

Legislative Assembly of Alberta

Title: **Wednesday, March 19, 2003** **8:00 p.m.**
 Date: 2003/03/19
 head: **Government Bills and Orders**
 head: Committee of the Whole

[Mr. Shariff in the chair]

The Deputy Chair: We'll call the committee to order.

Bill 27 Labour Relations (Regional Health Authorities Restructuring) Amendment Act, 2003

The Deputy Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. After at least two hours of the most scintillating debate that I can remember, I'd like to move that we adjourn debate on Bill 27.

[Motion to adjourn debate carried]

The Deputy Chair: Hon. members, the chair was remiss in asking the following question. Shall the progress on the bill be reported when the committee rises? Are you agreed?

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.

Bill 30 Appropriation (Interim Supply) Act, 2003

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Centre.

Ms Blakeman: I sure hope we're on Bill 30. Thank you very much.

The Deputy Chair: Bill 30, yes.

Ms Blakeman: There was so much enthusiastic chatter.

I'm very pleased to rise in Committee of the Whole on Bill 30, the Appropriation (Interim Supply) Act, 2003. Now, during the supply debates on this bill I expressed my frustration on the lack of detail that was being provided by the government. I am a hopeful person, so I thought: well, I'll wait. I am a hopeful person. I still am. Cynical, yes, but hopeful still. [interjection] Oh, you did. Absolutely. I will put it on the record how excellent the Minister of Agriculture, Food and Rural Development was in getting her answers back to me. She has set an extremely high standard for all of her colleagues, and I commend her for it. You get your answers in time to vote the bill, and she answers all the questions. So I hope the rest of you are going to meet the standard that she has set.

So with the exception of Agriculture, Food and Rural Development I was looking into the actual bill to see if perhaps I might get more of the detail that I wasn't getting before, and what's occurred to me in the interim is that this is the first time that we've had an interim appropriation request where we haven't already had the budget tabled, where we couldn't already go to the budget and look at the budget and understand where . . . [interjection] No. We had a budget in front of us then.

An Hon. Member: Not in '98.

Ms Blakeman: Not in '98? I'm sorry. In 1998, then, it happened. This does not excuse anything. We still have before us almost no detail, and I didn't get any more detail when I actually looked at the bill itself, which is now appearing as the appropriation act, Bill 30. There's no additional information in here beyond what was available in the supply budget debate. It is about timing, and I continue to reiterate that this government has the power to make this happen in the order that it should be happening.

Now, during the last debates I said: "Okay. Fine. The government should be able to call us in sooner, get this budget debated, and get it passed in advance of the fiscal year-end." The Minister of Finance said: no; we're waiting for figures from the federal government, and that's why we're delayed. But that really only holds up occasionally because I think previous to this most recent time of presentation of a budget from the federal government, it was 18 months previous to that. So the concept of always waiting for the feds doesn't quite play out. It works in this example, but it doesn't work in other examples.

So I suggested that if they were really waiting for some sort of budget figures expected in sort of winter/spring, then move the year-end so that they could compensate for that wait period, trying to get final figures from the federal government to be able to work them into their own budget and be able to incorporate that. In fact, we have moved the fiscal year-end previously. I think it used to be the end of December, and they moved it to the end of March for similar circumstances. So if that continues to be our issue here, move it again. I really object to having these constant interim supply budgets.

Now, another issue that came up and was not answered, to my dissatisfaction – well, let me go on to something else, and I'll come back to that.

One of the answers that I got back in response to my observation of the lack of detail was: "Well, look at the three-year business plans. All the detail that you could possibly want is in the three-year business plans. Just look at the business plans for the year that we're talking about." So, indeed, I did go and request documents from the library – and they were kind enough to send them up to me – The Future: Meeting Priorities, Sharing Benefits, the budget 2001 business plan book, which would have this current year that we're looking at as its third year of a three-year business plan, and Budget 2002: The Right Decisions for Challenging Times, business plans which would have this current year that we're looking at, 2003-2004, as the second year of a three-year business plan.

When I compared the figures on a sample budget department, which just happened to be one of the departments I'm critic on – and that's the Department of Justice – in fact there were two entirely different sets of figures appearing for this either second or third year of a three-year cycle. One of my colleagues has observed to me that these three-year budget plans are becoming meaningless because every year is the first year. Every year we start over. Every year there's a new set of performance measurements and a new set of targets and a new set of whatevers, and I have made that observation during budget debates. You can't compare back and forth from one year to the next.

Now, I did say that I felt this government had started on the right path, that they were showing leadership. They should be out in front on all of this, and they're not following through with it, and that's a disappointment. It's a huge disappointment. If they were following through, we could in fact look at the second year of a three-year business plan or the third year of a three-year business plan and have more or less the same achievements and targets and numbers in there. Yes, times change, and, yes, you need flexibility, but to have every single figure in every line item totally different, like by \$15

million, by \$20 million, that's a lot of money to be that out by. Like, you start getting out by 15, 20 percent. [interjection] Yeah, it did. You have some figures that were \$80 million, and then the other plan was \$95 million. It was different by \$15 million. Well, I can look it up again, but I didn't want to embarrass the minister again, because he looked a little red faced last time.

So one of the frustrations here is being able to say: "Okay; it's reasonable. How do we judge whether what the government is asking for by way of this . . ." Well it's not a special warrant, and in fact I think the Premier is on record as saying that he didn't want to do special warrants when he came in because that was done behind closed doors. Everything was going to be done out in the open and debated openly; thus, we were going to have interim appropriations. That whole process becomes a mockery in itself when one minister gets up and delivers a one- or two-line explanation for two different budgets and sits down and refuses to answer further questions. Other people just leave the Assembly. We're not getting information on this, and considering that we had two hours on day 1 and two and a half hours on day 2, we're talking four and a half hours to debate \$5 billion. So it's a billion and something an hour that we were able to debate in the supply debates.

Ms Carlson: A billion and a quarter.

Ms Blakeman: A billion and a quarter. That's an enormous amount of money to anybody. It's our responsibility as elected officials to say: "Is this reasonable? Is it needed? What's it being used for? How are we going to be able to measure against this?" Again, this is where I get referred to the three-year business plans, which I've already pointed out just change totally. I mean, missions change totally from one year to the next. How can you totally change your department's mission? There's no consistency between these business plans.

8:10

Dr. Taft: Mission impossible.

Ms Blakeman: Yeah, mission impossible.

So one of the things that I did ask for and get was a comparison between what was requested in an interim appropriation last year and what's requested in an interim appropriation this year to see if I can sort of glean some direction or information out of this, and in fact it is pretty informative. I think it is going to tell us some things.

We've got the Legislative Assembly, and I'm just going to round these numbers off. Last year in the 2002-2003 interim requests, so coming into this fiscal year, 13 million and change was asked for; this year, 18 million and change. So 5 million more dollars for the Legislative Assembly. That makes you think: well, hmm, that's interesting. So an increase across the board. What's happening? What's being expected there?

Aboriginal Affairs and Northern Development going from – now, this is the only one I've found so far that actually goes down. Oh, no. There's another one later on. I'll point that out. But it goes from \$11 million down to \$10.175 million. Well, still it's going down. Agriculture goes from \$102 million to \$139.6 million. Children's Services, from \$121.9 million to \$225 million. That's not quite double. That's a huge increase in what's being asked for here. Community Development, from \$125.3 million to \$209.7 million. Wow, like, what are they doing with this money? What's this for? There have got to be increases here if they're asking for that much more money in the interim supply. What's being anticipated? Why are we trying to grant them more money for the same period of time for, presumably, according to the tiny iota, the

dribble of information we've had thus far, business as usual. "No big deal. Don't worry about it. Just cover your salaries. Buy a few things. Don't worry about it. Trust us." Well, what are you doing with the extra money then? If I'm supposed to trust you, you've got to tell me some of this information.

Economic Development, \$8.5 million to \$11.4 million. Energy, \$40.5 million to \$47.1 million. Do you think there are rebates in that? I bet not.

Aah, here's one of the ones that goes down. Environment goes from \$34.1 million down to \$29.3 million. So that's one of the few that goes down.

Ms Carlson: So much for enforcement and monitoring.

Ms Blakeman: Yeah. Perhaps the minister would like to answer the question here while we're in the debate on this. Is it reflective of a loss of more frontline staff that do monitoring and enforcement for our environmental protection? The front line is where they always tend to cut, so is that where it's happening again?

Executive Council, almost exactly the same. Finance, \$30.5 million; going to this year's request, \$40.5 million. Gaming, holy mackerel, \$285.8 million last time; this time, \$356.5 million. Like, wow.

Dr. Taft: Could you repeat that?

Ms Blakeman: For Gaming? Yeah. It was \$285.8 million; this year's request is \$356.5 million.

Dr. Taft: A 25 percent increase.

Ms Blakeman: A 25 percent increase. For what? Are we going to get more VLT machines, more slot machines? Good heavens. [interjection] Interim supply to this year's interim supply. [interjection] No. Actually, your figures are almost all up. I'll keep going. You don't believe me? I'll read the figures out for you.

Ms Carlson: What's the time span between this year's and last year's?

Ms Blakeman: I don't know. I just have the comparison chart here. [interjection] I think the minister is going to join in the debate here, and I'm looking forward to any illumination he might be able to bring to it.

I'm going to continue here. We've got Government Services going from \$48.9 million to \$58.2 million. Last year Health and Wellness, \$1.5 billion; this year, \$1.85 billion, and almost no information from the Minister of Health and Wellness, who then refused to answer further questions. That's most disappointing. Human Resources and Employment – oh, this is one of the other ones that goes down. So we've got three so far. Human Resources and Employment: \$318.4 million last year, \$274 million this year. Infrastructure: \$279.5 million last year, \$422.19 million this year. Yowza.

You know, I'm still thinking. See, the other information you don't get as part of this is how big that surplus is going to be and where they're going to salt it all away. Like, how do they hide it all so they don't have to admit that they shortchanged schools and hospitals, seniors, the arts, municipalities, infrastructure, transportation? All those things that they did not allocate adequate funds to during the year, they shortchanged so they could come up with this humdinger, sucking-big surplus at the end of the year over and over and over again. I mean, how can a government with this many

resources at their disposal be so off in their budgeting? How can you be so wrong? If you worked for someone, you'd be fired for being that far out.

Ms Carlson: Budget sur-preez.

Ms Blakeman: Budget sur-preez, says one of my colleagues, and, yes, indeed, she's right. It's like Sunday night with Kraft Dinner; you never know what you're going to get.

Okay. Let's go back and look. Innovation and Science is another one that's going down. From \$64 million last year they request this year \$55 million. Well, thank you to Innovation and Science. International and Intergovernmental Relations: \$1.8 million last year, \$1.94 million this year. Justice: \$47.2 million last year; \$71.3 million this year. Gee, that's a fair whomping difference. You'd have to be talking about a lot more time that's being included to make up that kind of money. We're talking, like, \$25 million more here. We're just talking about a few weeks, by the way. Don't forget, folks: this is for the government to run for 10 weeks. But everybody just kind of rounds it up to the nearest—oh, I don't know—quarter.

So most of the departments have asked for either 25 or 30 percent of their entire budget for the year be allocated for them or to be available to them for 10 weeks. Like, wow. I'm sure glad I don't have children because, boy, if they came to me and said: "Please give me allowance for 10 weeks, but I'd like, you know, four months' worth or three months' worth to spend. No, I'm not going to give you much detail. I'll spend it on the usual things"—that's why I don't want to be a parent.

All right. Learning: \$615.5 million; request for this year, \$918.8 million. Well, then, why do we have classroom sizes rising? Why do we have the Edmonton school board being put through the wringer while the Minister of Learning tries to shake every dime out of its pocket? And we've got projected deficits from that school board. We've got larger classrooms. Schools are having to look at cutting teachers. One of my schools told me that their tuck shop, which sells chips and granola bars and things like that to the kids, they used to use it to buy, you know, big extras like a digital camera for their school. They're buying photocopy paper with it. They're buying paper for their photocopy machine. That's the level that they are operating at now. That's how tight they are. So how many times can the minister redo his offices on that kind of money? Three hundred million dollars. Wow.

Okay. Municipal Affairs goes down just a bit: \$65.4 million to \$64.5 million. Revenue going up. Whoa. Whoa. This elevator is going up high: \$6.8 million; this year's request, \$11.3. Seniors: \$47.6; this year, \$73.115 million. Yowza. Well, I sure hope that's going to benefit the seniors. And who knows? We have no information about what the request is for. We don't have a budget in front of us. They say: well, don't sweat it; you're going to have a budget within three weeks, so you shouldn't be complaining so loudly, Laurie, because, you know, in three weeks all will be explained. But the point is that I'm sent here by a group of people to watch out for their interests now, and I can't afford to take this government's word on things, because they haven't proved trustworthiness in the past.

Solicitor General: \$46.5 million last request; this year's request, \$66.84 million. Twenty million dollars more for 10 weeks. Two million dollars more a week.

An Hon. Member: How much?

Ms Blakeman: Two million dollars more a week.

Sustainable Resource Development, it's also going down. So we've got—what?—5 that have gone down out of the 24. Sustainable Resource Development: last year's request, \$101.9 million; this year's request, \$92.9 million. Finally, Transportation: \$139 million requested last year, \$220.3 million this year.

8:20

Now, the minister was trying to give me signals there that: we're asking for a longer period of time this year, and that's why the money would be higher. But, you know, when you look at some of these and they're getting \$20 million more, you start going: well, how much more time? Because, you know, it's 10 weeks this time; what did you ask for last time—two?—to explain that kind of difference?

So I know that my time is running out here, and I really question the ability of this government strongly at times, especially around its finances. It's just so wildly out on its budget projections, and then we have the total arrogance of the government saying: "Well, just trust us. Just give us this money. We're asking for 10 weeks' worth, but we're going to ask for, like, 25 for three or four months' worth of money to cover us for 10 weeks." It's absolutely unacceptable, especially when the government has the total power to call us into this House and get a budget passed before the fiscal year-end. It also has the power to change the fiscal year-end. For shame.

The Deputy Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I'm pleased to rise to speak to Bill 30, the Appropriation (Interim Supply) Act, 2003. I actually have a great deal of concern, first of all, with the process that we're being asked to follow. The introduction of an interim supply measure is quite unusual, and the government has not been forthcoming, or at least not forthcoming enough for my satisfaction, in explaining why this measure is necessary.

Certainly, there is a great deal of money that is being proposed. If you go through the bill, there's \$18 million for the Legislative Assembly, which I don't question. There is just an enormous amount of money if you look at it by department, and the question why the government can't bring forward a budget in a timely way—one reason is, of course, the federal government not bringing forward a budget in a timely way or in a way that suits the provincial government, but there have been instances in the past, Mr. Chairman, where the federal government has done so and the province has managed to cast its budget just fine. It's clear to me that the provincial government must have a very good idea of the federal government's financial contribution to the Alberta budget, and I know that despite all of the posturing about the federal government that goes on, there is a lot of communication that takes place at the government level and at individual department levels.

I suspect that the provincial government may have some good news, be planning some goodies in the upcoming budget. I suppose that that's better than the menu they've been serving up until this point, and I would expect that they want to save that good news to as close to the end of the session as possible. That's a little bit cynical, Mr. Chairman, because it doesn't take into account the responsibility of this Assembly to scrutinize government expenditure.

A third reason I think that the government is doing this is that they want to get some better sense of what oil and gas prices are going to be, but with the launch this evening of the horrible war on Iraq by the United States, any certainty that might have existed with respect to oil prices is gone. Interestingly enough, following the old adage that you sell on rumour and buy on fact, the price of oil has in fact

gone down, and the stock market has gone up now that the war is clearly upon us or rather, I should say, upon the Iraqi people.

The Premier has talked on a number of occasions about his support for the American action because he believes that Canada should support the United States, but he does not take into account Alberta's long-term economic interests in making those statements, Mr. Chairman, because it's clear that the objective of the United States is to regain a larger measure of control over the world oil reserves. That's what the war is primarily being fought about. All of the other stuff is dressing, designed to fool those that can't think clearly about world affairs.

We've also seen the American hand in an attempted coup in Yugoslavia. Not Yugoslavia. What am I saying? In Venezuela. I apologize. That's a whole different kettle of fish there. The Americans were clearly behind the failed coup in Venezuela and, I would daresay, were involved up to their necks in the so-called strike in Venezuela, which was really a strike of the wealthy against the poor, and that has failed for the time being.

But what happens, Mr. Chairman, when the Americans do get their hands on the oil of Iraq and perhaps later Iran, perhaps later Saudi Arabia and perhaps Venezuela? Well, I think the first thing that we could say is that OPEC, as we know it, will be dead. It will become an irrelevant organization because the producing countries will no longer have the independence they need to set world oil prices and to control the amount of production that goes into the world market. What does that mean for Alberta? Well, OPEC has meant, as we all know, those of us that can remember back to the '70s, dramatically increased oil prices and, as a result, dramatically increased prosperity for this province. So what does the breaking of the back of OPEC mean? The United States is the world's largest energy consuming country, and it consumes far more energy than it produces itself, so it has an economic interest in lower oil prices, which it has been largely unable to achieve because of OPEC.

So now we have the Premier cheering on from the sidelines and from a safe location here in Edmonton the American aggression against Iraq, which will ultimately mean lower prices in the long run in the world, and that means lower revenues for Alberta in the long run. So here we have the Premier siding with people in the world who are prepared to use any means at their disposal in order to bring down the price of oil. I think that it's the height of folly and irresponsibility, Mr. Chairman, that the Premier is so entranced by our American neighbours and perhaps the American oil industry in Calgary that he can't objectively discern the long-term economic interests of this province. So I think that is a sad indictment of the Premier's leadership of this province.

That brings us to the financial situation facing the province, and it's, I think, an indication that the province doesn't know where to go with respect to oil and gas prices that has contributed to the fact that we have an interim supply act instead of a budget. We'll get the budget, and hopefully the government will get its act together.

8:30

I want to talk a little bit about education funding, Mr. Chairman, because we have a situation where there's a crisis in education in this province. The interim supply act provides \$888,895,000 for Learning. Now, this doesn't compensate for the shortages. [interjections] You need arousing? Okay. The problem is that I borrowed the Liberal notes tonight because I forgot mine at home. So if I'm a little bit boring tonight, I'm sorry. By the way, their notes didn't include anything about the war in Iraq or American foreign policy. That was my own elaboration. I'll try to pick it up for my Liberal colleagues.

Mr. Chairman, the education situation in this province is appall-

ing, and I know that the government is hinting that they're going to come rushing to the rescue like white knights when the budget finally comes down. I think that that's what they intend. In the meantime, schools throughout this province are going through an agonizing exercise. They are looking at their budgets, and they are trying to figure out what to cut, and the reason is that the Minister of Learning, having provoked the teachers into a strike and setting up an arbitration process which the teachers objected to strongly, which was entirely, entirely under the control of this government, produced a result that the government was not anticipating. Do you remember the droning on of the Minister of Learning in here in question period day after day? "We provided 4 and 2, 6 percent, Mr. Speaker." That's just the best that anybody has ever received in the world, leaving aside, of course, those people lucky enough to settle before the last election, who got dramatically more in way of revenue, closer to 22 percent.

Then the arbitration settlement that the government had custom designed to produce the result that they wanted came in at 14 percent, and then what did the minister do? He told the school boards that they had to take it out of their existing budgets. Well, he provided them, as we know, 4 and 2, and it came in at 14. So the arithmetic doesn't work, and school boards, and particularly Edmonton public school board, were millions and millions of dollars short. These cuts are now being distributed among the schools, and the principals are working through figuring out which teachers they have to lay off, which librarians they have to let go, which programs for needy children they have to cut, or what other changes they have to make with respect to their budgets. They're sharing this with parent councils, and I've attended several in the last week where the principals talked to the parents about what changes he or she has to make to that school budget in order to make do with the shortfall.

So the government is technically correct when they stand up as they did in question period today and berate the opposition for talking about budget cuts. It's not a budget cut, Mr. Chairman, at least in this particular year, but it is a huge unanticipated cost caused by the government which the government won't assist the schools with. So we are seeing parents getting mobilized across the city and, I daresay, across the province, and they are very angry, and they know exactly who they can blame.

You know, it's interesting. When ordinary parents come into this gallery to watch the proceedings and watch legitimate questions put to the Minister of Learning about the financial situation facing their children's school, they are totally unprepared for the kinds of cavalier nonanswers that they're getting. I guess they're really not familiar with our system and with question period, but I think they're particularly unprepared to deal with the blasé and inaccurate responses that we get in connection with school funding. So sometimes they lose control because they're unprepared. Now, hopefully that won't happen again. When we have guests in the Assembly to listen to questions about education, we're now trying to prepare them both with what to expect from the minister and what the rules of the House are so that we won't see that kind of situation again, Mr. Chairman. But it's understandable. They come here, their children's education is at risk, and the person responsible is largely unprepared to deal in a serious manner with legitimate questions about their children's education. So I can understand why they're angry. I'm angry as well.

Bill 30, the Appropriation (Interim Supply) Act, 2003, doesn't deal with this at all. It gives some interim supply, and if there are any little goodies that the government has in mind for education, they're certainly not telling the parents or the principals or the teachers, all of whom are going through a horrendous time trying to come to grips with the intransigent attitude of the provincial

government on this matter. I think it's shameful, Mr. Chairman, I think it's reprehensible, and it is not responsible government to let everybody go through that and then to either surprise them with more money in the budget in three weeks or, even worse, to not surprise them with more money in the budget in three weeks. It's completely a negation of what a responsible and in-touch government ought to be doing and how it ought to be acting. So I think we should have seen a proper budget from this government in a timely fashion so that everybody else that has to live within the budgetary decisions of this Assembly could have made their decisions and gone on with life and learning.

Mr. Chairman, I want to indicate that I still have a considerable concern about the government's habit of tilting at windmills, and in this particular case I am referring to Kyoto. Again, the government has got everybody all riled up by talking about the terrible damage that Kyoto is going to do to Alberta and its economy, and then when they have spent who knows how much money and got everybody all upset, Kyoto finally is passed, and what happens is that the government says: well, it really wasn't so bad anyway. I'm reminded of the story of the little boy who cried wolf, but in this case we have a little boy called Ralph who is calling Kyoto. You know, it gets everybody all upset, and then there is no big, bad wolf. Everybody goes back, and the next time this little boy calls wolf, people are not going to come running and get all excited. They're going to wait and see the proof, and the little boy might just get himself turned into a meal in the meantime.

8:40

Now, I know that the Minister of Justice has spent half a million dollars on legal fees in order to fight Kyoto notwithstanding the fact that he has indicated that he's got some of the best constitutional brains in his own department, and he still hasn't answered adequately the questions around that particular expenditure. We don't know who got it or what it was spent on, what they did for that money, and we certainly don't know how Albertans benefited by that expenditure. Obviously Kyoto is there. The government isn't challenging it in court and is in fact saying that it's really not so bad after all and that they know that the federal government is not really serious about the reductions that were implied when they originally signed the international agreement. So that's another thing, Mr. Chairman.

With those points, Mr. Chairman, I would be pleased to move that we adjourn debate and take my seat. Thank you.

[Motion to adjourn debate carried]

Chair's Ruling

Referring to a Member by Name

The Deputy Chair: Hon. members, before I call upon the next bill, I just want to caution all members that we have a tradition in this Assembly not to refer to other members by their names. Hon. Member for Edmonton-Highlands, the chair did not interject at the time. However, I'm just cautioning all members: that's the tradition of this Assembly.

Bill 3 Electric Utilities Act

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Riverview.

Dr. Taft: Thank you, Mr. Chairman. I'm pleased once again to rise

to speak to Bill 3, which I think is a hugely important bill and a hugely dangerous bill that is going to be part of a long-term acid bath for the Alberta economy. It is corroding what's left of the Alberta advantage year by year as the price of power in this province stays at the highest levels in the country and some of the highest levels on the continent. Before this electricity deregulation mess Alberta enjoyed some of the cheapest and most reliable power in the world in fact, not just on the continent but in the world, and that was widely recognized as a fundamental competitive advantage for Alberta. Indeed, the Alberta government itself trumpeted its cheap, reliable electricity as a building block for economic diversification. Well, those days are long gone, and they're gone for one reason only: the government's bungled deregulation.

So we are facing now Bill 3, and we are facing a situation among many things in which the price of power swings wildly and dramatically. We have seen the price of power in this province since deregulation swing from lows at probably 2 or 3 a.m. on a autumn Sunday of perhaps \$25 a megawatt-hour up to highs of \$999 a megawatt-hour, and they would have gone higher except that's the limit. The Member for Edmonton-Highlands asked: how much? Nine hundred and ninety-nine dollars a megawatt-hour we paid in Alberta for electricity at times, and it would have gone higher except that that's the maximum amount allowed under the law.

This was entirely foreseeable. You can go back, as I have done, and look at the experience with deregulation in the United States, for example. We all have heard about the disasters with deregulation in California. At least in California they had the common sense to get out of the mess. What we are seeing here in Bill 3 is digging deeper the hole that we are in. There's an old saying: when you find yourself in a hole, stop digging. What this government has done is: it's found itself in a hole and it's digging faster and faster.

Ms Blakeman: It's tunneling. It's brought in heavy-duty equipment to tunnel.

Dr. Taft: They're trying to get all the way to China. They're tunneling aggressively, and we are trying to stop them. Stop, please. Instead, deeper and deeper we go.

It wasn't just California that knew wild swings in electricity prices; the U.S. midwest, for example. In 1998 the *Wall Street Journal* among many other major media carried a string of articles about a three-day power outage in the midwestern U.S. that forced factories to shut down, and homeowners and businesses had to scale back dramatically their activities. It led to huge spikes in electricity prices, as high as – this is hard to believe, but it's true – \$7,000 U.S. a megawatt-hour. Seven thousand dollars U.S. a megawatt-hour for electricity that in that market would normally trade at about \$70 – seven, zero – so a hundred times the normal price.

Those are the kinds of swings that were occurring in other deregulated markets well before Alberta embarked on its experiment. We should have learned. We should have looked around and learned what was going on. Of course, some of the effects of that were massive economic dislocation. There were actually companies that went bankrupt. There was a steel mill that had to shut down, and because the molten steel hardened in the mill, they actually had to replace equipment. The molten steel cooled off, and it permanently damaged their steel-making equipment. So there was a massive fallout from electricity price swings in the U.S. midwest because of deregulation.

The same kind of thing happened in Auckland, New Zealand, in February '98, a long, long blackout. Here we're talking about five weeks of blackout.

An Hon. Member: Downtown.

Dr. Taft: Downtown Auckland was shut down for five weeks.

When they did a major investigation, as the people demanded, what did they find? They found that under the deregulated system the main power companies had stopped working to standard. They were consistently lowering their quality standards, their maintenance standards, their equipment standards, and ultimately the whole downtown of Auckland faced a five-week power blackout. Do you know how they coped with it? They actually had to bring a ship into Auckland harbor with a mobile generator and plug the ship into the grid to sustain Auckland.

We have lots of examples of the kinds of problems from electricity deregulation. We should have learned. One of the things that's worth noting is that unreliability in the power system can actually reward power generators. To understand that, we need to back up a little bit and look at how the electricity market works, and I'll speak specifically about Alberta.

8:50

As we all know in this Assembly, different fuels are used to power power plants, and each one of those fuels creates different characteristics for the plant. We have coal-fired power plants. Coal-fired power plants provide the majority of the base demand for Alberta's electricity system. In other words, the demand is there 24 hours a day, and we can never go below that base level. The advantage of a coal-fired power plant is that when it's up and running, it can run very, very economically. The disadvantage is that it takes about 12 hours to get it up and running. So you can't respond to short-term, hour-to-hour spikes in demand. Coal is very good for providing the fundamental base of our electrical system.

Supplementing that is hydropower, and there are a series of hydro dams in the foothills and mountains west of Calgary that are in fact less reliable than coal, less and less reliable as the decades go by because the province is drying up and the water in the reservoirs behind these dams is not there in the volume it should be. Nonetheless, when they're running properly, they provide cheap power. So those levels of power can come in at \$20 or \$25 a megawatt-hour.

We then go up to the brand-new cogeneration plants. As demand for electricity climbs in the early morning hours – 7, 8, 9 o'clock – as the factories kick up, as people cook their breakfast, as the lights in the office buildings go on, cogeneration plants like that at Joffre and a number up in the oil sands come on board, and they can produce power at \$40 or \$50 a megawatt-hour. So they're selling in.

Then if things really go bad, say it's a cold January day or an extremely hot July day – in the summer the air conditioning is on or in the winter all the furnaces are going – we bring in another level of power for those few hours of peak demand: the stand-alone gas plants like Rosedale, just outside of this building, or Cloverbar, very expensive because they are consuming huge amounts of gas, the energy's not used for anything except producing electricity, and they are old.

When things go worse still, we have to import power through the one big tie-line we have, which is to B.C.. At that point, we may be paying and frequently are paying hundreds of dollars a megawatt-hour because we are having to outbid California and the Pacific Northwest of the U.S. for that power because B.C. sells both south into the U.S. and east into Alberta. So we've got to pay more than California for that power.

So you can see, Mr. Chairman, that Alberta's electrical system has layers and layers of power and layers and layers of prices that come on and meet demand. The old regulated system priced power at the margin of each of those levels and then averaged it out so that in the

middle of the night we only paid \$20 a megawatt-hour because all we were drawing from was the very efficient, low-cost coal plants. Then as the day went on and each price category was brought in, the price was averaged out. It was a blended price.

What we have in the current system is nothing short of insanity. In the current system the highest priced power, the last power that comes into the market, sets the price for every other supplier. So if the last power to come in is power from B.C., where we're having to outbid California for it and we're having to pay, say, \$300 or \$400 a megawatt-hour, all the rest of the power is paid out at that rate. As a result, the prices of power have soared in this province.

So, Mr. Chairman, I would like to propose an amendment to Bill 3, an amendment that would help to address this very egregious flaw. I'll have the pages distribute that, and while they're doing that, I will read the amendment into the record. I'm making this amendment on behalf of our energy critic, the hon. Member for Edmonton-Gold Bar, and it reads that Bill 3 be amended in section 17(c) by striking out "relative economic merit" and substituting "marginal cost." I'll wait a moment for that to be distributed.

The Deputy Chair: Hon. members, just for the record, we shall refer to this amendment as amendment A1.

You may proceed now.

Dr. Taft: So what we are proposing to do with this amendment, Mr. Chairman, is bring a modicum of sense back into the pricing mechanism for electricity in Alberta. What we want to have here is power brought in and priced based on the marginal cost of that power. So if power is coming in from coal-fired plants, we would pay only that price, and if power is being brought in from coal-fired and cogen plants, we would only pay for the cogenerated power at the cogeneration price. We wouldn't pay for the coal power at the cogeneration price. And if we had to import power at hundreds of dollars a megawatt-hour, we would only pay that price for the amount of power that we actually import. So this is a way of ensuring that only the marginal price is paid for each unit of power.

This is, I think, of crucial importance if we are to regain some of the economic advantages that the residents and the businesses and the voluntary groups and the institutions of this province used to enjoy from a cheap electrical system. Frankly, it's only fair; isn't it? What in the world is proper about consumers having to pay hundreds of dollars a megawatt-hour for electricity that only cost \$20 to generate? It's insanity. It's insanity. There's no justification for that. There's no fairness to consumers. Frankly, all it is is a way for shareholders of the companies who benefit from this, who own the power purchase arrangements to make a whole lot of money. Nobody else benefits, and that's wrong.

Where's that money going? Well, in a couple of cases it's going to municipally owned power companies, EPCOR and Enmax, and actually in a third case, Medicine Hat. But in other cases it's going to shareholders that may not even live in Alberta or indeed in that case in Canada, shareholders in very large electrical utility corporations. So this is an amendment that will control the price. It will reduce the economic injustice and unfairness that's being perpetrated on Albertans, and it will have many immediate improvements to our society.

We heard in the last couple of days that the single greatest increase in any area of cost that the universities are facing in this province is the increase in utility costs. I think the University of Alberta is facing something like a \$16 million increase in its utility bill, the single largest cost increase that it faces. Well, that gets passed on directly to whom? To students, who have very few resources to pay for it.

Last night I was talking to a constituent who is on the board of a sizable nonprofit group, and they're on the brink of going under because of their electricity bills. What's the benefit of the current system for them? There is none. They're on the brink of collapse, and when they go under, if they do go under, thousands of Albertans who enjoy this particular organization's services will be left without. Our community is weakened; our society is weakened.

Hospitals and regional health authorities also are facing huge increases in their electricity rates. As a result, they can't hire the nurses that are needed, they can't do the MRI tests that are needed, they can't provide the service to seniors that seniors need, and on and on.

So, Mr. Chairman, I commend this amendment to the thoughtful consideration of all government members, who, I can see, are hanging on every word I'm saying, waiting to take up the debate, to at least thoughtfully consider the possibility that we could come to a more sensible pricing mechanism than we have now. The fact is that if anybody in this Assembly can explain to me what the benefits are of the current pricing system over what I'm proposing in this amendment, I would listen with great interest. But it may be that the members. . .

9:00

Mr. Knight: We don't debate amendments; we'll debate the bill.

Dr. Taft: It may be that one of the members from Grande Prairie will rise to the occasion. I look forward to that.

So thank you, Mr. Chairman.

The Deputy Chair: On the amendment, the hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I'm pleased to rise to speak to this amendment to Bill 3, Electric Utilities Act, proposed by the Member for Edmonton-Riverview on behalf of the hon. Member for Edmonton-Gold Bar. This amendment changes section 17(c) in order to make marginal cost the driving factor in the dispatch of electric energy and ancillary costs and hence, as I understand the hon. member's speech, will restore the averaging as the basis of price-setting in Alberta. That would in a single blow cut power costs in this province dramatically, and, you know, it makes a lot of sense to me.

Just for example, if we were producing half our power at 10 cents a kilowatt-hour and another 40 percent at 20 cents a kilowatt-hour and the last 10 percent at 50 cents a kilowatt-hour, according to the government system that is now in place for electricity, we would be paying all of our power at 50 cents a kilowatt-hour even though half of it was produced at 10 cents a kilowatt-hour and another 40 percent was at 20 cents. It would be the last 10 percent of the power at 50 cents a kilowatt-hour that would set the price for all of the power produced.

Now, I'm surprised that this system is okay with the government members because it means their constituents are paying twice as much for electricity now as they were before this system was implemented three years ago, and I would be particularly concerned if I were an MLA representing the area within the ATCO distribution area. For example, if I represented a constituency in Grande Prairie or in eastern Alberta, then I would be concerned that with the new flow-through pricing replacing the regulated rate option, my constituents' power rates stood to increase by up to 120 percent from their already very high rates.

You know, Mr. Chairman, the essence of high prices, the cause of high prices in this province that is causing, I'm sure, all MLAs

regardless of their affiliation a lot of grief is embedded in this very act. Here it is right in front us, the cause of all our discontent, and I would only hope that all hon. members would be prepared to do something about it. They've got the act in front of them right now, and here's an amendment that will change a key element of the act, that will change the way pricing is set and will in one blow restore a measure of rationality to pricing in this province. So it's offered to all hon. members. All they have to do is take advantage of it.

I'm reminded, Mr. Chairman, that in this province we have had auctions for existing power production. That is to say that the existing primarily coal-fired plants, most of which are partly or entirely depreciated, were subject to an auction process devised by then minister Dr. West. This auctions off the equity, which was owned in his view and mine as well by the ratepayers, and people bought power on 20-year contracts from Sheerness or any number of other plants, the Wabamun plants. Twenty years of power was bought at what is now a very low price, but with the current pricing model we have, the people who've bought that power can resell it at the high prices that exist in the deregulated marketplace today. So they are making enormous profits on those purchases because they can sell the power for a lot more than they paid for it in the first place.

I would commend this particular amendment to all hon. members because it gets at one of the key flaws of the government's system for electricity deregulation that exists today and it makes a great deal of sense. By voting for this, hon. members can do all of their constituents a great favour and cut their power bills dramatically. Here's the vote that will do it.

Thank you, Mr. Chairman.

The Deputy Chair: On the amendment, the hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I'm happy to enter into debate on this particular amendment. As the two speakers prior to me indicated, there are some very worthwhile reasons to support this particular amendment. It's too bad that we haven't heard anyone from the government side outlining why I am sure they will not be prepared to support this, but given that . . . [interjection] Well, I'm saving that for a little later in the night because that's an important debate to have. Given that this is a very poor piece of legislation and that our colleague from Edmonton-Gold Bar has worked very hard to try and improve what is very, very flawed legislation by bringing in many amendments that we hope to speak to tonight, this being the first, I would call for the question and ask all people in this Assembly to please support this amendment which will help to improve what is a very flawed bill.

Mr. Smith: Mr. Chairman, the amendment will do nothing more than bring closer the opportunity of having blackouts by ensuring that those must-run powers will start gaming the market and will then therefore not bid into the marketplace and thus constrain power, forcing up prices and putting Alberta and the Alberta grid much closer to a blackout condition. Therefore, I'd recommend that members respond in the negative.

The Deputy Chair: Hon. Member for Edmonton-Highlands, did you want to still speak on the amendment?

Mr. Mason: We're in committee; right?

The Deputy Chair: Yeah. You're allowed to speak if you still want to.

Mr. Mason: Thank you very much, Mr. Chairman. I guess I would like to request more information from the minister. I would like to know how this amendment will allow players to gain the market, as he says, and push us closer to a blackout.

Ms Carlson: Let the record show that the Minister of Energy refused to answer.

Dr. Taft: I did welcome the minister's comments, brief as they were.

Ms Blakeman: You are a generous person.

Dr. Taft: I am a generous person, a generous and good-hearted person. The fact of the matter is that a system using this kind of pricing mechanism that we are proposing here can work. It does work. It worked through the overwhelming length of the history of Alberta's power system. It's what's used in other provinces, it's proven, it's economically sensible, and it's the way to go. It would need to be, and certainly there will be other amendments brought forward tonight. So once this one passes, then we will be bringing forward other amendments which will allow for a complete and sensible restructuring of the electrical industry in Alberta.

9:10

If the minister would just recommend that his colleagues support this amendment, then he would see through the fullness of time that it was a very wise move to have done so.

Thank you, Mr. Chairman.

[The voice vote indicated that motion on amendment A1 lost]

[Several members rose calling for a division. The division bell was rung at 9:11 p.m.]

[Ten minutes having elapsed, the committee divided]

[Mr. Shariff in the chair]

For the motion:

Blakeman	Mason	Taft
Carlson		

Against the motion:

Amery	Graydon	McClellan
Calahasen	Griffiths	McFarland
Cao	Hancock	Melchin
Cardinal	Hlady	Nelson
Danyluk	Hutton	O'Neill
DeLong	Jablonski	Pham
Doerksen	Klapstein	Rathgeber
Ducharme	Knight	Renner
Dunford	Kryczka	Smith
Fritz	Magnus	Strang
Gordon	Marz	Tarchuk
Goudreau	Maskell	Woloshyn

Totals:	For – 4	Against – 36
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[Motion on amendment A1 lost]

The Deputy Chair: The hon. Member for Grande Prairie-Smoky.

Mr. Knight: Thank you, Mr. Chairman. It is a pleasure for me to

rise tonight in Committee of the Whole and add some comments to the discussion surrounding Bill 3, the Electric Utilities Act, 2003. I might add that I'm pleased to be able to debate the bill, and perhaps I'm not so pleased at certain times to consider adding to the lack of debate with respect to amendments that may or may not be constructive.

Some of the points with respect to Bill 3 that perhaps might be constructive this evening are to indicate what the Electric Utilities Act will produce in its final form, and certainly there are a number of very important issues that are addressed in Bill 3.

I would like to start this evening with a little discussion surrounding the importance of the independent system operator, and this segment of Bill 3 will establish a corporation, and the corporation will be known as the independent system operator. They consist of a number of members, and they're appointed through a system that leaves this thing arm's length from elected officials, and certainly the ISO and its membership will then take on some very major responsibilities with respect to the full electrical generation and transmission and distribution and retailing system in the province of Alberta. The ISO, Mr. Chairman, will be responsible to lay out a budget for its operations, and along with their budget they will be required to report at the end of each fiscal year. Within 120 days of the end of their fiscal year, they must provide the minister with an annual report that lays out the business and the affairs of the fiscal year and contain with that report an audited financial statement for the fiscal year. So that kind of lays out the groundwork for how the ISO will operate and who it will consist of.

They have certain duties under the act, and they have some authorities under the act. The duties I'm not able to go into in detail and only because it would take certainly all of the 20 minutes of speaking time that I would be allocated or allotted in this initial go-around, but I will lay out the framework of their responsibilities. Certainly, Mr. Chairman, the duties are very important. The ISO will operate the Power Pool in the province of Alberta, and their mandate laid out in the legislation is to

operate the power pool in a manner that is fair, efficient and open to all market participants exchanging or wishing to exchange electric energy through the power pool and that gives all market participants a reasonable opportunity to do so.

To expand on that a bit, Mr. Chairman, what that means is that with this new piece of legislation linked to and certainly adding to the already positive results that we have seen from deregulation – this new piece of legislation and the ISO make it possible, Mr. Chairman, for any person, any entity, any corporation in the province of Alberta to be able to generate electrical energy and put it into the system, and that will be guaranteed by the independent system operator, open to all market participants.

9:30

A second thing that the ISO will be responsible for is the direct sales agreements and forward contracts. In other words, Mr. Chairman, we have a situation here where the ISO will be able to look at the direct sales agreements relating to the sale or purchase of electric energy in accordance with the terms agreed to by the parties of the agreement. In other words, if two people decide that they want to enter into a contract to purchase or sell electrical energy in the province of Alberta, the ISO will oversee these agreements and arrangements to be sure that they're fair and meet market requirements.

The ISO certainly has, as I indicated, a budget. There are certain fees required, and the independent system operator will establish, for the purpose of operating these processes that I have alluded to, fees payable by the market participants. This again will be part and

parcel of the ISO's budgeting process. They have, Mr. Chairman, along with the establishment of fees certain orders that they're able to give to market participants and a mechanism included in this legislation to allow the ISO to have some enforcement of their orders. Again, it's fairly detailed, but at the end of the day what I can tell you is that the ISO has the ability to go to people or a person, corporation, et cetera, that failed to comply with the orders, and they will be liable under this new act to fines of not more than \$100,000 per day.

An Hon. Member: How much?

Mr. Knight: One hundred thousand dollars per day is the maximum for noncompliance with orders of the ISO.

Mr. Chairman, we have heard rhetoric stacked upon rhetoric that what the Alberta government is doing with respect to this piece of legislation and Bill 19 is we're cutting away at the very ground that the people of the province of Alberta stand on with respect to being somehow guaranteed that their price of power won't go up, that they won't be gouged by unscrupulous people in the marketplace, et cetera, et cetera. One hundred thousand dollars a day, and this is, by the way, just the ISO's compliance. So we're putting some teeth into this legislation that will protect Alberta consumers, full stop.

There is also with respect to that issue a mechanism in the legislation to allow for people that have complaints about the ISO. If the ISO is felt to be heavy handed or leaning too hard on some individual or some person or a corporation, they can make complaints, Mr. Chairman, and the complaints would be lodged at the EUB. So the ISO itself, although it is an independent body, very important with respect to what we're doing in the province, also has someone to answer to. As a matter of fact, in reality when this legislation is complete and in place, it has two people really that it needs to answer to. Certainly, the complaint process through the EUB is one. Another section of the bill, that I would go into at a later point in time if I don't exhaust myself here, is the market surveillance administrator, and that's another story.

Mr. Chairman, another extremely important job that we are putting under the auspices of the ISO is the transmission system. The transmission administrator will operate under the ISO. The ISO under this new legislation and the dealings with the transmission administrator make the ISO the sole provider in the province, the sole provider of system access service. Again, as I alluded to earlier in the legislation, this independent system operator will make it completely accessible to anybody in the province of Alberta that wishes to tie in to the system. The independent system operator must provide system access service on the transmission system in a manner that gives all market participants wishing to exchange electric energy and ancillary services a reasonable opportunity to do so.

The ISO, with respect to transmission administration, Mr. Chairman, also will submit to the board a single tariff that sets out the rates charged with respect to transmission of electrical services in the province of Alberta. So the transmission administration falls under the ISO. More important than the transmission system that we have in place in the province of Alberta today, the ISO will also look forward to what the transmission requirements may be in the province of Alberta in the future with respect to trying to relieve some of the problems in transmission congestion that we have in the province today and also at the possibility that at some point in time Alberta will be in a position to export excess power. The ISO will look at how this could best be done and how the players in the marketplace, including the people of the province of Alberta, would or should be responsible for the investment with respect to those transmission services.

The ISO, Mr. Chairman, will also take a responsibility here with respect to the system planning and the alleviation of constraints, and I did mention that. We will be expecting the ISO to also give direction on receipt of a board approval to the ISO of the needs identification document. In other words, when the ISO, through the board, has been presented with documents that would identify a need for further transmission, the ISO may direct the owner of the transmission facility to submit for board approval a proposal to meet the need identified. So we're looking here at allowing a system where we will have, under the umbrella of the ISO, a much more comprehensive management plan with respect to the province's transmission system as it is and the way it will look in the future. A very important part of our new legislation.

Moving on to the market surveillance administrator, Mr. Chairman, under our new legislation Bill 3 will establish another corporation, and that corporation will be known as the market surveillance administrator. The market surveillance administrator consists of an individual appointed as the administrator under a section of this legislation. Again, Mr. Chairman, this individual will be a person who is not now nor has been connected in any way with the electrical business in the province of Alberta and will be at arm's length from the province and from the business, an independent person that has no material interest in the electric industry. The chair of the EUB will recommend to the minister the name of an individual to appoint as the market surveillance administrator, and the market surveillance administrator will oversee the business of the administrator's section of the act.

9:40

Now, again, Mr. Chairman, the MSA is extremely important and is another step that we're putting in place in this legislation. Unfortunately, in discussions that we have heard before the Legislature and certainly in the period of time that we've discussed this situation in committee, nothing good at all has been said about the MSA. The market surveillance administrator is an additional watchdog outside of the ISO that is looking at the whole umbrella of the business of electrical generation, transmission, distribution, and retailing in the province of Alberta, a watchdog to watch over people that I just pointed to in the ISO and others with respect to how they treat customers, how they treat the system, how they do or do not generate at times when it may be more or less convenient for them to do so, et cetera, et cetera, et cetera.

The MSA has been given the mandate to look at the whole umbrella of the electrical industry in the province. Again, they have a budget, and the market surveillance administrator will have his budget approved through the EUB, and the market surveillance administrator's costs and budget will be supported through the ISO. Again, the MSA will have to report, certainly similar to the ISO, within 120 days of their fiscal year. They will report to the minister, and they will provide a budget and other information required by the minister.

The market surveillance administrator, Mr. Chairman, has a very special role to play here. He has the authority and the ability to appoint a tribunal when and if there is a situation that requires what he would consider to be some type of investigation with respect to any player or any stakeholder in this marketplace, and the tribunal will do the investigation on behalf of the MSA. So, again, what we've done here is we've separated this whole system from the market players, from the elected representatives, and put it where it properly belongs, in the hands of an individual that has absolutely no connection with the government or, for that matter, with the marketplace. We've given him the ability to go further than that and in fact establish a tribunal to investigate complaints.

So, Mr. Chairman, those are some of the areas . . .

The Deputy Chair: Hon. member, the allocated time has elapsed. However, since we are in committee, you will be able to speak to it again if you so choose.

The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. Well, I followed the comments of the hon. Member for Grande Prairie-Smoky with some interest as he read through the bill. I was particularly interested in his comments on some of the independent bodies or components that make up this new system, and particularly I'm interested in the market surveillance administrator, who is appointed by the minister and who

- (a) is independent of any person who has a material interest in the Alberta electric industry, and
- (b) will enhance the performance of the Market Surveillance Administrator in exercising its mandate.

So it's an interesting structure. It's a very complex structure, and we know that in order to convert a natural monopoly into a profit source for multiple corporations, some complexity is clearly necessary.

It's interesting, Mr. Chairman. You know, I wonder if all of the intricacies of this act are going to be of very much interest to the people in northeastern Alberta and in the constituency of Grande Prairie-Smoky when they get their April power bills and find out that the power prices, which are already the highest in the country, will have doubled. I wonder if the remarks of the hon. Member for Grande Prairie-Smoky will be of great comfort to them as they try to find a way to readjust their family budget or their budget for their farm or their business in order to pay their utility bills and whether or not they have to pay more in rent for an elderly parent who might be in seniors' housing whose rent will go up or if they have children at the Grande Prairie Regional College whose tuition will have to rise in order to pay for this increase in utilities and so on and so on.

But coming back to the market surveillance administrator, it's clear under the act that it's not to be an agent of the Crown. That may, in the view of that hon. member, mean that it's independent, but it also means, quite frankly, Mr. Chairman, that it's independent of scrutiny. So I'd like to offer the following amendment. If the pages could take it, I will read it. I move that Bill 3, the Electric Utilities Act, be amended in section 42 by striking out subsections (3), (4), and (5).

Mr. Chairman, subsection (3) of section 42 says that the Market Surveillance Administrator is not a Provincial corporation for the purposes of the Financial Administration Act, the Auditor General Act or any other enactment.

The Deputy Chair: Hon. members, just for the record we shall refer to this amendment as amendment A2.

Mr. Mason: Thank you, Mr. Chairman.

- (4) For the purposes of the Government Accountability Act, the Market Surveillance Administrator is not part of the ministry, as defined in that Act, of any Minister of the Government of Alberta.
- (5) The Market Surveillance Administrator is not an agent of the Crown.

Now, as the hon. Member for Grande Prairie-Smoky has said, these sections do make the market surveillance administrator independent. He is so independent that he or she is not accountable to the public in any way. They will not be accountable to the Auditor General. In other words, the Auditor General will have no jurisdiction over the market administrator. As a result, the Committee on Public Accounts cannot examine the financial transactions of the market administrator. In case someone is not treated fairly or in accordance with the laws, the jurisdiction of the Ombudsman is limited, and the market surveillance administrator is not accountable under the Government Accountability Act.

9:50

Clearly, what we have is someone who's essentially a free agent and accountable to no one. The result is that the people are losing control to an even greater degree over their electricity system. To simply say that this person is independent of anyone with a material interest in the electric industry of Alberta is cold comfort to those people who believe that, in fact, we should be running the electrical system in the interests of the public rather than in the interests of the corporations, including large American and British corporations that this government hopes to attract into this province by offering them sky-high electricity prices upon which to base their profits.

Yes, we can get big American, British, and even Canadian companies to move into the Alberta electrical industry if we guarantee them sky-high profits as a result of sky-high prices, and that is precisely what this government is doing. So let's not be surprised when they come to this province. The government can pat itself on the back all it wants for that accomplishment, but it's not really much of an accomplishment at all, Mr. Chairman; is it? If you offer people prices for commodities that are two or three times what they should be, they will trip over each other to get into the market. They won't do so because they want to help us bring the prices back down; that's for sure.

I believe that this amendment is a very sound one and recommend it to all members who want to encourage accountability in government, including accountability in the brave new world of electrical deregulation in this province.

Thank you very much, Mr. Chairman.

The Deputy Chair: The hon. Member for Edmonton-Riverview on the amendment.

Dr. Taft: Thank you, Mr. Chairman. Yeah. I read this amendment with some interest, and I do wonder here why the act is so determined to exempt the market surveillance administrator from any direct accountability to the people it's supposed to serve. Section 42(3) reads: "The Market Surveillance Administrator is not a Provincial corporation for the purposes of the Financial Administration Act, the Auditor General Act or any other enactment." Therefore it doesn't fall under any of those jurisdictions. It's out of the scope of the Auditor General. It's out of his reach. For example, if we were concerned that there were problems, we couldn't ask the Auditor General to investigate. Why not? What could they possibly be worried about finding?

Then the next section, 42(4), reads:

For the purposes of the Government Accountability Act, the Market Surveillance Administrator is not part of the ministry, as defined in that Act, of any Minister of the Government of Alberta.

So we are again deliberately and explicitly exempting the market surveillance administrator from the Government Accountability Act. Again, I can't imagine why. You would think that you would want this to be a very accountable organization. I mean, it is the market surveillance administrator. It's supposed to be keeping an eye on the market to ensure that that market serves the interests of all Albertans. From time to time you might have questions. You might have questions about a worry that the minister raised earlier that somebody was gaming the system, somebody was gaming the market. If you had that concern, you might want the Auditor General to investigate, or you might want to take other steps under the Government Accountability Act. If this bill proceeds as drafted, that wouldn't be possible.

Mr. Mason: What about Enron?

Dr. Taft: Yeah, you might have a concern about Enron. The Member for Edmonton-Highlands asks, "What about Enron?" or something like it, and certainly those would be a profound worry.

I think that it's highly irresponsible for this piece of legislation, Bill 3, to exempt the market surveillance administrator from the strongest and most effective public watchdogs we have, so I will be supporting this amendment. I think it's a good idea. I see no drawbacks whatsoever to this. There are no significant added costs. Indeed, I can see no drawback whatsoever. It doesn't even interfere with the clumsy pricing mechanisms that this government seems to like. It's just simple, good, accountable public management. So let's get on with it. Let's accept this amendment. I'd be interested to hear somebody on the government side justify their opposition to it if they are opposed. Maybe they'll support it.

Thank you, Mr. Chairman.

Mr. Smith: Well, Mr. Chairman, I've examined the amendment in detail and word by word, and short of caucusing with colleagues and asking them to review the details of the amendment equally, I'm actually with regret going to have to speak out against the amendment. In fact, if the member were to proceed to the act, he would see that there's ample public disclosure; there's ample public scrutiny. In section 45, for example, "the Market Surveillance Administrator [or MSA] must appoint an independent auditor to review and audit its financial statements." In the MSA budget, section 46(3), "the Market Surveillance Administrator must be managed so that, on an annual basis, no profit or loss results from its operation."

Mr. Chairman, in Reporting,

48(1) The Market Surveillance Administrator must, within 120 days . . .

Not the two years or long, extended period that public accounts take place but within 120 days, four short months.

. . . after the end of its fiscal year, provide to the chair of the Board an annual report

(a) reporting on its activities, and

(b) containing its audited financial statements for the fiscal year.

So, in fact, rather than again go to the hidebound, carefully structured system of government, this act actually brings a much more responsive mode to public scrutiny and a much higher level of transparency in a much faster time frame in this pace of the world today. For those reasons alone, Mr. Chairman – I don't want to go on further and bore members with other detail – surely those measures stand out far and above the amendment. That's why, of course, one cannot in all good conscience and faith support the amendment.

Mr. Chairman, I did hear earlier some comments by some of the members over there in the opposition with respect to: what about Enron? Well, in fact, Enron did hold a power purchase agreement in Alberta, and upon the dissolution of Enron Canada that power purchasing agreement was sold, I believe, to TransCanada and Engage Energy. At no time did the power users of Alberta ever lose one kilowatt-hour of service, nor was one dollar lost in the transaction, nor was anything done in a less than transparent form that was apparent to the market.

Now, market transparency is critical for the success of the marketplace, Mr. Chairman, and structuring it in this way ensures that not only those people who play in the marketplace, who bid in their power in the marketplace in a very well-structured merit order graph, but also those consumers are able to see, because of the market rules that have been established by the Electric Utilities Act, how people play fairly, how people bid into this marketplace, how people collect their money from this marketplace, how they are prosecuted if they err in this marketplace. So, in fact, after two and a half years of really concentrated consultation with stakeholders,

well, even to the point where we ensured that the hon. Member for Edmonton-Highlands was included on the consultation list, we've brought forward this act in its entirety, and it's complex. I appreciate the hard work that the opposition has done in taking a careful look at this bill. I know they've worked long and hard and diligently at doing this. Although I look forward to hearing other amendments, I must regretfully ask colleagues not to support this one.

Thank you.

10:00

The Deputy Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you, Mr. Chairman. Just to briefly respond to the minister. You know, the fact that there's going to be an annual report within 120 days and that there's going to be an independent auditor appointed hardly brings any degree of public scrutiny to this. Any organization can appoint its own auditors, and we know well from the experience in the United States that auditors are sometimes compromised by the people giving them the contracts. The case of Arthur Andersen and Enron comes to mind. These are concrete and real examples. They're not just socialist fantasies and speculation; they're free enterprise reality. So, you know, I don't accept the minister's comments that there's adequate surveillance of the surveillance administrator, and it's far from being transparent.

I would just point out that virtually every prediction made by this government in the whole course – and I don't just single out this minister. I go back to the minister before and the minister before and the minister before that. Nearly every prediction from the government that's been made with respect to the results that we could expect from electricity deregulation has not come to pass. Go back to their predictions of what would happen with the power auctions for the existing power production. The power purchase agreement auctions didn't even come close to the number that was predicted by the government and failed to meet the threshold that they themselves had indicated would be a minimum in order for it to be considered a success. That's the first thing.

Then look at the predictions made by the Premier and everyone else in the government with respect to price as a result of deregulation. We've seen the exact opposite of what was predicted by the government, and so on. You know, we could go into considerable detail. The government's track record on living up to its promises and the commitments it made for deregulation fails any sort of test, Mr. Chairman. It's all a matter of the public record. We can see what they promised, we can see what they predicted, and we can see what in fact has come to pass after three years of deregulation. So I take cold comfort in the minister's assurances that appropriate accountability is built into this act with respect to the market surveillance administrator.

Thank you.

[Motion on amendment A2 lost]

The Deputy Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I'd like to once again enter into debate on this particular bill, and I would like to thank the minister for finally getting on the record in this bill. When we take a look at the debate times we've had so far, he has been woefully absent in prior discussions, in fact not at all on the record, which is very interesting because while those who support his party position . . .

The Deputy Chair: Hon. member, I just want to caution you about

the practice that we have in this House that we do not comment on a person's presence or absence, and I hope this will be respected both in the Assembly as well as in the committee.

Ms Carlson: Well, Mr. Chairman, I was hardly commenting on his presence or absence. I was commenting on his absence of speaking to this particular bill. The two are quite different.

The Deputy Chair: It really helps when you clarify that. Thank you.

Ms Carlson: Many members in this Assembly are filling a chair and doing not much else, so it's nice to see that the minister was prepared to get on the record. [interjections] Well, I hear lots of moans and groans from members in this Assembly, and I challenge any of them, other than the one we have seen tonight, from Grande Prairie-Smoky, to get up on his feet and enter into debate.

In fact, what's happening . . . [interjections] Well, if you don't want to listen to me, then stand up and speak, other Mr. Minister who likes to sit and chirp from his seat rather than enter into any kind of legitimate debate in this Assembly, who just likes to sit and heckle. That would be the minister of human resources, who is not very happy with my comments but still isn't prepared to enter into legitimate debate on this. He should because, in fact, on this very substantive bill, which is a cornerstone bill for this government in this Legislative Assembly, we see that up until March 19 the minister himself wasn't present in debate. [interjections] You know quite well what I was speaking to.

Mr. Dunford: You're walking a fine line there; aren't you, my dear?

Ms Carlson: No, I am not walking a fine line, as the minister of human resources was saying, and I have to say quite frankly that I am certainly not your dear or anyone else's in this Assembly. I am a fully elected member of this Assembly, just as you are. [interjections] Thank you. I do see there is some support for that position.

In fact, the reason why you're so crabby about what's going on here is because the members supporting your side of this particular debate have been woefully absent in debate on this particular bill. We see that as of March 19 members supporting the Progressive Conservative Party who were elected in this Assembly spoke less than 15 minutes.

Mr. Dunford: So all these hours and hours and hours have all been you then? What are you whining about?

Ms Carlson: In fact, these hours and hours and hours that we've had in debate, Mr. Chairman, through you . . .

The Deputy Chair: Hon. members, it would really help if you would speak through the chair and refrain from a dialogue back and forth across the floor, please.

The hon. Member for Edmonton-Ellerslie has been recognized and is being requested to proceed.

Ms Carlson: Thank you, Mr. Chairman. As I am on my feet and speaking through the chair, I am quite happy to note that this is the first evening that I have entered into debate on Bill 3. In fact, I have yet to put in a full 20 minutes on the substantive parts of this bill. Because of the time allocation motion that we see on the Order Paper, I am now forced to proceed to the series of amendments we have that will try to make a very flawed bill better. It's tough to do

when you get this kind of legislation in front of you, but we take our role in this Legislature very responsibly, and as a result of that I will now proceed with the next amendment in the series of many amendments we have.

The Deputy Chair: Hon. members, we have an amendment before us, and we shall refer to this amendment as amendment A3.

Hon. Member for Edmonton-Ellerslie, you may proceed.

Ms Carlson: Thank you, Mr. Chairman. On the debate, through the chair, in spite of the fact that I continue to hear mumblings and grumbings from the Assembly. I know it's past 10 o'clock, so it's past the time that they like to go home, particularly . . .

An Hon. Member: Some of us have been working all day.

Ms Carlson: Well, so have many of the rest of us, Mr. Chairman, as that particular minister would like to comment. I know that particular minister is an early riser and likes to get her work done in the early part of the day, but if we had family friendly hours in this Legislative Assembly, then we wouldn't be entering into debate on amendments at 10 after 10.

An Hon. Member: Family friendly hours?

Ms Carlson: Yes, family friendly hours, which would be a change and would be something we've asked for for many years in this Assembly. It's not something . . .

Mr. Mason: Would it be like having family values?

10:10

Ms Carlson: It might be like having family values, Mr. Chairman, which this government talks about supporting but doesn't actually walk the talk.

The amendment which I am moving on behalf of my colleague from Edmonton-Gold Bar states that Bill 3 be amended as follows. A. Section 1(1) is amended by adding the following after clause (ii):

- (ii.1) "net metering" means a metering system that
 - (a) measures the flow of electricity both to and from the customer and the interconnected electric system,
 - (b) allows the customer, who produces a surplus of electricity by way of a renewable energy system, to send that surplus back to the interconnected electric system, and
 - (c) credits the customer's meter for the amount of energy sent back to the interconnected electric system.

B. Section 20(1) is amended by adding the following after clause (l):

- (m) the operation of net metering as part of the interconnected electric system.

Now, there's a really good reason why net metering would be a good idea to enter into in this particular legislation, and that is that as costs for electricity and energy in this province in general skyrocket, people need to take a look at finding viable alternatives to provide energy sources to their homes and to their businesses. They need to look to be much more environmentally conscious and friendly than they have been in the past. A very good way of doing that is to set up a net metering system for those people and businesses who are forward thinking enough and are able to put in systems within their establishments that generate energy through alternate sources so that at those times when they are having peak operations – for instance, if they wanted to run their oven during peak time at dinnertime – they could draw out of the system, and in down times, when they had excess capacity, be it through solar

panels or something else, they could send that back into the system. We think that those are very good ideas.

Net metering, for those who don't know what that is, is a simplified method of metering the energy consumed and produced at a home or a business, and it's got its own renewable energy generator such as a wind turbine. Under net metering excess electricity produced by the wind turbine will spin the existing home or business electricity meter backwards, effectively banking the electricity until it is needed by the customer. This provides the customer with full retail value for all the electricity produced. There are similar kinds of systems in the megaprojects right now, but we don't have anything at all like this for small producers.

So what would happen is that customers can use the electricity they generate with the wind turbines to supply their own lights and appliances, offsetting electricity they would otherwise have to purchase from the utility at the retail price. If the customer produces any excess electricity beyond what's needed to meet their needs, net metering is not allowed. The utility purchases that excess electricity at a wholesale or an avoided cost price. So that's a simple explanation.

Why is net metering important? There are three reasons why we should be taking a look at it. First, because an ultimate source like wind energy is an intermittent resource. It comes and it goes. They may not be using the power as it's being generated, and net metering allows them to receive the full value for the electricity they produce. Second, net metering reduces installation costs for customers by eliminating the need for a second energy meter. Third, net metering provides a simple, inexpensive, and easily administered mechanism for encouraging the use of small-scale wind energy systems or other alternate systems like solar-powered systems, that provide important local, national, and global benefits to the environment and to the economy.

Are there costs and benefits? Well, there certainly are benefits. Some of those are for both utilities and consumers. Utility benefits. Avoid the administrative and accounting costs of metering and purchasing the small amounts of excess electricity produced by small-scale wind-energy facilities, because when you think about this, your meter just runs backwards during that time. During these very cold times like we've seen in the past couple of months here, wouldn't it be really nice to see your meter running backwards. That would be a benefit for everybody. Consumers get benefits by getting greater value for some of the electricity they generate and by being able to interconnect with the utility using their existing meter. So they get continuous sources while really being forward thinking in terms of what they can provide for their household costs.

There's an indirect cost, Mr. Chairman. We wouldn't want to lead anybody down the garden path in terms of this. They're buying electricity from the utility, so it means that they're collecting less revenue from the consumer. This is a really good idea. The minister of agriculture will know that there are some people in her own constituency who have looked at this very seriously and who have tried to incorporate it, and I would expect to see her support this particular amendment because it's just a great idea. It doesn't derail what they want to do on this particular bill. It doesn't stop or stall deregulation at all. It has a real green benefit to it and fits very well in line with the government's proposal to use green power and to support the costs of bringing . . . [interjections] The cost is that they only have one meter so it's cheaper for the consumer, and the cost is that the consumer is not buying as much electricity from the existing utilities.

The consumer has the start-up cost of installing either wind or solar power, but that becomes very cost-effective for both the individuals and the other operators. You just have one meter and

whatever they generate – we know this and the minister of agriculture knows this very well. I remember times on the farms where she and I both grew up where all of the energy on the farm . . .

Mr. Hancock: You both grew up on the same farm?

Ms. Carlson: In the same area, where a lot of the energy was generated by wind turbines. There were no lines out there. It was wind generated. Then they went to a combination system where people couldn't use their excess capacity, but they could buy the power on the grid as they needed it. So this is just one step further in this particular idea, and that is that you connect those two systems. When they use energy from the grid, the meter goes forward, so the energy companies make money. When there's excess capacity and the consumer is generating excess capacity, the meter goes backwards and not in any kind of inflated or deflated price, at exactly the same stable kind of price.

So this is just one step further in the developments that we have seen people in her constituency use for literally decades, since we first saw settlements in those farm areas. My own grandparents in Oyen had this system, and there were good friends of ours in Cereal, where this minister now lives, who used that system until I was at least 15 or 16 years old. It's a really, really good idea. So I'm hoping that we'll see some interest in this particular debate. It's a positive kind of forward-looking innovation, just taking us a step further down the path of being green and looking at cost-effective ways for consumers to generally lower their average monthly electrical cost.

So with that and given the time, I will stop talking about this and hope that the minister of agriculture can convince the Minister of Energy that this might in fact be a good idea for them to take a look at. If we don't see it come up in here, we can see for sure that this is going to be a really good idea for a private member's bill in the future, and from that we'll see the government adopt it. But let them take a step forward. Let them do something that is very progressive here tonight and accept this amendment.

Mrs. McClellan: Mr. Chairman, I just want to make a couple of comments on the amendment. I don't disagree with the intent of the amendment, and certainly I think it's a choice that people might make. However, what I do have a problem with is legislating it. I don't tend to be a person who likes to overlegislate people's lives. What I am going to ask the hon. minister to comment on on this amendment, which will probably have some influence on my final decision, is: is there anything today that would preclude customers from entering into this?

Mr. Mason: Yes. I can answer it. I've got examples.

Mrs. McClellan: I've had an offer from the Member for Edmonton-Highlands to answer my question. I think I would prefer to stick to the free market system and ask the minister rather than the system that sets rates behind closed doors and so on, and that's the experience I think the hon. member has. So I would prefer that we ask the minister.

10:20

Mrs. Nelson: That was a cheap shot.

Mrs. McClellan: It wasn't a cheap shot. It was an honest fact. It was just a fact of life.

But it is an interesting concept, and I would like to ask the hon. minister if there is anything in the bill today that would actually

preclude using net meters. I do think that down the road we're going to see far more energy produced on farms. In my experience as a minister I do know that there are projects of bioenergy today being implemented, and it is my understanding that those projects can sell the excess energy from their project to the grid.

Ms Carlson: But those are big projects.

Mrs. McClellan: Well, they're not. That's the interesting thing. They're not necessarily big projects. In fact, we have a lot of small projects.

So if there isn't anything that precludes this from happening today, if the customer would bear the cost, and probably should, of the metering, then I don't understand why we would legislate a good idea. If it's a good idea, it'll flow. So I'd ask the hon. minister if he would comment on that.

The Deputy Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I appreciate the hon. Minister of Energy deferring to me on this point, but I do have just an example. I know that one constituent of the hon. Member for Edmonton-Strathcona, who has been a candidate for our party federally in the past – and of course that may preclude her from any consideration opposite, but I think it's an interesting case – has put three solar panels on her roof, and the big, bad power company, in this case EPCOR, has refused to let her connect these solar panels into her home. She not only can't connect it so that she can draw power to light her home, but EPCOR won't let her put it into the grid. So there's an example here of where a big power company, in this case EPCOR, has refused to let this individual connect her solar panels into their electrical system. So it might be a good argument for putting this into the legislation. [interjections] I guess they're not listening, so that's fine. That was a clear example of how a power company is refusing to allow this.

The Deputy Chair: The hon. Minister of Energy.

Mr. Smith: Well, Mr. Chair, I'm pleased to enter into debate, and I'm particularly pleased to see this amendment. One of the reasons that I'm pleased to see this amendment is that it does talk about the future of metering, and we all know, particularly those who have suffered, I mean, have enjoyed the services of EPCOR in the Aquila service network how important accurate meter readings can be and in fact how much more efficient meter readings can be.

In fact, Mr. Chairman, in Puget Sound today Bonneville Power is undergoing an experiment with wireless meter reading, and you can under this experiment vend power back into the grid. For example, if you were away on holidays and you decided that you weren't going to use the power that you were allocated, you are able to vend back your power. Right now the cost of those real-time meters is about \$150 U.S., and I think that technology will move that price down over time, which I think will benefit all of us.

With respect to the present legislation, as the Minister of Agriculture, Food and Rural Development has asked, there are many, many cases of individual family farms that use wind power now. As a matter of fact, I think that a previous business owned by the member from Fort Macleod actually had a windmill that he would vend back into the grid. So this is achievable without more rules.

The other thing that's important as well, even as the member who did serve as part of the city management team – I guess they would be deemed the shareholder for EPCOR. In Calgary there's a house in the hon. Member for Calgary-North West's constituency that has

gone completely off the grid. [interjection] That's not yours? The red one on Nose Creek? [interjection] No. Is it? Well, we don't know because the final boundaries commission hasn't been brought in, Mr. Chairman, and I'm sure that's a topic for a different type of animated debate.

This is a very interesting home. This is a home where an individual has put solar panels in, not unlike the solar panels that the Member for Medicine Hat put in the government yesterday and was shown in a very attractive photo opportunity nattily attired in his green T-shirt. I'm sure that that thing is bolted in and working and I didn't see the EPCOR police down locking off the Legislature. I can only assume that if the hon. Member for Edmonton-Highlands would send us the name of the defeated ND candidate, maybe we could help ameliorate some of the difficulties about hooking up solar panels.

Solar panels as a form of renewable energy have met kind of a technological wall at this stage, Mr. Chairman. Solar panels really only store about 10 percent of the energy that is shone upon them, so the difficulty becomes in the mass that you have to have for storage.

Now, to make it possible to vend back electricity – I was fortunate enough to attend an opening in Calgary – there's also a device that takes solar power and converts it and puts it back onto the grid. That, of course, has been a Calgary company that on its opening stated clearly that this type of innovation, this type of new thought would not have been possible without deregulation.

With this competitive market structure, Mr. Chairman, not only do we get the good and wise minds of the opposition peering through legislation and responding with amendments, but we also get people who generate natural gas, who generate steam and then want to bolt the generator between where the steam is generated and where the bitumen is heated up. That generates copious amounts of new electrical generation without adding measurably to the emissions in this province, without adding measurably to the carbon dioxide that's emitted, and in fact the only cost is the capital cost one incurs in installing one of these large turbines.

So, Mr. Chairman, what we have seen with the advent of a competitive market in electricity is some 3,000 new megawatts, but contrary to the old Crown model or the old socialist model, this power has come on in a variety of new and different and innovative and creative forms. The government of Alberta, which is important to note, has just executed the largest green power contract ever executed in North America, which will then provide, I believe, 90 percent of its power requirements, which is in excess of some 23 megawatts annually, via a biomass and a wind project. I mean, that puts us in the forefront of energy innovation. In fact, if I were living in Grande Prairie-Wapiti or if I were the member representing Grande Prairie-Wapiti, I would be exceedingly proud of the investment, of the opportunity, of the jobs that are going to be created by this project that Canadian Hydro is undertaking with Canfor. Mr. Chairman, not only is it going to provide electricity; it's going to provide heat. It's going to heat those areas in those cold winters and, in fact, use less natural gas.

10:30

Now, the other benefit of this particular project is that it's in Grande Prairie. One of the things about Grande Prairie, Mr. Chairman, is that it is not well-served by transmission lines. So if you had an option of taking it under the socialist model, you'd run a transmission line up from your coal-generated plant in Wabamun, you would pay for the new plant there, then you'd pay for the new transmission up there, in the rate base for everyone, and then finally, some day, 14, 20, 30, 40 years – who knows how long the approval rates take? – you might be able to flip on a light switch in Grande

Prairie, but by then it would be too late. Everybody will have moved out and be living in B.C.

What this does, what the competitive market structure does is it gives residents of Grande Prairie an opportunity to be innovative, save money, to be conservative. I guess if you conserve energy, you're conservative, and I guess you could be progressive in doing that too. So you could live in Grande Prairie and in fact be progressive and conservative at the same time. I think most people in Grande Prairie probably are Progressive Conservative. Mr. Chairman, I digress.

The amendment itself has of substance things that can already be undertaken in the electricity grid of today. It also brings up the importance of net metering in the future, because as we see in Europe – and as you see in the appliances that are being shipped from Europe now, they have timers on them – people run their dishwashers, their dryers, their washing machines, these devices now after midnight, when the price of power is at the lowest. Albertans, by reducing their demands on our power surge period, our peak power period, between 4 and 7, can actually reduce power consumption in this province and also reduce price. In fact, in the first six months of 2001 electrical consumption was reduced by some 6 to 7 percent.

Certainly, I will keep this amendment on file with me. I think it's an interesting piece. We're going to watch continued power vending back and forth in the rural areas onto the grid. One thing you do have to remember, Mr. Chairman, is that if you do have a line, though, your net metering would also have a demand charge because once you are on the grid, there has to be firm power or power available for you should you make that decision to turn the lights on.

So as interesting as this amendment is and as diligently as the work has been done by the opposition to put it forward, I must regretfully ask colleagues to vote against it.

The Deputy Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. Regretfully, with regard to net metering the minister doesn't know what he's talking about, and he really needs to do some research on the issue. At the very least, he should have listened to what we said in the first description, and that is that there are three very distinct benefits for people who have net metering, and that is because consumers can't always consume all of what they have in terms of power because solar and wind power are intermittent power sources. So if they have net metering, then they get full value for the electricity without installing expensive battery storage systems. That's important because that affects the payback period for the person who's installed both the solar or the wind energy. Secondly, it reduces installation costs for customers by eliminating the need for a second energy meter. Third, it provides a simple, inexpensive, and easy to administer mechanism for encouraging small-scale use of alternate energy sources. In fact, the minister should know this. You can use your existing meter to take advantage of net metering because all of those meters go forward and go backwards, so this is a very interesting thing to do.

The minister should also know that 30 states already legislate the requirement for there to be net metering options. They require at least some of the utilities that are providing services in their areas to offer net metering for small wind systems, and the rules are enacted by state utility regulators. So as we have heard from the member here: that is not an option allowed by most of the providers in this province. In fact, we haven't been able to find a case where it has been, and then the States has found that it's got to be enacted by state utility regulators, and these rules apply to utilities whose rates and services are regulated at the state level. So this is a perfect little piece to tuck into this bill in a regulation.

For Alberta this would be very forward legislation, but it isn't news in the States because in recent years we have seen many states enacting net metering laws legislatively, including California, Connecticut, Delaware, Massachusetts, Montana, Nevada, New Hampshire, New Jersey, Ohio, Oregon, Vermont, Virginia, and Washington. In most of these states with net metering statutes all utilities are required to offer net metering for some wind systems and some solar systems, and many of them limit eligibility to just small systems.

So, in fact, this minister needs to get off his soapbox and onto a little bit of research and development and get with the program. If they're going to provide high energy costs to this province, then they've also got to provide alternate sources.

Mr. Mason: Mr. Chairman, since I spoke before, it occurs to me that I should speak to this rather than attempt to answer questions. You know, I think this is a good amendment. I think this is a very good amendment, and I think that the government could move quickly, not just take it under advisement but actually say: listen; we can do this. This could be done under a regulated system, just as it can be done under this system. This particular amendment is neutral when it comes to the type of system of electricity and would work very well.

I mentioned the case of the individual who tried to get EPCOR to hook in her solar panels on her roof, and they refused. They wouldn't do it. I know I get accused of just defending EPCOR all the time and not supporting deregulation because I'm supposedly supporting EPCOR, but in this case EPCOR is the bad guy, and it needs the government to enforce this. It's simple to do.

I recently spoke to a group of students at Harry Ainlay high school. Some of our pages actually belong to a student club there that's interested in politics. One of the things that was of most interest to them is the idea that you could produce power in your own house through a variety of means and your meter would actually go backwards because what it means is that the power grid is buying the power from you because you're producing more power than you're using.

There are lots of ways you can do it. Solar panels are just one; heat pumps are another. I'm thinking of agricultural applications. We know that the Premier wants us to have 17 million hogs in this province, and we know from previous debates just how much pig manure that would produce, Mr. Chairman, and there's a lot of heat in that pig manure. There's an awful lot of heat, and through the use of heat pumps you can actually convert that into energy that's usable and can be put back into the grid. Wind power has been suggested. There's small-scale water power. You can actually produce small amounts of electricity from streams that may be running through your property and so on. There's no end to the ways that people can produce their own electricity, so this amendment would allow that, and it's certainly something that we've been talking about for some time.

Now, I just want to get onto some of the things that the minister has talked about because he talks about the socialist system, by which he means the regulated system as opposed to the system we have here. I think that it's fair to say that the kind of system that's proposed by this government, that's emerging in this province, will produce a certain amount of innovation because there'll be a considerable amount of desperation. People will be desperate to find ways to save on their power bills, so they'll be prepared to try things, and I suppose that that is the silver lining in the government's direction, but it comes at an enormous cost, and it's so unnecessary. If you want to find ways to innovate, amendments like this one would certainly allow that, and this kind of innovation could take place in the kind of system that we support, which is a regulated

system, which this province has had. It was not socialists that brought this into existence, Mr. Chairman. I'd remind the hon. Minister of Energy that it is not socialists that brought about the regulated system in Alberta. It was Social Credit, and that's about as close as you can get. It was, of course, supported and maintained by the Lougheed administration, which was a conservative government, as well as the Getty government, which was also a conservative government. In Ontario they've turned back towards this, and this decision was made by Premier Eves, who is of course a Progressive Conservative Premier. So it's a kind of a system that has not only served people very well for many years, but it's been broadly supported politically, and to call it a socialist system is to completely misrepresent the actual fact.

10:40

Here in Alberta while it was a regulated system, the majority of the production and distribution of electricity was in the hands of private companies being Alberta Power, which then became ATCO Electric, and also Calgary Power, which then became TransAlta. The third player, which was a fairly small player but one of the big three, was, of course, EPCOR, which was owned by the people of Edmonton. So it works very well in an entirely publicly-owned electrical system as they have in some provinces, which you could probably call a socialist system. But in Alberta we never had a socialist system. We had a mixed system that was predominantly free enterprise but was regulated by the government.

I guess the other point that I'd like to make is that at the time that the economy was growing very rapidly in Alberta, more rapidly than today, in the late '70s, they were able to plan and bring on new generation in a timely fashion. There were not brownouts. There were not blackouts. In fact, the system was quite well planned, and prices were kept low because supply was balanced with demand, not through market forces but through planning. It did work very well. I think the suggestion that that system didn't work for Alberta is not true.

I know that allegations have been made, too, about how long it took to bring Genesee on-line. You know, I have some familiarity with that too, Mr. Chairman, because the provincial government refused to allow Genesee to be brought into rate base even though it had been deemed to be necessary and its supply was required, and it kept it out of rate base for a long time. The result is that the utility borrowed money in order to operate the generation and to pay a dividend back to the city, and this was added to the allowance for funds used during this construction. Of course, that was all then paid back when it was put into rate base because it was all eligible under the rules, and the result is that there was considerably more capital that had to be put onto the rate base and repaid in that fashion than would have been necessary.

So delays in getting Genesee into the rate base were the result of government opposition and particularly agitation from TransAlta Utilities which was picked up particularly by some of the Calgary representatives, who discriminated, frankly, against EPCOR in that case. You know, I look back and I remember meeting, as a member of city council, with Dr. West, who at the time was the Minister of Energy. He told us that this system would replace the cumbersome and expensive regulated system and that this would . . .

Bill 30
Appropriation (Interim Supply) Act, 2003
(continued)

The Deputy Chair: I hesitate to interrupt the hon. Member for Edmonton-Highlands, but under Standing Order 61(4) I must put the question proposing the approval of the appropriation bill on the

Order Paper for consideration by the Committee of the Whole. Does the committee approve the following appropriation bill: Bill 30, Appropriation (Interim Supply) Act, 2003?

Some Hon. Members: Agreed.

The Deputy Chair: Opposed?

Some Hon. Members: No.

The Deputy Chair: Carried.

[Several members rose calling for a division. The division bell was rung at 10:44 p.m.]

[Ten minutes having elapsed, the committee divided]

[Mr. Shariff in the chair]

For the motion:

Amery	Graydon	McClellan
Calahasen	Griffiths	Melchin
Cao	Hancock	Nelson
Cardinal	Hlady	O'Neill
Danyluk	Hutton	Pham
DeLong	Jablonski	Renner
Doerksen	Klapstein	Smith
Ducharme	Kryczka	Strang
Dunford	Magnus	Tarchuk
Fritz	Marz	Woloshyn
Goudreau		

Against the motion:

Blakeman	Mason	Taft
Carlson		

Totals:	For – 31	Against – 4
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[Motion carried]

The Deputy Chair: Shall the bill be reported? Are you agreed?

Some Hon. Members: Agreed.

The Deputy Chair: Opposed?

Some Hon. Members: No.

The Deputy Chair: Carried.

Bill 3
Electric Utilities Act
(continued)

The Deputy Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I would move that we adjourn debate on Bill 3.

[Motion to adjourn debate carried]

Mr. Hancock: Mr. Chairman, I would move that the committee now rise and report progress on Bill 3 and Bill 27 and report Bill 30.

[Motion carried]

[Mr. Shariff in the chair]

Mr. Klapstein: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports Bill 30. The committee reports progress on Bill 27 and Bill 3. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Acting Speaker: Does the Assembly concur in this report?

Some Hon. Members: Concur.

The Acting Speaker: Opposed?

Some Hon. Members: No.

The Acting Speaker: So ordered.

Mr. Hancock: Mr. Speaker, I'd move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:59 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

