thank you, Minister.

Switching gears again, now to red tape reduction, I'd like to refer to key objective 2.5, found on page 12 of the business plan, where it mentions reducing red tape in Alberta's utility sector along with streamlining "legislative requirements and regulatory processes." Meanwhile key objective 2.4 states that the ministry will "ensure the safe, reliable, efficient and environmentally responsible development and operation of the electric and the natural gas system." How will the ministry reduce red tape while simultaneously ensuring responsible development and reliability of our utility systems? Also, what are some of the initiatives that this ministry will undertake to support this key objective in 2023 to 2026?

Mr. Jones: Yeah. Thank you for the question. I'm proud to say that my ministry is doing just that. We have significantly reduced red tape, and at the same time we have a system that is responsibly developed and focused on reliability. The Ministry of Affordability and Utilities has reduced its regulatory account by 37 and a half per cent, exceeding the government of Alberta's target of 33 per cent.

We are continuing to review our legislative and regulatory framework to identify opportunities for improvement and, importantly, working with agencies and stakeholders to find efficiencies. Reducing red tape and creating efficiencies is one way in which we can promote the affordability of the system moving forward.

Specific to our agencies, the Alberta Utilities Commission has achieved a 48.2 per cent reduction in red tape since the benchmark calculation in November 2019. The AUC's red tape initiatives, using assertive case management, application streamlining, and mediated settlements, have resulted in 41 per cent improved approval times and over \$9 million in internal and associated industry cost savings. This is balanced by the AUC's effective use of the commission's costs authority to improve participation and encourage efficient, issue-focused proceedings.

The AUC has also introduced a checklist application process to streamline the regulatory requirements for power plants greater than

one megawatt and less than 10 megawatts. Under this new process the AUC will review and approve eligible applications within five business days, which represents significantly reduced timelines and associated regulatory costs for project proponents of these low-risk facilities.

The Alberta Electric System Operator has also implemented opportunities for further red tape reduction such as changing its rules to allow market participants to request waivers or variances to the requirements of technical AESO rules based on specific criteria for facilities. The AESO estimates that these changes have saved industry approximately \$118 million to date.

Going forward, the department will continue to look at ways of introducing policy changes to utility systems to reflect what is being heard from stakeholders. In addition to what I referenced earlier, the AESO also has plans to complete several projects to reduce red tape, including updating the AESO rules for grid and market operations, amending its rules for offers and bids for energy, and removing duplications from the required milestones report. The AUC is working on streamlining and improving regulatory adjudication processes in its noise control rule as well as continuing with streamlined applications and its assertive case management initiative.

Again, the AESO estimates that these changes have saved industry approximately \$118 million to date, and the Ministry of Affordability and Utilities has reduced its regulatory account by 37 and a half per cent, exceeding the government of Alberta's target of 33 per cent. We're going to continue to remove red tape, save industry money so that, ultimately, ratepayers can have a more affordable and a quicker, more responsive system moving forward.

The Chair: Thank you very much, Minister.

We're now going to take a quick five-minute break, as promised, and we'll come back and have a 10-minute block with the Official Opposition.

[The committee adjourned from 8:29 p.m. to 8:35 p.m.]

The Chair: Thank you. Committee members, please take your seats.

We will now go to the Official Opposition for five minutes of questions and five minutes of answers from the minister. Who has the floor? Mr. Dach, are you still on? Go ahead, Mr. Dach.

Mr. Dach: Yes. Thank you very much, Chair. I am, and I do wish to continue, and hopefully we'll be receiving some good-quality, worthwhile answers from the minister.

I wanted to start where I left off, Mr. Chair, talking once again about affordability. What I wrote in my notes was that we still haven't heard from the minister about how they target these groups that they are targeting to apply these affordability measures or the payments to groups that they decide are eligible. I'm looking for metrics around the decision-making process wherein groups who are eligible are defined. What metrics are used to target vulnerable groups, and is there a definition that the minister can offer us to define what they think is affordability? What's affordable? What's not? What metrics are used? It's, I think, a fundamental question to what we're talking about and to what this ministry is supposedly all about.

"Affordability" is right in the title, yet we have heard little or nothing about what exactly that means to the ministry. What does it mean to be living an affordable life or having life be affordable in Alberta? I think it's incumbent upon the minister to spend some time letting Albertans know what that means in his ministry. Of course, everything that that ministry does, whether it be designing

rebate programs for utilities or looking at any other measure, will be based upon their understanding or definition of what living affordably in Alberta is. Let's hope that the minister will be able to provide us with some insights as to how they've defined affordability and what metrics they're using to actually target various groups of individuals who they feel need assistance to reach an affordable level of cost of living in Alberta right now. That's one of the major things I wanted to have an answer from the minister on, because it's a fundamental question.

Related to that, what factors does the minister consider when determining which Albertans are struggling with affordability? That's a related question. Continuing on the same track, Mr. Chair, while the Alberta NDP was government, child poverty was cut in half despite it being a very difficult economic time for the province. That's what happens when a government prioritizes the well-being and quality of life of the most vulnerable. The Edmonton Social Planning Council, the Alberta College of Social Workers, and Public Interest Alberta released a report in 2022 that indicates that approximately 160,000 children in Alberta live in poverty, but that calculation is based on 2019 data. Since then Alberta has experienced the economic and financial impacts of the pandemic along with a number of deliberate actions by the UCP government that negatively impacted children and families in Alberta.

It includes, of course, cancelling the \$25-a-day child care program; reducing the Alberta child and family benefit; deindexing that benefit and AISH; cuts to income support; falling far behind in affordable housing; underfunding child intervention, education, and health care. My question, Mr. Chair, to the minister, through you: does the ministry track and report child poverty rates in the province, and what is the current rate of child poverty? Please define child poverty using the definition that you use so that we understand exactly what we mean, so we're all able to equate what you're using as the current rate of child poverty with your definition as you understand it or as you wish to define it for purposes of this estimates review.

Mr. Chair, carrying on, if the minister does know, I'm wondering if the minister has regional breakdowns of child poverty in Alberta. That would be also municipal versus rural. Any other form of regional breakdown would be helpful and useful for the Alberta public to know. Now, if the minister doesn't know, does the minister feel that he is able to accurately determine whether life is more affordable for Albertans if he has no sense of how many Alberta children are actually living in poverty?

Following this question . . .

The Chair: Thank you very much, Member.

The minister now has five minutes to respond.

Mr. Jones: Thank you, Chair and to the member for his questions. Again, as many as 1.7 million Albertans are directly eligible for monthly affordability payment support or have a parent or guardian who will receive payments on their behalf. This includes roughly 300,000 Albertans receiving payments automatically through our core support programs: the Alberta seniors' benefit, income support, or receiving services through the PDD program. I'd just like to clarify for the members opposite that AISH, PDD, and income support serve disabled Albertans. They don't seem to be aware of that.

We also ensured that these affordability payments went to families with dependent children, and that's because families with dependent children spend more as a percentage of their income on food, fuel, utilities, and housing. We also ensured that seniors, the vast majority of seniors, would be eligible for these additional

targeted affordability payments because we know that seniors have, on average, lower incomes and fixed incomes.

We created a threshold where 80 per cent of all low- and middle-income families and the vast majority of seniors and disabled Albertans would receive affordability payments, and to date we have over 1.1 million Albertans enrolled. I'd like to point out that, of course, this supports more than those directly eligible. You can have a household with one senior receiving the benefit, but of course it supports that whole household. You can have a multigenerational household with children receiving payments, but of course that supports the whole household.

In Alberta we put children, our most vulnerable, and our seniors first. That's the Albertan way. That's how we've always done it, and that's what we're going to keep doing. Thankfully, we've created the conditions where able-bodied Albertans can earn the highest wages and pay the lowest taxes, and we provide supports, world-class health care and education, and affordability supports like these to our most vulnerable and to support the health and well-being of our children and seniors.

Again, those affordability payments are in addition to the significant broad-based relief available to all Albertans. Again, the estimated benefit is \$900 for a household not receiving the targeted affordability payments. So if there are no dependent children, if there are no seniors, if they're not on an Alberta core support program, they are still receiving upwards of \$900 in estimated benefit for that household from our electricity rebates, fuel tax relief, and income tax relief. And our plan is working. Inflation has eased in Alberta more than in other Canadian jurisdictions, and according to leading economists and Statistics Canada our affordability measures are playing a role at reducing inflation, particularly our electricity rebates and our fuel tax relief.

We have by far the lowest cost gasoline and diesel in Canada by 20 to 40 cents per litre, and Albertans are going to continue to have the lowest fuel for the foreseeable future because we have suspended the full 13.6 cent per litre fuel tax until at least June 30, and then, provided oil prices are high, Albertans will continue to have fuel tax relief on a go-forward basis.

The member touched on a previous child care program, and I'm happy to comment. They had implemented a \$25-a-day child care pilot, but again they excluded private operators. They excluded 69 per cent of spaces, the majority of child care spaces in the province, because they do not believe that parents know best how to care for their children, but we do, so our child care agreement includes private child care providers and operators.

I'll also point out that their program wasn't income tested. It's very bizarre to be providing the wealthiest Albertans with significant child care subsidies. Again, we have a threshold in our child care program to ensure that all low- and middle-income Albertans benefit from affordable child care.

So what does that mean? Well, with the cost-control framework now in place, there are up to 22 and a half thousand additional licensed private child care spaces eligible for funding supports over the next three years, for a total of 68,700 new licensed child care spaces by the end of March 2026. In fact, as a result of this agreement . . .

8:45

The Chair: Thank you very much.

Members, I will now move over to the United Conservative caucus. Go ahead, Mr. Reid.

Mr. Reid: Thank you, Chair. Minister, I want to continue along lines around red tape reduction, looking at page 12 again of the business plan, performance metric 2.a. This metric relates to the

timeline of need and facility application processing. The measure monitors the Alberta Utilities Commission's performance at meeting the legislated 180-day review timeline for need and facility applications. These statutory timelines begin on the date when the AUC deems the application complete. In 2021 98.5 per cent of the Alberta Utilities Commission's needs and facilities applications were determined to be within 180 days, and the target is 100 per cent for the next three years. How will your ministry go about upping this performance measure by the remaining 1.5 per cent, and why is this important to all Albertans?

Mr. Jones: Thank you very much. The AUC is an independent quasi-judicial agency of government that ensures the delivery of Alberta's utilities services takes place in a manner that is fair, responsible, and in the public interest. The AUC regulates investor-owned electric, natural gas, and water utilities and certain municipally owned electricity utilities to ensure customers receive safe and reliable service at just and reasonable rates.

The AUC is responsible for making timely decisions on the need, siting, construction, alteration, operation, and decommissioning of natural gas and certain electricity transmission facilities. The AUC also regulates power plants in a similar fashion except that the need for new power plants is determined by market forces.

The AUC develops and amends rules that support the orderly operation of the retail natural gas and electricity markets and adjudicates on market and operational rule contraventions that the Market Surveillance Administrator, or MSA, may bring before the AUC. The AUC is exempt from income taxes under the Income Tax Act.

It's important to understand that the 98 per cent performance: 67 out of 68 decisions were issued within the 180-day timeline. The AUC will continue to work to make this 100 per cent, but you know what? Sixty-seven out of 68 is pretty good. As a quasi-judicial body we are confident that they will be able to do so, and we'll support them as required.

Mr. Reid: Thank you, Minister.

I'd like to shift gears again, now looking at rural Alberta, the needs of rural Albertans. Key objective 1.2 lists the remote area heating allowance rebate as a supporting initiative that will provide financial relief for rural Albertans. Two questions related to this: is the funding amount any different from previous fiscal years, and is the program sufficient to alleviate the financial hardship faced by some rural or Indigenous communities in Alberta?

Mr. Jones: Yeah. The remote area heating allowance program was established in 1980 to reduce the cost of heating fuels for those Albertans who did not have access to natural gas services. These individuals generally reside in remote locations in the province, and the funding amount is in alignment with previous years. As a consumer-driven program with no funding cap, legislation requires that all eligible Albertans who apply receive the rebate regardless of budgeted amount. The program is volume capped to a maximum amount of propane or heating oil eligible per recipient on an annual basis as the program provides a rebate of 25 per cent of the cost exclusive of GST and federal carbon tax, and rebate amounts increase with increasing commodity prices.

Over the past 20 years of this program total rebate payments have ranged from as low as \$809,000 in 2004-05 to a high of \$1.8 million in 2019-2020, which is the only year in that time period where rebates exceeded the current \$1.6 million budget. Wet fall harvest conditions, which require greater use of grain drying by Alberta producers, or colder than normal winter conditions throughout rural

and northern Alberta can increase home heating demand and therefore rebate amounts.

Additional funding being provided to the rural gas program is anticipated to alleviate some demand on the program over time as the commissioning of new pipeline infrastructure allows more customers to be connected directly to the natural gas distribution system.

Mr. Reid: Thank you, Minister.

I wanted to go to page 12 again. Key objective 2.3 speaks to the expansion, enhancement of rural utility infrastructure. I know this is important because I, in fact, am facing with the MD of Willow Creek their desire to develop the airport location, and they're experiencing difficulties right now with Infrastructure not being able to allow them to expand operations out at the Claresholm airport. Related to that, regarding the utilities, what are the biggest challenges facing rural Albertans, and what will the ministry do in 2023-26 to address them when we look at the expansion of rural electricity infrastructure?

Mr. Jones: I'm sorry, Member. Can you repeat the question?

Mr. Reid: Sure. Just looking for – again, back to page 12, key objective 2.3, speaking to the expansion and enhancement of rural utility infrastructure: what is the ministry doing to address these challenges for Albertans?

Mr. Jones: Yep. Excellent. The rural electric program grant was implemented to help reduce the cost of installing rural electric services, including poles, wires, and transformers, in support of rural Alberta and our agricultural industry. Individuals learn of the program after applying for an electric service. If the person qualifies under the program, the electric distributor, either the investor-owned utility or the rural electrification association, completes the application on behalf of the person obtaining a new service.

The applications are submitted to the Alberta Federation of Rural Electrification Associations, who administers the program on behalf of the government of Alberta. If the applicant is successful – in other words, they meet the criteria outlined in the program guidelines – the maximum allowable grant per service is \$5,250, with no limit on the number of services held by the grant recipient. Eligibility for a grant under the rural electric program requires that the applicant be actively farming where the proposed site service is being used in conjunction with their farming operation.

Eligible grant costs to applicants are based on the most practical and economic route and a standard 25-kilovolt transformer for an overhead service or 50 kVa for underground. Requirements for specialized services – for example, three-phased – requiring additional transformer capacity or router requirements in response to federal, provincial, or municipal regulations may also be included in the grant calculation. One transformer equals one service equals one grant.

The rural gas program was designed to provide natural gas service to rural Albertans through grants provided directly to rural gas distributors. The grants are provided on a cost-sharing basis to facilitate the construction of individual gas services and upgrades of related natural gas utility infrastructure. Applicants to the program must pay their customer contribution, their service contract, valued at \$8,000 to \$10,000, for the service installation, with construction costs over \$8,000 to \$30,000 being covered by the rural gas program, 75 per cent; the distributor covers 25 per cent. Costs over \$30,000, which are generally for specialized installations such as grain dryers, are borne by the applicant. In the absence of the rural gas program grant a \$30,000 service could cost

the consumer upwards of 24 and a half thousand dollars to install, which would significantly alter the affordability of the service. The rural gas program is largely administered by the Federation of Alberta Gas Co-ops on behalf of the government of Alberta.

Affordability and Utilities' rural utilities administers two additional grant programs for the rural construction programs of Apex Utilities Inc. and ATCO Gas and Pipelines Ltd. New natural gas infrastructure expands the availability of more economical natural gas to areas of the province currently reliant on propane and/or heating oil for their home-heating needs. These individuals currently rely on Affordability and Utilities' remote area heating allowance, which rebates the higher cost of propane and heating oil.

Although not specifically tracked and not easily measured, the expansion of natural gas infrastructure into northern and western Alberta is anticipated to reduce reliance on the remote area heating allowance program. For example, in 2022 Rocky Gas Co-op Ltd. received the exclusive right to provide natural gas services to the hamlet of Nordegg and surrounding areas. In the coming years as services become available, the number of rural area heating allowance applications from the area could decline by up to 60 applications.

That is all our time.

8:55

The Chair: Thank you very much, Minister.

We'll now move on to the Official Opposition for a five-minute block and five minutes of response by the minister. Go ahead, Ms Renaud.

Ms Renaud: Thank you, Mr. Chair. It's unfortunate. It's really been difficult tonight actually to get answers to some really basic questions around capital grants, around FTEs in the schedule that I talked about. We're just not getting any answers, which is unfortunate.

I'm just going to ask one question. I think that right away when you look at the business plan – throughout the business plan talks about the eligibility for the affordability program for families, for seniors, and for vulnerable Albertans. Now, "families" is defined fairly clearly, as is "seniors" in terms of age and income, but "vulnerable Albertans" remains really undefined. I don't know what it means. To the minister: how does your ministry define vulnerable Albertans in terms of eligibility for this program?

That's it.

The Chair: Good.

Minister, you have five minutes to respond.

Mr. Jones: Thank you for the question. As we were designing our affordability supports, of course, we had the broad-based measures, which would apply to the vast majority of Albertans.

But then we wanted to ensure that groups being hit particularly hard by inflation and the associated increase in cost of living received additional targeted support, so we started by looking at our core support programs. Albertans on AISH, receiving services through PDD, income support, and the Alberta seniors' benefit, people on low and often fixed incomes who definitely needed additional inflation relief: we didn't just put them in the affordability payments. We automatically enrolled them so they wouldn't have to apply or go to a registry.

In addition, we made sure that their loved ones, families with dependent children also receive those benefits. If you talk to seniors, you hear about grandkids almost every time. We wanted to ensure that kids could be kids and that they weren't paying the price for inflation – they could stay in their activities; they could eat nutritious food – so we ensured that dependent children in Alberta

under 18 were also eligible for the additional targeted inflation relief.

Then we included the vast majority of seniors, again, because seniors are often on fixed incomes and we know that on average they have lower incomes. When the cost of things starts to increase, seniors get hit particularly hard. I'm happy to report that the vast majority of seniors are eligible for our affordability payment program. We've certainly heard that it was easy for them to apply. It was an average of six to seven minutes through our affordability portal.

For other Albertans they chose to go to any registry in the province to sign up for the affordability payments there. We also made the process easy for people who might prefer to receive services in another language. Fifty Alberta Supports offices across the province were able to enrol people in the affordability payment program in over 100 languages.

Again, we looked at our significant, broad-based affordability program, and then we looked at who would likely need the additional targeted inflation relief, and we determined that it would be the recipients of our core support programs: our disabled, our most vulnerable, our lowest income, our seniors, and, of course, our future generation, our children. That's how we came to determine the recipients. Again, that's 1.7 million Albertans who will receive or are eligible to receive the support. We had a million enrolled in three weeks. I would speculate that that's a record for a government program. That speaks to the need – that speaks to the need – out there that we're addressing, but it's also a testament to the good work done by our government to stand up that made-in-Alberta portal very quickly and at low cost to taxpayers, which was another priority of ours.

I thank the member for the question. Again, recipients on AISH and those receiving services under PDD and recipients of income support are disabled, and they are receiving supports through our affordability action plan.

The Chair: Thank you, Minister.

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

Mr. Getson: Sure.

The Chair: Go ahead.

Mr. Getson: Appreciate that. I'll make sure the microphone is down here so folks can hear me. Minister, you can hear me okay?

Mr. Jones: Yeah.

Mr. Getson: And back and forth still works for you?

Mr. Jones: Absolutely.

Mr. Getson: Perfect. Minister, I was very pleased to hear you talk about tie-lines. Nothing gets me more excited than tie-lines. You know, a little bit of a sojourn in here since we're getting along in the long hours of the night. I'm happy to report that yours truly was responsible for one-third of the Alberta tie-lines. Back in the day, when I was still running projects, we got paratrooped into the Montana tie-line. It was an item that we purchased. It was under construction at the time, and to hear now, in present day, the relevance and importance of tying in that grid was pretty amazing. Unlike some of the members opposite who talk about green energy and talk about transmission lines and everything else, we were actually responsible for over 350 windmills that were being put up at the time on the Montana tie-line. It came all the way up from

Great Falls, Montana, up to Lethbridge. I actually had my team come out there. There was a project that was a little bit of trouble. We ended up getting dropped in to troubleshoot kind of, like, you know, familiar territory. We got dropped in to troubleshoot back in 2019, Minister; it's something very similar.

When things are all going sideways, then you bring in a different team, no different than the Albertans did; they chose a different team to come in. What we had to look at, what was taking place there, Minister, was literally how it was being executed: looking at the inefficiencies that were taking place, looking at why we're expending – too much cash was going out the window. A lot of it came down to co-ordination. Literally, I dropped in, and outside of the expert at the time, the construction manager who was running that job, who happened to be from Enron – you might have heard of those groups. You know, really good history of management, no different than some of the opposition parties out there throughout Canada's history.

I ended up dropping myself outside of the door of his office, and I just listened for the first day, and I reported to two vice-presidents. Within that company not a lot of folks knew what I really did as a consultant, but it was troubleshooting. What I heard was a bunch of stuff. There were people withholding information. This one individual really wasn't sharing the information with us, the project team. Unfortunately for him, he didn't have any line of sight on what I was going to be doing next, so immediately the next morning I'm jumping in the truck, and I'm running up to Lethbridge, and then I'm bouncing across this right away. All it took me was a day, basically. I made the phone calls, started bringing up my engineering team from Duluth, went back up to Calgary, reported back in to the vice-presidents of some of the things that we would have to do to change this. Then I slowly started dropping in our team.

But I didn't hastily do anything until I knew for sure what the immediate effects were going to be. Having troubleshoot some projects like that and looking at the electricity file – again, hats off to you and your team for not haphazardly going in and pulling levers and having the intestinal fortitude to actually do something. You might not have been able to make the ultimate solution for everything here, but you literally looked strategically at picking up the loose ends and impacting people where it was most relevant and most prevalent to them, that made the biggest impact in the shortest timeline. Again, no different than that project; things were out of our control that were done by others, and all we could do was pick up the pieces, put it back on track, and get this thing. Now, to know that it's been serving Albertans for a number of years is no different than what you're doing with your program. A little bit of a sojourn from a construction guy, but I really appreciate what you folks are doing.

With that, Minister, I'd like to pivot and go back in to objective 1.1. I believe that's on page 11. A significant portion of Alberta utility bills are transmission and distribution charges, like I'd mentioned earlier. In rural we pick up the lion's share of it; almost upwards of half to two-thirds of the costs come back to that. You mentioned the cost-of-living concerns Albertans are facing regarding the ministry's priority of keeping utilities affordable. There are a couple of questions with that, sir. Would the minister explain how these transmission and distribution charges are determined and clarify whether or not they are regulated?

Mr. Jones: Thank you for the question, and thank you for your contribution to our province's electricity grid. I know it kept me alive for a number of years.

For electricity delivery infrastructure it is more efficient to have one company in the market than multiple companies covering or competing in the same territory. Transmission and distribution facility owners provide services exclusively within a designated service territory and are therefore considered natural monopolies. For this reason, electricity delivery rates are regulated by the Alberta Utilities Commission, or AUC, an independent quasi-judicial agency associated with the ministry.

Electricity delivery rates cover the costs of building and maintaining infrastructure so electricity is readily available when needed. These charges pay for the costs of installing, operating, and maintaining the infrastructure that is used to transmit energy from its source to consumers. For electricity this infrastructure includes poles, wires, substations, and transformers. Alberta has four major transmission facility owners that construct, operate, and maintain the high-voltage power lines that run from large electricity generators to the distribution system and transmission-connected industrial customers.

9:05

These owners can recover the costs that are reasonable and necessary to providing safe and reliable utility service to customers, including a reasonable return on their capital investment. Transmission facility owners recover their costs through their transmission tariffs, which are reviewed and approved by the Alberta Utilities Commission. The costs are shared by all transmission users according to their proportionate use of electricity. The majority of transmission costs are borne by industrial customers, and rates do not vary significantly based on where consumers live. The tariff defines the rates that are charged to electric distribution companies and large industrial users. The distribution facility owners then recover these costs along with their own costs from customers.

The majority of Alberta customers are served by four major distribution companies, and each has its own defined service area. The rates charged for distribution are dependent on the size of the system, its age, and the number of sites it serves. Customers in ATCO's region in northern and east central Alberta see higher costs than other service areas because ATCO serves fewer customers over a larger geographic area, resulting in higher distribution costs per individual customer.

The AUC holds rate hearings to ensure that consumers receive safe and reliable services at a reasonable cost. All utility companies must apply to the AUC before any new charges can be passed on to ratepayers, and the AESO is also required to obtain approval of its tariff, which governs how transmission charges are allocated.

Mr. Getson: I appreciate that, Minister. You know, fully understanding that grid: it's complex, again. I know that your ministry wasn't spooled up to fix and boil the ocean, as it were. I know these are short-term measures, and the only way that we do have the financial wherewithal right now is because of prudent fiscal management and, of course, being conservative on the oil projections that we had.

Minister, back to the point on the distribution and the transmission side, what are you able to do at this point or what's been contemplated in 2023 in the budget to help keep the costs down? I apologize. Sorry. I'm going to have to put my glasses on. It's getting to that time of the day, and I'm turning 50, so apparently I need glasses now. Why have these charges risen in recent years, and what's the ministry doing to provide relief specifically on that?

Mr. Jones: Yeah. That's a question that we hear all the time. Alberta's rapid economic growth prior to 2015 meant that both the distribution and transmission systems needed to be expanded and reinforced to meet the growing demand resulting from our booming economy and population growth. From 2015 to 2019, though, \$7.5 billion in new transmission infrastructure was built, including approximately \$5.2 billion in transmission infrastructure projects such as the eastern and western Alberta transmission lines and the Fort McMurray west 500-kV line. The costs of the existing infrastructure, including the previous build-out, have already been incurred and must be recovered over time. This places an increased burden on consumers today, but we are taking steps to stabilize the charges and provide relief to Albertans longer term.

In addition to short-term relief offered through rebates, policy, and legislative improvements, we'll enable utility providers, the Alberta Utilities Commission, and the Alberta Electric System Operator to better manage transmission and distribution costs going forward. The government passed the electricity statutes amendment act in 2022, which will support better planning for the future of Alberta's electricity distribution infrastructure. This will help keep costs affordable for Albertans in the long term and modernize our distribution system. The act also enables the adoption of new technologies such as energy storage, which has the potential to delay the need for further distribution and transmission infrastructure, thereby reducing costs.

We are also reviewing the transmission regulation under the Electric Utilities Act to explore opportunities that will maximize the use of the existing transmission system. This includes strengthening locational signals for new generators so that they are located in areas with existing transmission capacity instead of requiring new infrastructure to be built, which, of course, would have to be passed on to ratepayers.

The Chair: Thank you, Minister.

We'll now move on to a 10-minute block for the Official Opposition. You have five minutes, and the minister will have five minutes to respond. Go ahead, Member Renaud.

Ms Renaud: Thank you. Thank you, Mr. Chair. I'm going to try again. Earlier my colleague the MLA for Calgary-Mountain View asked three different times and didn't receive an answer. So I see we're all having difficulty today, Mr. Chair.

On page 11 of the business plan performance indicator 1.b shows that food prices in Alberta were at more than 8 per cent in 2022. Food prices are the top affordability concern for Albertans. I certainly hear about it all the time. I mean, just going grocery shopping, it's not difficult to see that low-income Albertans are struggling. So what is your government doing to address this problem?

The Chair: Go ahead, Minister. You have five minutes to respond.

Mr. Jones: Yeah. Thank you, Chair, and thank you to the member for the question. We know that Albertans are facing the challenges of increased costs of living due to this inflationary crisis, and groceries are certainly one of the number one areas where Albertans feel it on a daily basis. That's why we've come forward with a significant suite of broad-based and targeted inflation relief measures so that they can use the additional financial flexibility, the savings, the additional funds, to cover those additional costs.

For example, our fuel tax relief is saving every Albertan 13.6 cents per litre at the pump every time they fill up on their way to or from work, school, or even the grocery store. I've got constituents that this is saving over \$300 over the next six months. We came forward with up to \$500 in electricity rebates. That's money that would be going

to pay for electricity that can now be used to put more food and more nutritious food on the table. And, of course, we've reduced personal income taxes. Albertans: not only are they paying fewer taxes and receiving larger rebates, which, of course, they can use to pay for whatever their family needs; they're going to have lower withholdings on their cheques moving forward, again freeing up more resources for Albertans, who know best what to do with their money.

Then we came forward with our affordability payment program. These are \$100-per-month payments for the next six months to provide direct financial assistance to parents of eligible children; to the vast majority of seniors, 65 and up, in our province; and to Albertans on Alberta's core support programs. Those, again, are AISH, income support, the Alberta seniors' benefit, the Alberta child and family benefit, and Albertans receiving services under PDD. That \$600 over six months is certainly going to provide additional flexibility for Albertans in their budgets so that they can buy more food and more nutritious food. That's the message that I received, especially from seniors. Seniors and parents were making tough choices. They were deciding what to buy, what they could afford at the grocery store. Well, that \$100 a month is certainly going to offset some of the significant inflationary pressures that people are facing.

You know, Alberta continues to have the lowest taxes, the highest earnings. We've created an environment where Albertans are faring better than many others across Canada, because we have a booming economy, low taxes, high wages, in addition to the significant affordability supports that we've put forward to support Albertans.

I forgot to mention our affordable child care, another huge area, freeing up \$400 to \$650 per month for parents with children in child care. Some perspective: a family of four spends \$16,000 on groceries, so you can imagine the impact that saving roughly \$500 a month per child on child care could have on a family's ability to put food on the table.

For our most vulnerable we've also provided \$20 million over the next two years to food banks. We certainly heard that there was need. We heard that there was increased utilization of food banks around the province. We were concerned when we heard that children were coming to food banks in some cases. We wanted to help, and that's why we provided \$20 million; \$10 million is matching, so we fully anticipate these food banks, which have a history of raising money, to support Albertans with food security challenges. We anticipate that that will be matched by Albertans, who are very charitable, who are very generous.

Again, they're able to do that because they have strong economic opportunities, something that was not present under the previous government, when we lost 180,000 jobs. We had record business closures. We don't need to go down that road.

But our affordability action plan is working. Here's a quote from Trevor Tombe, a reputable economist in Alberta here:

In fact, valuing all the measures implemented since April and the new measures from the Premier, I find that the additional benefits for families with children roughly corresponds to the disproportionately higher costs those families face.

And that was the intent. The intent was to ensure that children do not pay the price of inflation. Parents should not have to decide between how much food they can give their child that day or how nutritious that food should be. We don't want to take kids out of their sport programs or dance programs, whatever it is. When those programs were cancelled or postponed for two years during a pandemic – these children deserve normalcy. That's what our affordability payments are supporting, the health and well-being of

children, the financial flexibility of families, seniors, and vulnerable Albertans. We're going to continue to be there for Albertans through this inflationary crisis.

Thank you.

9:15

The Chair: Great. We'll now go over to the government caucus for 10 minutes. Mr. Orr, you have the floor. You'll continue to go back and forth with the minister?

Mr. Orr: Okay. Thank you. Minister, I'd like to talk a little bit about 2.1, which references the adoption of low-carbon energy. In that regard I'd like to – well, I often do this because the carbon capture trunk line lands right in the middle of my riding. I've been there multiple times, and the companies there would like to expand.

A couple of questions. What's the potential for carbon capture, utilization, and sequestration, or CCUS, to be combined with the production of natural gas electricity? Would that be an effective method for reducing emissions through natural gas electricity generation? Are you aware of any natural gas power plants that are planning to use CCUS? The technology is there. The challenge for small generators, of course, would be the capture piece, but getting it back in the ground is not an issue, at least not in my riding because it's already there. Then the related question, of course, is: if energy producers move towards CCUS to generate natural gas electricity, what impact will that have on consumer affordability?

Mr. Jones: Yeah. These are great and timely questions. Alberta is a global leader in CCUS, in carbon capture, utilization, and sequestration, a critical component in meeting Canada's long-term energy needs and climate goals. To help meet the growing demand for carbon storage, the government of Alberta, led by Alberta Energy, is issuing CS rights through a competitive process that enables the development of carbon storage hubs.

Natural gas fired generation with carbon capture and storage is considered to have significant potential for moving to lower carbon electricity generation. Alberta is a world leader in natural gas production, and about two-thirds of electricity generation in Alberta is from natural gas, I think around 12,000 megawatts. Alberta has the ideal geology for carbon capture and storage, which, again, creates good potential for both the oil and gas industry and the electricity industry to remove greenhouse gas from their gas streams and inject it underground.

All signs point to Alberta being an ideal destination for investors to explore the use of CCUS on natural gas generation. Deployment of this innovative technology in Alberta will help ensure a reliable grid with reduced GHG emissions. Enmax and Capital Power are both conducting engineering and financial studies with respect to incorporating carbon capture and storage on natural gas generation facilities. The power companies have expressed publicly the need for investment tax credits for the technology. A number of other power companies have expressed interest in geological pore space through Alberta Energy's call for interest in carbon capture and storage. Suffice to say, there is a lot of interest in CCUS and power generation in Alberta.

While adding CCUS to natural gas fired power plants is an additional cost, the promising technology offers a dispatchable, low-emitting generation source which will help enhance grid reliability and, through increased competition, can help put downward pressure on electricity prices. The opportunity for CCUS to earn emissions credits in conjunction with federal tax credits is imperative for the successful development of this technology in Alberta and for this development to proceed in an affordable manner.

In Alberta's energy-only market consumers won't pay directly for CCUS investments as individual companies will make these investment decisions. It's too early to estimate exactly how a natural gas with CCUS facility would bid into the market. It will have higher capital costs due to the CCUS technology, but it would have lower TIER compliance costs, so it would be able to bid likely below unabated gas.

Regardless, it's important to remember that consumers in Alberta can protect themselves against price volatility by choosing fixed-price power contracts.

Thank you.

Mr. Orr: Thank you. Sounds interesting. Hopefully, it'll make progress.

I want to just address the inflation piece, which is behind the whole issue of affordability. Maybe I reveal my age here a little bit, but all through my 20s, in the 1970s, starting in 1973, inflation in Canada was 7 and a half per cent. It persisted above that rate for 10 years and peaked in 1980 at about 14 per cent. We're actually under that today. It wasn't until 1992 that the Bank of Canada started to target an inflation rate and manage inflation. In my estimation, we have a whole generation of people under 40 who have lived in an era of managed inflation.

The current inflationary bump has caused a great deal of anxiety and panic. I guess I just – the reality is that we lived for 10 years – I lived for 10 years – with much higher inflation than we have today. We lived through it. The world didn't end. Industry didn't end. Government didn't end. I mean, that doesn't ease the struggles that people are currently facing. I do wonder if you have any words of hope or perspective, especially when I look at the news the last few days and I see that in Argentina inflation is exceeding 100 per cent. Can anybody in Canada imagine that? It's possible. I just wonder if you have any sense of perspective and encouragement that you'd give to Albertans.

Mr. Jones: Yeah. Thank you for the question. Overall, I'm optimistic because consumer inflation has receded somewhat in recent months and is projected to continue, but it does remain elevated. In Alberta inflation, which is measured as the year-over-year growth in the consumer price index, or CPI, was 5 per cent in January 2023. While this is moderation from the 8.4 per cent high in June, it's still elevated compared to the historical norms that you were referring to.

The 5 per cent rate in January in Alberta was lower than the national rate of 6 per cent. Interestingly, a key driver of the lower inflation rate in Alberta was our affordability action plan. Statistics Canada and leading economists reported that Alberta inflation was down largely, in part, due to falling energy prices for consumers, which was supported by our electricity rebates and our fuel tax relief programs. This is a quote from Statistics Canada:

Electricity prices in Alberta fell 45.6% in January compared with December, the largest monthly decline on record. The decline follows a provincial initiative to reduce electricity rates and increase the provincial electricity rebate.

Alberta was the only province with a year-over-year decline in gasoline prices.

It dropped by 6.4 per cent.

This reflects the complete suspension of the provincial [fuel] tax starting January 1, following the previous partial suspension.

In January, among most provinces, Alberta had the lowest rate of inflation in Canada. Again, this was attributable to our policies.

Budget 2023 forecasts inflation to continue to ease, averaging 3.3 per cent across this year, still above the target pursued by the Bank of Canada but more manageable. Inflation has become more broad based in recent months as many components have seen significant

increases, and this is what you hear about on a day-to-day basis. Food, housing, and energy are presently the main contributors to Alberta's headline consumer inflation in October 2022. Food inflation accounted for over one-quarter, about 28 per cent, of Alberta's overall inflation, which we addressed in the previous question, followed by shelter inflation, excluding natural gas and electricity, which contributed another 28 per cent, roughly. Energy, electricity, natural gas contributed about 13.6 per cent to the inflationary increase.

Two areas where we continue to have concerns in the inflation data are food and shelter. I have met with food manufacturers, grocery retailers, and they are hopeful that we will see an easing of food prices beginning in the summer. There are still some supply challenges and labour shortages and cost increases that they have to deal with, but again there is some optimism there that in the summer we might see some price easing in the grocery area.

High interest rates are a challenge. They're increasing housing costs for consumers. Of course, this is also passed on to not just the homeowners but home renters. It's also one of the ways that the Bank of Canada is trying to manage the inflationary challenge, trying to reduce some of that activity to bring inflation to a more manageable level. We're going to continue to monitor price inflation in these specific areas, and we're going to continue to look at ways that we can support Albertans through this time of escalated cost of living and record inflation, and thank you for your support.

9:25

The Chair: Thank you, Minister.

We'll now move to the Official Opposition for five minutes of questions and five minutes of response from the minister. Go ahead, Mr. Dach.

Mr. Dach: Thank you, Mr. Chair. I hope to move on to another topic today, one that is timely. Of course, the provincial government over the last three and a half or more years has, in the eyes of the major cities, in particular the city of Edmonton in this province, abdicated its provincial responsibility, its fiduciary duty, to embrace their jurisdictional responsibility over housing and, particularly, over affordable housing, which would be a major element under the purview of this minister. The lack of attention paid to affordable housing has somewhat prompted the federal government to move into this space, much to the chagrin of the citizens of this province, who expect the provincial government to take the responsibility seriously.

My question to the minister revolves around just that, around affordable housing in this province and why the minister thinks that it is not the responsibility of the provincial government to engage in affordable housing. There has been some recent attention paid, like a deathbed conversion, Mr. Chair, by this government to recognize that affordable housing is a huge problem in this province. The city of Edmonton has become a major funder of affordable housing at various different levels because the responsibility has been abdicated by the province. I think most Albertans are scratching their heads as to why we don't even have a housing minister in this province. Maybe the minister could explain that and talk about affordability of housing in relation to the fact that we don't even have a housing minister in this province. How does that reflect upon this government's focus on providing affordable housing in the province?

Does the minister even know what percentage of Albertans are currently unable to make their mortgage payments in light of CIBC recently reporting that 20 per cent of their mortgage loan book is at a variable rate, with owners making little or no contribution to their principal and renters barely able to make their rent? How many

folks are underwater with their mortgages, and how many are currently unable to make the rent payments? Why isn't the minister, who's responsible in this government for affordability, tracking Albertans' ability to afford their housing? It's pretty fundamental to the concept of affordability.

I'm hoping that the minister will shed some light on his government's lack of attention to affordable housing over the last three and a half years and why indeed they left it to be downloaded onto the major cities in this province to take that burden away, at much cost and much detriment to their own tax base. It's a downloading shame.

The Chair: Minister, you have five minutes to respond to the question put forward to the best of your ability.

Mr. Jones: Thank you, Chair. Housing affordability, of course, remains a focus. Alberta is one of the most affordable places to buy or rent a home in Canada, and with higher wages, housing costs represent a lower portion of household budgets than in other parts of Canada. However, we also recognize the need to invest in affordable housing, and our government is doing just that. Our 10-year stronger foundations strategy to improve and expand affordable housing outlines how Alberta's government is taking action to provide more affordable and accessible housing options for Albertans with low incomes.

The strategy targets an increase over 10 years of 25,000 more households served with affordable housing, including those with unique and diverse needs. It also commits to reducing overall housing need and specifically reducing wait-lists by 30 per cent over 10 years. And we're making progress. The affordable housing wait-list has declined over the last year. In addition to building new affordable housing units, we will maximize federal funding to expand the availability of the rent supplement program to more households in need.

I'd be happy to go on, but we are here to discuss the Ministry of Affordability and Utilities. Those questions would be more appropriate for the Minister of Seniors, Community and Social Services. Again, there seems to be some confusion from the members opposite around who's on Alberta's core support programs – particularly around disabled Albertans – which is kind of shocking to me. They also should direct the affordable housing questions to that ministry.

The Chair: Thank you, Minister.

We'll now move on to 10 minutes with the government caucus. Who has got the floor? Mr. Reid, go ahead. Back and forth with the minister, just to confirm?

Mr. Reid: Sure.

Just one quick question, Minister. I appreciate all the comments around improving electricity and gas infrastructure in rural Alberta, but I want to maybe just see if the ministry has any plans to support water co-ops. I myself grew up on a farm, making the weekly trip in for water, hauling water out to the farm. I know I've got communities like the Leavings Water Co-op that have been waiting for upwards of 15 years to try to find some kind of program to help them put a water co-op in place. Is there anything in the budget that would support water co-ops and delivery of water to rural Albertans?

Mr. Jones: Yeah. Thank you for the important question, through you, Chair, to the member. There are approximately 170 water utility co-operatives in Alberta. Many formed in the 1960s and '70s to provide domestic water and waste-water services to their immediate area. Approximately 125 of these co-ops are

incorporated under Affordability and Utilities' Rural Utilities Act and regulation.

Rural utilities is responsible for co-op governance and administrative oversight of these co-operatives according to the legislative requirements. In addition to oversight by rural utilities, Alberta Environment and Protected Areas has jurisdiction over water quality and water licensing, and Alberta Health Services has jurisdiction over potable water concerns.

Unlike rural gas and electricity utility co-operatives, both of which are effectively managed and have access to a strong co-ordinating organization like the Federation of Alberta Gas Co-ops and the Alberta Federation of Rural Electrification Associations, or AFREA, water utility co-operatives are at risk of being poorly managed and lacking access to strong governance co-ordinating bodies. Despite having accountability from across multiple government jurisdictions, many rural water co-ops, particularly those in proximity to urban areas, were incorporated and built to municipal standards by land developers and then subsequently transferred to homebuyers with little to no technical knowledge on how to maintain the system moving forward. This has resulted in an aging infrastructure system that has not seen consistent system improvements for many years.

Affordability and Utilities recognizes and values the contributions of all rural utility associations to Alberta's rural economic development and job-creation efforts, and we're committed to ensuring that rural Albertans have access to an efficient and modern utility distribution system that is safe, reliable, resilient, and environmentally responsible. The Alberta Federation of Rural Water Co-operatives and its member associations continue to have an important role in building and maintaining a strong and prosperous rural Alberta. Development of a formal rural water program will support the federation and its members in meeting their legislative requirements.

As a new program, Affordability and Utilities' rural utilities will work with Alberta Justice, the Alberta Federation of Rural Water Co-Operatives, and Alberta Environment and Protected Areas on the development of the overall program and specific guidelines describing program grant eligibility. It is anticipated that the program will be modelled after the existing rural electric program grant administered by the Alberta Federation of Rural Electrification Associations and the rural gas program grant administered by the Federation of Alberta Gas Co-ops.

Dedicated funding would support recruitment of a permanent chief executive officer and program administrator to be co-located at the federation centre with AFREA and fed gas. Similar to AFREA, the CEO will ensure program consistency, delivery, and relevance, replacing the role of the current AFRWC chair, and will report directly to the AFRWC board. The CEO will be government's contact with the AFRWC. Co-development with government of guidelines for a rural water program and grant guidelines will define program eligibility, application process, criteria, eligible costs, grant calculations and formulas and processing. Grants will be made directly to the rural water co-op association, similar to the fed gas rural gas program. AFRWC will be responsible for the administration of the annual program, similar to the rural electric and rural gas programs that we currently administer. So, yes.

Thank you.

Mr. Reid: Thank you, Minister.

I cede the rest of my time to MLA Turton, please.

The Chair: Go ahead, Mr. Turton.

9:35

Mr. Turton: Yes. Thank you very much, Mr. Chair, and thank you very much, Minister and the rest of your team, for coming out here today. Just a couple of quick questions. I know we only have about five minutes left in this block, but as I mentioned before, as you know, I always like to brag about how young my riding is. There are munchkins everywhere. Spruce Grove has an average age of about 32, and Stony Plain has an average age of about 34. Obviously, the affordability package that your ministry put forth was of huge importance to many families here in my riding.

I really want to zero in on specifically two groups that were affected positively by the affordability package that your ministry put forth. So I was wondering if you can just provide an overview of the affordability supports that are available to support Albertan households, those specifically with children, and maybe also just kind of give a little bit more information about those households without children as well.

Mr. Jones: Yeah. Great question. As part of the affordability action plan, the government has so far extended the fuel tax relief for at least six months, expanded the electricity rebate program, to a total of up to \$500, to cover the whole winter period, and provided better protection against future electricity and natural gas price spikes.

We've resumed the indexation of assured income for the severely handicapped, income support, the Alberta seniors' benefit, and the Alberta child and family benefit increased 6 per cent this year. We've provided targeted payments, totalling up to \$600, for families for each dependent child and for each senior 65 and up. We've also provided and extended those targeted payments automatically to vulnerable Albertans on AISH, income support, or receiving services through PDD.

We've also provided additional support for services assisting our most vulnerable, that would include our support to food banks that I referenced earlier. We've provided additional support for low-income transit programs because we know that people need to get around to work, to school, to wherever they need to go regardless of the price of fuel. We've also paused auto insurance rate increases until January of next year. And we recently announced supports for students, including capping domestic tuition increases at 2 per cent per year, reducing interest rates on student loans, increasing access to the repayment assistance plan, and increasing Alberta student grant payments.

These measures are, of course, in addition to the measures introduced in April 2022, that provided relief on fuel taxes, utilities, and housing. Of these, many of the supports are broad based and apply to Albertans regardless of their family status. Like, for example, fuel tax relief and electricity rebates being broad-based measures that – the electricity rebates are going to upwards of 2 million houses, farms, and small businesses, and the fuel tax relief is obviously available to all Albertans.

Many of the supports such as low-income transit passes, benefit indexation, and food bank supports are carefully targeted to Albertans with particularly low incomes and vulnerabilities and are available regardless of the family situation of those accessing support. Overall, our package of measures sought to ensure an appropriate balance of both broad-based supports along with targeted initiatives for families with dependent children, seniors, and our most vulnerable.

Thank you.

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

I know that there are seniors and vulnerable Albertans that are impacted at a disproportionate rate when it comes to inflationary pressures on their individual households, so I guess I was just wondering if you could provide a little bit of insight about what supports are available to those that maybe just need a little bit more help, a little bit more assistance on top of what you've already said.

Mr. Jones: Thank you to the member, through you, Chair. Your question is correct with respect to the impact of inflation. Families with dependent children spend more as a percentage of their income on food, fuel, utilities, and housing. Seniors, again, often on fixed incomes and lower incomes that don't necessarily adjust for inflation, are also disproportionately impacted when prices rise. The affordability payment program is the key program supporting these groups, and we targeted our payments at these groups specifically.

We also ensured that payments went to those receiving Alberta's core government benefits, who are among our most vulnerable and lowest income of Alberta households. The payment program was supplemented by our indexation of social benefits, that saw the benefit rate for those receiving AISH and income support increase by 6 per cent to account for inflation in 2022.

Other targeted supports include our expansion of the low-income transit program, which we provided to a number of municipalities, and the expanded government support to food banks to ensure they can continue to provide critical supports to Albertans most in need in terms of food security.

Students in postsecondary institutions, working towards productive and prosperous careers in our province, are also vulnerable to cost-of-living pressures. Many students have low incomes as they focus on learning rather than employment, and our carefully calibrated package of supports . . .

The Chair: Thank you very much, Minister.

We will now move on to a 10-minute block for the Official Opposition. Five minutes of questions and five minutes of response. Mr. Eggen.

Ms Renaud: Thank you, Mr. Chair.

The Chair: I'm sorry; I saw Mr. Eggen's light on.

Ms Renaud: That's okay.

The Chair: All right. Go ahead, Ms Renaud.

Ms Renaud: Mr. Chair, maybe the minister doesn't understand. I've been trying to sort of explain inadvertently with my questions that not all disabled Albertans are on core benefits. In fact, it's just a teeny, tiny, little slice of them that are actually on core benefits. What we do know is that disabled Albertans are extremely "vulnerable," a word this government likes to use. They are vulnerable to poverty, and they're vulnerable because they are underemployed. They are often unemployed, and they have expenses that a lot of mainstream people just don't have. We don't have to buy equipment and medication. A lot of disabled Albertans that are not on core benefits, that don't have children, and that are not over 65 are struggling.

I have repeatedly asked questions about: define most vulnerable, because that appears to be the eligibility criteria that is used for a whole group of people. Unfortunately, I'm just not able to pull an answer. So I am left thinking that perhaps this minister just didn't know that there are other disabled Albertans other than people on

AISH. I'm letting the ministry know this. My question I asked: who was consulted outside of government? I think it's really important to find out. That's how you get information, by consulting the people that are actually living . . .

Mr. Orr: Point of order, Mr. Chair.

The Chair: A point of order has been noted. Go ahead, Mr. Orr.

Mr. Orr: Standing Order 23(c): needlessly repeats the same question. We've heard this about four or five or six times tonight already. I just think that we need to move on. The minister has given clear and extensive answers. It's just repetitive.

Thank you.

The Chair: In defence, Mr. Eggen?

Mr. Eggen: Yes. Thank you, Mr. Chair. I think that it's clear that the hon. member is asking specifically about who was consulted to receive the benefits that the affordability package would benefit from. I can see that there's definitely a difference. I mean, the minister has answered in quite a narrow sort of way and is also repeating as well. I mean, really, if he could provide clarity, I think there are a lot of people that would like to know exactly who was spoken to about – because, I know, for example, he's been saying over and over again that students in postsecondary were receiving these benefits as well, and it's simply not true, right? I know that the affordability parameters excluded the vast majority of postsecondary students.

I mean, I appreciate the hon. member with her questions, and I hope that she can carry on.

The Chair: Thank you.

I'm prepared to rule. At this point I don't find it a point of order, Mr. Orr. We're five hours and 45 minutes into a very narrow-scoped ministry, and if I had to suspend everybody that's been repetitive tonight, I would have to clear the room. So we will carry on with the questions.

Ms Renaud: Thank you, Mr. Chair. If there was an answer to these questions, I guarantee I would not repeat them. Sadly, I'm not getting answers to the questions that I'm asking.

So who was consulted outside of government to determine the scope of the most vulnerable? Yeah. That is the question I want to know, and define most vulnerable for us.

My next question. I know my colleague for Calgary-Mountain View asked in a different way, and I've asked once already and not received an answer, so I'm going to try again. On page 161 of the fiscal plan, schedule 22 tells us that this new ministry moved 75 FTEs into the ministry. Which ministries did they come from? Which ministries were these 75 FTEs taken from? We know we heard earlier today that they came from Energy, but the Energy numbers, the Energy FTEs haven't changed. So I'm a little bit confused where they came from. In addition to the 75 FTEs, I see that there were another 11 added to schedule 22. Why are these 11 FTEs necessary on top of the 75 FTEs? Where did they come from? And do any of these 75 plus 11 have any expertise in the area of disability, poverty reduction, anything like that? That would be very helpful.

That's it.

9:45

The Chair: Go ahead, Minister. You have five minutes to respond.

Mr. Jones: Thank you, Chair. I'll invite my deputy minister, Stephanie Clarke, to comment on the FTEs.

Ms Clarke: Yes. Thank you very much for the question. As you've indicated, 75 existing FTEs were transferred into our new department. As to where they came from, we received 43 FTEs from the Department of Energy; 24 from service Alberta, which is essentially the Utilities Consumer Advocate; and agriculture, forestry, and rural economic development provided the rural utilities team, which is eight FTEs. We have, as you've noted, received 11 new additional FTEs in recognition of the broadened mandate that we had and the work that we were doing crossministry and to bolster the work that we were doing relative to utilities and utilities affordability as well. We use those additional FTEs for a variety of areas of focus, certainly the building of the affordability action plan and working across ministries to be able to develop the parts and pieces that were discussed throughout this evening and this afternoon.

We have, as I mentioned as well, bolstered our utilities focus as well. We have a number of pieces of work that were noted today that we're reviewing, regulated rates through RRO reviews. We're undertaking reviews of transmission and distribution and have quite a bit more work when it comes to transmission, distribution, retail markets, et cetera.

And, finally, we've also bolstered our financial oversight. We were not a ministry before, so of course that financial oversight was necessary. In total, 11 FTEs.

We do work very much crossministry, though. That has been noted. You asked about expertise. We have multidisciplines within our team; however, we do work quite extensively with other ministries and are able to leverage the skill sets and the expertise that exists. Rather than duplicate, we want to be able to, again, leverage those resources towards promoting affordability and doing our work around utilities. That's where we get a lot of the expertise. We work with SCSS, as an example. We work with Children's Services, as an example, and the various other ministries that were referenced by the minister.

Mr. Jones: Thank you.

Again, just to be clear for the member opposite, through you, Chair, disabled Albertans are supported both through broad-based affordability supports and particularly through our targeted affordability payments. I'll remind the member opposite, through you, Chair, that disabled Albertans heat their homes. They power their homes. They need to get places, whether by vehicle or transit. They attend postsecondary. They are seniors. They pay income tax. They have children. They utilize child care. They obtain auto insurance. There are about 10 programs. I'm going to remind the members opposite that disabled Albertans are Albertans. The broad-based measures that we've put forward help them be fully inclusive in Alberta, and it keeps their life more affordable.

In addition, for our most vulnerable Albertans on our core support programs – AISH, Albertans receiving PDD services, and income support – we automatically enrolled them on our affordability payment program because we didn't want to add any extra burden to them to get them the support they needed. We made our own made-in-Alberta program so we could get them that support immediately in January. Other options which were speculated would have taken until at least April and would not have had the rigour that our system does, so I am pleased.

I'm pleased to confirm, which I've repeated multiple times tonight, that we are supporting vulnerable Albertans. In fact, they are the heaviest recipients of our affordability support programs. Again, fuel tax relief: yes. Natural gas price protection: yes. Electricity rebates: yes. Indexation to AISH, income support, the Alberta seniors' benefit, the Alberta child and family benefit: yes.

Personal income tax changes: yes. Child care: yes. Freezing of auto insurance rates: yes. Affordability payments: yes, yes, yes. Disabled Albertans continue to receive affordability supports from this government. They will continue to be a focus of our ongoing efforts to keep this province affordable.

Thank you.

The Chair: Thank you, Minister.

We'll now move to the government caucus for a 10-minute block. Back and forth with the minister, just to confirm?

Mr. Sigurdson: Does back and forth still work, Minister?

Mr. Jones: Okay.

Mr. Sigurdson: Excellent. Excellent.

The Chair: Go ahead, Mr. Sigurdson.

Mr. Sigurdson: Perfect. Ten minutes left to go. We're hitting 100 on back and forth.

I just wanted to rotate back around. I know we talked about the AESO net-zero report. You were kind of commenting, and I've been sitting here thinking about it. In that report you kind of made some comments about what the – like, through this net-zero emissions pathway report, that was presented to you, on what would be required to the electricity grid, you commented on a couple of numbers that really rocked me back in my chair. I've been thinking about – they're substantial numbers, \$44 billion to \$55 billion. That was just based on a net-zero emissions pathway report.

Now, I start looking at the additional pressure on our grid system. I mean, even in talking to individuals of mine – I come from a skilled trade background – and a lot of friends that are working as electricians right now, we have individuals in Calgary that are moving to electric vehicles and looking to even charge those vehicles in their homes. I mean, an average house has a 120-amp service to it. An average family has two and a half cars. Average charging for these vehicles is 60 amps. It puts a house well beyond even what it has in the house itself.

Thinking about that additional with what is being put to net-zero emissions – and a lot of these targets that are coming out of Ottawa right now that are being placed down on provinces just don't seem reasonable or even attainable. Actually, the cost behind it – we're already seeing a lot of individuals, normal individuals, living in their homes trying to pay their bills but also a lot of businesses and farming operations that are looking at distribution and transmission costs that have really affected their ability, and for them they're passing it down the line. That means higher food costs, higher across the board for everything that we're paying. It just continues to add to that inflationary end.

In your key objective 2.1. – of course, we've got to enable a modern, competitive, and adaptive electricity system. I guess my question is: as we continue to go down this road and we see that increased demand as more Albertans adopt electric cars and move to that end of it, will the electricity system right now, on that pathway with those federal targets, be able to handle this increase in demand as we move forward to be able to, first of all, meet those targets and with the additional pressures that we're seeing with electrical vehicles and other things that are happening right now as we move forward?

Mr. Jones: Yeah. Great question, and a question that's been on our minds, with the federal government floating ambitious policies, to say the least. It's important to note that our current policy is already driving Alberta's electricity generation development towards heavy

renewable penetration in the form of wind and to a lesser degree solar, equating to significant greenhouse gas emissions reductions and a downward trend on energy costs as renewables have, of course, zero fuel costs. Alberta's trajectory is already one of sustainable and affordable power, driven in part by the technology innovation and emissions reduction regulation.

However, the proposed federal clean electricity regulation would add an unnecessary layer of regulatory burden, resulting in affordability and reliability concerns. If the clean electricity regulation is implemented, we could easily see consumer prices increase dramatically post-2030 while not necessarily resulting in any further reductions in emissions. It's unnecessary overreach by the federal government into an area that is clearly provincial jurisdiction.

To give you some perspective, the member opposite discussed the estimated \$44 billion to \$52 billion of additional investment necessary over the reference case in the AESO's 2021 long-term outlook. That was only in generation capital investment and operating costs; that does not include generation. I've seen estimates ballparking the total figure at over \$100 billion. This could increase a monthly electricity bill by over \$100 a month from where we are today.

9:55

But that's not my biggest concern. My biggest concern is actually one of grid stability and reliability, because with the ambitious targets and not a sufficient time frame or certainty on technology to do what they're asking us to do, the grid has frequency system flexibility and system strength issues that need to be resolved and in a hurry. In fact, that's what the AESO is working on right now, trying to get ahead of these major issues that could be exacerbated by a transition that is not done over a reasonable time period.

I think we all want to reduce emissions. We all want cleaner energy. We certainly want affordable energy. The question is: over what time period can we do this, what's feasible, and what's affordable? I can tell you right now that there are feasibility concerns, and there are affordability concerns, and there are reliability concerns. So we as a province have met with the federal government to advocate that they prioritize a reliable and affordable electricity system, including recognition of our unique energy-only market structure and Alberta's role as steward of our natural resources.

We've also asked for the importance of ensuring adequate dispatchable energy through sustained natural gas, including setting a realistic end-of-life date for existing natural gas assets. Their plan calls into question 11,000 megawatts of natural gas generation. I can tell you that for system frequency and flexibility we need that base dispatchable natural gas generation. We've asked for realistic timelines of new technology approvals and adoption as well as cost support and enhanced flexibility on the use of carbon offsets and Alberta's successful technology innovation and emissions reductions regulations.

So, again, significant concerns over the time frame. It could dramatically increase costs to Alberta consumers, who are already pushed to their limits right now. It could create reliability challenges. You saw the grid alerts at the end of last year. Certainly not looking for less reliability. All we're asking is for the federal government to do some work to understand the Alberta market and to adjust their time frames to something that is reasonable and attainable, because, again, we share the common goal of wanting to utilize modern technologies to reduce emissions and to build a grid for the future, including potential expansion of EVs.

Thank you.

Mr. Sigurdson: Excellent. Thank you so much for that, Minister.

For the remaining minute and a half I'm going to concede my time to MLA Orr.

Mr. Orr: Yeah. Just a quick question. Outcome 1 references that your ministry will lead and co-ordinate the government of Alberta's inflation relief. I just wonder if you could identify for us: which other departments and ministries have you been able to lead and co-ordinate, and what does that look like?

Mr. Jones: Yeah. Well, thank you for the question, through you, Chair, to the member. It's meant working very closely with the Minister of Treasury Board and Finance, particularly on the fuel tax relief and the income tax changes. My department has been in constant communication with the department of Seniors, Community and Social Services. Of course, we've got the core support programs for disabled Albertans being reindexed. We've got affordability payments going to many people that fall within the programs underneath their umbrella. We've been working with the Ministry and the Department of Children's Services on our expansion of affordable child care, and I spent a lot of time with Minister Demetrios Nicolaides and the Department of Advanced Education on our postsecondary affordability measures.

What it looks like is that on a day-to-day basis we're looking across government at the services we provide and: can we provide them better, more efficiently? Can we pass some savings on to Albertans? Is there a tax we can lower? Is there a tax we can suspend, eliminate? Is there a support program that is needed? I would suggest to you that the affordability payments were needed, and they're going to the right places.

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for consideration of the ministry's estimates has concluded.

I would like to remind committee members that we are scheduled to meet tomorrow, Wednesday, March 15, 2023, at 9 a.m. to consider the estimates of the Ministry of Treasury Board and Finance.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]

