



Legislative Assembly of Alberta

The 30th Legislature
Fourth Session

Standing Committee
on
Resource Stewardship

Ministry of Energy
Consideration of Main Estimates

Wednesday, March 15, 2023
7 p.m.

Transcript No. 30-4-12

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The 30th Legislature
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 Energy

Hon. Peter F. Guthrie, Minister

Wade Clark, Assistant Deputy Minister, Energy Policy

Roxanne LeBlanc, Assistant Deputy Minister, Finance

Grant Sprague, Deputy Minister

7 p.m.

Wednesday, March 15, 2023

[Mr. Hanson in the chair]

Ministry of Energy
Consideration of Main Estimates

The Chair: I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Energy 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 you have sitting with you at the table. My name is David Hanson. I'm the MLA for Bonnyville-Cold Lake-St. Paul and chair of this committee. We'll begin, starting to my right.

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

Mr. Orr: Hello. Ron Orr, MLA for Lacombe-Ponoka.

Mr. Williams: Dan Williams, Member of the Legislature for Peace River.

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

Ms Issik: Good evening. Whitney Issik, Calgary-Glenmore.

Mr. Guthrie: Peter Guthrie, Minister of Energy, MLA for Airdrie-Cochrane. To my right is Deputy Minister Grant Sprague and to my left, Roxanne LeBlanc, assistant deputy minister of finance.

Ms Ganley: Kathleen Ganley, Calgary-Mountain View.

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

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

Mr. Huffman: Warren Huffman, committee clerk.

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

Mrs. Aheer: Hello. Leela Aheer, Chestermere-Strathmore.

The Chair: Thank you. I'd like to note the following substitutions for the record: hon. Mr. Eggen for hon. Mr. Feehan as acting deputy chair, Mr. Toor for Mr. Getson, and Mr. Williams for Mr. Singh.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are 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 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 three hours has been scheduled for consideration of the estimates of the Ministry of

Energy. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but speaking times may be combined between the member and the minister.

After this, speaking times will follow the same rotation of the Official Opposition, independent member, and the government caucus. The member and the minister may each speak only for a maximum of five minutes, or these times may be combined, making it a 10-minute block. If members have any questions regarding speaking times or the rotation, please send an e-mail or message 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 anybody oppose taking a break? Seeing none, we will announce that at the time.

Ministry officials may be present and, at the direction of the minister, may address the committee. Ministry officials seated in the gallery, if called upon, have access to a microphone in the gallery area and are asked to please introduce themselves for the record prior to commenting. Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn. Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting clock will continue to run.

Any written material provided in response to questions raised during the main estimates should be tabled by the minister in the Assembly for the benefit of all members. The vote on the estimates and any amendments will occur in Committee of Supply on March 16, 2023. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimates debate. Debate flows through the chair at all times, including instances when speaking time is shared between the member and the minister.

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

Mr. Guthrie: Thank you, Chair. Good evening, everyone. I'm pleased to be here today to present highlights from the Ministry of Energy's 2023-24 budget. As mentioned, joining me here at the table from the Department of Energy are Grant Sprague, deputy minister, and Roxanne "Skip" LeBlanc, assistant deputy minister of finance.

The Ministry of Energy's mandate is to manage the responsible development of Alberta's energy and mineral resources to ensure they benefit and bring value to Albertans, the owners of the resources. Our ministry contributes to sustained prosperity in Alberta through

the stewardship and responsible development of our province's energy and mineral resource systems.

Through Budget 2023 the Ministry of Energy will continue our efforts to grow our resources, diversify the economy, and create jobs for hard-working Albertans. The ministry's '23-24 operating expense budget is \$983 million. I'll provide additional details on this funding momentarily. Expenditures cover funding for the Department of Energy, including staffing as well as expenses for cost of selling oil.

In addition, \$231.3 million of this funding was allocated to cover the expenses of the Alberta Energy Regulator, or AER. It should be made clear, however, that funding for the AER comes from industry levies and fees, which are collected as revenue. The government does not directly fund the ongoing operations of the AER. As part of the mandate letter given to me, we are working with industry to develop a pathway for the implementation of carbon technology to support their goal of carbon neutrality by 2050.

Through Budget 2023 we continue to support the commercialization of carbon capture, utilization, and storage, or CCUS, technologies to help diversify our energy sector, reduce emissions, and capitalize on emerging opportunities. Carbon capture is an important tool in supporting Alberta industry by creating lower emission products that will be more competitive in the global market.

For more than a decade the province has helped advance the commercialization of CCS technologies. We are embracing industry's desire to reduce emissions while ensuring that carbon capture and sequestration is deployed safely, responsibly, and strategically in the best interest of Albertans. We've already invested billions into CCS projects and programs as well as significant regulatory enhancements and knowledge sharing.

Budget 2023 reflects our continued commitment and global leadership. Our government will continue to honour commitments for our value-added natural gas strategy and the Alberta petrochemicals incentive program, or APIP. By implementing this strategy, announced in October of 2020, we have already seen an increase in economic activity across Alberta's entire natural gas value chain, especially in the petrochemical and hydrogen sectors. We have announced more than \$600 million in funding grants, ensuring we capitalize on multibillion-dollar opportunities in this emerging sector.

This includes funding for Dow Canada's expansion of its Fort Saskatchewan ethylene production facility; Inter Pipeline's propane to polypropylene plastic facility in the Industrial Heartland, the first of its kind in North America; Air Products' natural gas to hydrogen production facility to help grow the clean hydrogen sector. This represents billions of dollars worth of investment and reflects the continued growth opportunity of our natural gas system. APIP in particular will help the province become a global leader in petrochemical production by enabling us to aggressively compete with jurisdictions around the world and bring long-term investments and thousands of jobs to the province. Our actions continue to build upon the strength of our energy sector and seize new opportunities in the global marketplace for our resources and workers.

Another priority for the ministry is ensuring Indigenous communities are playing an important role as owners and partners in major development projects and the energy sector at large. Oil sands development provides billions of dollars overall to Indigenous-owned companies and communities. Alberta has developed strong partnerships with Indigenous communities and businesses. We will continue to further advance Indigenous participation in the natural resource economy and target rural and regional employment in the energy and minerals industries throughout Alberta.

A notable change in Budget 2023 is an increased cost of approximately \$172 million related to the sale of Alberta's in-kind

royalties. This is in large part because oil prices and production have increased. As you know, Alberta receives a portion of its royalties from oil producers in kind, which means the producers provide a percentage of their oil directly to the government instead of paying their royalties in cash. The cost that APMC incurs includes pipeline tolls, crude oil and condensate purchases, trucking expenses, and marketing fees. When the volumes of oil sold increase, which is a good thing, the costs associated with the marketing of this oil also increase. Transportation costs apply to every barrel, and each barrel must move to market via pipeline, truck, or rail.

7:10

Another noteworthy addition to this year's budget is increased funding to the AER. The total budget for the AER is \$231.3 million. The AER regulates energy development in the province and is responsible for regulating the life cycle of oil, oil sands, natural gas, coal, geothermal, and, as of this March, brine-hosted mineral projects in Alberta. This funding ensures the AER can continue to fulfill their duties on behalf of Albertans.

Funds collected from industry under the orphan well levies, which fund the Orphan Well Association, have an allocation of \$135 million in '23-24. For more than 20 years the Orphan Well Association has been a made-in-Alberta solution to clean up wells and sites that do not have a viable or responsible owner. Over the past few years the OWA has decommissioned more wells and completed more reclamation projects than any other period in its history. Similar to funding for the AER's operating expenses, this work is also funded by industry levies.

Budget 2023 supports Energy's key priorities. With my remaining time I'll give you an overview of the ministry's key objectives, also included in our current business plan. The ministry aims to achieve two main outcomes. The first is that Albertans benefit from economic recovery through investment in responsible energy and mineral development and access to global markets. To achieve this outcome, we are committed to supporting the competitiveness of Alberta's energy industry by sustainably growing and protecting our energy resource sector while enabling and accelerating opportunities in emerging resources. We will continue to advocate for our energy sector, and we plan to engage U.S. and other global partners to firmly establish Alberta as an integral, reliable partner in supporting North American and global energy security.

I've talked about all the work that we are doing to develop carbon capture utilization and storage, but another example of how we're enabling opportunities in emerging resources is our efforts to advance Alberta's mineral sector so that Alberta can help to meet the rising global demand for critical minerals. As part of this work we've recently proclaimed the Mineral Resource Development Act, which establishes the Alberta Energy Regulator as the full life cycle regulator for Alberta's mineral resources, creating clarity and certainty for industry and investors. This also aligns with our goal to enhance Alberta's investment climate through measures that improve the province's standing with investors as well as with the ministry's second main outcome, which is to have effective, efficient stewardship and regulation of Alberta's energy and mineral resources. We will continue to do this by improving the clarity and efficiency of Alberta's Energy Regulator system while modernizing legislation and regulations and streamlining processes to enhance the competitiveness of the Alberta energy sector and create jobs.

As you can see, our ministry is committed to encouraging investment, diversification, and growth in the energy sector while improving access to markets. We continue to leverage the entrepreneurial spirit of Albertans to help unlock opportunities for energy exploration and development, to create jobs and investment

opportunities that help to further Alberta's economic prosperity. All our efforts are part of a robust plan to attract investment, grow the energy industry, and bring jobs to Alberta.

With that, I'll conclude my opening remarks. My colleagues and I are available to take questions.

The Chair: Thank you very much, Minister.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the time for the speaking block both in the committee room and on Microsoft Teams. Member, would you like to combine your time with the minister's?

Ms Ganley: I'll make that request.

The Chair: Minister, it's up to you.

Mr. Guthrie: I'd like to go block.

The Chair: You're going block. Okay.

Member, you have 10 minutes.

Ms Ganley: Thank you very much, Mr. Chair. I think since we opened with it and since it's a key objective, I'm going to start with questions about CCUS. Now, in the budget this is supported, Budget 2022-23 and in the estimates '23-24, with \$58,350,000. I would just like to ask the minister to break that down, tell us a little bit about where those capital grants are going and what that program is. I think we all know that this is critical for Alberta's future. I'm curious as to why we're not sort of seeing an increase potential there in terms of what government investment might be. Obviously, we're still awaiting the outcome of, you know, some negotiations with the federal government, but I would anticipate, or certainly the Premier has signalled, potential for provincial investment.

I'm curious why we don't see that reflected here and sort of what is happening and whether there is the intention to have increased investment. I mean, this budget cycle goes, obviously, for a year from two weeks from now, so it goes fairly far into the future, particularly with that Pathways project. Like, there need to be shovels in the ground in pretty much the next two months. I'm curious why we don't see some sort of additional investment from the government or whether that's perhaps located elsewhere in the budget that we're not seeing.

I think we all know that the ITC south of the border is a fairly major game changer in terms of our ability to remain competitive and to attract investment here to Alberta as opposed to seeing it flow south of the border. I'm just curious whether the government is willing to sort of increase that investment or whether there are any plans to increase that investment and where we would see that reflected in the budget.

Because this is in the ministry's business plan – this is listed as a key objective – I'm also interested in how the pore space allocation is going. I know that some rights have been granted in terms of sort of a right to explore, if you will, in certain areas. It kind of started in the Industrial Heartland, and some of those rights have been granted elsewhere. I believe there was a decision expected with respect to Pathways and a few other projects in October, so I'm just curious where that all is. The right to explore, I think, gives companies the ability to go ahead, but it's not totally clear legally exactly what that entitles them to. Obviously, they'll actually have to have some sort of right to sequester, and I'm just curious about where that is in process. I think everyone has a pretty strong interest in ensuring that moves forward. Unfortunately, you know, if we're wanting to be sequestering by 2030 to hit even targets set by

industry themselves, that needs to happen in the next couple of months. Those are my questions. I'm sure there will be follow-ups.

The next set of questions I wanted to dive into. In your business plan key objective 1.1, the fifth bullet, deals with LNG. I'd just like to know a little more about what's being done to support LNG. I think, certainly, we've all heard that one of the major barriers is the ability to have the federal government or other climate plans recognize the displacement of coal in other jurisdictions. I'm just wondering what steps we're taking to make sure that happens, whether there are sort of ongoing – I know there are some tables that the federal government is hoping to set up, or there are other ways of discussion. As I understand, the minister of environment is partially leading this and has met very recently with them, so I'd love to know what steps Alberta intends to take and what we're willing to do to ensure that we can increase our ability to export LNG and potentially see investment decisions on terminals 3 and 4 for LNG Canada, because I think those are important projects. I think that most folks would agree that those are very important, and I'd love to know some of the details of what the government is doing practically to ensure that those things move forward.

Okay. There are a couple of other questions. I'm moving now to the actual estimates document. One of the things we deal with – I'm on page 75 now. Line 4.1 deals with the site rehabilitation program. That was a program run out of the federal government. The original budget was to spend – sorry; I have notes on this. We do see an increase in forecasted spend from the estimate to \$576 million. We went from \$297 million to \$576 million, roughly, a difference of \$279 million. We don't have actuals this year because the government, for the first time in my memory, anyway, hasn't prepared them.

7:20

Last year we saw a fairly significant underspend relative to the budget. The budget – and that would be the '21-22 year – was \$452 million; the actual was \$254 million. I'm just wondering if that was essentially money that was just rolled forward and spent. I know it does come in from the federal government. Then I'm also wondering whether that represents us spending all of the money. I think that was a pretty good program. I was glad to see it go forward. I think it kept people working at a time of a downturn. Yeah. I'm hopeful we were able to spend it all and, if we didn't, whether there's some sort of ongoing negotiation to move that forward.

Then on page 44 – sorry; I'm now jumping back to the business plan – in revenue we see \$573 million coming in from the feds. I'm just wondering what accounts for the difference between that \$573 million and the \$576 million that was actually spent. Then, also sort of carrying on, again on page 75 – and I'm also going to refer to the business plan just to, I don't know, extra flip around – the number that includes that site rehabilitation program also includes the mineral strategy, and I'll have more questions on that later. It's economic recovery support, and the total of the two programs adds up to, in the estimate, \$12,960,000, so almost \$13 million. It's made up of lines 4.1 and 4.2.

But when we look at the business plan, page 44, the line for economic recovery, which I would anticipate to reflect the same thing, it indicates that the estimate is, instead of \$13 million, \$147 million. I'm just curious: what accounts for the difference there, and what else is included where it's broken out here in the actual estimate? Why are we only seeing \$13 million as opposed to, when we're looking at the estimates under expense on page 44 of the business plan, we're seeing \$147 million? I mean, it looks to be fairly consistent going forward. It's almost \$147 million again for the '24-25 target and \$190 million for the '25-26 target. Then, when we look at the budget and the forecast, they're much more in line

with what we're seeing on page 75 of the estimates. Any explanation that could be provided for why that difference is would be helpful.

I think I'll just call it there because five seconds isn't a lot of time to ask another question.

The Chair: Thank you.

Minister, you have 10 minutes to respond.

Mr. Guthrie: Okay. I guess I'll start at the top there, with CCS. Well, I guess, first off, with carbon capture in 2015 we started up the Shell Quest line, and then in 2019 we had the Alberta carbon trunk line that got going. I think that between the two of them to date they've sequestered about 10 million tonnes of carbon dioxide, with about 2 and three-quarter million tonnes a year going forward. Obviously, they're doing a pretty good job with those two projects.

What you were referring to or alluding to is the other proposals that we have out right now, the 25 proposals. First, we went out, looked for six sort of large hubs. Then we expanded that to 25. Now, all of those are in initial design phases. Not all of them may follow through, but they are in that phase.

You were wondering about TIER – sorry. You were wondering about where the money is. There's money within TIER. That's where we've been allocating funds. To date we have put forward some, I think, \$1.2 billion that was in infrastructure funds from the past. So \$1.2 billion. Thus far, out of TIER, I believe the number is around \$600 million, for a total of about \$1.8 billion that's been put forth, with future dollars to be allocated from TIER. I believe, you know, it's been made public that we are looking at other options within TIER to be able to free up some funds, but we are still sort of looking at what that might look like.

From the perspective of why you don't see anything in the budget, well, it's very difficult for us to design a program until we know exactly what the federal government is doing. You know, the last two budget cycles the federal government put forward their ideas, I guess, but nothing firm, nothing that we could really design a program around.

We have been having talks. Various ministers, staff, and those from the departments are having ongoing discussions with the federal government on this very subject, and once we say – well, I guess we've got our fingers crossed that on March 28 we will see something firm from the federal government. Then what we can do is start to look at various options: what's out there, where are the gaps, and, you know, what do we have the capacity to do? We are currently evaluating the royalty regime, looking at what benefits there are currently within the APIP program. So we, really, are trying to find out what financial benefits already exist within government, and then: what does that look like for us going forward?

I guess I can give you maybe a little bit more detail to that. Obviously, Alberta is among global leaders, with a strong track record of employing CCS technology at a commercial scale. We're seeing a significant next step in our journey to innovation and towards that low-carbon future, and CCS is critical to meeting Canada's and the world's long-term energy needs and climate goals.

Our province has significantly invested in projects and programs as well as taking considerable steps on regulatory enhancements and knowledge sharing. I had mentioned earlier the Quest and the Alberta carbon trunk lines. Last year Emissions Reduction Alberta held a \$40 million carbon capture kick-start program to advance CCS-related technologies. Through the Alberta petrochemical incentive program we have also committed \$161 million to Air Products' \$1.6 billion net-zero hydrogen complex. The facility will capture 95 per cent of the carbon, which will then be transported and safely stored underground.

The demand from the marketplace for carbon storage in Alberta is growing. Continuing to advance this technology will help us diversify the energy sectors, including supporting the development of clean hydrogen and reducing emissions in other industries, including concrete and fertilizer.

Now, we know that the Pathways group has really taken to this, and they are huge leaders. They have committed to net zero by 2050, and we want to be able to support them in that in every possible way that we can. To help meet the growing demand for carbon capture, Alberta is issuing carbon sequestration rights through a competitive process that enables the development of carbon storage hubs, and these hubs will see successful operators collect, transport, and permanently store CO₂ from various industrial emission sources across the province. As mentioned, we have those 25 proposals that are outstanding.

7:30

Now, I know you did ask about pore space allocation. To help meet the growing need for carbon capture and storage, the government of Alberta has selected those 25 locations. When fully developed, the hubs will allow operators to safely collect, transport, and permanently store CO₂ from industrial emissions sources across the province. Ensuring a well-defined and strategic hub approach to make sure CO₂ storage options are available and accessible to all industries is essential to meet current and future demand. Through this hub approach, we are proceeding as quickly as anywhere in the world to diversify the energy sector.

You know, I was travelling – we were in Germany, and Germany doesn't allow any carbon sequestration. Whatever we do, we have to make sure that we're doing it in a responsible way but also one that is affordable. I look at the options that they were using in Germany, and they're going to take CO₂, they're going to compress it, put it on a truck, then take it to the rail yard, and then rail it to Norway, put it on a pipeline, and then take the pipeline out into the ocean about six kilometres and then sequester it in the seabed. From a cost-per-tonne perspective, this is obviously something that's going to do nothing but increase the cost of your products and then make you less competitive.

The one nice thing that we have in Alberta is that we have 100 years of geological data, and we really know what our pore space looks like. But the proposals that have been selected thus far: they've been done through a competitive process and considered a variety of important factors, including open access to regional emitters and understanding of potential interplay and other resource development activities as well as readiness to move forward. By that, we want to make sure that when we're sequestering, we're not going to affect any other resource that is down there, say – you know, it's especially become quite important with the critical minerals strategy that we've brought forward.

Taking this approach, we'll ensure that carbon capture and sequestration will be deployed responsibly and strategically over the long term and in the best interest of Albertans. Companies have been invited to work with the government to further evaluate the sustainability of their locations for safe storage. If the evaluation demonstrates that the proposed project can provide permanent storage, then companies can work with the government on agreements to provide them with the rights to capture.

Throughout this process the proponents are also undertaking various regulatory approvals, consultation, and business development. As part of the process companies are expected to identify and address potential conflicts with other subsurface interests, as I mentioned. In addition, for a project to move forward, the operator will need to obtain regulatory approvals from the AER for carbon capture, transportation, and subsurface injection activities.

I can leave it at that there and kind of move on to your next question. Let's see. Where do you want to go? LNG? Okay.

The Chair: Sorry, Minister.

We will now move back to the member for a 10-minute block.

Ms Ganley: Yes. Thank you for that. I think this time I'm maybe going to start with – I am now in the evening, my goodness – the fiscal plan on page 71, revenue from other sources, the Alberta Petroleum Marketing Commission. Now, they managed to get a little bit into this, I think, this afternoon in Finance estimates, but the suggestion here was the sort of swing that occurs there. Part of what's going on in that line has to do with the North West upgrader, or at least that's what the Finance minister suggested. I was just curious. I mean, obviously, look, this deal predated us. It predates you. It was under an entirely other government originally, but I understand that it was renegotiated a couple of years ago now or a year ago, I guess. I'm just sort of curious if you can kind of give us – because I know the government kind of took a bigger investment stake in that. I'm just kind of curious sort of what the risks looked like before and after and how that's impacted by the price of oil.

Obviously, I mean, the sort of underlying theory behind an upgrader like that is to sell a product that's potentially at a higher value, and depending on how the contract is structured, they can be sort of better at lower versus higher oil prices. I'm just curious if you could tell us a little bit about what the ownership stakes and what the risks looked like, you know, prior to the renegotiation and again afterwards. I think there are a number of people in the public who are interested in that information about that project.

I will also, I think – I don't know – renew my question having to do with the economic recovery support, so the difference between page 75, which is in the estimates, where that line totals to almost \$13 million, and then page 44, where the estimate is \$147 million. I'm assuming it just includes something else, but I'm just curious what the something else is.

I'm also hopeful, as it was raised – and I think it's of interest to everyone – with the Alberta petrochemical incentive program. Originally, in last year's budget, it wasn't budgeted anything, and then it got \$10 million at forecast, so obviously at some point during the course of the year the government chose to sort of reinvest, which I think is a good decision. I'm just curious what the \$10 million is for. Then in the estimate for '23-24 it's to be almost \$147 million. Oh, that's interesting. I may have just answered my own previous question. Those capital grants are to be almost \$147 million. I was just wondering if you could break out some of that into sort of projects in terms of where it's going.

I think I'll also sort of reupdate my question about LNG development and sort of what the ongoing conversations look like, you know, and what Alberta is thinking of coming to the table with. I know that because of the sort of trickiness around the fact that it sort of impacts our climate targets, unless other countries are willing to essentially trade us for sort of the coal that the LNG displaces in other places, it's difficult to get that recognized here in Canada. So that creates some challenges in terms of scaling up the project. I'm hoping that you can tell me a little bit more about what's being done to ensure that that goal can be met.

Oh, and I had asked as well about the site reclamation plan and whether all of that money had gotten out the door and about a difference between sort of – and not a huge difference, like, a \$3 million difference – what came in and what went out and also whether we had rolled it forward from a previous year.

I think, at that, I actually may stop there temporarily and allow the minister to answer.

Mr. Guthrie: There's a lot of meat there on that.

The Chair: Thank you, Minister. You have 10 minutes to respond.

Mr. Guthrie: All right. Okay. I think what I'll do is start with the refinery and then go back to SRP from previously. The Sturgeon refinery continues to work to operate cash flows while maintaining safe and reliable operation. Operations continue to be optimized to maximize the refinery unit's overall performance and production. The refinery is processing an average of 75,000 barrels per day of feedstock and producing almost 40,000 barrels per day of ultra-low-sulphur diesel for Alberta and western Canada. It produces one of the cleanest low-carbon diesels in North America.

7:40

The Sturgeon refinery is one of the world's only refineries designed from the ground up with integrated carbon capture solutions. Approximately 2.5 million tonnes of carbon were captured since commercial operations were achieved in 2020, and approximately 1.2 million tonnes of carbon dioxide captured annually from Sturgeon refinery has the equivalent environmental impact of removing over 233,000 internal combustion engine cars off the road.

The Sturgeon refinery's net present value has improved by over \$2 billion during the last fiscal year and frees up \$1 billion in cash flow to government over the next five years thanks to the optimization agreement announced in 2021. The asset-carrying value distributed to the government's 50 per cent ownership was \$5.9 billion at September 30, 2022. This is timely and quite necessary.

Some of the production volumes. We have total feedstock from April 2022 to September 2022 of 77,000 barrels per day. Production volumes of ultra-low-sulphur diesel were 39,900; diluent, 26,400; unconverted crude, 4,300; and other products, 5,300; for a total production of 75,900. Carbon dioxide captured during that same time frame was 3,500 tonnes per day.

I guess that probably captures that. I'll go back to SRP.

Oh, you got one for me here? Still on the refinery?

Ms LeBlanc: Yeah.

Mr. Guthrie: The anticipated full year of operations for 2023-24 improved reliability and production as a result of the scheduled turnaround that was completed in fiscal '22-23 and improved forecasted commodity prices. Fiscal '22-23 had a plan to turn around, reducing operating days and expenses; \$166 million for turnaround costs. The refinery continues to generate positive gross margins from processing bitumen into diesel, and the resulting cash flows must fund operating costs, capital expenditures, and debt principal repayment and servicing costs in determining that income or loss.

Yeah. With the SRP program, as you know, February 14, my son's birthday, was the close of the program. Before I give you some of the details, there was some money left over. Those funds are still being determined right now. There's still invoicing that's going on, so we don't have an exact number for you on that, but we will.

You know, I've stated this publicly, so I don't mind telling you that we have requested from the federal government that we can retain those additional funds here in Alberta. What we've asked for would be to, say, work with IRC on this and create, basically, another tranche with the remaining funds, with the Indian Resource Council being the primary beneficiary of that. We'll have to wait and see what sort of judgment we get from the feds on that, but we've been – we're hopeful, I guess. Let's put it that way.

Site rehabilitation process program. It has been a success, with approximately a billion dollars of federal oil and gas relief funding, helping get Albertans back to work by speeding up well, pipeline, facility, and site closures in the energy sector. More than 20,500 wells have been approved for abandonment, and more than 12,300 have been approved for reclamation. The program benefited workers and families throughout Alberta, providing jobs and other economic benefits to Indigenous communities and building capacity for oil field service companies to conduct abandonment, remediation, and reclamation across the province. The program also targeted \$133 million to abandon and reclaim inactive oil and gas sites on Indigenous communities across Alberta, advancing the government's commitment to enhance Indigenous business. Communities play a meaningful role in Alberta's postpandemic energy strategy.

The program allocated up to \$100 million in funding to close sites located in areas of three species at risk – caribou, sage grouse, and native trout – to help restore habitat for these priority species. We support economic recovery through a program where we see a high volume of environmentally significant work completed in a short amount of time, and this initiative is another strong example of Alberta's commitment to responsible energy.

I would like maybe to ask ADM Wade Clark if he could come up and just give a few comments on the program as Wade was quite involved in this.

Mr. Clark: Thank you, Chair and Minister and committee members. For the record Wade Clark, assistant deputy minister of energy policy division in the Department of Energy. As the minister mentioned, the site rehabilitation program allocated approximately \$1 billion of federal oil and gas relief funding. Of course, it came at a very key year in Alberta's history, the first time we ever saw negative WTI pricing at the height of the COVID-19 pandemic, and certainly represented a grave threat to our industry and to our oil field services sector in its capacity to maintain its workforce and its technology so that when prices did recover, we were able to take advantage of that.

Certainly, the performance measurement will take some time as we go through the final invoices that came through on the 14th of February, but certainly we have been reporting weekly through the website at alberta.ca/site-rehabilitation-program-grant-funding-status.aspx. At the end of the application reviews, on May 15, we had seen 37,589 applications having been approved in that program. Approximately 55.2 per cent of those approved applications were for eligible abandonment work – that represented about \$550 million in funding – and approximately 44.8 per cent of those approved applications were for surface remediation and reclamation work, representing a little over \$448 million in funding.

Of the applications, we have seen a tremendous amount of growth in Indigenous businesses participating in the oil field services sector, with approximately 11,952 Indigenous contractors' applications having been approved. Certainly, we're seeing significant benefits to the communities and their members that are a part of that.

As the minister mentioned, Mr. Chair, the program's final accounting will take place over the course of the next few weeks here, and certainly as part of the ministry's '22-23 annual report in June we do anticipate final numbers there.

The Chair: Thank you. We've eaten up that 10-minute segment.

We'll go back to the Official Opposition for another 10-minute block.

7:50

Ms Ganley: Thank you very much, Mr. Chair. I think I covered a fair number of those. Yeah. I think the question still remaining does

have to do with a little bit of information around LNG, so I hope we'll get back to that. Then I think I had asked about what APIP projects were funded as well, and we didn't quite get to that either, so I'll just, I guess, renew those questions. Here we were getting along so well.

I'm going to ask now about line 2.3, which is industry advocacy. That obviously goes to fund or was intended initially to fund the war room. It's budgeted last year – so that's the 2022-23 fiscal – at \$27 million, and it came out at almost \$32 million. In previous budget estimates, when we dealt with this number, the minister at the time had indicated that not all of those funds were flowing to the war room. I believe it was something like \$10 million that was allocated to the war room, and \$17 million was allocated to something called "other advocacy," which I didn't – well, it was never expanded upon despite frequent questioning. I'm just curious whether that whole \$32 million – and this is for this fiscal, that has just passed. We're forecast to hit just under \$32 million, and I'm just curious whether that \$32 million, in fact, went entirely to the war room. Next year the estimate is \$27 million, and I'll ask that same question, whether the entire thing is intended for the war room or whether some portion – sorry; it's called CEC, Canadian Energy Centre – is intended for other advocacy. If so, what is that other advocacy?

I think the other questions I'd like to ask are around the sort of absence of any metrics in the business plan. Normally, you know, when the government spends money, typically we have objectives which are outlined, and then there are sort of performance indicators or things that get measured in order to see whether the government spending money has in fact achieved the intended result. I think the process tends to be somewhat imperfect, but I think it's a good one in theory nonetheless, so I'm just curious whether there are any sort of metrics for what's achieved by the war room, whether anyone sort of measures the impact that it's having.

I ask this because I know – certainly, when the NDP was in government, one of the things we did was targeted polling and then advertising into other jurisdictions around pipelines, and that was effective. Like, it was very effective. It took support from 40 per cent to 70 per cent. Now, I obviously have not been impressed by what we've seen come out of the Canadian Energy Centre, between the logo stealing and the *Bigfoot* movie. I'm just curious, you know, whether we're measuring anything and what the impact of that is. Okay. That's that set of questions.

The other set of questions I have is around something that is not, in fact, in the budget, a project which I think the minister is in favour of and we certainly know the Premier is in favour of. It was previously called R-star; I think that the consultation has named it something else. I have the sheet here: a concept for a royalty credit pilot program to incent accelerated oil and gas site closure. I feel like that probably isn't going to be the name in the long term, but anyway that's what it says on the sheet. I'm just somewhat curious because it's not reflected in budget. Obviously, consultation is moving forward with this project. The fact that it's not reflected in budget would suggest to me that there's no intention for the program to spend money in the next fiscal. That would be rather a long consultation period, I guess. So I'm curious why we don't see money reflected for that program in the budget and whether it is, in fact, the intention to have that pilot start this year or not, because if it is intended to start this year, like, potentially you wouldn't see the whole \$100 million – right? – but you'd expect to see some of the money being expected to be spent in this year.

It's sort of a bit difficult, I find, to get information about this program. The Premier has referenced, you know, some of the oldest, most difficult to clean up sites, but the payment is in royalty

credits, and royalty credits can only go to programs with currently producing sites. So I'm curious how that's meant to work, because if the sites were orphaned, obviously there wouldn't be someone there to be generating royalties to get the credits on. If the sites aren't orphaned, I'm just sort of curious: you know, why would we be doing that?

I'd also love to see sort of whether the government is doing any projections at this time on what you expect to be cleaned up and what you expect the sort of impact to be on other companies. Obviously, most companies, the vast majority of companies, will reclaim their well sites on their own because that is a condition of their drilling licence. They have a legal obligation to do that, and most folks, in my experience, tend to fulfill their legal obligations. Yeah. I'm just curious whether you've estimated what the impact will be on companies, because, you know, if I'm a company and I have a duty to my shareholders and my shareholders are coming to me and they're saying, "Well, these other companies are getting paid to do a thing that you're doing for free" – like, there's sort of a moral hazard there, I suppose, that some of those companies are going to no longer do that which they are legally obligated to do. It's kind of like paying people to not speed. Yeah. I'm just curious whether the government has done any work around that and what kind of the expected cost benefit on that is going to be.

I'm also curious, you know, what the outcomes we intend to measure are so that we know what the cost of this program is relative to the benefits that it has. Again, I think, obviously, there are instances in which – I mean, this is a problem. It's a problem that needs to be dealt with. I actually think the previous minister – and in this case I'm referring to the previous UCP minister, believe it or not – did make some positive moves on this front in terms of, like, the ability to transfer old sites and what the rules around those are, and I think that that will have a positive impact. I also think that the rate of cleanup, like, the rate of money sort of going into the Orphan Well Association, has been increased. I think that that, too, is a good thing. I think that both of those projects were having an impact.

In fact, I think we can see that if we look at the measures that we actually do report on in the fiscal plan. You know, we're seeing in 2021 an increase from 2020. In 2020 6.3 per cent of the inactive well population is decommissioned, and in 2021 it's 11.4, so it jumps from 6,503 to 11,754. So I'm curious, in light of the fact that those moves have already been made and they seem to be having a positive impact without having to spend additional sort of royalty credits, additional taxpayer money on this, why the government wouldn't just carry on doing that, because it does seem to be having an impact moving forward. Certainly, an argument could be made that it could go faster, but I don't see where spending this additional sort of money and royalty credits is necessarily going to improve that.

The Chair: Member, you're at the end of your 10 minutes.

Minister, you have 10 minutes to respond.

8:00

Mr. Guthrie: Okay. Thank you. I'll start with the APIP and then get on to LNG. With the Alberta petrochemicals incentive program, APIP, it will make us a global leader in petrochemical production, bringing long-term investment and thousands of jobs to the province. APIP stands ready to fund 12 per cent of capital costs for any petrochemical facility using natural gas as feedstock and currently has billions in project applications. We have already announced more than \$600 million in funding grants, ensuring we capitalize on multibillion-dollar opportunities in this emerging sector.

In 2022 we announced \$408 million for Inter Pipeline, approximately \$4 billion for a propane to polypropylene plastic facility in the Industrial Heartland north of Edmonton. The facility is the first of its kind in North America and the first approved under APIP. Air Products' natural gas to hydrogen production facility will receive \$161.5 million under APIP and will help to grow the clean hydrogen sector. APIP is also granting \$32 million to help Dow Chemical expand its Fort Saskatchewan ethylene production facility. APIP is a pillar of the Alberta natural gas vision and strategy and will further diversify the energy sector.

From 2010 to 2020 over \$250 million was invested in the U.S. petrochemical sector. This is more than 10 times what was invested in Canada, and it's estimated there is an opportunity for more than \$30 billion worth of investment in the province's petrochemical sector by 2030.

Now I'll get you to clear up that one item with the program, Roxanne.

Ms LeBlanc: I think you were referencing page 44 of the business plan and kind of referencing the discrepancy there. The forecast of \$486 million here represents the reprofiling of the SRP and also includes the \$10.8 million that the minister has also referred to. Of course, you mentioned the \$146,000 into '23-24. If you do the difference minus the APIP program, that's how we get to the \$147 million. I want to take you back now to page 75, I believe, that you were referencing as well: that number only includes the SRP program. So you were correct; there were two numbers in it.

Mr. Guthrie: Okay. Now, as far as those program costs are concerned, any cost to Albertans will be significantly outweighed by the millions of dollars in additional provincial and municipal revenue and hundreds of jobs for Albertans that would result from even a relatively small increase in investment from the petrochemical sector. We've seen a sizable amount of interest from companies interested in building or expanding their petrochemical presence in Alberta, and the government of Alberta, in partnership with Invest Alberta and other stakeholders, are currently working with potential investors from Canada, France, Japan, and the U.S. We've already announced more than \$600 million in funding grants, ensuring we capitalize on multibillion-dollar opportunities in this sector.

The first approved project, as we mentioned, was the Inter Pipeline project. The second was the Air Products, and the third was Dow's project. I can tell you that in some of the recent travels we've had, we've talked about this particular program, and it has really perked the interest of foreign investors. I can say that there are, oh, probably 30 other projects that are considering moves here. So, really, a program that's had a tremendous amount of success, and I think that we'll see this type of program maybe be expanded into other areas within our government, so that it's not just related to natural gas.

As far as the LNG side of things now, the question. Okay. We were talking about displacing coal. I think that was one of the questions you were asking around article 6? Yeah. This is certainly something that is of interest. We've seen recently a bunch of activity out of British Columbia, even in the last couple of days. We've got Cedar, that was announced two days ago. We have the Squamish facility, Woodfibre, and Canada LNG, the Shell project, that's being built. So there's a tremendous amount of interest off the west coast. As you know, we're doing some work from an economic corridors perspective; north, south, east, west. That would include going to Manitoba as there are potential opportunities there.

The use of article 6: it is an interesting concept that we believe certainly deserves to be explored. We need to have countries that

may be interested in working a deal with us. I guess that would sort of be the – maybe someone or a country that's willing to share the credit with us. It's kind of that you have to deal with each individual jurisdiction on their own in order to be able to obtain those credits, but we definitely feel that this is a worthwhile endeavour.

Here we are in Canada and in Alberta. We're shutting down Genesee – not shutting it down but converting Genesee to natural gas. We'll have no more coal plants here in Alberta. At the same time as we're doing that, we have China building two and three to every one that we're displacing. So it's pretty important, I think, for Alberta to be able to move their products off, whether that's to Valdez or through British Columbia or finding ways to get it down to the Gulf coast or to Hudson Bay. I mean, this is certainly something that we need to be working on.

Now, as far as conversations with the federal government, yes, we are having those conversations. We've had a couple with British Columbia directly. In fact, I met with Minister Wilkinson yesterday, and LNG was top of mind. I would say that, you know, I feel encouraged by the conversations that we've had. We're looking for ways that we can find common ground, really.

We are working hard to improve LNG market access and establish infrastructure foundation necessary for hydrogen-based exports like ammonia. These efforts include collaborating with governments, regulators, and industry to streamline project approvals, improve pipeline access, and get infrastructure built to ship natural gas to international markets.

Securing a second world-scale west coast LNG project was one of 48 recommendations that was found in the Roadmap to Recovery report. The natural gas vision and strategy also calls for additional megaprojects to help get Alberta LNG to international markets. Shipping from Canada's west coast to markets in Asia takes 11 to 13 days, roughly half the time it takes from the U.S. Gulf coast. Shipping from Canada's east coast to markets in Europe takes about seven to eight days, which is the shortest distance to Europe for any North American LNG project. By growing our access to global markets, Alberta's natural gas can help meet the growing demand for sustainable energy while creating good jobs and generating billions of dollars in revenue.

Supplying Canadian natural gas to replace coal-fired electricity production, especially in growing Asian markets, can help reduce global greenhouse gas emissions by millions of tonnes per year. Alberta is also working directly with global companies interested in sourcing ammonia from Alberta to understand and address competitive gaps and infrastructure constraints. The global energy system is undergoing immense change as countries turn towards cleaner energy sources to lower emissions and improve air quality. Energy is working with other governments, regulators, industry, and Indigenous partners to streamline project approvals, improve pipeline access, and get infrastructure built to ship Alberta's natural gas to international markets.

We continue to call on Ottawa to stop moving . . .

8:10

The Chair: Thank you, Minister.

We'll now go back to the Official Opposition. You've got three minutes and 50 seconds.

Ms Ganley: Okay. Since this hour block is about to end, I'll just ask two quick ones. I will just ask again about line 2.3, industry advocacy, whether that forecast \$32 million this year and estimated \$27 million next year all goes to the war room or whether some portion is for other advocacy. I think that is what the previous minister called it.

Just because you mentioned it, ammonia, sort of the movement of ammonia, I know there are challenges putting it on trains with respect to the insurance. I'm just curious whether the department had under consideration whether that could ever go by way of a pipeline or if there's any sort of consideration of that. I know putting different things on pipe can be challenging, but I'm just curious if there's any work under way.

Thanks.

The Chair: Go ahead, Minister. You've got three minutes.

Mr. Guthrie: Okay. Maybe I'll just start with the ammonia right off the hop. We've been having discussions. You know, here domestically we're getting a lot of interest. We have a lot of petrochemical here. We have refineries, et cetera, so locating hydrogen here makes sense because we can use it right here at home, but the transport is really part of the problem. There are heavy tolls that get added on as far as the cost for insurance. That hurts that competitive edge. As well, ammonia has to travel slower on the track.

Right now there are options that are being looked at through rail companies at possibly creating passing lanes, et cetera, to be able to find a way to move it. Right now ammonia does move, but if we were going to go to an export market, we're going to be moving a lot of product, so something needs to be done on that infrastructure side.

In fact, you know, the discussion we had with Minister Wilkinson yesterday included discussions around this and about us trying to find solutions for it, because we do have a marketplace. There is a real desire to have and expand the hydrogen marketplace, and we know that the federal government is promoting hydrogen. I mean, German Chancellor Scholz came here, and we said: well, no; we don't have any LNG for you, but we've got hydrogen. Okay. Well, if that's the case, then we need to find a way to move it.

The most likely way, short and medium term, is by rail, so that's really where our focus needs to be. As you mentioned, pipelines of any kind are not easy to get built. First you have to, you know, design them and then get through the regulatory process and build them. It is possible to move hydrogen through pipelines, but, yeah, that's more a long-term solution and doesn't help us in the immediate term to capitalize on what's taking place in the market right now. So I'm really quite excited about the opportunities that we have here and, you know, really looking forward to what the next year or over the course of this year brings.

Now, as far as the Canadian Energy Centre . . .

The Chair: Thank you, Minister.

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

We'll now move on to the independent member for 20 minutes of questions. Would you like to combine your time with the minister if he's willing?

Mr. Barnes: No. Block time, please.

The Chair: Block time. Okay. You've got 10 minutes, sir.

Mr. Barnes: Okay. Thank you, Mr. Chair, and thanks to Minister Guthrie and your staff for all you do for Cypress-Medicine Hat and Alberta. It's appreciated, and thank you for being here tonight to answer some questions.

I'd like to start on page 44 of your statement of operations, particularly bitumen royalty, the fifth line under revenue. Your 2023-24 estimate is \$12.5 billion. You know, we're so blessed here in Alberta. If I just back up to your forecast from the end of 2022 and 2023, that's almost \$28 billion that oil and gas and bitumen and

crude oil royalties provided; \$28 billion. That's like 40 or 45 per cent of our spend. That's before we consider what oil and gas does for personal income tax to the government of Alberta corporate tax. We're very, very blessed here in Alberta.

Minister, I'm concerned. When you look at your department's ability to estimate bitumen royalties, you've had two big misses in a row. Last year you budgeted \$10,300,000,000, and it ended up being \$18.7 billion. If you go to the year before, the estimate was \$1.48 billion, and it ended up being \$9.5 billion. Two years in a row you've had an 8 and a half billion dollar estimate, you've missed, you've been under by that amount, so I'm having trouble getting confidence in your estimate of 12 and a half billion dollars.

Prices haven't been that volatile in the last couple of years, but what I understand the difference is is that many of our oil sands plants are now past their postcapital recovery. They've recovered their investment, so their payout goes up considerably to the people of Alberta. I understand that prior to them recovering their capital, they pay 1.9 per cent of gross revenue; after they recover their capital, they pay the higher of the 1.9 per cent, or 25 to 40 per cent of net revenue.

I'm wondering: did your department not know that some oil and gas companies were going to go postinvestment? Are we going to have more next year? I've seen a couple of articles – I think Chris Varcoe was the more recent one – talking about how flush the people of Alberta are going to be because of our oil and gas royalties. If you don't mind, I'd like you to spend some time telling me why I should have confidence in 12 and a half billion dollars instead of \$18.7 billion. Again, you've missed considerably two years in a row.

Secondly, I want to go to the performance metric. I still hear a lot, although not as much as I used to, that Alberta isn't as quick, hasn't reduced red tape as much as Saskatchewan, and things can get done there quicker. You have a performance metric called "timeliness of application processing," page 43 of your business plan, and it says that 99 per cent of applications met the turnaround targets. What are the turnaround targets? How do you compare to Saskatchewan? How do you measure that? Again, the anecdotal stories have been a bit reduced, but they're still out there, and of course time is money, and in today's world it's hard to get things done. I think we want to make it as easy for them as possible.

I appreciated the end of your answer to the Member for Calgary-Mountain View. You were just starting to talk about the Canadian Energy Centre. I, too, want to ask about that. Whether it's \$10 million to \$32 million your department is spending on it, the stumbles have been very, very visible. The successes are – what have the successes been? I'm a believer that you should just shut it down and save the money, but if you want to take a minute and tell me what the successes are of the Canadian Energy Centre, I would be glad to hear that.

I'm noticing on orphan well abandonment your line item this year has increased from 78 a half million dollars, your 2022-23 budget, to \$135 million, your 2023-24 budget. Is this where the R-star program is being funded? For all kinds of reasons, picking winners and losers in corporate welfare – you know that I'm against paying for something that producers clearly knew was their obligation.

I'll just let you know. Since I came out publicly against it, I've had a lot of oil and gas people text me or e-mail me and say: yeah, we want to clean up after ourselves. I would suggest that – I think it's only three years ago that our good producers accidentally overproduced. We overproduced our pipeline capacity. I hope to goodness you're not looking at creating a situation where you give incentive to overproduce and we start to head back towards lower

production because we can't get our oil and gas out of here. I wonder if that's been considered.

8:20

Another one of your performance metric indicators: you have pipeline safety, number of high-consequence pipeline incidents. I'm pleased to see that it's going down. I remember meeting three or four companies five or six years ago that had developed a great fibre-optic system, that went right on or beside the pipeline, that could immediately tell the pipeline operator if there was a compression change, and they could shut it down in the department and really diminish, you know, the loss of product and environmental hazard. I wonder if that's happening or if there are other reasons.

I'm also kind of wondering, though – like, we know pipelines are the safest. Perhaps one of your performance metric indicators should be rail accidents or shipping accidents. You know, maybe we should have a fuller understanding of what else is going on out there in the world.

I, too, want to talk about the Redwater Sturgeon upgrader and the net income, Alberta Petroleum Marketing Commission. It looks like a \$330 million loss, but for some reason this year you're estimating only a \$17 million loss.

When you answered the Calgary-Mountain View MLA's earlier questions, you talked about net value going up. I think it was either \$2 billion or \$5 billion. I'm sorry; I can't remember. Does that get reflected anywhere in the statements, or is that capitalized and value that is only attributable if income stays high and interest rates stay relatively low?

I did also, in your comments, hear you mention 2020, when it started to produce. I remember a huge problem where they couldn't achieve continuous production. The cracker, or whatever the engineering situation was, just wasn't working. Of course, we know that these plants don't work well unless we can have continuous production. I'm wondering if – you know, anything you can tell me about that.

Again, I'm also surprised of a loss, if that's accurate. I know we do take some bitumen through the BRIK program. Is that mixed in there? To my recollection, the price of diesel has been very, very solid the last little while. If we can't turn a profit now, you know, the poor Alberta taxpayer is looking at a loss for forever. Just your thoughts, please, Minister Guthrie.

I've heard from time to time that our LMR is onerous compared to Saskatchewan, compared to other projects and smaller companies in particular. One of your goals is to create and enhance an entrepreneurial spirit. Big companies have that, too, but smaller companies maybe need more of a hand up. Do we ever compare that to other jurisdictions? Do we ever look at what that is doing in terms of the extra cost to our smaller companies? Keep in mind that, yes, it's crucial to have the best environmental regulations and standards in the world, but if Albertans are paying a price for that, I think we should know.

I'm wondering also, Minister Guthrie – three or four years ago there were some transfers of some natural gas wells to some companies that weren't that strong and abandoned their obligation to municipal taxes and landowners very, very quickly. The belief was that the Alberta government and, I suspect, your department approved the transfer to that company. If there was a mistake, an oversight, if new standards needed to be implemented, have you done that? Have we made sure that those obligations are important?

Seven, oil by rail. I mean, the last NDP government invested hundreds of millions of dollars in it. The UCP government spent hundreds of millions of dollars getting rid of it. Did we ever move any oil by rail?

And are we still losing the TC Energy pipeline, the Keystone? Is it still only being used for storage, do we receive any revenue for storage, and how long will that pipeline last in the ground?

Thank you.

The Chair: Thank you.

Minister, you have 10 minutes to respond.

Mr. Guthrie: Okay. I guess I'll maybe go to royalties second. I'll just chat a little bit about pipeline capacity. You were wondering about and worried about our future capacity. On the oil side, you know, we currently are around 4 million barrels per day. Our capacity is a little bit over 4 and a half million barrels per day. We have TMX, that will come online early next year; it will be completed at the end of this year. That's going to add an additional 590,000 barrels per day, putting us over 5 million barrels per day right there. And then Enbridge has some optimization plans. They think they can get another 350,000 barrels. That takes us to about 5 and a half million barrels of potential expandability in the next couple of years, which would add, probably, I would think, certainly another decade, 10 to 15 years, of capacity. So I think we'll be in very good shape.

On the gas side, I don't have the numbers off the top of my head. You know, there's a lot of B.C. gas that comes through Alberta, and some of that gas is going to get reallocated for LNG Canada. Right now we are not maxed out. We do have space. But that's going to also free up some space in our pipeline system in the future. I think that short, medium term we are looking at a pretty strong position.

Now, as far as the bitumen royalty questions – okay. The 2022-23 forecast is higher than '22-23 budget due primarily to the surge in prices helped by the Russia-Ukraine war, with tight global supply-demand balance supporting elevated prices over the forecast period. With higher prices, oil sands royalty rates increase, and more projects pay on a higher net royalty rate. So the 2023-24 estimate is lower than the '22-23 forecast due primarily to a forecasted decrease in market prices. Year over year royalties begin to retreat, stabilizing from '23-24 onwards as prices moderate and adjust downwards, mostly explained by improving global supply and demand balances. The '24-25 target and '25-26 are lower than '23-24, estimated due primarily to the commodity price stabilization that would bring royalties down.

We have had significant swings in prices. Off the top of my head, I think they went to \$121, you know, and just a couple of short years ago we were at negative oil prices. There have been some considerable swings, and in fact even today you saw a major swing in the price of oil just due to some uncertainties in the marketplace. So you can see how much it can swing. A difficult thing to do, to be able to exactly predict what something might look like 12 months out, and certainly 24 and 36 gets even more difficult. Now, the figure that is used in the budget, though, I should clarify with you: that is determined by Treasury Board and Finance. It's actually not our department that selects that. I just wanted to give you that little bit of feedback on that.

The nonrenewable resource revenue is obviously an important source of revenue for Alberta, and over the last 20 fiscal years, from 2002-03 to '21-22, nonrenewable resource revenue accounted for between 6 per cent and 41 per cent of total government revenue. NRR is extremely volatile, much more than personal income tax, which is the largest source of government revenue. NRR is sensitive to changes in prices, technology, and market conditions. To forecast prices, the government of Alberta closely tracks market developments; for example, the economic impact from COVID-19, the OPEC decisions on production targets, the pipeline/rail takeaway capacities, Russia's ongoing invasion of Ukraine, ESG

commitments, and the trend of energy transition. NRR forecasts are updated in the annual budget and the following three quarterly fiscal updates during the fiscal year.

8:30

As of December 31, 2022, there are – let's see – 111 active oil sands projects, including four legacy Crown agreements, of which 46 were in prepayment status while 65 were in postpayment status. Given high oil prices in '22-23 two oil sands projects with a combined production of over 280,000 barrels per day reached payout during the '22 calendar year. Another two projects are expected to reach payout in '23, four more projects in '24, none in '25, and one in '26. This is in addition to postpayment projects paying higher royalties on net revenues, and higher royalty rates, both due to higher prices, contributed to the significant increase in royalties in the '22-23 fiscal year.

I'll go to the Canadian Energy Centre. I'm sorry to hear that you're not a fan. I quite like the Canadian Energy Centre. I think they're doing terrific work there. I think a small stumble out of the gate shouldn't take the whole organization down. The intent of the Canadian Energy Centre originally was not to sell to Albertans, because I think most Albertans are convinced on the importance of the oil and gas sector here in this province and energy, period. The target market for this was really eastern Canada and the northeastern United States as well as Europe. That's sort of an initial comment on that.

You had asked about these successes – I think that's where you were going with it – so I thought what I might do is just give you some of the metrics that we have on some of the campaigns. In both the U.S. and Canada CEC's campaigns are moving sentiment regarding Canadian oil and gas in the positive direction. In Canada we had precampaign research that showed that sentiment in Canada regarding pipelines and oil and gas was on the decline. The goal of the CEC and the Canadian campaign was to increase support for our oil and gas industry. The target markets were Ontario, B.C., and Quebec. Pre- and postcampaign research was conducted; 61 per cent of the people who saw the ads said they supported the Canadian oil and gas industry, up from previously at 47 per cent. So that's a 14-point shift in sentiment.

In the U.S. the U.S. research was built to measure sentiment around the statement: Canada should be our preferred supplier of oil and natural gas to meet any shortfall in America's energy needs. CEC's U.S. campaign has so far shifted sentiment positively by 20 points, from 65 per cent to 85 per cent. Additionally, those who saw one of the CEC's ads were significantly more likely to strongly agree – 41 per cent versus 24 per cent – with that statement.

Just as a little note, we were in Houston last week for CERAWeek, and there were advertisements all around the conference outside of the hotels and . . . [Mr. Guthrie's speaking time expired] Oh.

The Chair: Thank you very much, Minister.

We'll now move on to the government caucus for a 20-minute rotation. Looks like Mr. Orr has the mic. You're going to go back and forth with the minister?

Mr. Orr: If you're open to that.

Mr. Guthrie: Yeah. Sure.

Mr. Orr: Sure. Okay. First of all, let's – I'm going to focus mostly on the performance metrics. Starting with 1(a) there, the oil sands supply of global oil demand or consumption, whatever, is where I want to start here.

My question relates to federal emissions caps. With the federal government's proposals to essentially put an emissions cap on the

energy sector, how is Alberta going to be able to increase energy production? In your performance metrics here you do show a gradual and reasonable increase of global supply. I guess I could be cynical and wonder if that means that global demand is going to go down and that's how the share is going to increase, but I don't think that's what you mean.

I am concerned about the federal emissions cap. How are we going to be able to increase our energy production in light of those happening? And what engagement process – any time you cut a deal with anyone, it has to be, you know, give and take. There needs to be a win-win. What do you have to give to the feds to be able to make progress on this as you move forward?

Mr. Guthrie: Okay. You know, we're going to continue to work with industry to utilize knowledge and expertise and to maintain or expand production while reducing emissions through technology and innovation. It's industry that are the leaders. They're the ones that we need to work with. We can't work, you know, and have aspirational goals and go out and work in a vacuum and create through think tanks that have no idea what the industry is doing. We really need to work closely with all levels of government but with industry in order to be able to determine our next steps.

Alberta government and industry are making significant progress on reducing emissions, with oil sands companies committing billions on projects aiming to reduce annual emissions to achieve that goal of carbon neutrality by 2050. You know, the oil sands, as an example: in the last 20 years they've reduced their emissions by over 35 per cent and in the last decade, 22 per cent. They're doing absolutely a bang-up job there. This same group of oil sands producers formed the Pathways Alliance with the goal of meeting net zero by 2050. They're, with support, going to be by 2030 potentially having the first operations for carbon capture in place.

As far as having an emissions cap in place, I mean, really, it's a nonstarter. We don't need it. These companies are working and moving forward, and we're going to continue to advocate for Alberta's energy and make it clear that this is provincial jurisdiction, and the federal government does not have the right to step on our constitutional right to develop our resources. As owners and managers of our resources Alberta is best positioned to design policy to achieve climate objectives in this sector.

Yeah. I guess I'll leave it at that for now.

Mr. Orr: I appreciate that, and I do totally agree with you working with the industry.

Maybe you could just clarify one thing for me, though, that maybe I should know, but I don't. When the feds are talking about this emissions cap and the industry talks about reaching zero, are they just talking about the emissions emitted during the process of refining, or are they talking about the actual end use of burning the product when it reaches the consumer?

Mr. Guthrie: Yeah. All of the above.

Mr. Orr: All of the above.

Mr. Guthrie: For them in their thought.

Mr. Orr: Okay. That is an ambitious goal.

Mr. Guthrie: Yeah. Well, part of the problem, you know – we have activists, and their goal is the end of fossil fuels as we know it, and that's just not a viable option. Oil and gas is going to be around for decades and decades to come. What we should be doing is that we should be supplying more oil and gas to the world.

8:40

We were talking earlier about coal plants popping up in China, and one of the things that they're doing is supplying renewables to us. So what's this really all about? Are we really truly worried about global emissions? If we are, then that means that our product should be the first choice that they go to.

Mr. Orr: Yeah. I don't disagree.

Objective 2.1 – I mean, you've already talked about it a little bit – maintain provincial jurisdiction, enhance regulatory certainty for Alberta energy resources. I mean, we know, clearly, that the industry wants Alberta to maintain that and is determined to advocate that that's how it is. I just wonder: what actions are you going to be able to take to keep that up? I know that is the current commitment of the government. Is that something that the feds are going to continue to accept, I guess, is what I'm asking?

Mr. Guthrie: I think there's been a real change. You know, when you look at what's been going on, you have Germany coming to the Prime Minister, we have Japan, we have South Korea, and we did this travel to Europe. We have the world reaching out to Canada. They're reaching out to us asking for our help. How do we say no to that? That's mind boggling to me. One, I mean, from a compassionate perspective we should want to be helping them, but two, we need to be getting away from dictator oil. This is exactly the way to do it, by using Canadian oil to displace this foreign product.

Mr. Orr: Still kind of on the same subject of the emissions piece, the methane targets. I know industry has accepted that pretty well – there's been a lot of progress on it – but do you feel like we're on track to meet the federal target? Are there new requirements being put forth or imposed on the province as part of those new targets? Again, how do you engage with the feds with regard to the methane piece?

Mr. Guthrie: Yeah. So the federal government released a discussion paper in March of 2022, which invited comments on the development of methane reduction in order to achieve Canada's stated 75 per cent reduction by 2030 from 2012 levels. Now, I can tell you that the actual commitment that was given by Canada was 30 per cent as a whole. Now, us as a province: you know, we did agree to and committed to a 45 per cent reduction by 2025. I can tell you that right now we are at about 44 per cent with two years to go. We're doing a heck of a job. But there have been signals that have been made – not signals but outright announcements, one of them at COP 27, that the federal government is going to impose a 75 per cent reduction by 2030.

This is part of the problem with dealing with the federal government. You know, we want to have these rules of engagement where we can work together to try to have a respectful and professional relationship, yet we get surprises like that, where we're unable to be able to express Alberta's views and positions and allow industry to be able to say whether or not this is possible. Once again they set themselves up by putting forward goals that are unachievable. I guess as far as the federal government is concerned there, I am hopeful that we can work on those relationships, but it does require a certain amount of respect.

Yeah. I'll leave it at that.

Mr. Orr: Then I'd like to go on to the clean fuel regulation if we could. Again, we're engaging with the federal government on that regulation. It's intended to reduce the life cycle emissions of gasoline and diesel fuels, of course. What feedback have we been

able to provide to the federal government? I guess a couple of particular issues there: are the feds going to help at all with some of the costs of that, do you think, and are carbon offsets going to be allowed to fit into the equations of how that's ultimately calculated? Is agriculture going to have any kind of exemption or assistance in achieving that whole regulatory requirement?

Mr. Guthrie: I will come back to that, because there's a point that I wanted to bring up with the previous – I've written some notes here and couldn't read them.

It's CERAWeek in Houston. You know, I participated in a round-table, and the name of the panel was capturing methane and flaring gas. I can tell you, sitting around this table with jurisdictions from all around the world, we are absolutely light years ahead of the rest of the world. In fact, there was a lot of disappointment expressed around that table about the lack of action that's being taken. A lot of it, I think, from what I could glean, was around the lack of return on investment that exists within that investment. Those countries and other jurisdictions: they were unwilling to make that investment. But here in Alberta, like, to meet that 45 per cent barrier, I think that we were at probably somewhere in the order of a \$700 million to a billion-dollar investment by our industry. I mean, it's pretty amazing, the amount of work that's going on and the commitment that we are getting from our industry.

The other thing that was brought up during that, which I quite liked and other members of the panel didn't: there was some low-hanging fruit there that could be captured and is not. Think about the sewage, that raw sewage that goes out into the oceans untreated. I mean, that's absolutely polluting, and what's it doing? Well, it's putting off gas.

Mr. Orr: Yeah. A lot.

Mr. Guthrie: Yeah. Then the other side of it, from the perspective of municipal waste: we take our waste, we bury it in the ground, we cover it over, and we just say, "Hey, nothing to see here" and walk away. Really, in Canada probably somewhere between 20 per cent and 30 per cent of our methane gas is coming from municipal waste. Looking at options like the burning of waste to energy: these are certainly viable options and something, I think, we should be exploring as a government. I can say that we do have some interested parties that are looking at that right here in Alberta. So, yeah, pretty exciting stuff there.

Now to your other question. Alberta Environment and Protected Areas is the lead in the government for the clean fuel regulation. The department continues to provide support on CFR in discussions with the federal government, and Alberta continued to provide feedback, as additional engagement opened in 2021, relating to crediting treatment of cogeneration, carbon capture and storage, low carbon intensity electricity, and enhanced oil recovery. Now, Environment and Climate Change Canada, ECCC, has made a number of changes to the CFR over the years as a response to Alberta's feedback and stakeholder concerns. These are included in their decisions to withdraw its commitments to develop regulations for gaseous and solid fuels and subsequently to further reduce the scope of gasoline and diesel as opposed to all other liquid fuels.

8:50

The exclusion of grid-connected renewables as an eligible compliance pathway protects the integrity and stability of Alberta's regulated and competitive electricity generation market. Alberta has continued to press the federal government for additional opportunities to provide comments and input for a more effective and efficient regulation.

Alberta remains concerned with the impacts to low-income households and potential for lost revenue, the federal government's

decision to exclude export crude oil and finished products from credit opportunities, increasing costs and compliance burden for the energy sector, the potential transfer of investment and capital from Alberta to other jurisdictions, and the lack of flexibility associated with CFR credits. When you look at what the feds are doing here, really, in my view, it's basically just increasing the cost, just continuing to increase the cost wherever you can in order to make life miserable for the fossil fuel industry. I think that this is just another one of these things that not only makes life miserable for the fossil fuel industry, but it does for everyone. In a time when we have 6.7 per cent inflation, to be introducing another carbon tax: you know, this does nothing but cause us all a lot of pain.

Mr. Orr: Yeah. Any thoughts on one last piece here with regard to this? The Canadian government has taken a negative, punishing approach. I think that the biggest challenge they're going to face, moving forward, is that the Biden administration has taken a positive, incentive approach that's going to draw investment and support and technology and development there. I just wonder if that's not going to force the federal government to take another look at their whole philosophical approach.

Mr. Guthrie: I think there is a lot of pressure. We were talking earlier about the international pressure that the federal government is feeling, but the IRA is definitely applying the screws. I would expect that we are going to see – I don't know what shape it's going to look like, but I do expect that they're going to put forward an investment tax credit and firm up the details of that. Otherwise, we will have a flight of capital. Actually, when we were touring overseas, there was a company that was right in the processes of trying to figure out: should we locate in Edmonton, or should we locate in Houston? One of the things that we were doing was trying to convince them about Alberta and convince them as to the reasons why they need to stay here, and one of the things that they pointed to was the IRA.

Now, there is – and I might have mentioned this before – a high level of trust that exists with Canada. Europeans want to do business with Canadians. I don't think that we need to match the IRA, but we do need to have a little bit of competition. We do need to narrow that margin, and if we do, with our low tax rate, as you know, that we have here in Alberta, the high level of skilled labour that we have, I think that can really make up the difference and turn the tide for us where the IRA is concerned.

Mr. Orr: Okay. Well, thank you very much.

I am going to turn it over to Member Sigurdson. There's not much left here, but he'll have the next session.

Mr. Sigurdson: Well, thank you. Chair, just to the minister: back and forth is still okay?

Mr. Guthrie: Yep.

Mr. Sigurdson: With five seconds left, four seconds left, we'll start the questions in the next block.

The Chair: All right, folks. We're going to take a quick five-minute break, followed by a 10-minute block for the Official Opposition.

[The committee adjourned from 8:55 p.m. to 9 p.m.]

The Chair: Thank you, everybody. Members, could you please take your seats.

Minister, the Official Opposition has a 10-minute block. Are you going to keep on going?

Mr. Eggen: Yeah, it'll be me.

The Chair: Block time?

Mr. Eggen: Yeah. Okay. I'm ready.

The Chair: Block time. You have five minutes.

Mr. Eggen: Okay. Well, thank you, Minister. I appreciate your candour and your answers, and I hope you appreciate our constructive criticism as well of your ministry. The two areas that I want to talk about – I'm just going to go very quickly here, obviously. I was interested about the carbon capture and sequestration and your comments around trying to build ancillary industry that can be associated with, for example, carbon capture and storage. It's not just a question of storage but also potentially building industries off of that. As it happens, through you, Chair, to the minister, I did bring forward a private member's bill this morning that talks about job investment and incentives for various industries, one of them being carbon and using the carbon from sequestration storage to build products. I actually had a gentleman who is a validator, Doug Brown, a cofounder of ZS2 Technologies, and they use carbon from carbon sequestration and then other products to buttress into reinforced concrete for building systems.

What I have proposed in the private member's bill is that we build, you know, tax incentives to promote that kind of industry. I think that it's using tax credits which, of course, compel the investment under certain constraints so that it would be built in and contained in the province of Alberta and, in fact, employ Albertans and build the Alberta economy, right? I'm just curious to know if you, together with the Ministry of Finance, have looked for other ways or this way to help to develop ancillary industry that could be associated with carbon capture and storage. I mean, we've come a long way in regard to carbon capture and sequestration, but I think, you know, the next step and the next way, again, to sell the leadership that we have here in our province for conventional oil and gas is to attach to the storage moniker, industry as well so that it's carbon capture, storage, and industry that can be associated with that, too, through using incentives for tax credits for that to happen.

The other question that I would just like to get in quickly is around the reclamation of wells. We have more than 172,000 well sites out there that need reclamation somehow. Again, when you're talking about trying to sell our oil and gas industry across the country and around the world – indeed, we were engaged in that very same thing when we were in government – the key is to have a positive message but to also put your money where your mouth is, right? Wherever we see things like the reclamation of wells or carbon capture associated with industry, responsible responses to the incidents such as the Kearl Lake leak, again, if we have a proactive and honest and forthright approach to these things, that helps us to sell our conventional oil and gas assets and industry to the rest of the country and indeed to the rest of the world as well.

You know, based on that, I'm just curious to know if you have examined that. I believe you do have an official here from the Ministry of Finance as well, is it? No, you're not. Oh, okay. Sorry. I misunderstood. Of course, you sit at the same table as Finance when you go to cabinet, and you can talk about how you can build tax credits for associated industries that can be used in our conventional oil and gas industry, looking for ways to use the carbon that we're capturing to reduce the carbon footprint, as many of our industries have endeavoured to do so. I mean, it's interesting to watch the oil sands, in fact, engage in this process and set an ambitious target for neutrality by 2050. Many other major oil and

gas companies already understand the utility of this in the world that we're living, and I can't think of a better way than to, in fact, encourage using tax credits to develop those industries along the way rather than just tax cuts.

The Chair: Thank you, Member.

Minister, you have five minutes to respond.

Mr. Guthrie: Yeah. Thanks. You know, on your first point there with your introduction of your private members' bill – was it?

Mr. Eggen: Yeah.

Mr. Guthrie: Yeah. I guess maybe we could sit down and have a chat as to what you mean there and what you're talking about. I would probably just need a little bit more detail, but you know, I'm certainly interested to hear and to learn a little bit more about it.

As far as other areas that we're looking at from a CCS perspective, you know, the government does recognize the value of CCS and what it brings to Alberta and the critical role it will play in enabling hydrogen development, as an example. Firstly, Energy engaged with stakeholders on the development of a hydrogen road map, including the importance of CCS and its role to clean hydrogen production. These stakeholders include industry, academia, and nongovernmental organizations.

Secondly, the government of Alberta announced the APIP program to accelerate investments. As a result, APIP encourages the use of CCS. As with the Air Products announcement, the government of Alberta is also issuing carbon sequestration rights through a series of competitions to enable the safe development of carbon capture, and we mentioned those 25 proposals that have been selected and exploring the suitability of their locations. Through APIP we've had the commitment of the \$1.6 billion net-zero hydrogen complex that will capture 95 per cent of carbon.

I guess another area that we've been looking at, or one that has expressed a lot of interest, is the cement industry. They are big proponents in Heidelberg in Germany, which is, I think, Lehigh here. They're planning on having their facility be the first one in the world to be net zero and use carbon capture to do it. In fact, I didn't want to centre them out, but they're the ones that are going to be shipping it to Norway as they have a facility in Germany and they have no other way to move the product. They're committed to doing it, and I admire them for their willingness to do so.

As far as the Orphan Well Association is concerned, the Orphan Well Association plays an important role in the liability management framework by cleaning up wells or sites that do not have a viable or responsible owner. The government of Alberta continues to collaborate with the Orphan Well Association, which has been doing more work than ever to clean up sites. For more than 20 years the Orphan Well Association has been a made-in-Alberta solution to a problem facing every energy-producing jurisdiction. The OWA plays an important role by cleaning up wells or sites that do not have a viable or responsible owner, and the OWA is funded by industry through an annual orphan well levy and is a critical feature of Alberta's liability management system. In fact – Drew is not here, but Drew had asked about that there was some funding increase within the OWA. He was trying to imply that it may be government moving money, that there was some hidden agenda there, but it's all industry levied.

In recent years government, the Alberta Energy Regulator, landlords, Indigenous communities, and industry have worked together to strengthen OWA's ability to manage and mitigate the risks of a growing orphan inventory. Over the past few years the OWA has decommissioned more wells and completed more reclamation projects than any other period in its history. The

number of orphan wells in the orphan well inventory to be decommissioned decreased by 20 per cent from the previous year while the number of new wells designated as orphans by the AER decreased by 41 per cent from the year before.

9:10

The Chair: Thank you, Member.

We'll now move on to the government caucus. R.J. Sigurdson.

Mr. Sigurdson: Excellent. Thank you, Chair. Through you to the minister, back and forth is good for our time? Excellent. Thank you, Minister. First, just before I begin, I would just like to thank you, Minister, for your advocacy as well as your hard-working staff that continue to ensure that Alberta remains the leader in environmental and ethical energy production in the world. Thank you for that hard work and your continued efforts and staff as well within the department.

At the beginning of your business plan on page 39 there is a mention of how Russia's invasion of Ukraine has, right from your plan, "revealed the vulnerabilities in our global energy systems," and I think this is top of mind. As somebody who is an Alberta delegate on PNWER, with the Pacific NorthWest Economic Region, the summit being here in Calgary this year, energy security was right at the forefront of a lot of the discussions as well as food security. I've got three questions in relation to this. First, how do you think the war has impacted the outlook for energy transitions on a global scale? Secondly, could you be more specific on how the war is impacting Alberta, and what does that mean for the future of Alberta's energy sector? And, lastly, how will the ministry help Alberta be a part of Europe's energy future as well as help to lessen Europe's reliance on Russian energy?

Mr. Guthrie: Yeah. I guess right off the top, like, thanks for thanking the department because they do a fantastic job. Edmonton can be a bit of a rough town, and these guys just do a terrific job day in and day out. So thank you for that.

You know, Russia's unprovoked invasion of Ukraine had a dramatic impact on the global energy system. Russia was the world's largest natural gas exporter in 2021, and energy markets have been thrown into turmoil, leading to price volatility, supply shortages, security issues, and economic uncertainty world-wide. You know, when we look at the pandemic, oh, the last two and a half years, and these geopolitical events, it really shows the errors of our ways for the outsourcing that we've done for decades, and then it shows how one country can weaponize their resources. In our trip to Norway we heard endlessly about energy security and reliability as well as affordability and the desire to do business with Canada to help them with that.

Mr. Sigurdson: Excellent. Thank you for that answer.

Just sticking on the topic of energy security as well, on page 41 key objective 1.1 of the business plan states that the ministry plans to engage with the U.S. and other global partners in establishing Alberta as a reliable partner in supporting North American and global energy. Could you be a little bit more specific in explaining what the ministry hopes to achieve through this? As well, additionally, what opportunities do you see for Alberta post Keystone XL?

Mr. Guthrie: Yeah. Sure. The department of U.S. engagement strategy is firmly establishing Alberta as an integral part in supporting North America and global energy security. We continue to pursue this goal through sustained and co-ordinated engagement with U.S. officials and decision-makers to build and expand

stakeholder relationships and identify areas of collaboration. For instance, last week down in CERA we met with the U.S. Department of Energy and had some great conversations that I think can pay dividends for us in that relationship but also in helping us to build our relationship with our federal government as they have their own relationships. Yeah. Anyway, just as an example of the kind of work that we're doing.

We're focused on engagements which provide an opportunity for Alberta to share and promote its extensive expertise in areas beyond oil and natural gas production, including methane reduction, carbon capture, utilization of storage, hydrogen development, and critical minerals. Looking forward, our engagement strategy is intended to achieve the following outcomes: elected officials and decision-makers in the U.S. understand the importance of Alberta's energy needs; key jurisdictions recognize and promote the value of Alberta's resources, energy, and environmental policies; other jurisdictions look at Alberta for our expertise and our knowledge; and reinforcing Alberta's position as a key part of maintaining a secure and ethical, reliable supply.

To your question about, you know, opportunities beyond post-KXL, we have been and always will play a leadership role in expanding and advocating for greater access. Alberta has the resource base to increase production in the next three to five years if additional pipeline capacity comes available and energy producers have significant commitments. I think, as I was talking about earlier there with Drew, on pipeline capacity we are close. We're within that, say, 10 per cent range of hitting our max right now. That's a little close for comfort, but we can get through until TMX comes on, and that gives us an opportunity to move south down the coast but also to Asia with another 590,000 barrels. There are optimizations that are being done with Enbridge and others in order to be able to expand capacity, so I think we do have some opportunity in the next one to, well, let's say, five years to expand that out. There's plenty of opportunity for Alberta to expand. The possibility of immediately displacing Russian crude with Alberta crude, obviously, is quite limited due to a variety of factors, but we're working on it.

One of the things that we do want to do and one of the things that we've been promoting within the Department of Energy and something that we've been hearing is doing business with like-minded jurisdictions. There's a real desire for that, especially with what has happened with geopolitical events in Europe. It's one of the reasons why Germany came to Canada first, because they know that we have the highest level of environmental standards, that we have a concern for civil and human rights, and that we have a really strong regulatory system here. I keep bringing it up, that level of trust that Canada has.

As a government here one of the things that we're going to be introducing shortly is something we're calling our North American – well, it's a North American continental energy security agreement, and we want to go out to other jurisdictions and say: hey, like, why don't you look to jurisdictions like Canada, like the U.S. first for your energy needs? You know, there have been a couple of examples of this. Joe Manchin just recently put forward a bill, and this is around batteries. It's to source the products that go within this battery, the materials that are going to go in this battery, that you try to get those materials from ethical sources first. This idea is out there, so one of the things we want to do is go out to other provinces and states and just formalize an agreement amongst all of us that we're going to try to do that first with critical minerals, with sourcing whatever products that there are. Primarily our interest is energy, of course.

9:20

The Chair: Thank you.

We'll now move on to a 10-minute block for the Official Opposition. I see Member Ganley has the mic. Actually, both mics are on there. Member Ganley, go ahead. You've got five minutes.

Ms Ganley: Thank you, Mr. Chair. I'm just going to go back again to line item 2.3, which is industry advocacy, also known as the war room. I'm guessing perhaps that \$32 million all went to the war room, but if not, I would be interested to know if some of that went to other advocacy and what precisely those projects were. Again, the same question with respect to the '23-24 estimate, whether or not that full \$27 million flowed to the CEC and what other projects it may have been spent on.

I think the other thing I'd like to return to is a discussion of – what do we call it? – the concept of royalty credit program, whatever R-star has been renamed to. I'm curious why that isn't in the budget because it would be – I mean, whether you call it revenue offset or actual expenditure, it's money that's being spent. My understanding is the pilot is intended to be for \$100 million.

The Chair: Member, if you don't mind, I'll interrupt. You mentioned the fact that this item is not in the budget, yet you've questioned it numerous times. I would suggest that maybe if you want to get answers out of the minister in regard to budget items for the 2024 fiscal year, we stick to items that are actually in the budget rather than speculating on – there are lots of things that aren't in the budget. We could spend the whole day – it's your time, I guess, but I think you'd be better served if you would stick to items that are actually in the budget.

Ms Ganley: Yeah. I think, Mr. Chair, the purpose of this time is to advance the interests of Albertans in how their money is being spent. The government has made an announcement that this money will be spent, so I think that the fact that it's not in the budget is of significant concern, at least to my constituents and, in my experience, people across the province. I mean, it does tie to the ministry business plan quite easily.

The Chair: You're welcome to continue.

Ms Ganley: I'm curious, you know, why it's not in there, whether or not we don't intend to spend any money this year. If you don't intend to spend any money this year, then that's a different state of affairs, I think, but certainly the communications coming out of the government would suggest that you do intend to spend money this year, so I'm curious where one might find that. In fact, we did have a situation with respect to Affordability and Utilities where the officials in the lock-up had originally said that the revenue coming in from the renewable energy program wasn't included, but then when we asked the department about it, they said that there was \$136 million in revenue accounted for. I'm willing to ask because it may be somewhere in – it may be included somehow in the calculation of royalty coming into the government, and if so, I would like to know what amount that is intended to be.

I think, in light of the fact that we're spending money here, in light of the fact that the government has as stated objectives the reclamation of well sites, I'd like to know how the minister thinks that's going to have an impact and what the sort of relative cost will be, because normally industry would clean up their own well liabilities. They'd be expected to do that; it's part of their drilling licence. In an instance that they don't, rather than taking sort of a bond or some sort of insurance out, the way we have dealt with that

here in Alberta is by having the Orphan Well Association, and everyone pays into it.

So I'm a little curious because, I mean, this project is very, I would say, different in type than, say, the money coming from the federal government. I mean, it came at a time when prices were at record lows, people in the province weren't working. It was intended to sort of generate employment whereas this – you know, we have prices at an all-time high. The incentives are kind of perversely set up in such a way that the higher the price is, the higher the incentive is, which is normally . . .

The Chair: Thank you, Member.

Minister, you have five minutes to respond.

Mr. Guthrie: Okay. For the CEC and the breakdown on industry advocacy expenses, in Budget 2023 industry advocacy funding was \$27 million. The CEC makes up \$12 million of this \$27 million while the remaining \$15 million remains with Alberta Energy. The \$12 million under the CEC will cover campaigns in Canada, the U.S., Europe, an LNG campaign, and other program expenses. The remaining \$15 million in advocacy funding has been allocated for future campaigns and activities that would help Alberta effectively respond to misinformation about Alberta's energy industry. Specifics around these initiatives are still to be determined. These budget amounts are in alignment with 2022. Let's see. I do have information on further metrics if you wish to get that.

I can deal with the topic of the liability management incentive program, which is what it's called or it may be called. You were asking about why it's not in the budget. Really, the reason that it's not in the budget is that it hasn't even gone through all of the vetting process within the department yet. It hasn't – we still have not completed consultation. Then we have to bring in all the information that we received from that. Thus far there's been a tremendous amount of input, and it's been excellent, the engagement. We have something that hasn't even left the department. We haven't had caucus input firmly because we don't have a program that's formed. It hasn't gone to committee, it hasn't gone to Treasury Board, and it hasn't gone to cabinet. This is something that – you know, looking at it now, I can't see it even being put forward before the fall of next year, so that's why you don't see it in the budget. It has to first even get out of the department before it makes it down that chain that I just put out there.

Now, you were talking earlier about the mandatory – well, yeah. You were talking about the spend. This program has been – the expectation is to be above and beyond the mandatory spend. In 2022 I think the figure was \$422 million that the industry had to spend on its liabilities. That went up to \$700 million in 2023, so what we're talking about here in this program would be going beyond that. Now, there are people that argue: well, just increase the mandatory spend further. But, you know, that's not helpful either, because you can change a company's position because of that. So what we're doing is that we're looking for ways to incentivize those to go above and beyond when cleaning and taking care of these liabilities moving forward.

Now, when you were asking there earlier about return on investment, I think you had said something about that and about: is there a return for Albertans in here? I agree. Like, I would like to see a positive return on investment for this program. If I had brought this towards Treasury Board and I wasn't able to show some sort of a positive return for the province, I think I would get laughed out of the room. One of the aspects that we have with this is a royalty credit, and that royalty credit would be on future spending, future drilling, new drilling, not on existing production.

9:30

The Chair: Thank you, Minister.

We'll now move to the government caucus for 10 minutes. Mr. Sigurdson, you have the floor.

Mr. Sigurdson: Excellent. Thank you, Chair. Just once again, back and forth is okay with the minister? Excellent. Thank you.

Just continuing on with the line of questioning before, of course, taking a look at how Alberta can be a greater partner in the global security of energy, I really appreciate the comments you made regarding pipelines, where we're at on pipeline capacity as well as the need for pipelines and how important they are and also that they're the safest way for moving oil, period, as far as I'm concerned. Based on the fact that the regulatory regime has become almost – like, you can't even navigate it with C-69. My understanding is that not one pipeline project has gone through since this passed. I see a lot of great conversations now about: a better pathway forward is to talk about economic corridors and what that means and how we can move those forward.

Your key objective 1.1, again, states how the ministry will advocate for and support pipelines and infrastructure to access new markets and, of course, as I mentioned, to enhance energy security. My question is a two-part question. What role will economic corridors play in enhancing Alberta's market access both domestically and internationally, and what initiatives will the ministry undertake to advance them, considering, I think, this provides a very predictable way for companies to build pipelines and continue to move us more into global markets?

Mr. Guthrie: Yeah. First, maybe what I'll do is give you a little bit of an update. We were talking about pipelines there. I'll give you an update maybe on Trans Mountain. You know, there was some activity around that last week. The Trans Mountain expansion is nearing completion, and mechanical completion is expected in the fourth quarter of this year, with product anticipated to be flowing by early 2024. This pipeline will result in billions in economic prosperity for Canadians, Albertans. We're really excited for the prospects. Alberta continues to support the operation of Enbridge line 5 as well. In addition to the proposed crude optimization projects in Canada and the U.S., we could add incremental capacity to these existing pipelines, as we were discussing earlier.

On the economic corridors perspective, as you know, you probably saw that the TMX dollar value went up to \$30.9 billion, a hefty price tag, but one of the things that I'm happy to see is that there is a commitment there to get this completed. That's the main thing here.

Now, as far as economic corridors, Alberta is very supportive of any additional market access, including export opportunities via economic corridors. This is especially important given the global energy security and affordability crisis. We welcome any opportunity to support Transportation and Economic Corridors in moving this, in advancing the discussion.

I am on the current advisory board, and previously, with MLA Shane Getson at the lead, I was part of a report that we put forward on economic corridors, which has kind of kick-started this getting included into the transportation file. One of the things we want to be doing is ensuring that the Canadian supply chains are resilient and fluid, and this is a priority for us.

Oil and gas alternatives such as hydrogen and critical minerals and other materials transit around the world in various stages of production on Canadian transportation networks, a significant portion of which are on pipelines and rail that interface with trucking and marine modes. There's a tremendous amount of interest in this area. As we know, there was interest before in having

rail to Valdez and going to the port of Churchill or south of Churchill to Port Nelson as well as looking at ways to move more product south of the border and west.

Alberta has obviously taken a long-term view of this. It's a key strategy in building the case for economic corridors, including the work that's being led by that department but also by the Premier. She's been working hard at this and talking about it pretty much at every industry meeting that I've ever been with her at. Additionally, we are engaged with the United States and provinces and territories in looking for ways that we can work together.

Mr. Sigurdson: Excellent. Thank you for that answer, Minister. Once again, thank you to all the staff as well for your hard work.

I will turn the rest of my time over to MLA Issik.

Ms Issik: Thank you very much.

Minister, I want to just talk about the natural gas vision and strategy. You speak of that in objective 1.1 in the business plan. I'm going to start off by asking you about some nat gas and LNG stuff, then I'll move to hydrogen, and then we'll go to plastics.

With respect to how nat gas plays a role in displacing higher emitting fuels – and you've talked a bit about this already tonight – you've talked about, you know, here in Alberta and Canada and also about article 6 abroad and how that applies. Can you just perhaps mention what work your department has done to improve the public perception of Alberta nat gas as part of the climate solution?

Mr. Guthrie: Yeah. Well, natural gas from Alberta can and should be deployed as a solution to global decarbonization, access to global markets. Alberta's natural gas is converted to liquefied natural gas, and it's shipped overseas, where it can replace coal-fired electricity production. Now, one thing we know: LNG has been a major topic of discussion. It has been around the world. Countries look to Canada and have looked to Canada for help. Our most convenient location to move product is to the west – we know that – and it's not easy to move products there.

I'd like to, you know, actually read to you an excerpt from an article from Premier Eby yesterday, because it really may change the landscape of the future of moving our product.

The British Columbia government says it's rolling out a new framework for approving oil and gas projects that will ensure the province meets its emissions targets in the coming decades.

Premier David Eby said Tuesday the framework will require new liquefied natural gas facilities to have a "credible plan" for net-zero emissions by 2030 and there will be an emissions cap on the industry.

Eby said his government will establish a major projects and clean energy office to fast-track proposals that use clean technologies and create jobs . . .

Environment Minister George Heyman said the new framework ensures industry is under "strong" emissions reduction requirements while allowing it to seize upon opportunities to use emerging clean energy technologies.

A government statement said the framework "builds off" the environmental assessment certificate granted to the Cedar LNG facility [just the day before], which it declared will be one of the lowest-emitting liquefied natural gas facilities in the world.

"Global markets have rapidly changed over the last couple of years and the urgency over the low-carbon economy we need to build has only grown," Eby said . . .

"Our intention is to leverage our clean electricity to supercharge B.C.'s economy and open new opportunities for business and job growth in the future,"

which sounds awfully familiar, the kinds of things that we're talking about right here at home. I find that interesting.

9:40

Ms Issik: Thank you for that.

Can you maybe outline what you've got . . .

The Chair: Next time.

We will now move to the Official Opposition for a 10-minute block. You have the floor.

Ms Ganley: Thank you very much. I think I'll start by just circling back to 2.3, which is the CEC. I appreciate the answer with respect to the breakdown for next year, for the fiscal which is just ending, the one for which we have a forecast and no actual. But, I mean, we're two weeks from the end of the year, so presumably the forecast is pretty close. The \$15 million: what other advocacy was that spent on? I appreciate you don't know for next year, obviously, but for this year, which has passed, what was that money spent on?

The next question. I wanted to circle back on the Sturgeon refinery just because I understand – you know, you told us what the refinery is producing, which is helpful. Thank you. I'm just interested. The government paid a significant amount of money to sort of wind up becoming co-owners of that project. I'm just curious: how much of that has been paid off at this point? The increase in tolling payments: like, when do you expect that to be paid off and to be returned to the taxpayer? I would say that a lot about this deal was not in the public record, shall we say, and I think people deserve to understand, with fluctuating oil prices, how their position has been affected since it's public money.

The other question I had. Minister, you mentioned a number of concessions on behalf of the federal government recently in terms of, you know, their various and sundry, many different climate policy related goals. One of them that I was wondering about specifically, because I've heard this – I suspect you have, too – was with respect to methane regulation. The federal government is kind of taking a site-by-site approach. Most folks I've spoken to, at least, have suggested that they would prefer a fleet-wide approach because it allows the market to kind of determine what the lowest hanging fruit is. The result is that you get more methane reduction for dollar input. I'm just wondering how that conversation is going and whether that's been successful or not with respect to the federal government on that one.

Oh, yeah. I was curious as well. We know at this point that the carbon trunk line continues to be – like, it's not at capacity. That feeds, obviously, into the Enhance project, which is EOR. That isn't eligible for any sort of rebates under the federal – like, they've excluded EOR. I'm just wondering if the Alberta government has any plans to ensure utilization of that piece of equipment. I think it's a good project. I think it has the potential to be beneficial for Albertans. I'm curious how it is we're proceeding forward on that.

It was interesting to hear the developments on LNG. I think that's interesting. I also recognize that you're probably not going to have time to get through even what I've said so far, but just in case, I'd also be interested to know: if we are able to sort of get that work done to increase and to be able to export sort of off the west coast additional LNG, in your opinion, in the department's opinion, do we have enough transportation pipeline infrastructure, or do we need to be looking to get more market access with respect to that?

I think I'll leave it there because you're probably going to have a hard time getting through even those things.

The Chair: Thank you.

Minister, you have five minutes to respond.

Mr. Guthrie: Yeah. I guess just real quickly on that LNG side of things, as I was mentioning earlier, there is a lot of product that

flows from B.C. this way, so we do have availability. There certainly would be a pipeline that would be required, I think, with interconnections and that kind of thing to, you know, make it more efficient, but where there's a will, there's a way, and I think we can get it done.

On the EOR side of things that's a good question. You know, we've been trying to pursue that, as you know, with the federal government. They haven't been keen on it, and we're really just waiting to see what comes out on March 28 so that we can try to get a better handle on it. I don't really have an answer for you there. We're still exploring all possibilities.

On that methane, that fleet question, I don't have an answer for you. Environment is handling that side of it, so, yeah, unfortunately, I don't have it.

Going to Sturgeon – we're running through them quickly here – I'll let Deputy Minister Sprague take that.

Mr. Sprague: Thank you, Minister, and thank you, Mr. Chair. For the record it's Grant Sprague, Deputy Minister of Energy. Thanks for the question with respect to the Sturgeon refinery. Substantial efforts have been taken since the optimization to put in place a new operator for the facility, and I'm pleased to report that we are seeing excellent performance by the refinery itself in terms of its operations.

There have been a number of key issues. One of them has included the operation of a burner, which is essential, within the facility, and that is now operating at a substantially longer time than designed, all of which improves the operation of the refinery itself.

I'm pleased to say as well that in terms of profitability, obviously, when you see the delta between the price for bitumen and take a look at the price for diesel, it's substantial, so we are seeing excellent performance by the refinery in that regard.

In terms of the long-term assessment of this project, as you are well aware, there's a substantial amount of debt that was associated with the construction, and we are responsible for a significant portion thereof. Those debt-toll payments are going to be in place over a longer period of time, and we look forward, hopefully, to seeing things continue to work very well at the refinery and continue to be an asset for the province. Our significant challenge is dealing with the debt, but we are very pleased at this point with the performance of the refinery and the new operation that's being put into place.

I'd return it back to you, Minister and Mr. Chair.

Mr. Guthrie: Yeah. Okay. What I thought I might do here is hit on a few of the advocacy campaigns with the CEC and then kind of what sort of metrics we have with it and then the budget for these campaigns. In Canada there was one called Made the Canadian Way, and the CEC started this program June 6, 2022. It had television ads and digital ads to promote responsible development and environmental, social, governance principles practised in Canada. It was primarily focused in Ontario and British Columbia. There was a campaign website, madethecanadianway.ca, that had over 1.2 million visits. The television advertisements achieved 72.3 million impressions while digital advertisements achieved 37.2 million. The total budget for this campaign was \$10.4 million.

9:50

A parallel campaign focused on Quebec and used television and digital advertising as well. It had a website that achieved 220,000 visits and some TV ads that were at 14 million and 46.7 million impressions, respectively, with the TV and digital ads.

There was the Always On YouTube campaign. That one was 766,000. This one targeted B.C., Ontario.

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

We'll go now to the government caucus for the remainder of the time, and I see Member Issik is ready to roll.

Ms Issik: Minister, sorry that you got cut off on the excellent ad campaigns that were done by CEC. Some of them were really fabulous, and I remember the first time I heard one of them, the made-in-Canada one. I didn't know what it was when I first started listening to it, and I was really excited about it.

Very quickly, because we're down to the very last 10 minutes here, on LNG infrastructure – you've talked a bunch about it tonight – all I want is a real quick answer on if there are any other initiatives with the ministry for '23-24 to address the basic lack of infrastructure to move LNG out of Alberta or move gas to an LNG plant, to be specific. Do you have any status updates on proposed projects or projects in play right now? Just real quick, and then we're going to move to hydrogen.

Mr. Guthrie: A number of things there. I guess, yes, there are a number of projects that are ongoing. One, we've got the Cedar LNG, that was just announced; Woodfibre near Squamish; there is one proposed in Prince Rupert; and then there's LNG Canada, which is expected to begin shipments in 2025. These obviously have a major influencing factor as far as our production here in Alberta. And then there's interest by a couple of parties in Hudson Bay, but those would be longer term projects.

You know, I can say that there are lots of conversations going on, minister to minister and Premier to Premier, to advance the cause, and these discussions, I think, are really paying dividends. I've got another upcoming meeting with the minister, Josie Osborne, in B.C. to talk about LNG opportunities. So I'm very excited about this, and in fact . . .

Ms Issik: Fair to say, then, that we have not missed the boat on the LNG market. We have an opportunity, and we're going to seize it, correct?

Mr. Guthrie: I had, and I think most people did, some possible reservations about missing the boat this time, as you said, and we felt that there were opportunities, and we do need to capitalize, and we need to capitalize now. We've seen from British Columbia that they're feeling the same thing, and there are a couple of – well, two days ago this article here from CTV News says, "B.C. approves \$3.2-billion Cedar LNG project." I want to read this one because this one is quite interesting.

The approved Cedar LNG project, which [is] estimated [at] \$3.2 billion, is an electrified floating export facility in Kitimat that's being developed by the Haisla Nation, in partnership with the Pembina Pipeline Corporation. It has been described as the first LNG export facility in Canada that's majority Indigenous-owned,

you know, and

this is a significant milestone that honours,

as they stated, their government, their

Declaration on the Rights of Indigenous Peoples.

The Haisla Chief Crystal Smith, it says here, holding back emotions, talked about "changing the course of history." She says:

For my nation and Indigenous peoples everywhere in history, where Indigenous people were left on the sidelines of economic development in their territories, where Indigenous people's values were ignored in favor of economic gain impacting our environment and our way of life.

A very powerful statement.

You know, as you and I both know, AIOC has been very successful. Whenever we've met with industry, they have told us: every opportunity that you have when you are talking to other jurisdictions in Canada, the U.S., and abroad, make sure that you talk about that and the partnerships here in Alberta, because it's a big success. I'm really quite happy to see this.

Ms Issik: Amazing. That's really amazing. Thank you for sharing that piece, because we have not talked about that tonight at all.

For hydrogen, the hydrogen road map, we know that we've made some really good steps on that front. One of them, I'm going to say, actually, is the APIP project Air Products. Maybe just for those viewing at home you can very quickly run through when it's going to start producing hydrogen, what other petrochem products it's going to produce, what markets those products are going to go to, and what economic impact it's going to have for the Edmonton area and the province as a whole.

Mr. Guthrie: Yeah. That Air Products facility, as stated, is a facility that's going to come online in 2024. They want to break ground here as soon as possible this year. As mentioned, it's going to have a carbon capture. The Imperial deal has already 50 per cent of their hydrogen spoken for with Imperial, but the facility will primarily produce hydrogen for multiple uses such as Imperial's renewable diesel plant. That's a \$700 million plant that was just announced a couple of months ago. This facility will also be equipped with a liquefaction unit to prepare hydrogen for transportation and use in mobility markets in western Canada, and the facility will also use its hydrogen to produce zero-emission electricity for on-use site.

Ms Issik: Real quickly can we talk about hydrogen blending?

Mr. Guthrie: Or for on-site use.

Ms Issik: It's getting late; you're allowed.

What is the timeline, do you suspect, to see hydrogen blended into the natural gas utility system, and what's the work that's planned for '23-24 on that pilot?

Mr. Guthrie: We've got about a minute left, so I'll just get to it real quick. The hydrogen blending: as you know, they were doing a pilot project; I think about 1,500 homes in Fort Saskatchewan. They had maybe made it to about 6 or 7 per cent. I think their intention was to go to 15 per cent or even higher, but CSA came back and stated that they would not warranty their appliances. Because of that, they had to shut down that pilot.

Right now I think there are some, you know, discussions going on with CSA on how to move forward with this. I personally think hydrogen has a real big opportunity. It's a big opportunity for Alberta. This blending may have its uses, but . . .

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. Pursuant to Standing Order 59.01(5) the estimates of the Ministry of Energy are deemed to have been considered for the time allotted in the schedule.

This also concludes the consideration of the 2023-2024 main estimates by the Standing Committee on Resource Stewardship. I'd like to take this opportunity to thank all the committee members for 29 hours of debates over a six-day period.

Thank you everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]

