



Province of Alberta

The 29th Legislature
Second Session

Alberta Hansard

Wednesday morning, December 7, 2016

Day 59

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Second Session

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Sweet, Heather, Edmonton-Manning (ND), Deputy Chair of Committees

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New Democrat: 55 Wildrose: 22 Progressive Conservative: 8 Alberta Liberal: 1 Alberta Party: 1

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Legislative Assembly of Alberta

9 a.m.

Wednesday, December 7, 2016

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

As we go about our work on behalf of the province and the people we serve, let us meet each new challenge with determination as we work to enrich the lives of the people of today, and let us strive to make good decisions for the people of tomorrow. Let us always give thanks to those who came before us.

Please be seated.

Orders of the Day

Government Bills and Orders Committee of the Whole

[Ms Jabbour in the chair]

The Chair: I'd like to call the Committee of the Whole to order.

Bill 25 Oil Sands Emissions Limit Act

The Chair: Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Innisfail-Sylvan Lake.

Mr. MacIntyre: Thank you, Madam Chair, and good morning. Well, we have before us this bill, Bill 25. I'll call it the Limiting of Development bill. We have talked at length about the impact that this bill is going to have on development in the north. We have a situation where, by some estimates, the lost opportunity cost of following through with this bill as it currently stands is going to amount to hundreds of billions of dollars in lost opportunity. The actual cost of that lost opportunity translated into costs per tonne is estimated to be in excess of \$800. I believe the figure was \$863 a tonne of emissions. That is the lost opportunity cost that this government is attempting to force upon that sector and upon the people of Alberta.

Of course, what dollars and cents often do is that they miss the human factor. We talk in this House so much about a billion here and a billion there and now \$250 billion in development that's going to be capped, and really I think sometimes we lose the human element in those discussions. We have a sector, the oil and gas sector, in this province that is experiencing one of the worst economic downturns in the history of Alberta. We have a population province-wide that is also in that same problem. We have downtown Calgary, that according to reports has seen the loss of over 11,000 businesses, 11,000 businesses gone down. They've either shut down or moved.

Again, we talk about these statistics, and we forget to put a face to them. Those 11,000 businesses that are shut down represent moms and dads and children and futures, and those futures are at risk because of the policies of this government during, as I said, the worst economic downturn since the Great Depression.

We have a government here that, unfortunately, doesn't understand that you do not kick people when they're down, and that's what this government has been doing from day one. They came into power knowing full well we were in an economic

downturn, and they immediately started raising taxes and fees, following in the footsteps of the government that they replaced.

This is really sad, that this government would continue on in that kind of a way to hurt the people of Alberta, impacting entire communities. It's been policy after policy, legislation after legislation attempting to somehow re-engineer the most resource-wealthy jurisdiction in all of North America to some sort of NDP utopia when, in fact, if we were to follow through unchecked in the methodology and the vision of the NDP world view, they will essentially drive us back to the Stone Age. We'll be driving around in windup cars in their so-called carbon-free environment that they want to try and create here, not realizing that in a carbon-free environment they won't be able to talk to one another on their cellphone. In their carbon-free vision they won't be able to paddle around in their plastic canoe. They won't be able to wear their synthetic shoes, wear their synthetic clothes in their synthetic house.

Madam Chair, this bill that we've got before us, just to put a face to it, represents a bill that is going to be hindering jobs for people. We've seen numerous pieces of legislation from this government that are attacking different sectors in this province. There was the agricultural sector, the agricultural sector that didn't meet the NDP world view. Numbers of us have had e-mails from greenhouse operators who are looking at the carbon tax and can't see a future for their business in this province, a carbon tax that this government justified by saying, "Well, we're going to really do something and provide leadership, global leadership, on the reduction of greenhouse gases," not realizing that for every greenhouse you shut down in this province, that's another truckload of produce coming out of Mexico: jobs that are lost in this province, taxes that won't be paid in this province, moms and dads whose children have a future at risk because of this government's illogic.

Now we have a bill before us that is capping emissions, but really it's a cap on development. It's another in the drive towards leaving it in the ground at a time, even, when for some crazy reason this government refuses to wait for a report from their own panel on this very subject, insisting that, well, we've got to get Bill 25 passed just as quickly as we can. Are we afraid to see what's in the report? I'm not afraid to see what's in that report. Let's have it, but let's have it before the legislation gets passed. There is a proper order to things here, and when you strike a panel, you wait. You wait until you hear the report from the panel. I remember we waited and waited and waited for the royalty review panel, and the government certainly didn't like that outcome very much. It was kind of embarrassing. The review panel came back and said: well, actually, it ain't that broke; it doesn't need fixing so much. In the meantime the very fact that we were having a royalty review resulted in investment fleeing this province to the tune of some \$40 billion. It seems to me the government dropped the ball there, too.

Now, when we come to this Oil Sands Emissions Limit Act, we have before us an act that is going to cost the province again in lost opportunity. We're going to have stranded assets once again, just like we're having stranded assets in our electricity sector. Over and over again we see this government failing to do proper, thorough analysis, independent analysis by people outside their NDP bubble. Of course, even those who are inside the NDP bubble aren't going to get their day. We're not going to listen to what OSAG has got to say before this bill gets pushed through this House. That's, I think, an embarrassment to this government.

9:10

Now, again we come back to this issue that capping development in any way in a resource-rich province like this means capping jobs. It means capping futures. It means capping the prosperity of our

province, and I will say again that when it comes to the development of our resources, whether they be oil and gas, whether it be agriculture, whether it be forestry, each and every sector in this province is a sector we Albertans should be very proud of. You will not find another resource-rich jurisdiction anywhere in the world that has done such a good job of developing resources in a responsible manner as you will find right here in this province.

Some of us in this room have travelled to other nations in the world that are resource-rich nations. We've got nothing to be embarrassed about in this province. We should be holding our head up high because our industrial sector in this province has done a remarkably good job in developing the resources that we have.

In our agricultural sector are the stewards of the land, and they have done a remarkable job in increasing food production year by year by year and maintaining the quality of our land. Our resource sector has some of the best reclamation and remediation practices in the world, Madam Chair. In the world. As I've said, some of us have been to those other places that don't have those kinds of things. We have nothing to be embarrassed about. We should be holding our head high. We have been leaders on the environmental front when it comes to resource development from the get-go.

This government came to power, and by some of the rhetoric that you would hear, environmentalism in Alberta was somehow unheard of till they came to power, and that is simply not true. We have a remarkable legacy already. We have recycling programs here. We have waste reduction programs in our industries, in the construction industry and the resource development industry. They all had waste reduction strategies for years before this government came to power. We have had remediation and reclamation processes that were invented in this province long before this government came to power. Let's be clear: the NDP did not invent environmental responsibility, like they like to have everyone think is the case. Not true.

Albertans right across this province that are proud wearers of hard hats and gloves and workboots and Nomex: they have been responsible. They have been the leaders on the environmental front all the way along, and I am proud of them.

Now we have a government that is antibusiness, anti everything that could possibly lead to a recovery out of this economic problem that we're in. We have neighbours just to the east of us, in Saskatchewan, that are posting job growth, that are posting growth in their resource sector. They are doing remarkably well facing the very same global economic issues that we are facing, yet here we are stuck. We're not stuck on account of the economic situation globally. We are stuck because of the policies of a government that does not understand basic business. We're stuck with a government that has policy after policy that is based on the ideologies of tax, tax, take that money and spend, spend, spend, and if government doesn't do it, then obviously it isn't going to get done. That is simply not true.

Government is just about the worst at doing everything, the best at taxing, and the most profoundly impactful in destroying economies. It's when government gets out of the way that economies flourish. Take a look around the world where you have had heavy-handed government, and what do you see? Poverty. Corruption. Harm. The vulnerable falling through the cracks. Governments that don't listen to their people. We have government after government taxing their people into the ground, and now we have one of our own right here in this province. I long for 2019, and so do millions of Albertans, because ultimately Albertans are going to have their day. They're going to have their day, and it's going to be glorious.

Here we've got this bill before us, Madam Chair. Overall a cap on emissions like this one is a cap on development and a cap on

prosperity, a cap on the future of our province and a cap on pulling us out of this deep recession that we're in. I do not support this bill. I'm not sure you could possibly offer up enough amendments to improve it, but we're going to try. That is our job, to come up with alternatives in an attempt to improve bad legislation like Bill 25, and we will continue to do that. My colleagues and I have a number of amendments in an attempt to improve this bad legislation, and I would hope that the government will listen to reason and listen to the sensibility of these amendments as we attempt, through these amendments, to improve the opportunity for our oil and gas sector to grow and to prosper and to provide badly needed jobs right across that sector.

Thank you, Madam Chair, for enduring me once again. I look forward to the next speaker.

The Chair: Any other speakers to the bill? The hon. Member for Calgary-Foothills.

Mr. Panda: Thank you, Madam Chair. Today I'm proud to stand here in this House as an Albertan, and I'm proud that Alberta is blessed with natural resources. But there is another thing we should all be proud about: having a legislator like the one from Innisfail-Sylvan Lake. We are truly blessed to have a legislator like him, who can actually educate all of us so eloquently. It's up to us whether we want to use that information or not. At least he's working day and night to bring all of us up to date. It's unfortunate if you choose to close your eyes and ears, but I mean, we can't help that. I was quite impressed, and this file I understand a bit because I spent my life in this sector.

As I said, Madam Chair, I believe that climate change is real, and I do want to support any bills that would actually reduce emissions. In this case the intent is good. Like with many other bills this government has brought, the intentions are good, but the outcomes are nowhere close to what they say. The reason I oppose this bill is because of the hidden agenda of this government, and the hidden agenda came out yesterday when the Member for Edmonton-McClung got up and said: it's a cap on production. It's in the *Hansard*. You can look at that. The truth comes out once in a while. Yesterday he said many good points, but he also spoke the truth, that this is a cap on production. That's why I can't support this bill.

This bill is not only a cap on production; it's a cap on economic development and a cap on prosperity. Most importantly, actually, it's a cap on immigration. People like me, economic immigrants, move to this province because this province has the third-largest petroleum resource in the world, which means it's an opportunity for new immigrants to come here and have well-paid jobs and have quality of life. But this bill is going to actually cap those opportunities for new immigrants.

9:20

You know, Madam Chair, when economic immigrants come to this province, when they work in well-paid jobs, and when they contribute to innovation and all, they actually pay taxes here, and that contributes to the economy of the province. This bill is going to restrict that movement of economic immigrants across the country or across the world.

Madam Chair, the Member for Innisfail-Sylvan Lake talked about the prosperity and the resourcefulness of other countries. I came from a country where I personally experienced energy hunger and energy poverty. I've travelled a lot in China and Europe and other provinces that also experience this energy hunger and energy poverty. But I came to Alberta, which has natural resources like coal or gas or oil, and it's unfortunate that we have a government here who wants to strand that resource. They want to leave it in the

ground. So all other things they say – they said before that they don't want pipelines. Now they say they do want pipelines. They talked about those two pipelines. I appreciate their efforts now. I congratulate them. In spite of them, we got that. Even if there was any little contribution from the NDP in obtaining approval for those pipelines, I appreciate them. Albertans salute that. But we are all looking forward to getting them built, actually. The Premier was in B.C. for two days, and she couldn't convince her own cousins in B.C., and she couldn't convince her own cousins in Manitoba a few months ago. We'll see how that goes.

Our Member for Cardston-Taber-Warner actually offered yesterday constructive co-operation. We'll do everything we need to do to help this government, to work with them to get those pipelines built. But, on one hand, they say that we want additional capacity to transport the oil; on the other hand, they want to keep the oil in the ground. There is no consistency here, so I don't know how to take them seriously. They say that they consulted the people of Alberta before they brought this bill in. I don't know who they consulted. They talk about those four CEOs. What about the people working in those companies, thousands of them, those employees who are Albertans, who actually own this resource? Those CEOs are big oil. They don't own the resource. Albertans own the resource.

I used to work for big oil. I don't now, because I work for Albertans. Albertans own this resource, and this government is elected to represent Albertans, hard-working Albertans, not the elites overseas and not the elites that oppose Alberta from Ottawa. We are here to represent everyday hard-working Albertans, but this government just called those four CEOs. They don't talk about the employees that work in those big corporations.

Funnily enough, they don't even want to consult CAPP. This is not the cap they are talking about, a cap on emissions. I'm talking about CAPP, the Canadian Association of Petroleum Producers, who are the voice for upstream oil and gas in Canada. Their job is to promote the growth of the oil industry here in a responsible manner and to help them to become competitive and to advocate for the industry. This government conveniently chose not to consult them. I understand the minister told them that they will only have a seat at the table of the OSAG if they blindly support Bill 25. That is really appalling, Madam Chair. They say that they consult. With all the transparency they talk about, they don't even consult the main stakeholder, I mean, who is representing the producers in Canada. This government doesn't want to include them because they don't want to rubber-stamp this government's bill. It's so unfortunate. That's why I can't support this bill.

Also, you know, there were reports that we're going to strand \$250 billion of wealth in the ground. That's \$250 billion. They may not agree with that report, but the government should have done some economic impact analysis, which they have never shown to anybody. No Albertan knows what the economic impact of this policy is. These bills they're talking about, whether that is Bill 25 or Bill 27, will have far-reaching economic impacts for Alberta. That will impact future generations, too, but this government doesn't want to share that economic impact, if they have done it, and they don't tell us that they didn't do it. And when we are asking them to do it, they just don't listen because of their hidden agenda. Their hidden agenda is to leave the resource in the ground, and they've said that loud and clear many, many times.

Mr. Eggen: Then it's not hidden.

Mr. Panda: Then share the economic impact analysis with us.

Like I said before, you are not elected to solve the world hunger problem. You are elected to solve the problems of Albertans, who

are looking for work every day. There are people on the streets in Calgary waiting for this government to help them. This government seems to be talking about the elites of the world and the stars and, you know, celebrities, but they don't want to care about regular Albertans. This NDP is supposed to be the champion of everyday Albertans, Madam Chair.

Madam Chair, the premise of this bill is to reduce emissions, so let's put that into context. The whole of Canada is only contributing 1.6 per cent of global emissions. Should we be complacent? No. We should do everything to reduce that to zero emissions, and the way to do it is through technological innovation and adopting the latest technologies. What about other countries, though, who are emitting 98.4 per cent of greenhouse gases? What about them? How can we help them without killing ourselves here, without strangling ourselves here? No other country in the world is leaving the resource in the ground. No other country in the world is giving away wealth of \$250 billion. Only Alberta wants to do that under the NDP. I can't understand that.

Like I said, all other countries are looking for the natural resources they don't have. Countries like China and India have hundreds of millions in a young workforce looking for work, but they can't put them to work because they don't have this kind of natural resource industry. Here we do have it, and we are stupid enough to say that we want to leave that in the ground because of our ideological policies. I don't get that. We can help those countries who are the major polluters by giving them the support they need with the latest technologies, whether it is clean coal technology or other tailings technologies that we use in mining or even water and vapor recovery technologies that we use here, the latest ones. We can support other countries so that they can reduce their emissions. Otherwise, even if we close all of our industry here, all we are going to contribute is not even 1.6 per cent. We have to look at it from that point of view.

9:30

I'm not saying that we shouldn't take leadership, but that leadership should not be at the disadvantage of the people that elected us. We're saying that this government is attacking the prosperity of the Albertans who elected them. It's biting the hand that feeds.

There is another thing, Madam Chair. This country is the second largest by area in the world, behind Russia, so that means we need some carbon dioxide here to grow the trees and plants and forests and whatnot. You know, I'm just talking here. I'm a science student. Don't call me a climate change denier; I've already said that a hundred times. We need to do a study for the supply and demand of carbon. Carbon is required to some extent. So have we done that study, whether we are net positive or net negative in the supply and demand of carbon? I haven't seen that from this government or from the minister of environment. That's the other thing Albertans are looking for. What if we determine after the study that we are actually negative in carbon supply?

If that is the case, then we can brand our petroleum products as the greenest on the planet, and we should be getting a premium for our product. Once we determine that we are actually low in the supply of carbon in this country, we can market our products with a branded advantage. Has this government thought about that? Nobody talked about that. Nobody wants to talk about that from the NDP. So that is the other thing we need to look at. In that case, if we could prove that it is not dirty oil – it's the greenest oil – then we can brand our product, and it won't be called dirty oil anymore. That will help us actually to diversify the market and diversify market access. This government doesn't want to talk about that. I encourage them to talk about that.

Like I said, Madam Chair, this CLAP, climate leadership action plan, doesn't achieve the intended results because we can't control other countries. There is no way we can isolate our country from those emissions coming from other polluters, whether it is south of the border or from Asia or Africa, from anywhere, because there is no technology yet to build walls in the sky to isolate ourselves. I don't know if the NDP is thinking about that. Today we're trying to control emissions here, but other countries they can't control, and we can't prevent the wind blowing to our side, bringing all the emissions from other countries. [interjection] Yeah.

Madam Chair, another thing is that, you know, technologies evolve over a period of time. Like, 60 years ago nobody thought we would have the technology to separate oil from the sands. So one day there could be a technology, and we may not need oil to run our cars or heat our homes. Tomorrow somebody might discover a technology wherein you can actually run your automobile with water or air. What happens then? Then this resource that we own will become redundant, so you have to leave it in the ground permanently anyway when we discover those technologies.

Before that happens we have to market the product we own. We have to get the best value for it. So leaving that in the ground is not a solution. Imagine that. If there is no demand for our product because of a new technology wherein you don't need oil to run your vehicles or heat your home, your product becomes redundant, so it's prudent on our part to market the product when there is still demand for our product in the market. It would be stupid for us not to take advantage of that.

Madam Chair, for those reasons that I said, I can't support this bill.

And this government-appointed oil sands advisory group: they haven't given a seat on that committee to CAPP, which is the main advocacy group for the oil and gas sector in Canada. Also, like the previous speaker said, there were people on this committee representing OSAG who are actually paid by this government, and they're actually working against Albertans' interests. They're doing fundraising to protest against the Trans Mountain pipeline. How is that going to help Albertans when taxpayer money is used to pay the protestors to sit on OSAG? I don't get that.

For all those reasons that I explained and, as I said before, as the government hasn't shown us yet the economic impact analysis for this file, I'm going to bring an amendment, Madam Chair, with your permission. I hope that with all the explanation I gave and the other members on this side gave, the members on the government side will support this common-sense amendment to make their bill better. I have the requisite copies. If you'll permit me, I'll start reading the amendment.

The Chair: If you could give me a moment for the amendment. However, you're going to run out of your speaking time.

Go ahead, hon. member.

Mr. Cooper: Thank you, Madam Chair. I'm just wondering if the Member for Calgary-Foothills might like to expand on how this is such a common-sense amendment.

The Chair: This amendment will be known as amendment A5.

You can go ahead, hon. Member for Calgary-Foothills, and speak to your amendment.

Mr. Panda: Thank you, Madam Chair. It is a common-sense amendment because Albertans are looking for the economic impacts of this reckless policy. This government talks about being progressive. There is nothing progressive about this bill. It's regressive, and it's all ideological, and it's so radical. There is nothing progressive about this bill. When you want to strand the

resource and leave \$250 billion worth of prosperity in the ground: so reckless.

That's why it's a common-sense amendment, asking you to look at the economic impact of this bill and tell your families, your neighbours, your friends, the people that you represent, and the world that we actually did this economic impact analysis and this is what we found. If you come out and say, "Well, we are not leaving that much resource in the ground," we'll change our minds. If you're saying that it is going to reduce emissions substantially, we'll support that. It's on you to prove that. But you're not sharing that information with us.

That's why I'm bringing this amendment, Madam Chair. I move that Bill 25, Oil Sands Emissions Limit Act, be amended by adding the following after section 4:

Economic impact assessment

5(1) One month after the date on which this Act receives Royal Assent, the Minister shall prepare a projection of the impact of the oil sands greenhouse gas emission limit established in section 2(1) on Alberta's economy.

(2) The Minister shall lay a copy of the projection prepared under subsection (1) as soon as practicable before the Assembly if it is then sitting or, if it is not sitting, within 15 days after the commencement of the next sitting.

Coming into force

6(1) This Act comes into force 60 days following the date on which the Minister lays the projection prepared under section 5(2) before the Assembly.

9:40

Madam Chair, I'm truly convinced that this is a reasonable amendment. This gives the government an opportunity to address the issues and concerns we've raised, particularly when they haven't consulted Albertans on this bill. It's accountability for the government to educate people on the economic impact of this reckless, regressive, ideological bill, and that will give them a real opportunity to step back and to do some economic impact analysis and convince Albertans that this bill is the right bill to pass in this Legislature.

With that, Madam Chair, I ask all members of this House from both sides of the aisle to please, please consider this amendment in the interests of Albertans and in the interests of the people we represent and for the benefit and prosperity of not only our generation but the generations to come.

Thank you, Madam Chair.

The Chair: Any other members wishing to speak to the amendment? The hon. Member for Battle River-Wainwright.

Mr. Taylor: Thank you, Madam Chair. Thank you for being able to speak to, I guess, A5, the amendment that was proposed here today. Really, what we're doing is an economic impact study. An economic impact study is probably the most important thing that they could be doing at this point in time. When you're looking over what has been said up to this point in time, for Alberta we need to have an economic impact study done. This is our main industry. Frankly, this is the number one industry in our province. Then we have our agricultural sector. Because this is such a huge industry, if we don't, that's the most irresponsible thing that we could be doing, limiting what we could be potentially seeing for what kind of production we could have.

You know, if you look at this, our oil: we have the most ethical oil in the world, and we have probably the cleanest environment for people to produce oil, and they get a fair price for their work while they do this extraction. So if you don't do an economic impact study, you are limiting all those different areas.

Again, going back to my first point, being the cleanest oil extraction, that we have, when you look at this extraction, if we limit our extraction to the 100 megatonnes, then other places, other jurisdictions in the world, as the demand for oil increases, will pick up and be able to supply that. We have no control over which countries will be picking up the production. If it's from countries that, frankly, have bad environmental policies, bad human rights policies, countries that don't pay their workers well, well, shame on us. Shame on us here in Alberta for doing that. That's just a wrong thing, a wrong approach, and it's a bad approach that we're going down. You know, that's the direction that we seem to be going.

The Member for Innisfail-Sylvan Lake said that a better name for this bill would be the Limiting of Development bill. Well, I think this could also be called the Lost Opportunity bill – that could be a very good name – or the Antibusiness bill. These are things that are happening, and it's really limiting what we're doing.

He's asked for very simple requests.

Economic impact assessment

5(1) One month after the date on which this Act receives Royal Assent, the Minister shall prepare a projection of the impact of the oil sands greenhouse gas emission limit established in section 2(1) on Alberta's economy.

(2) The Minister shall lay a copy of the projection prepared under subsection (1) as soon as practicable before the Assembly if it is then sitting or, if it is not sitting, within 15 days after the commencement of the next sitting.

Coming into force

6(1) This Act comes into force 60 days following the date on which the Minister lays the projection prepared under section 5(2) before the Assembly.

I think that's a very, very reasonable request because we need to know what it's going to cost Alberta. You know, the Fraser report had a price on this, basically just an estimate. If we go with the Fraser report, it's going to be \$150 billion to \$250 billion. That's huge. That in itself is antidevelopment. We've lost the potential for that kind of money to be in our economy. This is antibusiness, anti our main industry.

As I mentioned before, it does not make our environment cleaner when the rest of the world will be producing oil and extracting oil and using oil, not clean like we are here in Alberta but under their terms. If we're able to produce oil and extract oil the way we have been doing and progressing with cleaner technologies – frankly, we always keep going with cleaner technologies. It's just been that way. I remember the 1970s. I'm going to go back and do a little history. When I remember the '70s, I remember seeing the stacks that were puking out all sorts of fumes, et cetera. There were fish that were, frankly, being killed in the Great Lakes because they were not using proper technologies.

So we didn't have to restrict. We didn't have to do this. We've come from that in the 1970s to now without having these antibusiness kind of bills that are happening. We need to make sure that we are looking at this. We have been able to go from poor extraction to great extraction to the cleanest extraction in the world. We did that without having to limit ourselves, and we were able to see a great amount of money and a great amount of prosperity in this province. Without an economic impact study, we don't know what that is going to mean for Alberta. How much will we lose in potential development that we could be doing? What is the lost revenue? How many jobs are lost? How many people will be left out of work because of this? An economic impact study would show that.

You know, we've got hard-working men and women in our oil sands industry right across this province. They get up each day to work and to make sure that it's done in a clean, safe manner. Right now with this bill, like I say, we are limiting ourselves. We need to

know for those men, women, and the businesses that are in this province what that is going to mean to them. How much money will they be losing as a result, like I say, of this, frankly, bad bill? To me, this is the most practical kind of solution, to have an economic impact assessment done.

You know, contrast that right now with what they've got going in Saskatchewan. Saskatchewan is seeing an uptick in their industry while we are going backwards. We are going downhill. That's telling me a lot. That's telling me that investors are now trying to change from where they're looking at Alberta – that's the economic impact that's already starting to happen – and they're moving over to Saskatchewan. Do we want to limit ourselves so that we are not going to be able to take care of the men and women that have these good-paying jobs, ones that can look after their families and help out our province?

9:50

In the meantime they're always developing new, cleaner technologies. That's part of what we can do through our universities, supporting the universities and supporting the industry and providing directions. That's what we as a government should be doing, providing direction, not saying that you are absolutely limited to this cap, this 100-megatonne cap. It's irresponsible, and I'm definitely opposed to that. Frankly, this cap is an arbitrary cap. I've asked the government, but I've not heard a clear answer as to why a 100-megatonne cap is the cap that we should be at. How did you determine that? Was it just because 100 a nice, round number?

Mr. MacIntyre: It's a prime number.

Mr. Taylor: It's a prime number. Yes. Thank you. I mean, that's a good reason, perhaps. I don't know.

Why 100? Why not 200? How did you come up with this number? It's going to affect what happens in this province. It's, frankly, antibusiness because when you have 100 megatonnes, what other players are going to want to come to our province when they know they have that limit? They know that they may be pushing up to that cap, so all of a sudden: "Well, I guess I'm not going to go into Alberta, but Saskatchewan is business friendly. Let's go to Saskatchewan. I like the idea of Saskatchewan."

We're just shifting the business from Alberta to Saskatchewan. You know, we're shifting that business over there. You're saying that you want to make it so that it's a cleaner environment here, but if Saskatchewan is producing more – well, the winds kind of blow. You've figured that out. I mean, that's been a basic scientific fact. Whether it blows from Venezuela or it blows from Chile or it blows from Saudi Arabia or from Saskatchewan or North Dakota, those carbons still move, and they'll be moving around into Alberta. If you limit how much we can produce, they're going to blow into our province regardless, but if we can be responsible and make it so it's clean technologies that are coming out of our province, we kind of stifle some of that development that still goes on in the rest of the country, the rest of North America, the rest of the world. Frankly, I think that's the most responsible thing that we could be doing, and this is the most irresponsible part of this.

To be able to get to a point to have this clean oil extraction and to be able to make it so that people want to have clean oil extraction – if you limit it, we're not getting new players into this province. They're not going to be excited about having to develop new technologies for Alberta because, frankly, you're limiting the business.

The first thing we need to do is find out: how much money will we lose in this province as a result of this bill? For that reason, I cannot support this bill. Thank you.

The Chair: Any other members wishing to speak to amendment A5? The hon. Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Madam Chair. It isn't a surprise that I will be supporting this amendment, that's asking for an economic impact study. Instead of going into the actual specific amendment and reading this out, what I'm trying to do is give it some sort of perspective that people can relate to.

Now, I'm going to actually give this a smaller scope. I'll go to an article written on September 7, 2012, in the *Atlantic*. The title is *If You Build It, They Might Not Come: The Risky Economics of Sports Stadiums*. Now, right under the title we've got, I guess, a little bit of a breakdown of what exactly it's about, and it says: "The trials of the Phoenix Coyotes, the least popular hockey team in the NHL, offer a lesson in public debt and defeat." We're looking at, specifically, a lesson that's been learned by a municipality within the United States that has actually done an economic impact study. The problem here is that even with impact studies, you can still be sent down the wrong direction, but at least you've done some due diligence to be able to decide exactly where the public is going.

Now, I'm going to read a part of this. There are three paragraphs of this article that I'm going to read.

To put the deal in perspective, Glendale's budget gap for 2012 is about \$35 million. As the city voted to give a future Coyotes owner hundreds of millions of taxpayer dollars, it laid off 49 public workers, and even considered putting its city hall and police station up as collateral [to get] a loan, according to the Arizona Republic. (The latter plan was ultimately scrapped.)

Overall, Glendale is not only on the hook for \$15 million per year over two decades to a potential Coyotes owner, but also a \$12 million annual debt payment for construction of its arena. In return, according to the Republic, the city receives a measly "\$2.2 million in annual rent payments, ticket surcharges, sales taxes and other fees." Even if the Coyotes were to dominate the league like no other in recent memory and return to the Stanley Cup Finals year after year, the city would still lose \$9 million annually.

This is an altogether too common problem in professional sports. Across the country, franchises are able to extract taxpayer funding to build and maintain private facilities, promising huge returns for the public in the form of economic development.

Now, in our case we are promising huge returns for Albertans by putting a cap on our ability to do business. In this case, they were at least putting money towards something that could potentially bring money into their community. In the end what happened is that the council, instead of using reasoned thought to move this forward, decided to go all-in without doing enough research into exactly the impacts to their community. Now, we're looking at this example and saying: well, this seems to be a lot smaller example, according to what we're dealing with, which is, from my honoured colleague here saying, the potential of limiting us from bringing forward the opportunity cost of about \$250 billion.

Now, in this case here they're going to be bringing in a little bit of money, but they're spending a lot of money to get it. This is exactly where we're at right now. We're running massive deficits in Alberta. Now, you would say: "Okay. In this case we've got a sports team. We think that it's going to bring growth to the community. It's going to bring recreation." What we're saying with the debt cap is that it's going to give us the authority to be able to bring our oil to markets.

10:00

Now, I guess I'm confused, and I would love to hear from a member from the other side. How is it responsible for us to not put forward an economic impact study on something that is going to radically impact all of our constituents? The answer is that they

don't want the answer. If they vote this down, they want to keep Albertans in the dark. They want Albertans to understand that in the end the intent of this government isn't the well-being of Albertans but an ideology that is moving forward.

I'm going to move on to my next article. The next article came out on December 7 in the *Calgary Sun*. This is an article by Gunter: *Fraser Institute Survey Shows Alberta is Headed Down with a Bullet*. Now, what we're looking at is that when Albertans brought in a new government, I truly believed that Albertans were wary but willing to hear what the NDP were going to do. We all know that there is some radical side or ideological base that comes with the NDP, but that's not what they campaigned on. They didn't campaign on harming Alberta. They didn't campaign on a carbon tax. They didn't campaign on unlimited debt. But here we are. The point is that – to go back to this article, because I am referencing this article – as soon as they were elected, according to the Fraser Institute we dropped from 13 to 25 as a good place to do business within the industry. Since these last 19 months we've actually seen it drop consistently further down, and now we're looking at this new report that shows that we're actually 43 out of 96. That is truly shocking.

Now, I'd like to put some perspective to this again. I'd like to put this forward. That means that Alberta now ranks behind Malaysia and Vietnam, and we're only slightly above Egypt, Gabon, and Pakistan. The only one that is really showing strength in this report is our neighbour Saskatchewan, which is ranked fourth place. How can we move so radically downwards? The question always comes down to government policy. Saskatchewan has been able to maintain its ability to show investors that they're a good place to invest. We are next door, and we have been leaders and stewards, which we heard from my colleague, leaders and stewards of our environment, yet somehow we've demonized our own oil and our own businesses that are doing the oil extraction and our own environment by our government. They're saying: we're going to fix something that's broken, and we're going to do it on the backs of Alberta taxpayers. This is truly shocking. This is truly a concern that I've got, and I can tell you that this is a concern that my constituents have as well because they're the ones that are going to end up paying this tax bill if the government gets this wrong.

We're seeing these warnings. These warnings are consistently being brought out by the Alberta people, the Alberta business community, and – guess what? – Canada and the rest of the world. We're seeing that we're starting to drop. It's because we're not listening to how the market works. We're not listening, and we're not moving in the direction that is a positive direction for Alberta. What we need to be doing is that we need to be actually moving stuff forward, and without an economic impact study how do we know that this isn't going to be a move that will debilitate us for generations, like in the first example that I had?

They have actually put 20 years of payments on the backs of their taxpayers when there was not enough work put into the ground game to make sure. They were even willing to bet the house on it, I mean, their wonderful town hall and their police station. That's how much they believed in that, and this is where the NDP government is going. They believe that they're going in this direction. They're not willing to listen to anybody. They're not willing to do economic impact studies. They're not willing to be connected with Albertans, and that, Madam Chair, is what the real problem of this is. It's that in the end it's the opposition that is trying to bring forward a positive move, saying: let's slow this down; let's wait until OSAG comes back with some of its review decisions. I am sure that this government is rushing through this because they know that they're not going to like the answers that are coming from that group because we have board members on that group that are actually

trying to work against us, trying to get pipelines into the ground, and that seems to be exactly what the NDP are saying.

Now, I will commend the NDP on moving forward these two pipelines. This is good for Alberta. I am glad to see that the NDP are actually moving forward a goal of moving this forward. I will say that I'm uncertain, and I will always be uncertain. I think Albertans will be uncertain if this social licence played the role in this. I think that in the end what we're looking at here is a government that was able to move two replacement pipelines in and was able to move this forward. I am looking forward to the Minister of Energy being able to honour the commitment of shovels in the ground within a year, which she committed to in the House, because the big problem that past governments have had is being able to get the approval but not actually getting the shovels in the ground. I want and I know my caucus wants to help the government in any way possible to get the shovels in the ground.

I know that we're trying to work with the government, and the way we can do this is by showing Albertans, showing Canadians that there is actually some sort of good reason to be able to support these pipelines, and an economic impact study is the way to do that, by showing everybody that Canada itself will be improved by moving forward with this. But by ignoring the numbers, we are ignoring all the consequences that come along with this. How can we convince people that this is the right decision for anybody when we can't even come up with how it's going to impact us as Albertans? I can tell you that it is frustrating that we continue to bring forward the concern that impact studies should be done.

I'll tell you that when it comes to Bonnyville-Cold Lake, it is jobs, lack of investment in my riding. The one big thing that I am hearing day after day is: how can we get more investment happening? To hear that the oil companies are waiting until 2019 to do a lot of their investment is an unfortunate coincidence that it will probably line up with the election. I am very concerned that should we get another term with this government, it will continue along with these policies that will end up with another four years of lack of investment in my riding, which will eventually mean that I'll end up, unfortunately, on the side of the coal towns that we're seeing that are being shut down, and I don't want that for my riding. Bonnyville-Cold Lake deserves better. We deserve to make sure that we responsibly take these resources out of the ground, and by putting a cap, we are ensuring that there's going to be less and less investment, fewer jobs, and that means that we're going to really harm my riding.

I don't know if the government has even considered the people that are going to be affected by this cap, and this cap will definitely – definitely – impact my riding. It will definitely impact Fort McMurray. It will definitely impact Calgary. It will definitely impact Edmonton. Whether they see it directly impact: well, that's up, again, to how the markets go. I'll tell you that right now I am very dissatisfied with the fact that we continue to go down this road blindly when there are clear signs of warnings. How many more warnings do we need to have before this is just plain negligence on our government?

Thank you, Madam Chair.

10:10

The Chair: Any other members wishing to speak to amendment A5? Chestermere-Rocky View.

Mrs. Aheer: Thank you, Madam Chair. The Member for Calgary-Foothills made a statement that I would just like to add on to. One of those things is being absolutely grateful for having the Member for Innisfail-Sylvan Lake on our team. He's certainly been a mentor for me, and it's given me a great deal of information and places to

go to learn about this portfolio and about where we've come from and where we're going. I just am extremely grateful for the amount of intelligence and the academia that he brings to this file. It's been a tremendous, tremendous help over on this side of the House for my learning curve, anyway.

One of the other things I wanted to say, too – a couple of things really stuck out from what the Member for Calgary-Foothills said. You know, this is a humongous number: \$250 billion in wealth. This government has a ton of things that they want to accomplish, a lot of goals, lots and lots of goals, and capping production would seem very counterintuitive to a lot of the programs that the government wants to bring forward. I mean, if you're able to actually help Albertans benefit from that, you're going to have to tax them less, and you'll have those dollars put in some really incredible programs that the government has brought forward, very thoughtful ideas. But you don't have to go to the taxpayer for that; \$250 billion of wealth is a potential.

Instead of the government actually developing this amazing resource that we have literally under our feet, it's going to the next resource, our human resource. We're going to the people to somehow come up with the dollars that are needed to run programs that this government wants to put through. First of all, that's not sustainable, and, second of all, we actually have the ability to bring those dollars here even with low oil. Even under the circumstances we are in now, why would the government at this point in time choose to cap? I'm going to go into some of the numbers because I think the numbers are important to determine, especially over on this side, to show that this is about environmental. This is about making sure that the diversification that is so important to this government actually has legs and has the availability to do that.

My father also came from India, in 1963, close to the area where the hon. Member for Calgary-Foothills came from. He came in 1963 as a young chemical engineer, and he actually studied at the University of Alberta and met my mom here in Edmonton and married her and then moved to Calgary. He had a lot of different options coming from India as to where he could have gone to pursue this degree, but he came here. You know, he is such a true Albertan and loves this province and is so completely grateful for the opportunities that were provided to him and how he has been able to raise his family and put his stamp on this energy sector. He worked mostly with sour gas and came up with several processes, actually, that were able to transform and change sour gas into sweet gas.

It was one of those things where as a small child growing up, he used to take me out to the field. I've been out to Drayton Valley and Devon many, many times, not realizing what it was that I was seeing because I always got to sit in the little trailers with these, you know, burly oil guys that would make me hot chocolate and sit down and play cards with me while my dad was going out and checking his valves on his sites. One of the things that I remember immensely was the tremendous love that these folks had for their industry, and so many of them actually were immigrants, so many of them. Equally so, we had these incredible Albertans, this embracing community of people that worked together to bring subsurface up to create prosperity for Albertans. I mean, it's incredible. Again, as a little girl, like, I would look at these little dials and stuff coming out of the ground. It didn't make any sense to me, but I thought it was just amazing to be part of that process as a young person.

When the member also talked about energy poverty: I've also been in India when that happens in the middle of some of the hottest days, the hottest days in southern India, when you have a brownout in the middle of the day because the hydro has run out, and you are seeking any shelter that you can. For those of us who had the

privilege of coming from families that were privileged, you are so grateful that you can go into a space that is at least concrete in the middle of your house or into some area while millions of people were seeking shade outside in intense heat. I mean, you cannot imagine that until you've actually been there.

On the flip side, we live in a country where we have to heat our homes. I mean, I'm the coldest person on the face of the earth. I freeze every single second of my life. I am so, so completely grateful to be able to warm my hands at a heater. It's one of those things that when you have the privilege, again, of being in this portfolio, you realize at a visceral level how lucky you are. Can you imagine if you didn't have the availability of that?

Now, I'm not saying that that's what this government is doing, not by a long shot. But what we're trying to compare is that we've seen in other countries where the mechanisms are not there for consistency, the mechanisms are not there to even be able to supply to the people who live there. In a place where we are so fortunate to have so much and the availability to develop it and, potentially, get that to global markets and, potentially, be able to provide energy, ethical energy, environmentally responsibly developed energy, to other countries, why would we cap that? The win-win of that isn't just for our own country, but it's for other countries and also for our own prosperity.

I've said this before, and I'll say it again, and I want to be extremely clear. The government talks about environmental impact. Well, the most conducive way to reduce environmental impact is to produce here. The more that we produce here and the more that we're able to get on the global market, the more that we take a bite out of the markets that do not produce the way that we do. Now, that doesn't mean that we shouldn't do better. A hundred per cent agree. There is so much amazing innovation that is out there that will help the government get to their goals in ways that are actually salient, that actually work with the energy industry, that actually allow production to happen but in a way that is even becoming more environmental.

I was just reading that there are two groups, actually, that are working specifically towards that. There are two organizations, Carbon Management Canada and the Canada's Oil Sands Innovation Alliance. These groups are already working towards innovating within the oil sands to become better and to produce fewer emissions. These were already on the docket long before this climate action plan came into being. The curiosity always comes down to that in a country and especially in a province like ours, as the government has said, there's definitely room for improvement, but even without those things there, these industries have already gone there. They have already succeeded in so many ways to become more environmentally conscious, and imagine, given the opportunity to continue on that, what is possible.

You know, we've been asking about this 100-megatonne cap. Where did it come from? Well, if you look at the numbers, the oil sands output would have only reached 125 megatonnes by 2045 anyway. So that random number of 100 was just – I mean, all you had to do is look at the reports and look at the numbers to see where they actually would have been at. I mean, I've got lots of numbers to share with you.

I was also wondering if the government was aware that emissions have actually levelled off in recent years, and that was actually reported by Environment Canada in 2015. That report was actually sent to the United Nations framework convention on climate change. We've levelled off even though production has increased. Isn't that amazing? That's already happening.

10:20

The other thing – and I'm going to be talking about this a little bit later as well. There are provisions on the 100-megatonne cap for

cogen, and we've already talked about upgrading. Well, what does that mean? Why would you cap upgrading – we've already talked about that – especially when there are jobs here and we do it more environmentally responsibly here? Why would you cap cogeneration, especially on electricity, when that increases efficiency in situ? Why would you do that? It makes absolutely no sense.

There are many, many changes and improvements that have been made in the performance of the oil sands, and a big part of that has to do with increasing efficiency. If you consider the business model, it makes sense that the oil sands would want to be as efficient as possible. Every time they're inefficient, they lose dollars, they lose on all sides of that. It would make sense from any business perspective to be as efficient and as environmentally responsible as possible.

You know, if we're looking at the emissions cap, under the worst-case scenario, if nothing changed with emissions, we would only change it by about 25 megatonnes of CO₂, and that's without any efficiency changes. If we had efficiency changes, which we're assuming and hoping will happen from these groups, that's going to go down to 15 megatonnes. So what does that mean globally? Point zero three five per cent at the max and .021 per cent in the global scenario. It's teeny tiny.

One of the things that I would like to – and going back to the member's amendment, we want to see this material quantified. The government owes it to Albertans to quantify the effects and to make sure that we have adequate metrics to show what it is that we're looking for and to make sure that we have an economic impact analysis which takes all of the things that I've been talking about into account because that shows transparency on behalf of the government.

Thank you.

The Chair: Any other members wishing to speak to the amendment? I'll recognize Edmonton-McClung.

Mr. Dach: Thank you very much, Madam Chair. I really appreciate the opportunity to rise this morning and speak to the amendment moved by the hon. Member for Calgary-Foothills. I'm constantly amazed more by what the opposition members speaking to this amendment omit rather than what they actually speak about. They speak about stranding assets, and they speak about lost economic opportunity, and they speak about us being enemies of the oil sands and that we're going to put ourselves in jeopardy of losing the opportunity to develop the asset when, in fact, what the Oil Sands Emissions Limit Act itself does is the opposite. It protects our ability to develop the asset over time. It has gained us the opportunity to develop the asset. What it has done, if you want to really know what the economic impact of the Oil Sands Emissions Limit Act is, are two pipelines. That's what it's gotten us: the ability to export the material in a pipeline.

Now, the opposition may not want to recall this, but the Prime Minister was very clear when he said that it was because of our government's leadership and our climate leadership plan that he was able to confidently say yes to both of the recently approved pipelines. He said that "we could not have approved this project without the leadership of Premier Notley, and Alberta's Climate Leadership Plan – a plan that commits to pricing carbon and capping oilsands emissions at 100 megatonnes per year."

Industry knows that this cap will make our oil and gas sector more competitive. The CEO of Canada's Oil Sands Innovation Alliance praised our cap when he said, "With the technology being developed in Alberta we are confident Alberta can continue to grow its industry while reducing emissions."

As far as economic impact goes, the climate leadership plan is directly responsible for the federal approval of two new energy infrastructure projects, the Trans Mountain expansion and Enbridge line 3, that are critically important to Alberta's economy. TMX provides access to tidewater, allowing Alberta's oil sands industry to sell traditional energy products at better prices to new markets. This project alone is estimated to lift Alberta's GDP by about 1 per cent by 2022. These are facts that the opposition tends to conveniently forget because they allow us to actually develop our oil sands over the long term.

If you really are looking to protect that asset, if you really want to make sure that that asset doesn't get stranded, if you're serious about getting our oil products to market, to tidewater, to receive full price, world price, for them, then indeed you have to know that protection of that right comes with responsibility. That responsibility is to ensure that the pipelines get built, and they get built by properly respecting the fact that there are two sides of the coin to the arguments regarding pipelines. There's definitely respect for the environment and those who want to preserve the environment. There's also the economic impact that not building those pipelines would have, and those have to be balanced.

This is the thing that is conveniently forgotten by the opposition when they're asking for an economic impact assessment, thinking that the Oil Sands Emissions Limit Act is something that would strand an asset. Exactly the opposite happens, Madam Chair. What happens is that, as a result of the Oil Sands Emissions Limit Act, we get access to tidewater, we get two pipelines approved, we get our product to market, we put people to work, we build pipelines, and we end up using that asset over the long term to benefit the economy of Alberta in a way that the opposition would have us forget about. We're not going to do that. We're not going to be looking in the rear-view mirror driving the car. We're going to be looking forward because that's what we were elected to do, and we'll continue to do so every day that we're here in this House.

Thank you.

The Chair: Before I recognize the next speaker, just a reminder not to use individuals' names. Be cautious of that and aware of that. Thank you, hon. members.

Go ahead, Calgary-Greenway.

Mr. Gill: Thank you, Madam Chair. I want to rise and, you know, speak about this amendment from the hon. Member for Calgary-Foothills. I think it's a common-sense amendment, and it shows that the minister should prepare a projection. It's an old saying, you know: if it doesn't get measured, it doesn't get done. If the government is so confident that this Oil Sands Emissions Limit Act is going to make our Earth a better place, then maybe we should have a projection on it.

I don't see anything in this bill that's going to improve our industry, the industry that has been a backbone of our province, that industry that has been a backbone of our country. We can see that in, you know, the equalization payments coming from this province. Limiting this industry: it's not a good thing. I don't think we're doing a favour to our province, to Albertans, and our future generations. I don't see any good thing that's coming out of this. It's killing the competition. It's killing the development and, you know, giving a limit of 100 megatonnes to only four bigger corporations, leaving all the smaller corporations out of the picture.

The minister is basically saying that she's not willing to talk to the Canadian Association of Petroleum Producers. It's not a very good time because they would have told the hon. minister: look; this emissions act is not a good act.

You know, I spent a lot of time in oil and gas, and definitely we all know that the hon. Member for Calgary-Foothills spent his entire working career in oil and gas. This is coming from, you know, the horse's mouth. We cannot punish the industry that has been a backbone of this country and our province and our future generations.

I just want to ask the members from across the aisle: I mean, how many members have worked in this industry? I don't think very many. One or two. That's fine. Good. You should be supporting this amendment, and you should be voting down this bill. Let's rise above the party line. Let's rise above the ideological movement and, like, the world view and stuff like that and do what is right for our future, do what is right for our future generations.

10:30

I'm supporting this amendment. I think the minister should prepare a projection and should give it to Albertans, share that with them and tell them, like, how it's going to impact industry, how it's going to impact the revenue stream.

That's all, Madam Chair. Thank you very much.

The Chair: Any other speakers to amendment A5? Cypress-Medicine Hat.

Mr. Barnes: Thank you, Madam Chair. I just want to rise for a minute or two. I want to thank my colleague from Calgary-Foothills for this excellent amendment. I, too, will be supporting it. It's just a chance for a little reflection on where the government is headed. It's just a chance for understanding further what the unintended consequences are going to be and a chance to maybe make some adjustments and help those that are going to be affected by this.

Madam Chair, I think there are three key areas that this economic impact assessment needs to look at. First of all, this managed reduction, this slowdown, is going to have huge negative impacts on jobs, on our local economy, and not only in the north but, my goodness, in Medicine Hat, Redcliff, Bow Island. There's tons of production for our good oil sands producers in Quebec and everywhere, throughout Alberta and throughout Canada. So let's take a look at what that difference will be and how we can ensure that Albertans and Canadians have an opportunity to participate and have an opportunity to find the best social program, a job, somewhere else.

The second area of impact is that if there's a lower economy, there's going to be less tax revenue, impacts of \$150 billion to \$250 billion over approximately a 20-year period for that much smaller economy at a 10 per cent provincial corporate tax rate, not counting what all the spinoff would be. They say that money can expand at seven or nine times through the private economy. The amount of government services and government programs, the front-line workers that this is going to reduce or has the potential to reduce: it should be analyzed.

You know, when I hear the number that we'll be \$3 billion in interest payments just two, two and a half years from now and I'm sitting here reading in the news today that the average Albertan family is almost \$25,000 in debt before this, this is going to have huge impacts on government services and where that leads us to. And as so many other countries and provinces are borrowing at the same time, that may have some unintended consequences of higher interest rates.

Madam Chair, I think the third thing an economic impact assessment has to look at is where our biggest customer, the United States, is at. My goodness, in the last several years they've been very aggressive, they've been very efficient, and they've become darn near self-sufficient in producing oil and gas at the same time

that we are managing our decline. I was shocked the other day. I was reading how during the time we've been debating the Keystone, American interests have built more pipelines longer than the Keystone by two times. What is the economic impact on our producers? How are our competitors treating things? What is this going to do to the average family that needs to send their son or daughter or a family member to university or care for their community or keep their parents or grandparents in some form of home care or assisted living?

Again, you know, what is this going to mean when we can't sell oil and gas to America? While we've been managing our decline, they've been aggressively expanding their market. While we've dithered and had 157 conditions on every pipeline we've thought about, they've actually built the things.

Madam Chair, in closing, economic impact assessments are not necessarily saying that, you know, it's a way to fight the bill. It's a way to get it right. I would ask all my hon. colleagues to support our colleague from Calgary-Foothills' amendment. Let's try to get this as right as we can for Albertan families.

Thank you.

The Chair: Any other speakers to the amendment? The hon. Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Thank you, Madam Chair. I want to speak in favour of this amendment and speak in favour of it based on the fact that we need investment to come to this province. We need investment to come here to do the custom harvest work that the energy industry does in harvesting our natural resources. These companies come here, invest in our province. They provide jobs. They give us the benefit of a standard of living that is the envy of the world, and here we are putting in policy that would limit our ability to realize that potential.

I think it needs to be recognized that what's being asked in this amendment is that we do an economic impact assessment after the fact, that we get an economic impact assessment, available to Albertans, available to investors, on what impact this act is going to have on our industry. I think it's prudent to measure that, and it's prudent to allow investors to have the information they need to feel confident to invest in this province. To do otherwise would be essentially to leave those investors in the dark, to leave those investors wondering: what's the next move this government is going to do, and what is the value of our investment once this plan is put into place?

I have great concern with the fact that this cap on development will essentially be a hardship for the smaller players within our industry, the players that have done a lot of the work to drive the innovation within our industry, and that we are handing this over to a few large players because of the restriction on development.

With that, I would encourage the entire Assembly to recognize the value of an economic impact assessment for the investment that we are needing into the future of this province and the jobs that it will provide and the standard of living that it provides not only in this province but right across this country.

Thank you, Madam Chair.

The Chair: Any other speakers to amendment A5?

Seeing none, I will call the vote.

[The voice vote indicated that the motion on amendment A5 lost]

[Several members rose calling for a division. The division bell was rung at 10:38 a.m.]

[Fifteen minutes having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Aheer	Gill	Smith
Barnes	Loewen	Starke
Cooper	MacIntyre	Taylor
Cyr	McIver	van Dijken
Ellis	Panda	

Against the motion:

Anderson, S.	Hinkley	Miller
Babcock	Hoffman	Miranda
Bilous	Horne	Payne
Carlier	Jansen	Phillips
Connolly	Kazim	Renaud
Cortes-Vargas	Kleinstauber	Schreiner
Dach	Littlewood	Shepherd
Dang	Loyola	Sigurdson
Drever	Malkinson	Sucha
Eggen	McCuaig-Boyd	Turner
Fitzpatrick	McKitrick	Westhead
Goehring	McPherson	Woollard

Totals: For – 14 Against – 36

[Motion on amendment A5 lost]

The Chair: We're back on the main bill. Are there any further questions, comments, or amendments? The hon. Member for Calgary-Hays.

Mr. McIver: Thank you, Madam Chair. I've been listening to this discussion. You know, when the government brought this bill forward, as I've discussed here before, it was obviously ill considered and not well thought through. But what has become more obvious now and made it even less of a good idea and more of a bad idea is that the federal government has just approved two pipelines. So the government is now limiting production, essentially nullifying all or some of the benefit from the very pipelines they're so excited about. I don't know why they would undo what's just been done that's good. It just doesn't make sense. If the government is truly happy about the pipelines being approved – I'm sure they are; all members of this House are – why would they undo the good that's just been done? It makes no sense.

Thank you.

The Chair: Any other questions, comments, or amendments with respect to this bill? Chestermere-Rocky View.

Mrs. Aheer: Thank you, Madam Chair. I would like to bring forward an amendment. This one is to move that Bill 25, Oil Sands Emissions Limit Act, be amended as follows. Section 2(2) is amended by striking out clause (a) and substituting the following:

(a) cogeneration emissions.

And section 3 is amended by striking out clause (d) and substituting the following:

(d) prescribing a method for determining cogeneration emissions excluded under section 2(2)(a).

I have the copies.

The Chair: This will be known as amendment A6.

Go ahead, hon. member.

Mrs. Aheer: Thank you very much. The reason why we're bringing this amendment forward is that we want to make sure that the cogeneration emissions that are related to the power sector, that all emissions from cogeneration are exempted. Cogeneration has actually reduced emissions in the oil sands by as much as 50 per cent. Some excellent numbers there. The oil sands actually need

more heat than power, so we want to make sure that all cogeneration emissions from the oil sands limit in this amendment support a continued adoption of cogen in in situ facilities.

If you don't mind, Madam Chair, I would like to read an article into the record . . .

Mr. Cooper: Portions of it.

Mrs. Aheer: Portions of it. Sorry.

. . . that states probably much better and more eloquently than I could regarding the necessity. What I love about this article is that it's actually very well rounded. It takes into consideration the government's point of view, and it also takes into consideration where things should be changed, certainly, towards where this amendment is going. This article is called *This Is One of the Most Efficient Energy Sources Out There. So What's Holding It Back?* It's dated September 9, 2016, so some of the numbers are a little bit out because things have changed since then, but in order to read the article correctly, I will try and alter those things as I go along.

In the article it actually starts to begin to discuss about cogeneration. It states in here that cogeneration

is clean power's unsung hero. And the oil sands are its ground zero, supplying about 50 percent of Alberta's 4,821 megawatts of electrical capacity, and pushing the province to the top of Canada's "cogen" table. It's not just ultra-efficient.

In the article it also states that it has an opportunity to be very lucrative as well.

Oil sands operators have earned as much as \$2.43 per barrel from power sales to the electricity grid. They have in their hands a powerful tool to slash the power sector's greenhouse gas emissions.

11:00

They can actually cut those emissions "by 46 percent if cogen is used to its full potential," according to a report by the Oil Sands Community Alliance, OSCA. I had mentioned this group before. They could do so by displacing coal-fired power. "Market uncertainty" – and this is where I think the government really needs to listen – "and a lack of supporting infrastructure are currently holding them back from upping their game." The chance right now is to give these guys a real push forward.

Alberta started championing cogen decades ago. Oil sands companies invested heavily in cogen and transmission lines [way back] in the 1970s as the northeast region severely lacked infrastructure. The deregulation of the power market in the late 1990s [actually gave them] further stimulus. Suncor, for example, sells about 250 MW into the power pool. According to one analysis, cogen helped reduce electricity generation-related GHG emissions in Alberta by 50 percent between 1996 and 2006, long before this plan came into play.

Cogen plants really come into their own when they're built next to a host building that needs both power and heat, the latter of which is lost in . . . gas-fired plants. The most efficient gas-fired power plant is a combined cycle plant, which operates at up to 60 percent efficiency compared to a coal-fired plant [which is] at 40 percent, typically.

The highest efficiency still comes from gas-fired plants, hitting about 80 to 90 per cent efficiency. A typical cogen plant "captures exhaust heat from the gas turbine in a boiler or steam generator, sending low-pressure steam to a neighboring bitumen plant." The one thing about this, obviously, is that the electricity is transmitted so much more efficiently than any standard utility power plants because of proximity, obviously, and the source avoids line losses that plague long-distance power generation. The article actually goes on to say that the host building and power plant can also share cooling water, compressed air, and water treatment, which also

boosts efficiency even more. We would think the government would be very, very interested in all of these aspects. The typical oil sands cogen plant captures exhaust heat.

Mr. Terry Abel, who is the oil sands director at CAPP, says that both mining and in situ operations need a lot of heat for their processes, especially if they're connected to an upgrader. "They [actually] need way more heat than power, and it's this heat that creates the surplus power . . . that could be exported to the grid."

One of the things the article talks about is that most oil sands cogen units connect to the power grid to provide backup electricity during maintenance, but some of them lack transmission lines and distributors' permission to hook up. So that report from OSCA, a group of 25 industry and community organizations – that group actually helps to develop infrastructure, communities, and workforces in the oil sands. Actually, the unreliability of the grid is the prime driver behind oil sands operators building cogen plants and actually keeps their prices down, obviously, for power. AESO actually projects that "the cost of electricity – the commodity plus the transmission charges – for large industrial users will rise an average of five percent per year for the next 10 years."

The article goes on to state:

The previous government planned these hikes to pay for its buildout of power capacity and transmission infrastructure.

So it's already organized within that.

The transmission tariff is the part that's squeezing buyers the most as it soars from \$21 per megawatt hour in 2013 to \$37 by 2023 – a leap of almost 75 percent. "If on-site cogeneration can be developed and operated for a lower [dollars-per-megawatt-hour] rate than the delivered price of power, projected to reach almost \$135/MWh by 2023, there would be [a massive] economic incentive to build cogeneration." Furthermore, by 2020 there will be a significant transmission build, including two new 500kV lines from the Edmonton area to Fort McMurray, widening the export gateway.

With the current carbon tax and the cap on carbon emissions from the oil sands, there's a powerful push, then, to cash in on carbon offsets. Now, one of the issues with that is that those have yet to be defined by this government. We don't really know how that's all going to work. It's one of the impacts that need to be considered in the regulations going forward in this.

The government is targeting oil sands operators, which account for roughly one-quarter of Alberta's annual carbon emissions, pumping out about 70 megatons per year, which the government is capping at 100 MT per year.

It says in the article that the government is working out provisions for cogen, but that's actually one of the factors that is holding up this immediate investment, because even though this action plan has been put together for some time now, we have no working numbers for these companies to be able to look at what's going to be feasible here. I mean, this is such an amazing opportunity to actually bring forward changes.

Keep in mind, too, that there was already introduced by the previous government a tax on emissions. There were already SGERs in place. That was actually based on historical emissions and didn't take into account any new efficiencies since then. If the government is boosting the levy to \$30 a tonne and now \$50, did you know that some of those results are already being achieved by some of those high-performing facilities? It's pretty incredible. The cogen plants also earn carbon credits, and that was a formula established by the environment ministry.

The article also says, Madam Chair, that under federal rules that were actually set by our former Prime Minister in 2011, "coal-fired power plants must meet GHG emissions standards matching the most efficient conventional gas-fired power plant, or retire once they've been operating for 50 years." So that would have been 12

out of the 18 that would have been offline by 2030. Obviously, we've been having lots of chats about closing the remaining six as well.

One of the things that we have to consider is the efficiency that can happen with cogen here. We have to look at making sure that we make that as available to them as possible by removing any chances of them not being able to produce the energy that they need.

I also want to state that the Minister of Energy had stated that "cogeneration will likely be one of the topics of interest as part of the government's public and stakeholder engagement on energy efficiency through the recently formed Energy Efficiency Advisory Panel." Now, I understand that that panel was supposed to report this fall to the minister responsible for climate change. I don't know if I've seen that report, if that report has come forward. If I'm mistaken about that, I do apologize, but I don't recall ever having information coming forward from that report. It certainly would give a great deal of information and help in deciding going forward, and I highly recommend with this amendment that we do that, especially if that panel has not reported yet. We're going to want to make sure that we're giving as much availability to these folks as possible.

Also, the policies decided by this government on price impact: is the cost of supporting renewables picked up by the taxpayers or the consumers? That's also in that energy efficiency panel report, which, like I said, we certainly haven't seen. I may have missed that, but I would certainly appreciate any information coming forward from the government side if something has been reported, especially since it states right in this that it was supposed to come forward in the fall of 2016. That's yet another panel that has not reported to this House based on legislation that's coming forward and will be passed by next week. So I personally think that that would be a very important piece of information to have.

11:10

Just to go on, each of the three main oil sands regions – Peace River, Athabasca, and Cold Lake – has its own supply-demand balance that determines whether it's a net importer or exporter. Athabasca has the most oil sands projects and is, actually, the biggest net exporter. They sell about a quarter of their cogen power into the northeast region, helping its development. It's pretty incredible.

Suncor, already one of the top five power generators in the province due to its cogen plants, plans to build wind and solar in southern Alberta. Its facilities include five cogen systems. That is at its Firebag in situ operations and at its base plant and MacKay River in situ facility. Suncor swapped assets with TransAlta, exchanging Suncor's 20-MW Kent Breeze plant in Ontario and its share of the Wintering Hills facility and related infrastructure.

Another company, MEG Energy, also exports cogen electricity, sending about 85 per cent of the power produced from its 170-MW cogen capacity. Its power sales slumped to about 82 cents per barrel in Q1 of 2016 but have recovered as high as \$2.43 over the years. I think they're also looking at the potential to add a new unit.

Again, the issue here is that the industry is capital constrained. It doesn't seem to be on the immediate radar of the government, and we want to make sure that it is.

Oil sands operators can offset the risk of plummeting electricity prices by signing up for long-term power contracts without investing in plants. Shell has a cogen plant that provides steam and electricity to the Athabasca oil sands upgrader at Scotford, northeast of Edmonton in Alberta's Industrial Heartland, ATCO Power. All of these folks would be able to bring it onstream. These are wonderful, wonderful opportunities. Like I said, the article states it much more eloquently than I ever could.

The point of that was, hopefully, to illustrate the importance of exempting all cogeneration emissions from the cap instead of only those that are connected to electricity. As you can tell from what we've just said, most cogeneration produces heat, and if you're planning on capping that, this is going to have a significant impact on the cogeneration ability to actually reduce GHGs in an industry that I know we're all supporting here.

Voting in favour of this amendment would show government support for all of those imperative actions that will bring our resources out of the ground in the most responsible way and provide opportunities for these companies to continue to do better.

Thank you.

The Chair: Any other members wishing to speak to amendment A6? The hon. Member for Barrhead-Morinville-Westlock.

Mr. van Dijken: Thank you, Madam Chair. I wish to speak to amendment A6 with regard to providing cogeneration opportunities within our industry and within Alberta and the benefits that it brings towards not only development of our industry but also the benefits that it brings towards the investment certainties behind projects like these. You know, when we exempt cogeneration emissions from the limit, we can bring a certain level of certainty that would allow for increased investment. I would like to hear from the government, from the Energy minister, if this was even considered in the development of Bill 25.

Cogen is a very effective way and efficient way of baseload power generation, and we're always looking at creating efficiencies within the production of our energy resource, our electricity resource. Again I'll say it: by exempting the cogeneration emissions from oil sands – cogen emissions are related to the power sector, except when the heat is used for oil sands production. Then it is included in the considerations on the limits on emissions within the hundred megatonnes.

To remove that out allows us to create an environment for investment in these cogen facilities, which will create baseload electricity that will help the certainty in the future of our baseload power, and we do that in a very efficient manner. When we look at the fact that the heat is required in these situations and when we look at gas-fired plants, where a lot of that heat is essentially lost, that's where our efficiencies are gained, by actually being able to use the heat that has been lost.

I would like to hear from the Energy minister if this was even considered and looked at as an exemption within Bill 25. We have a responsibility to do things as efficiently as possible as we power our communities and power our province. To disincentivize this production of electricity baseload power generation would, I suspect, be detrimental to the actual emissions that we are creating through natural gas fired generation. Consider that the most efficient gas-fired power plant is a combined cycle plant, which operates at up to 60 per cent efficiency because, like we've said, they're after the power more than the heat, whereas the cogen plant can surge past that, hitting the efficiency rates of 80 to 90 per cent.

I think this is a very reasonable amendment that has been brought forward, and I would look forward to answers to that question: has the government even considered this in their considerations under Bill 25?

Thank you.

The Chair: Any others wishing to speak to the amendment? Innisfail-Sylvan Lake.

Mr. MacIntyre: Thank you, Madam Chair. This particular amendment provides the government with kind of like a two-for-one sale, and hopefully the government will take advantage of the

sale. It's a very efficient amendment in that regard, in that it's attempting to accomplish something for the government. I would definitely call this a friendly amendment. It's a friendly amendment in that it's attempting to include cogeneration emissions.

Now, to get into the reason why this is a two-for-one is that if you take a look at the Canadian Energy Systems Analysis Research group from the University of Calgary – and I want to highlight “Analysis Research Group.” I realize this government has an aversion to analysis; nevertheless, the University of Calgary's CESAR group did a study. This goes back a little bit, to April 2016:

Scenario modelling found that adding a lot more cogeneration capacity to provide the heat and power for steam-assisted gravity drainage (SAGD) operations would not only reduce greenhouse gas (GHG) emissions from SAGD, but have an even larger impact on emission reductions associated with the province's electrical grid.

11:20

That's the two-for-one nature of using cogeneration for SAGD. Not only does cogen reduce SAGD emissions, but according to their research it has an even larger impact on emissions reductions associated with the province's electrical grid. That is significant, and as my esteemed colleague from the wonderful riding of Barrhead-Morinville-Westlock and points in between has just mentioned, the reason for the two-for-one here is because of the enormous increase in efficiencies when you start talking cogeneration. It comes simply from the fact that you are using all forms of energy that are created by that particular unit.

Combined heat and power works the same way, where you've got, basically, a heat engine that is operating to create electricity and heat energy, and both of those forms of energy are being maximized. Their utility is being maximized whereas if you were to take conventional electricity generation right now, either coal, natural gas, or some other fuel, you're going to get somewhere in that 40 per cent to 60 per cent efficiency range. You're only using the electricity. There's all this heat energy – and it's energy, too – but it's not being utilized. But in combined heat and power situations, you're utilizing the heat also, and it is a form of cogeneration.

To give you an example of what I'm talking about, here in the province of Alberta most of the new Royal Bank buildings in this province have within them a combined heat and power unit. The banks have put them in as a cost-saving measure. They actually are saving money by having a unit, an engine that is generating electricity and heat energy, taking care of the heating and the cooling demands inside their building. Also, because banks have so much sensitive material and electronic data stored, they cannot have a situation where they would suffer data loss. That means they must protect their electricity system within the bank, so they have the capability of actually being off grid with these units, completely off grid. As long as there's natural gas in the pipe, that building is going to be warm, it's going to have cooling when it needs cooling, and it'll have all the lights, and all the computers have all the electricity that they need from these cogen units.

Hole's Enjoy Centre out by St. Albert: a lot of people don't realize that that centre has cogeneration powering it up, massive engines sitting down in the basement. You can take tours if you book them. We have a number of places across this province where there is some sort of a cogen plant just humming away. The Alberta Urban Municipalities Association building right here in Edmonton has cogen. I believe it's on the third or fourth floor, but you wouldn't know it. Even when that thing is wound right out, people that have their offices on either floor above and below that engine wouldn't even know it's there. They're just extremely well

balanced. This is not like an engine in your car. These things are very expensive, very well balanced, and very highly efficient, running on natural gas, producing heat and electricity for AUMA's building, again, saving them a ton of money.

Out in the patch that same technology has an enormous opportunity. It's – sorry, hon. member. This was the hon. Member for Calgary-Foothills' very career, was it not?

Mr. Panda: Yes.

Mr. MacIntyre: So I'm stealing his thunder. Sorry.

Here we have a situation out in the oil sands where we've got an opportunity to use cogeneration to not only improve the GHG footprint out there on SAGD operations but also improve the footprint GHG-wise for our province's electrical grid by utilizing the electricity that can come from these units.

Further on in CESAR's study I'll quote them again. This is a report from October 20, 2016. “Alberta could simultaneously achieve two of its biggest energy objectives – accelerating the phase-out of coal-fired power and reducing [GHG] emissions from oil sands crude production – using a readily available, proven technology,” cogeneration at SAGD operations. Those reports are both available at CESAR's site.

CESAR has gone into significant analysis, and the analysis that they're doing is like a living document. As situations change in the technologies being deployed out in the patch, CESAR is amending their research. They have a very excellent modelling program that they're utilizing for this. Of course, being at the University of Calgary, this is a significant initiative from that university. I believe it's something this government should be looking at. It is analysis that is being done that the government isn't doing, obviously. We just had an amendment voted down that would have required some analysis from the government. But here's a freebie. The University of Calgary is doing it for you. It's a two-for-one; we can have both an improved GHG footprint out in our SAGD operations and significant reductions in our GHG footprint from electricity production if we were to utilize the available opportunity that's out there.

In addition to that, this is actually an opportunity for oil sands companies to be part of the solution and contribute in a significant way. The innovations that have been used out in the patch have been so significant and globally applied. I remember in the '80s and '90s colleagues going over to Russia and taking our technology that we invented and perfected right here in Alberta over to their oil fields for development of their resources in those nations. On and on, Albertans who have this incredible creativity in industries exporting our brainpower, exporting our technology and our knowledge and our industrial processes all over the world to impact the world. We have always been a leader. There has never been a time when Alberta has not been leading out there in the oil and gas resource sector, whether it be drilling technologies or environmental remediation technologies and so on.

When it comes to this particular amendment, given the friendly nature of it and given the significant impact that cogen could bring in emissions reduction, it makes perfect sense, to me, at least, and to members here, to have this amendment regarding cogeneration emissions. It would provide a significant incentive to having more cogeneration operating out there, where the cogeneration is also providing electricity and reducing GHG emissions on our grid. It's a very friendly amendment. It carries a significant amount of punch to it simply because of the efficiencies that we're talking about being able to achieve with cogen.

I would hope that all members in this House would see the benefit, the significant benefit, of this amendment to have

cogeneration emissions not capped and that industry would be encouraged through this to employ even more of cogen out in the patch and other places, too. Hopefully, my hon. colleague can expand on even other places where cogen could possibly be utilized to maximize the enormous benefit this can bring to our GHG footprint.

I will be fully supporting this amendment and trust that all members in the House will follow suit. Thank you.

The Chair: Any other members wishing to speak to the amendment? The hon. Member for Calgary-Foothills.

11:30

Mr. Panda: Thank you, Madam Chair. I rise to speak in support of this great amendment from my hon. colleague from Chestermere-Rocky View. I was a bit late in standing up, and my colleague from Innisfail-Sylvan Lake, as usual . . .

An Hon. Member: He gets too much time.

Mr. Panda: I know.

. . . was very effective in explaining the benefits of this cogeneration. He also explained different types of processes and tried to educate us again. This morning I said that we are lucky to have a knowledgeable and experienced academic in this House who taught renewables. He can talk on any subject. We are fortunate to have him in this House, and I'm proud to call him my colleague and work shoulder to shoulder with him every day.

Well, I will be brief, Madam Chair. This arbitrary cap of 100 megatonnes: we all talked about how it's a cap on development, a cap on prosperity, and a cap on many things, but it's definitely not a feather in the cap of the government, and it's definitely not a feather in the cap of Albertans.

With this cap that we're talking about here, this 100-megatonne cap, it will be a good idea to exclude emissions from cogeneration being counted as oil sands emissions for a few reasons, Madam Chair. There are two processes in the oil sands, that we have at Athabasca and Cold Lake and Peace River, where the resource is. The shallow one is easy to do, surface mining along the Athabasca River. Those are all mining leases, and it's only 10 per cent of the resource.

The remaining 90 per cent of the resource we have is much deeper, whether it is in the Athabasca region or Peace River or Cold Lake. Incidentally, Madam Chair, it's in your area, Peace River, too. That resource is deeper, so we need to employ thermal technologies like SAGD, steam-assisted gravity drainage, wherein we have to pump in steam to make the reservoir viscous so that we can pump out bitumen. It's an energy-intensive process, and we need lots of steam, and since most of the resource is deeper, we have to use SAGD technology.

With all the SAGD projects nowadays the costs for developing those SAGD plants and the costs for a flowing barrel are very high. We have to bring down the cost of a flowing barrel for SAGD projects, and one way we could help them is to exclude these greenhouse gas emissions from cogeneration.

I'll read this for the benefit of the members here, Madam Chair. I'm reading an article here from the *Globe and Mail* by David Layzell and Manfred Klein.

Large-scale SAGD-integrated cogeneration is a better alternative. Natural gas is burned in gas turbines that convert about 36 per cent of the energy in the fuel to electrical power. Much of the residual heat can be captured to make steam for SAGD, resulting in the use of 80 per cent or more of the fuel energy.

That means lower fuel use – a major input cost for both SAGD and power generation – and lower overall greenhouse gas emissions.

Like my colleague from Innisfail-Sylvan Lake explained, it's a good deal. It's dual purpose. It reduces the input costs for the SAGD process, and it's generating power which we can put onto the grid and which can provide reliable power, and it helps the baseload power. In this kind of weather today, when everyone is freezing outside across the province, we need reliable power which also has lower emissions. That's why it's a good idea to exclude emissions from cogen from this arbitrary cap of 100 megatonnes, Madam Chair.

I was fortunate to work on both mining and SAGD projects when I worked 11 years at Suncor Energy. I was on the Firebag project for seven years, and I worked on cogen plants when we built cogen plants in the stage 3 and stage 4 expansion of Firebag. Each one is an 85-megawatt GE 7EA frame, and we sourced heat-recovery steam generators from the U.S.A. Those two are the main equipment, and the other one will be the high-voltage transformers. In this cogen power those are the heart of any cogen plant. Those are the key equipment: steam generators, heat-recovery steam generators, and the transformers.

I was also lucky to work on combined-cycle power projects when I worked 16 years for Reliance Industries, where we built the world's largest petrochemical and refining complex. The reports suggest that efficiencies are 30 per cent better in the case of cogen as compared to combined-cycle generation, Madam Chair.

Another advantage is that by building cogeneration at industrial sites like Firebag or MacKay River or Kirby Lake or Christina Lake, all of those projects, you don't have to build transmission lines. In that way, we can reduce the cost of power generation.

You know, in this current environment, because of this coal phase-out Albertans are going to be on the hook for higher power bills. By producing more power through cogen processes, we can help Albertans with reliable power, with lower emissions, and reduce the power bills directly or indirectly, Madam Chair.

That's why I support this amendment. As I said before, this whole idea of capping oil sands emissions at 100 megatonnes is arbitrary, it's not good for Alberta's economy and prosperity, and it's not achieving the purpose of reducing global emissions. We can make this bill better. That's why my colleagues brought a few amendments. The previous one was about . . .

The Chair: Any other hon. members wishing to speak to amendment A6? The hon. Member for Bonnyville-Cold Lake.

Mr. Cyr: Thank you, Madam Chair. I actually have some experience when it comes to the oil sands. I had been brought into one of the local Cold Lake oil companies about 15 years ago. One of the benefits of working at the oil company was that I was able to get to see exactly how these oil sands boilers worked, and I actually got to see the cogeneration units for this oil company.

11:40

Now, for those who don't know what cogeneration is, I think it's important to kind of bring some understanding here of the importance of going down this direction. What happens here is that most people don't realize that what we're trying to do is to push natural gas into a turbine, take that turbine, turn it into heat, take that heat, and create steam out of it. It's always been the big problem: what do you do with the by-product? The by-product itself is heat. So what you're trying to do is, I guess, utilize this excess heat that's created with this. This is cogen.

Now, the oil sands have got something else. There are probably hundreds of different ways of creating heat to be able to make

steam, but of the two that I saw, one was that they had this great big tube. We called it a generator. What they did was that inside of this tube they had pipes, and they had a big flame that would shoot into this tube. It would heat these pipes and shoot down, I guess, the water into it and create steam as it comes out. Now, this is simple. That literally is how simple that is, just tubes in there, big pipes, right? Very, very simple.

Now, cogen is not simple. That isn't something that comes up, I guess, easily. The reason this is important is that the cogen units that I had worked with actually came from Germany, very well engineered, but any time something would happen, we'd have to bring German experts in to fix these cogen units or go around and get any extra parts or any maintenance, anything like that that came for these cogen units. The generator is what we'd use primarily. The cogen units were great. What happened is that we used the cogen units, this by-product of heat, to also generate power. They used this power to be able to power the plants, and they used this power to power the pumpjacks. They used this power to power the screw pumps that were in the ground.

What we're looking at here is that because of the cost of these cogen units, we have oil companies that are saying: let's just get to the business that we know, which is extracting oil. Electricity is not their highest priority. I know that's shocking, but in the end what they're trying to do is to extract the oil for the cheapest amount of money they can because this is business. This is business, environmentally responsible – right? – but they're still trying to do this effectively.

What happens here is that these oil sands companies will create enough cogen just to be able to power their own little area. They won't go and create it so that they can actually start to market it out to the grid. Actually, it's well known that a lot of these oil sands companies, when they do sell their excess to the grid, are bidding it right at zero, just shipping it out and taking whatever they can get for it in the market. They're not trying to compete. They're just trying to ship it out because it's a by-product of what they're trying to do.

What we've got here is one of the new projects that's going to be brought forward by one of my local oil companies. It's an expansion project that actually, I'm thrilled to hear, is being moved forward, possibly by 2019. Under their proposal here – and I'm looking at their proposal for bringing this forward – we've got technology considerations. In about the third paragraph of these technology considerations it says, “[Cogen] was considered and rejected for the project as [this project] has sufficient power generation to supply the project.” So we've already got enough power from other facilities that have cogen to be able to make this expansion.

Now, I sit hear and I'm going, like: I understand why they're moving in this direction, because it appears that our government is actually moving away from responsible energy when it comes to natural gas. What we're looking for as a government now is wind power and solar power. So instead of incentivizing something that is responsible for us, which is cogen, we're incentivizing things that have proven to fail in other jurisdictions or other provinces. Something that is uniquely used within Alberta isn't even being considered, which is shocking in itself because not very many jurisdictions can use mass amounts of steam. This is the key here. Our oil sands can use mass amounts of steam. It just makes sense. Cogen makes sense.

Why am I bringing this up? Well, what we've got here is a government that said: let's put a 10-megatonne cap on cogen. One of the questions that I have got for the Minister of Energy is: how much of this 10-megatonne cap that we've got is already used with just existing operations? Are we at two? Are we at nine? Where are we at with the cogen? This is important. This is probably why we are starting to see where it could potentially be something that oil

companies would look into, but in the end, if they're going to be fighting off a cap of 10 megatonnes, well, how exactly can they justify putting billions of dollars into cogen when they can't even fire it? They'll go to the simpler method. They'll go to that generator I was talking about before.

Now, I think that we should be responsible when it comes to energy. I think that we should be trying to utilize it as much as we can. I will say that when it comes to natural gas, what's unique, especially with the Cold Lake operations, is that another by-product is natural gas. So what we've got here is natural gas that comes from the wells and feeds the cogen units that feed the steam, which goes down and extracts the oil – it's a nice circle; it's a circular thing – and as a by-product what we get is electricity, which can go back out to the grid. This just makes sense. It just makes sense. Why would we cap that? Why would we cap that with a 10-megatonne cap? It doesn't make any sense to me.

What I will say is that when it comes to gas before, when I was working in the oil fields – this is conventional, going way back to my early 20s – gas as a by-product used to be flared off. Useless. We just flared it off into the sky. In my dad's time – my dad was also an oil field worker way back when – he said that it used to flare so bright, it was like daylight outside. That's how much we would flare off this gas. It's just unfortunate that we went down that road, but that's where we're at. So it went from oil that was being brought up along with the gas – gas would be a by-product that we couldn't use, so we'd flare it off. It was the safest way to deal with the H₂S that would come up with it.

What we've got here is a nice enclosed system when cogen comes along. We get to utilize all of the products that come up. Why are we not taking a more proactive approach when it comes to this? I'll tell you that my riding is one of those ridings – when you start talking about surface extraction, you're looking at further north in Alberta, but Bonnyville-Cold Lake, my riding, is the perfect spot to be looking at cogen. Why is this government not doing more research or economic studies on how to utilize this? We just put in artificial caps, which are going to hurt my riding. It's going to hurt investment. It's going to hurt jobs. That's on you.

Thank you, Madam Chair.

11:50

Mrs. Aheer: I just have a couple of minutes, just a few things to speak about. One of the most important aspects of this amendment is that it supports something that's really neat. Cogen is actually on the cusp of economic viability. Now, that's huge because these are tremendously expensive pieces of equipment. These generators don't go into this as the business of electricity. It's a by-product of what they're doing, and they bid into the grid at zero. They have their own baseload, but they are suppliers. That is so good for Alberta. From the fact that it's so close to being economically viable, this government should most certainly be promoting, supporting, and moving that forward. By exempting all emissions from cogen, you will actually be doing that and contributing to the economic viability of this process.

The companies, actually, that are producing this cogen also pay for royalties of the product, for the heat as power, so they have an input cost as well. They're not power generators first; it's a secondary source. You have to think about the economy of scale for these folks. They're not in the business of producing, you know, 150,000 megawatts of energy at a facility with a couple of natural gas plants or coal-fired units. These are little distributed units, and they're small, but they have a tremendous amount of impact on the grid. We should completely be supporting that.

But the most important part of this entire discussion: cogeneration makes environmental sense. It just makes complete

sense to support it, and I could not imagine a reason why this government would penalize that. It makes amazing environmental sense. So I would really, really like to see this government not make it harder for these companies to be able to do right by Albertans in the responsible development of these products.

Thank you.

Mr. Panda: I just wanted, Madam Chair, through you, to briefly request that the hon. minister please consider this amendment. It's a good one. Even the previous one that we brought in about upgrading in Alberta – we talked about that – you rejected that, but this is a common-sense one. This is really good for Alberta.

Mr. MacIntyre: It's a friendly amendment.

Mr. Panda: It's a very friendly amendment.

We're trying to make this bill better. I would urge that you consider and ask your colleagues to vote in support of this amendment in the interests of Alberta and in the interest of reducing costs for SAGD producers. If you think differently, at least please give us the benefit of how you see that differently and why you wouldn't support it. But I would request that you please consider this amendment or at least respond to us why you won't.

Thank you.

The Chair: Calgary-Greenway.

Mr. Gill: Thank you, Madam Chair. I would like to take – I know we have only a few minutes. I want to talk in support of this amendment because I spent a fair amount of time on SAGD projects at MacKay River, Fort MacKay. Brion Energy: my colleague for Calgary-Foothills is very well aware of that project. It's state-of-the-art technology brought from China by PetroChina. I saw the benefit: the cost went down. You know, I think this amendment will make this bill stronger, it'll make the energy industry efficient, so I ask all the members from across all parties to support this amendment.

Thank you.

The Chair: Are you ready for the question on this amendment?

Hon. Members: Question.

[The voice vote indicated that the motion on amendment A6 lost]

[Several members rose calling for a division. The division bell was rung at 11:55 a.m.]

[One minute having elapsed, the committee divided]

[Ms Jabbour in the chair]

For the motion:

Aheer	Loewen	Smith
Cooper	MacIntyre	Taylor
Cyr	Panda	van Dijken
Gill		

Against the motion:

Anderson, S.	Hinkley	Miller
Babcock	Hoffman	Miranda
Bilous	Horne	Payne
Carlier	Jansen	Phillips
Connolly	Kazim	Renaud
Cortes-Vargas	Kleinstauber	Rosendahl
Dach	Littlewood	Schreiner
Dang	Loyola	Sigurdson
Drever	Malkinson	Sucha
Eggen	McCuaig-Boyd	Turner
Fitzpatrick	McKitrick	Westhead
Goehring	McPherson	Woollard

Totals:	For – 10	Against – 36
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[Motion on amendment A6 lost]

The Chair: Pursuant to Standing Order 4(3) the committee shall now rise and report progress.

[The Deputy Speaker in the chair]

Mr. Rosendahl: Madam Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports progress on the following bill: Bill 25. 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 Deputy Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Deputy Speaker: Opposed? So ordered.

Pursuant to Standing Order 4(2.1) the Assembly stands adjourned until 1:30 this afternoon.

[The Assembly adjourned at 12 p.m.]

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