



Province of Alberta

The 29th Legislature
Third Session

Alberta Hansard

Thursday morning, May 25, 2017

Day 39

The Honourable Robert E. Wanner, Speaker

Legislative Assembly of Alberta
The 29th Legislature

Third Session

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

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Littlewood, Jessica, Fort Saskatchewan-Vegreville (ND)	Woollard, Denise, Edmonton-Mill Creek (ND)
Loewen, Todd, Grande Prairie-Smoky (W)	Yao, Tany, Fort McMurray-Wood Buffalo (W)

Party standings:

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.

Thursday, May 25, 2017

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let us reflect. As we conclude our work here this week, let us take extra time to show appreciation for our families. They stand by us, support us, and make it possible for us to do our jobs. Let us seek opportunities this weekend to rest, rejuvenate, and energize alongside our families and loved ones so that we can return energized and strengthened, able to continue our work on behalf of our communities and of all Albertans.

Please be seated.

Orders of the Day

Government Bills and Orders Committee of the Whole

[Ms Jabbour in the chair]

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

Bill 16

An Act to Cap Regulated Electricity Rates

The Chair: Are there any questions, comments, or amendments with respect to this bill? The hon. Member for Grande Prairie-Smoky.

Mr. Loewen: Thank you, Madam Chair. Bill 16, An Act to Cap Regulated Electricity Rates: at a quick look at this you would think, "That's great. It's going to reduce electricity for Albertans. What could go wrong?" Well, unfortunately, a lot could go wrong. We've sat here with this government over the past two years and looked at the multiple bills that they've brought forward, and a lot has gone wrong. We look at the carbon tax and the widespread effects of the carbon tax on the economy in Alberta, on jobs, on business. We look at the accelerated coal phase-out and the cost on communities, on jobs, on the cost of electricity. All of these things have a ripple effect in our economy and our society.

Each time this government brings up these bills, we sit here on this side of the House and warn them of the things that could go wrong, and they shrug their shoulders. Then they bring forward something else. It seems like half the bills that they bring forward now are damage control for the bills that they've already passed, that we warned them were going to be a problem. Nobody likes an I told you so, but what else are we to do when we're representing the people of Alberta and their best interests? Now, the members on the other side, I guess, think that's funny, all these damaging effects of the bills that they've passed, but it's really not that funny.

Now, obviously, when you put a cap on electricity that's twice the current rate, that would indicate that there's some concern that the electricity rates are going to double. Why would you put a cap at double the existing rate if you weren't concerned that it was going to raise to that point or beyond?

Now, obviously, there seem to be some problems understanding, I guess, the difference between a ratepayer and a taxpayer. A ratepayer is somebody that purchases electricity or relies on any

form of electricity in their lives. I would challenge anybody in this House to find me some person in Alberta that doesn't rely on electricity for something in their life. If this cap actually comes into effect, where that actually stops the rate of climb of electricity in Alberta, who's going to pay for that? If that company cannot operate with the electricity rate at 6.8 cents a kilowatt hour, then what options does that company have? There are really only two options. It can shut down its business because, obviously, if we can't make money, it's going to have to do something. Or, of course, the government is going to have to pay for it. Now, the government doesn't have any money that it doesn't take from the taxpayer, so therein lies the problem, the difference between a ratepayer and a taxpayer.

If this cap comes into place and the company cannot keep operating at 6.8 cents a kilowatt hour or less, then the government comes in and uses taxpayer money to fund electricity. Now, I don't understand where there's an actual benefit to Albertans because either way they're paying for it. But what I can see is the government being able to say, "Well, lookit, our electricity rates are only 6.8 cents a kilowatt hour," but that's not the full cost of it when we're using taxpayer money to subsidize it. So, Madam Chair, ratepayer, taxpayer: they're both Albertans. Every Albertan relies on electricity at some point in their life, probably at some point in their day, and I would suggest that almost all Albertans rely on electricity at some point every single day if not every single hour or minute of their lives.

Mr. Coolahan: Not me.

Mr. Loewen: Actually, one of the members opposite in the NDP suggested that they don't, but I presume they must not exist in this building right now that has lights on. I guess they think they're pretty funny over there, but I don't think Albertans are laughing, Madam Chair. [interjections] I don't think Albertans are laughing.

Now, this bill is an admission that the retail rates . . .

Mr. Hunter: Point of order.

Point of Order Parliamentary Language

The Chair: We have a point of order. Go ahead, hon. Member for Cardston-Taber-Warner.

Mr. Hunter: Madam Chair, you know what? There's a lot of banter going back and forth, which is understandable, but I think that the comment of calling the member a racist is completely out of line. I would say that definitely an apology is in order.

The Chair: Do you wish to respond to this, Acting Deputy Government House Leader?

Cortes-Vargas: Madam Chair, as was brought forward a few days ago, heckles are happening in the Chamber, and I think that that's exactly what's happened.

The Chair: Hon. members, I was focused on the member who had the floor, Grande Prairie-Smoky. I didn't hear those kinds of comments. I'd be concerned if those were the types of things that were being said. There are certainly appropriate heckles, and there are things that are inappropriate to ever be said in this House. So I would encourage all hon. members to please be aware of that and conduct themselves appropriately.

Let's move on. Grande Prairie-Smoky has the floor.

9:10

Debate Continued

Mr. Loewen: Thank you, Madam Chair. Now, this bill is an admission that the government expects retail rates to more than double within the next four years, and this is due to reckless NDP policy on this electricity file.

Now, not everybody in Alberta is protected by this cap. Some of our largest job creators in the province aren't covered by this. So if electricity rates balloon past this and these job creators in Alberta are subject to astronomical electricity rates, that makes them less competitive in the global economy, even the Canada-wide economy. If they're not competitive, what are they going to do? Lose money? Move their corporations elsewhere? Not expand in Alberta? Those are the unintended consequences that some of these bills that this government has brought forward cause. What we need to do is that we need to stop these damaging bills, these bills that are hurting our economy. They're hurting our jobs. They're making Alberta less competitive. They are not helpful to Albertans. This government talks about having Albertans' backs, but there's nothing in these bills that has Albertans' backs. This one right here: regardless of what the cost of electricity is, Albertans will be paying for it. Either they'll be paying for it in taxes, or they'll be paying for it in electricity rates. It's very simple.

Now, we have to have at least learned something from the Ontario experience with electricity and what it's done to them. There's another government that's constantly trying to undo the damage that they created themselves. This bill is really all about hiding the true cost of electricity from Albertans. Because Albertans won't see the exact cost on their bill, the government is taking cover with that. Since the full price won't be on the bill and it actually comes from the taxpayers' money unseen – but because it's unseen, it doesn't mean it's not happening. There are other options available to accomplish some of the same things that this government wants to do, but they always seem to take the worst path, and that's not necessary.

Again, I mean, we have an opportunity to see this same thing in action in Ontario, and for some reason we ignore that here in this House. I shouldn't say that we ignore it. On this side of the House we bring it up all the time. Look at Ontario. Look what it cost the people of Ontario. This government, I guess, doesn't hear that or doesn't want to listen to that, but I think we can learn a lot by looking at what others have done and have failed at.

Now, I guess if there's anything they did learn from Ontario, that's how to hide the high cost of this irresponsible transition to renewables. I guess that's one thing they did learn: "Okay. We can hide this. We can hide this by having it subsidized by taxpayer money, unseen on a bill." But I don't think taxpayers are so excited to have what they pay be for something hidden, and I don't think they want to pay for this government's poor policies. I think Albertans are frustrated by the carbon tax. That's shown in every poll that's ever been done on the carbon tax. What's interesting is that the more the government spends advertising the carbon tax, the more Albertans hate it. That's a fact. This doesn't protect Albertans. All it does is show that this government admits that their electricity policies are going to drive up the cost of electricity. That's plain and simple.

Now, when we talk about the regulated rate option, that's offered to residential and small-business customers who consume less than 250,000 kilowatt hours per year. There are 1.6 million users eligible for an RRO, but most of our larger, job-creating industries are not eligible for the RRO and will not be protected from this government's costly and misguided overhaul of our electricity system.

Now, we understand that this government has a certain ideology that they want to put into Alberta, this NDP world view that we hear about, but I don't think Albertans want to pay for that world view. The RRO is the rate that customers who have not chosen to enter into a contract with an electricity retail supplier receive automatically, and most consumers continue with this default rate. Again, it's roughly half of what this cap is.

Now, most Albertans have the option of choosing between three rates: the floating rate, the fixed rate, and the regulated retail rate. The floating rate is highly variable, changing with ups and downs of the market, but it is currently the lowest, at 3.14 cents per kilowatt hour.

The fixed rate varies by company. It is generally a three- to five-year, fixed-rate, locked-in price per kilowatt hour that is guaranteed throughout the term of the contract. The fixed rate offers a maximum insulation against price shocks and currently averages 6.08 cents. That's using a 13-month average.

These just show how unnecessary this bill is. There are already options, and in fact all the options are less than the electricity cap that this government wants to put forward. The only reason to have this bill is if this government expects electricity rates to double. That's clear, and I think Albertans are finding that alarming. I find it alarming. This is basically foreshadowing the future that this government sees for Albertans, more than doubled electricity rates.

Now, this is on top of the government's last two budgets, which added over \$10 billion a year to the government's debt. There's no shortage of money being spent by this government. There's no shortage of taxes being collected. We look at the carbon tax that this government implemented, the largest tax increase in Alberta's history. I always get a kick out of listening to the government talk about the levy. It's a tax. In their own government budget it's listed under taxes. When the money is being clawed back from widows, who's clawing it back? Revenue Canada. What's Revenue Canada's job? Taxes. It is interesting to hear this government talk about things like that.

9:20

Again, they seem to think it's funny. The carbon tax is funny to them. I don't think it's funny to the Albertans that have to pay this, the people that looked at their gas bill at the end of January and realized how much it cost, and then to realize that the carbon tax is going up 50 per cent at the beginning of the year, so even more.

Now, we've talked about how unfair the carbon tax is to all Albertans but especially to Albertans who live in northern Alberta, where we travel greater distances for services. We travel greater distances to go to work. It tends to be a little colder, so it costs a little more to heat our buildings. The cost of transportation of goods up there is more. All these different things that the carbon tax has increased the cost of and burdened Albertans with: what do we get for it? We get free light bulbs installed by an Ontario company, and we get bills like this.

The Chair: Any other members wishing to speak to the bill? The hon. Member for Innisfail-Sylvan Lake.

Mr. MacIntyre: Thank you, Madam Chair. This bill was introduced by this government, who voiced the reason that Alberta ratepayers needed protection from something. This government felt like they needed to step in and protect the good people of Alberta from what they called spiking, volatile, and uncertain electricity prices, that it was necessary for this government to come along and be the saviour, so to speak, of Albertans from what this government claimed could be extraordinarily high electricity prices, and that this government was going to cap those retail prices at 6.8 cents as

a means of ensuring that Albertans would never feel the pinch of electricity price spikes.

One of the things that the government pointed out was that prices for electricity under the RRO had spiked to as high as 15 cents, and as my hon. colleague from Bonnyville-Cold Lake pointed out yesterday, that was actually an illegal activity that was done by TransAlta, for which they got themselves in a good deal of trouble and got a \$56 million fine. The Market Surveillance Administrator caught them red-handed and did what the MSA does. They're our electricity police, as I like to call them. So to use that as some kind of an example of an extreme price spike that we need protection from is really kind of smoke and mirrors in that the MSA did their job, caught TransAlta at it. They were fined. The problem was solved.

It's interesting to note that this government, that is claiming they need to do this today to protect Albertans from a potential price spike, is the same government that is denying the MSA the liberty to investigate renewable projects under Bill 27 if you recall. I find it kind of laughable that the government is claiming to be the saviour, the great protector of Albertans on the one hand and on the other hand is denying the MSA the right to do their job as the electricity police but only with regard to renewable projects, that somehow we don't need that kind of protection.

When I look at the reasons this government is putting forward for this bill, that it is to protect Albertans from price spikes, the only way anyone would actually believe that is if they didn't realize that there is already protection and has been protection for a long time. As of right now, today, this day, you could sign up with a number of providers for a two-year contract at 5.49 cents, fixed for a whole two years. If you didn't want to stay on a fixed-rate option, some of these providers will allow you to cancel your contract and go back on the RRO if you can do better on the RRO. We have some members right in this House who chose to do things like that, who chose to leave their fixed contract because they felt they could do better on the floating rate. So they did that, and they saved money. I believe that the floating rate right now is somewhere around 3 cents.

The market had provided protection from price spikes all the way along, right from the beginning of our deregulated market. There was that option available to Albertans, and significant numbers of Albertans took advantage of locking in their power prices for long periods of time. I should also say that lots of Albertans also take advantage of locking in their natural gas prices for long periods of time. I say locking in, but I'm not aware of any of these retail contracts that you can't jump out of, giving sometimes one month's, sometimes two months' notice. For some of them it's just a few days' notice, and you can leave your fixed rate and go to a floating rate.

The point is that Albertans have had choice, and when you have a free market like that, with many, many choices, it is in that that there is protection. We are protected from all kinds of inordinately high prices by choices, competitive choices that we can look for as consumers in buying just about everything. In buying a cup of coffee, we don't need the government to protect us from price spikes in the world of coffee. We can choose to pay \$7 to a certain trendy little place, or we could make it ourselves for pennies, and there's everything in the middle there that we can pick from. That's where consumers have the greatest protection, in the choice given to us, offered to us in a free-market economy.

I understand, you know, that for people with a really strong socialist bent a free-market economy is scary. I don't understand why, because if you look at places around the world where socialism has gone to the nth degree, their economies break down. Take a look at Venezuela today. It's all falling down. I'm sure that

that government thought at the time that they were doing a lot of things to protect their people.

In many regards the best protection consumers can ever have is a competitive market, where companies have to compete for our business and I am free to make a choice between company A or B or C based on what I think is best for me. It's my money. I'm the best decider as to how to spend it.

Now, when you look at the backstory behind this bill – and I did mention some things about this last night – some of the history as to how we got to this place legislatively has been one disastrous decision after another made by this government, to the point now where this government obviously has done some calculating and this government is absolutely certain that prices are going to go up. Otherwise, there would be no need whatsoever to cap the RRO. There would be no need. But, obviously, prices are going to go up so much because of this government's mismanagement of the electricity file that this government is terrified of seeing their mismanagement printed out on electricity bills that will be in the hands of every Albertan every month, reminding them month after month after month of the calamity this government has caused in what was actually a very stable electricity market. But somehow this government figures people need protecting from that, from spikes.

9:30

But let's be really clear as to who is the culprit causing these spikes. It is this NDP government and this government's mismanagement of this file beginning in July of 2015, just days after they came to power. They decided they had a hate on for coal and they were going to attack our coal industry, and that has not abated one bit. So here we are today, one misstep after another after another, and now the government is so terrified of having their mismanagement shown on an electricity bill. They want to protect Albertans? No. They are out to protect themselves. This cap on the RRO is nothing more than a cap on the public relations disaster that would occur if Albertans actually saw the real cost of this government's mismanagement on the electricity file.

This government is also terrified of seeing anything of the like that Ontarians are going through right now, where they are suffering from severe energy poverty over there and it's only growing day by day. As we heard last night, the Ontario government is going to spend \$48 billion to save \$24 billion. I have hon. members over here that are businessmen. How's that for an ROI? Buy high, sell low: how does that work? It's just phenomenal mismanagement on a horrific scale. This government has tried repeatedly to distance themselves from their friends in Ontario. That debacle, nevertheless, step after step after step, is definitely following in their footsteps, forcibly retiring coal plants that still had lots of life left in them, that had been deploying all kinds of antipollution devices and cleanup within their systems, making them the best they possibly can, and then punishing them for it.

It's just one thing after another, forcibly taking offline all of that generation to force up prices to make it more attractive for renewables to come here and invest, so they claim. Yet last night before this House I went through some of the many renewable and alternative energy generators that have done things in this province without having to throw utility debt on the back of our taxpayers, without having to cap an RRO, without having the government come in like some pretend white knight to save the day. They made sound business discussions and installed things like biomass, like wind generation, hydro, and so on. We've had businesses in this province do exploratory work on run of the river.

There's been work done here to explore even using our flowing gas and oil wells that we have and using the heat energy from those

wells to generate electricity. It's being done just south of the border. Resource companies have been taking marginal wells that still have some pressure in them – they're marginal, but the fluids coming out are still hot enough – and taking that heat and converting it to electricity, and now that well that was only marginal has become very profitable. They didn't need the government to tell them to do that. It was a sound business decision. They're selling electricity into the grid, improving their cash flow on that well. That kind of work has been looked at here, too, without having a government to tell them that we need to do this. In the business world there are choices in a free market economy, and for us consumers we need choices, too. That is always the very best protection for us.

Now, we have a government that thinks that unless the government does it, it isn't going to get done. That, too, is not actually true. Governments have an incredible ability for getting things wrong. As my hon. colleague has already said, this bill really is an admission that prices are going to be pressured upwards, and this government is terrified of seeing that happen.

Now, we have some issues, of course, because we've got a situation where this government has so meddled in our electricity system that the business environment in this province has now been turned on its head. I remember speaking to some of the executives within the industry in the fall of 2015. They had communicated to me that they'd been speaking with the government, trying to get the government to understand that the industry had some answers for the government's direction towards lessening our carbon footprint. They attempted repeatedly to communicate those plans to the government, and the government continually turned them down.

Those plans that they put forward would have spared us getting to this point today where we are looking at some serious price hikes in the cost of electricity. The industry's plans, if the government had accepted them, I can tell you, would have saved us at least \$4.437 billion because the proposals put forward by those companies would not have resulted in the power purchase arrangements being thrown back into the Balancing Pool. We would have been spared that. In addition, those proposals from industry would have resulted in an immediate reduction in our carbon footprint. Immediate. By I guess it was November of 2015 we would have seen a reduction in emissions from coal-fired generation immediately. But, no, the government turned them down.

That proposal was put forward voluntarily by industry with a solution that would have worked, that would have actually preserved jobs. It wouldn't have cost any jobs. I specifically spoke to those executives about that: are you telling me that the proposal that you put forward to this government to reduce capacity would not have cost any jobs? They guaranteed me that, no, not one job would have been lost. "But what about compensation?" I asked. "How much compensation were you asking for to go forward with this?" "Zero dollars. No compensation costs whatsoever." So I can say with surety in this House that if this government had listened to the experts in the industry in the fall of 2015, it would have spared Albertan taxpayers this looming debt in the pool of \$4.437 billion. That's a significant misstep on the part of this government, and now here we are today.

Now, this government introduced a Bill 34 to also protect them in the same way that this bill is an attempt to protect them, to protect them from the reality of an angry Alberta voter base because under the problems this government had created in the Balancing Pool, the Balancing Pool was facing insolvency. We received through FOIP the actual communications of executives in the pool wanting to meet with lawyers and accountants to discuss insolvency. This government broke the electricity system. It was not broken until they started meddling with it. That narrative that they've been

trying to push, that this Bill 16 is part and parcel of a great big plan they have to fix a broken electricity system, is actually not true. I wish we could use the L-word in here because that's exactly what they have been doing to Albertans on this narrative.

There is no way our electricity system was broken. Did it need tweaking? Absolutely it did. But the manner in which this government has gone about doing it is entirely wrong. They have been hurting our electricity system from the get-go. They are not protecting Albertans with this bill, nor were they protecting Albertans with Bill 34. The reason for Bill 34 was simply because the Balancing Pool was going broke because of this government's inaction and some policies that they had in place. The pool needed money. The government wasn't going to allow the pool to put their losses on our electric bill under the consumer allocation line item.

9:40

As a result of this Minister of Energy's constant delay in communicating with the chair of the Balancing Pool, the Balancing Pool suffered a \$29 million penalty, that they had to pay out while they waited and waited and waited for the minister to make up her mind about the consumer allocation. What's interesting is that the initial request from the pool to the minister regarding the consumer allocation was 10 bucks. Ten bucks. That's all they were asking for, a consumer allocation of \$10, but this government was so terrified of seeing any – any – increase whatsoever in people's electricity bill that the minister delayed responding and delayed responding.

Another letter went from the pool to the minister saying, well, more or less – I'm paraphrasing – I'm still waiting for your answer, but oh, by the way, we'll need a little more now in the consumer allocation, \$13. I think we even have one letter later on: still waiting. The consumer allocation went up to 16 bucks. Over and over again the pool was trying to do the pool's job, and they'd been doing a very, very excellent job as an independent, arm's-length agency in looking after Albertans and our electricity system until this government started meddling in that independence.

At one point the pool simply was at a point where: we're going broke; we'd better do something about it. They let the government know. Their banker knew. Everyone knew. This government was so terrified . . .

The Chair: Any other questions, comments, or amendments? The hon. Member for Calgary-Klein.

Mr. Coolahan: Thank you, Madam Chair. Just a few comments here. You know, this bill was put forward because we genuinely are concerned about Alberta citizens and their families and Alberta businesses, about price spikes in the electricity market. The other part of this bill is to transition into a more reliable, greener electricity system.

Mr. MacIntyre: It was already reliable.

Mr. Coolahan: Well, let's talk about if it was reliable or not and if price spikes were going to happen. What we are seeing: it was particularly acute and a bad system from about 2010 to 2014. Lots of headlines. I guess the opposition didn't read the newspaper back then. Let's just read some of the headlines. November 2010: Frigid Weather Sees Power Price Spike. July 2011: August Brings 30% Spike in Local Power Bills. December 2011: Anger over Electricity Prices Puts Producers on Edge. We are being genuine in our move to protect Albertans. Unfortunately, I believe, the opposition is being genuine in their defence of a system that they created, that isn't working for anybody.

Ms McPherson: The status quo.

Mr. Coolahan: The status quo. I talked about the legislative paralysis yesterday as well.

Here's another interesting tidbit from 2012, in which a steel producer outside of Edmonton says that every single day on their board – they have a board on their shop floor – that's the first thing they look at: what is the price of electricity? They pay by the hour, and if it gets too high, they just shut operations down. Is that the type of system we want? Absolutely not. We want protection for these businesses to keep people working and to keep production going. I'm not sure why they are defending this system at all.

Let's look at a couple more headlines before I sit down because I think we need to understand this. July 2012: now in a free market system, where private companies assume all risk, there's no incentive to build anything that isn't practically profitable; that makes the system less elastic and could lead us into occasional darkness. Now, we talked about the rolling blackouts in 2012 yesterday. April 2014: Albertans Warned of Power "Price Spike."

You know, this system is all based on volatility. That's how these companies make money. I'm not sure why the opposition continues to defend this practice and to defend this system. We are trying to make it better. We're trying to make it better for Albertans with this bill. We're trying to make it better for consumers. We're trying to make it better for businesses. We're trying to make it better for farms. Over there they just continue to defend an outdated system, and they continue to defend the decisions that they made back then. I think it's a shame that they don't allow Alberta to move forward. I mean, for many years they haven't allowed Alberta to move forward. I'm very proud that this government actually takes a stance and does the right thing for Albertans.

I'd like to hear more from the opposition, so I'm going to sit down for now, Madam Chair, but I look forward to it.

The Chair: Hon. member, just a reminder. You had a number of quotes. You will be tabling those documents later, please.

Chestermere-Rocky View.

Mrs. Aheer: Thank you, Madam Chair. I appreciate it very much. Again, as always, I'm honoured to stand and speak to any bill that's in the House, especially when it comes to defending a sector that creates prosperity for all of us in this province and across Canada. Any time you look at putting caps on things, you have to remember that you could be capping prosperity. We saw that with Bill 25, with the cap on the oil sands. We brought a lot of things forward about those caps and about how that was going to impact the economy of Canada and the province. With respect to this cap, what's happening here is that it's a phony mechanism to use smoke and mirrors, to in some ways mislead Albertans into thinking that they're actually going to be saving money based on this cap on residential electricity. The truth is that right now we are at low prices.

The way that the electricity market works right now works and benefits the people of this province, including all of the industries that are in this province. We're just talking about residential specifically, but it's interesting because when you look at the dollar figure and how it works and the way that the pool works and the competitive market, that's actually what works for people, that market, if you let the market decide. When we're talking about renewables specifically, renewables are something that Alberta has been great at for a long time, as we described yesterday, Madam Chair. I mean, we have a tremendous amount of renewables already online. Bringing those online isn't the issue; it's about how it gets brought online.

A couple of the things. There was actually a really interesting article that I read. I won't quote from it because I don't have it front me, but there are two really fantastic environmental women that are

working out in Ontario, and they were actually speaking about how to bring environmental pieces online.

Mr. Coolahan: Friends of Science?

Mrs. Aheer: No, no. They work with environmental sciences at the university. One of them actually has a doctorate, so she's actually sort of more towards the side about bringing renewables online.

The way that they talk about it is about how you engage the public to get the buy-in from the public. So you're looking at the environmental piece, but you're also looking at the economic piece and making sure that it's actually economically viable when you bring it online, whether that is upkeep of the particular infrastructure that's coming in, building new infrastructure, the costs of that really being transparent. There are a lot of issues when you're building new infrastructure with property rights and dealing with disturbance and all of those kinds of things, so there are a lot of discussions that need to happen with stakeholders, which is why we wanted to have this brought to committee, so that we could bring in a lot more people to have the discussion to find out what would be the appropriate way to move forward.

The concern here with Bill 27 is that it gave the minister the right to bring renewables online without actually letting the public know how that was going to work and how it's actually going to impact their pocketbook and the bill at the end of the day. So it's not even about whether or not to bring on renewables; it's how you do it – right? – when you bring them online. If they're economically viable, you're going to have buy-in from the public because they're going to understand. They're brought into the discussion, Madam Chair. They understand what's going on, and most people are going to want – if they have the choice to make that choice, they're going to make choices based on what's best for them and their families, the environment, all of the things that are important to people. But if it is rammed down their throat and into their taxes – like, right now, that 6.8 cap, the thing that I keep trying to say is that after four years, when the capacity market actually hits full swing, that's when we're going to see massive changes to people's bills. What are you going to do then? I mean, everybody in here keeps saying: well, we're not like Ontario. Well, I'm sorry. That's how they ended up like this, because of the situations of smoke and mirrors and not explaining how those dollars were coming forward.

9:50

Right now, like, the government keeps saying that the system is broken. Well, there are things that certainly could have been fixed, but to take a system like this that has no debt attached to it right now – we have no utility debt, Madam Chair, none. To take a system that has come to this mechanism and cap it in a way where with 6.8 cents, the minute that we go 1 cent over that, it's \$10 million. Where is that coming from? Who's paying that? What about the money that goes to the Balancing Pool? Who's paying for that? What about the \$600,000 that was spent by this government on the Boston report that basically explained how this was – where is that coming from?

I mean, let me bring this up, too. We have a 30 per cent target – right? – that requires the government to build in order to reach the targets. Well, does the government realize that that requires 100 per cent backup for wind and solar? One hundred per cent. That's a double build on absolutely everything in case the wind doesn't blow or the sun doesn't shine, one hundred per cent backup because, obviously, these pieces of infrastructure and these types of energy are not reliable.

So you look at that, and you're going to increase costs to bring on this infrastructure that, I think, given the market – and if the

market was working and if the market flows and that is the right infrastructure to come online, the market will allow for that to happen. If they came online and are not subsidized, which they are everywhere else in the world, they come online and they have economic viability and the province buys into it and has the choice to have that infrastructure, well, then, you're not going to increase costs to people. But as it stands right now, by building that infrastructure plus having to double-build to make sure that you have 100 per cent backup because you have to have a baseload all the time – in order to have the lights go on, you have to have a baseload. That double build actually makes it that – why would you cap residential rates, then? It doesn't make any sense. The reason you have to cap it is because of the double build, because you have to be able to pay for it.

Madam Chair, that's the smoke and mirrors. That is absolutely the vision that is going on here. Behind the smoke and mirrors the capacity model has to be there in order to cover up all of the things that have to be done to build the infrastructure to get us to be able to have this stuff come online more than it already does. I mean, of course, the government has to realize that we already have wind online; we already have solar online. We have these things. I mean, there are a gazillion examples that the hon. Member for Innisfail-Sylvan Lake gave yesterday and today.

Mr. MacIntyre: It was a gazillion?

Mrs. Aheer: Well, I'm exaggerating, but you know what I mean. Maybe not a gazillion but at least 80. We know there are 80, my point being: imagine, they did that all on their own without subsidy, without any input from the government. Imagine that.

If you're actually wanting to incite and bring people online, let's open up the market to allow for that to happen so that the market determines how that goes forward. We all have to be able to turn on our lights. We all have to be able to heat our houses. I mean, if we're looking at any of the other situations like vulnerable people, if we're talking about seniors' homes or any of the group homes like Wood's Homes or any of those, they're actually being negatively impacted by this carbon tax. Well, how is this going to impact groups like that, especially once that cap is done in four years and the capacity market hits full on?

Have we thought about that? Have we looked ahead to what that's actually going to cost these groups? Have we looked ahead to understand how that's going to impact young families who are buying houses, who are trying to come on and buy? I mean, they might not necessarily be buying new infrastructure. A lot of new families that are buying new homes are buying old homes. They're getting into homes. You know, they're getting mortgages for the first time. Like, we have to think about those things. By the time my son, for example, is old enough to purchase a house – well, he could probably purchase a house now. When he's able to actually settle down and buy a house, four years from now – guess what? – he's going to be getting hit with that capacity market full on, full stop. What is he going to do? He's 20 now, so when he's 24. My other son: same thing.

Do you know what I find really interesting, too? It's kind of off topic, but it's interesting. My younger son, who's 18, who lives at home with me, who does not drive a car and does not pay for electricity, got a carbon tax cheque. Yeah. I find it interesting that my son, who lives at home, who lives with me, does not own a car, does not pay for gas, does not pay for electricity, does not in any way get impacted right now by any payments into that, got a carbon tax cheque. It's interesting because the government keeps saying: oh, we're going to help people. Well, no, you're not. Those dollars, when my son lives in my house, certainly could have gone to

somebody who needed it. I can guarantee you that. He doesn't need it. Anyway, he donated it to a charity of his choice.

The point is that \$100 and the amount of money that actually went into creating that cheque and carving that cheque and the bureaucracy that was – we all know that that's not just \$100. There's an entire piece of bureaucracy that was attached to creating that cheque to go out to my son. We know that it's worth well over \$100 by the time it leaves my pocket, goes to the government, and comes back to my son. Let's just be clear there.

The other thing, too, is that the carbon tax cheque, for example – and we were talking about this yesterday. The carbon tax is what the government keeps saying that they're going to use in order to make sure that this capacity model and the cap works. Well, again, guess what? Those are taxpayer dollars. Holy double-dipping. You have the carbon tax, which you're ding people for, and then you're going to cap electricity, whereby all of the other pieces of infrastructure coming along are going to come through their property taxes and their personal taxes on top of that. And then by the time four years goes by, you're going to hit them with a capacity market. Wow. Thank you. I'm sure Albertans are thanking you. I'm sure that when you go out and speak to the people in your constituencies, they're going to be thanking you for this. Like I said yesterday, I'll make sure that every single person I come in contact with has the facts. Every single person.

Honestly, like, Albertans are savvy. If I'm wrong, they'll tell me that I'm wrong. There are a lot of people who are way more intelligent on this file than I am – that's for sure – and most of them are the people that I just get to talk to every day. People know their bills. By the way, people are going to be looking at their bills. The minute that they see a movement, a shift, or anything, believe me, you're going to know about it. I already hear about those things, just in case you haven't. It sounds to me like the government is getting lots of pats on the back for their choices. Well, I have a feeling that's going to change very soon.

The other thing is that the backup energy that I was speaking about with regard to this infrastructure is wasteful. I mean, first of all, it shows no significant changes in GHGs, and it has to run a baseload in order to make sure that renewables can work. How does that work? I don't understand how in any way that's more efficient, how you're going to save money. You're double-building infrastructure absolutely everywhere. Oh, and on top of that, solar and wind is not necessarily near the infrastructure it needs to be in order to get it to people's homes. Isn't that interesting how that works? There's an entire chunk of infrastructure in there that's going to need to be built in order to get that to people's homes.

The market has to decide what the best mix of renewables and nonrenewables are, otherwise the government is subsidizing, and they're subsidizing unreliable renewables. You have to manipulate the ratepayer in order to be able to do that. I just don't understand how that's sound policy.

Again, I think what's really disconcerting for me, having had the privilege of having the energy portfolio when I was first elected – I mean, I came into that portfolio with, you know, a teeny-weeny bit of knowledge, a bit of savvy and understanding. My dad was a chemical engineer, so I had a little bit of understanding. The energy industry just opened its arms just wonderfully, just took me in and educated me on all sorts of things. I still feel like I only have, like, a 30,000-foot view. It's a very humble view. But it's about listening to people – right? – and understanding that in this province we have the best of the best when it comes to this industry. The best of the best. That's everything from electricity markets to geologists and everybody in between.

These people love this province desperately, and they also know what it means to create prosperity. When you have people that

create prosperity, that know that it's not just for them but that it's for the entire country, you're dealing with a completely different group of people. Their reach is so much more beyond just their company or what they're doing. They know that they're job creators. They know that their families will be successful because their neighbour is successful. They know how that works. That's a fabric of the communities. For those of us who live in, you know, communities that surround the cities and stuff, we know what that's like. It wouldn't matter what your political stripe is. It wouldn't matter if you're a competitor. It doesn't matter. People come together. It's beautiful, actually.

10:00

Really, again, it's so frustrating when you see divisive politics come in that actually look at an industry that – sure, it needed help. There are lots of things that I don't disagree with, but the manner in which you bring those policies online is a testament to who's governing and how you do that. I have to tell you that the message is not resonating right now, especially with this. This is particularly nasty because it manipulates the taxpayer, ratepayer, consumer. However you want to look, they're all the same person. It manipulates them because you make them think that you're actually saving them money.

But after the light bulb fiasco, the carbon tax ads, the PPA fiasco, Bill 6, and a whole bunch of other things, I can tell you that the trust is not there. They're going to be asking you questions, and I really hope that you can answer them because, for me, my answer is going to be what I'm saying to you right now, clear as day, transparent. You know how I feel. That's how my message will transfer out to the public. Like I said, if I am proven wrong, I'll happily stand here and admit that. But right now the way that I look at it and my understanding of this model: not impressed.

I honestly believe – like, the other bills that came through, 34, 27, and 25 before Christmas: I mean, we brought amendments and processes, we talked about renewables, we talked about companies, we talked about what they do. What I'd love to see is that the government actually stand up and say how proud they are of these companies and the groups and the people and the Albertans that they represent.

Do you understand that the taxpayer dollars that are coming in are not your money? They're not yours. I was at one of the CRCAG meetings. That's the residents of Elbow Park that are on the flood mitigation teams, and I went to that meeting downtown. As you know, there are a lot of sides to the flood mitigation piece, but what was interesting to me wasn't so much the discussion around flood mitigation, which was also very interesting. I learned a lot from that. It was that when the minister stood up to speak about the dollars that would be coming in for the dam itself, for the Springbank dam, the language that was used was that the Minister of Finance was there and that he was going to bankroll that project. That was the exact language used: bankroll that project.

Do you know what that means to Albertans? That means that you think that that's your money. Oh, my goodness. That language is so inappropriate. I can't even believe it. I couldn't believe it. I was standing there listening to that, that the minister is going to bankroll that. No, he's not. Taxpayers are paying for that, and you have the privilege to disburse those funds. Absolutely appalling. I couldn't believe it, and I was standing there going: well, that's the mentality – that's the mentality – of a government that doesn't understand the privilege of the dollars that they receive. You're getting money through a carbon tax. You're getting money through taxation. The job of government is to collect that and then bring projects forward, not to take advantage of the people that pay our wages to be here.

Taking advantage of the people who put you here is what that cap does, and the minute that that capacity model comes forward: bam. My goodness. Like, have a look at your own policies, please, and look at the dollar figures and understand that this is not whether to not bring renewables online or not. That's not what this discussion is about. This is about how you do it. This is about policy. This is about the dollars that you're spending and actually allowing the market to decide. I do not understand what's so scary about that concept. Electricity is inelastic. We all need it, so you can either choose to do what's best for Albertans, or you can use an ideology to push an agenda forward and not even think for one minute about what the consequences are.

As the hon. Member for Innisfail-Sylvan Lake has laid out time and time and time again, this domino effect, the impact that the policies of this government have had on our energy sector, is far, far, far reaching. You know, last night a lot of you were at the meeting at the Matrix with a lot of our energy producers here, and they did a beautiful video of young children talking about what their priorities are. A lot of them spoke about environment. They spoke about petrochemicals. They spoke about prosperity. I mean, these young kids are brilliant, right? If you want to learn something, it's out of the mouths of babes, right? They're just superintelligent kids.

One thing I realized being there and what they showed in their video is that \$225 billion of investment is going to the United States and only \$1 billion here. Holy moly. Like, something is wrong. We've got the best of the best in this province, and they are looking for business elsewhere, not because they want to. That group of people that was there last night – those of you who were there know this – are Alberta-based companies. They have a vested interest in this province. They want to work here. They want to produce here. They want to diversify here. That whole group is based on petrochemical diversification. That whole group.

Please, folks, like, let's listen to these people. These are the experts in the field. They're the experts in understanding that if you attack the residents of this province over and over and over again, whether it's a cap on electricity or bills that make their lives more difficult, we're going to not only lose population; we're losing people in the industry. That means that ultimately we don't – we actually are short on labour right now in the field, not because everybody is working but because everybody has left.

Thank you, Madam Chair.

The Chair: Calgary-Klein.

Mr. Coolahan: Thank you, Madam Chair. Just another couple of quick comments. I'm enjoying the diatribe over there on defending high electricity rates for Alberta's families. We've always said that the rate cap is a transitional measure as we move to a capacity market. You know, we're taking time to design that market with affordability for consumers in mind. Other capacity markets are seeing reasonable prices and healthy competition, and we will as well.

Over time prices will of course rise, as they do in any market – and we've never said otherwise, which is why we're bringing in the cap – but we are working to ensure that those prices will be reasonable and stable and predictable for families, small businesses, and farms, who depend on the electricity system. The 6.8 cent cap: I hope the opposition understands this, that if the prices don't rise above that, then the government doesn't have to make the businesses whole.

Mrs. Aheer: Why are you doing it, then?

Mr. Coolahan: It's being done because it's an insurance policy as we transition. That's what it is. It's ensuring that small businesses are protected, that Alberta's families are protected.

The members opposite, again, you know, believe that utility rates were reasonable under the old system. When you hear statements like that, you can't help but wonder if they actually pay their bills in their own households, or perhaps they just lack basic human empathy. I don't know. Try telling that to a single parent who had to pay 11.82 cents per kilowatt hour in April of 2011. Try telling a small-business owner that these rates were reasonable at 12.34 cents or the senior on a fixed income who had to pay 13.32 cents in December of 2011 and 15.06 cents in January of 2012. That's not reasonable, Madam Chair. If the opposition believes that this does sound reasonable and that those are signs of a system that's working well, then they are woefully out of touch.

My last point I'm going to make in response is that, you know, the capacity market works well in other jurisdictions because the generators are paid to generate, and that's what keeps the stability in the market, because we always have reserves of electricity. I'm looking forward to the transition to this market and when we're going to reach 30 per cent renewables on our grid and eventually even more. I think that in the future we're going to be praised for this move and for having the courage to do so.

Thank you, Madam Chair.

The Chair: The hon. Member for Innisfail-Sylvan Lake.

10:10

Mr. MacIntyre: Thank you, Madam Chair. Well, it's becoming very obvious why we have this bill, and that is a gross misunderstanding on the part of this government and members opposite of just how our electricity system functions and the beauty of it.

I was privileged to be in a meeting with a number of American counterparts. These were state-level legislators from across the United States, and we were talking about electricity. What was really fascinating is that they all had capacity markets, every one of them. My turn came. They wanted to know what our market looked like, and I said, "Well, we have an energy-only market, and we have no utility debt." They couldn't believe it. They said, "Well, what's the price of power right now?" I looked it up, and it was low.

[Ms Sweet in the chair]

They just couldn't understand how you could possibly have an energy-only market with no utility debt and low prices, so I explained briefly what our electricity market looked like, who the players were, the size of population we were serving, and the industries that we had here. Those legislators wanted to know – the discussion then became: "How can we do what you're doing in Alberta? How can we switch our system over to what you've got, where you don't have your taxpayers with any utility debt?" They were very intrigued by that.

Now, this government and members opposite in the backbenches have been pointing to our energy-only market as some kind of an outlier, and the whole rest of North America is in a capacity-market system, and that's better. Well, the legislators I spoke to looked upon our energy-only market with envy. They would love to have something like what we have, where there's no utility debt, there is affordable power, and there are all kinds of choices.

Let's just talk about some choices here. I don't know if the members opposite understand how the RRO works, but it's averaged over 45 to 120 days, depending on the provider you're buying from, based on the wholesale price of power. If you don't want to have the RRO, you are free to choose something to protect yourself from price spikes. This government continues to state, the Member for Calgary-Klein in particular, how we have to have this to protect Albertans from price spikes.

Well, guess what? The market already has that. It's called a fixed rate. Perhaps no one over there has ever bought one, but you can get a fixed rate right now for five years, longer than this bill, by the way, and cheaper. This bill is pegged at 6.8 cents as a cap. Well, for fixed-rate contracts right now you can get 6.29 for five whole years from an Alberta company. You can get another one here – I'm looking at it – for 6.59 cents, again a five-year guaranteed rate. There's no fee, and there's only a 15-day notice required if you want to jump off and go back to the RRO.

Freedom to choose: that is the best protection consumers can ever have, a competitive market where people are competing for my energy dollars. People that want my business are going to have to compete for it. I want choices in the marketplace, and I am quite able to protect myself from price spikes by either choosing a fixed contract or, when it's in my best interests, jumping over to the RRO. I have the freedom to do that. I didn't need this government to come along and protect me from something that didn't actually exist.

What they claim never existed was protection for consumers. Well, that is patently not true. Consumers have had the opportunity to protect themselves all along. Currently they can still protect themselves for longer than the life of this bill, cheaper than the 6.8 cents that this bill is putting forward. The affordability has always been there. It's just patently untrue, what this government is claiming, that we need protection and that this government is going to be our saviour. The reality is that the marketplace provided us the protection that we needed through choice. Through choice. Over and over again we're seeing this government not understanding the marketplace, not understanding basic economics. You can even get better rates if you go to things like three-year fixed-rate contracts, and again you can jump into and out of these contracts if you so choose. Choice is still the best protection for any one of us.

The reason for this bill – I'll repeat it again – is not to protect Albertans from price spikes. It is to protect this government from a bad PR problem. That's what this bill is really about.

I will stop for the moment, but I'll be back.

The Deputy Chair: Thank you, hon. member.

Are there any other members wishing to speak to the bill? The hon. Member for West Yellowhead.

Mr. Rosendahl: Well, thank you, Madam Chair. I'd like to go over some history as to why we are where we are today on this. I want to make sure that some of these tidbits are on record. Let's start by saying that Alberta's foray into deregulated power began in April 1998 – I mean, you can find these tidbits, and as you dig through, you can find different things – when Ralph Klein's Progressive Conservative government passed the utilities amendment act. [interjections] Interesting. You won't be cheering here when I get through this.

The act paved the way for an open electricity market on January 1, 2001 – okay? – where power companies could compete for customers and government would step away from setting prices. This is where the problem started. Competition and the introduction of contracts were supposed to keep the prices low. Did it happen? No. The reality wasn't that straightforward, and consumers were in for a wild ride. Boy, were they ever. Before deregulation took effect, power generators were barely keeping up with the demand, right? They were making about 1 per cent more power than what they needed. They said that they needed about a 20 per cent increase in there so that they could maintain the system's stability.

On June 12, 1998, when two major power generators were down for maintenance, utilities were forced to cut power to thousands of people – Edmonton, Calgary – to prevent a province-wide blackout. They just didn't have the power. In October 15,000 Calgary homes

lost electricity, and companies told Edmonton industries to cut consumption when turbines broke down. It led to allegations and an investigation that companies purposely withheld power to inflate prices during high demand. That's all in history. And we don't need Bill 16 to protect consumers, do we? Okay.

Let's get back into this. As the first day of deregulation approached in late 2000, power prices soared. That's a fact. The Klein government had already promised a \$20-a-month rebate to consumers to protect consumers in 2000, and you're talking about what we're doing under Bill 16? Very interesting. Klein also promised – get this – \$300 to every Albertan from the proceeds of the first power auction, which netted the government \$1.1 billion on the backs of all Albertans. That's who paid the price for this. That's who paid the price, not the carbon tax or anything else. But the political blowback was growing over this, right? Surcharges to power bills pushed the government to halt fee hike requests so that they could be evaluated for fairness. Obviously, they knew it was unfair at that time, did they not?

10:20

An Hon. Member: I don't know.

Mr. Rosendahl: Yeah. Obviously.

A month before the market was supposed to operate unhindered, the government suddenly imposed an 8-cent-per-kilowatt-hour cap on the price of power to prevent prices from skyrocketing in 2001. Interesting, isn't it? Twenty-one days later the government changed its plan again, raising the cap to 11 cents per kilowatt hour . . .

Ms Renaud: It's almost like they didn't know what they were doing.

Mr. Rosendahl: Go figure. And we don't need Bill 16, do we? Right?

. . . and doubling the consumer power rebate to \$40 a month. By early 2001 researchers who had studied the deregulation move said that it had already cost Alberta consumers billions of dollars. Billions of dollars it cost Alberta consumers.

Here's another interesting tidbit that's out there, okay? Small towns were particularly hard hit by the new regime. By 2003 village community halls, ice arenas, and curling rinks were facing shutdown over power bills that had tripled or quadrupled. In some cases counties had to step in to keep the recreational facilities open. It's all there. [interjections] You can't deny that. The utilities are the biggest single factor. A Grande Prairie city councillor said at the time: there's no question in my mind that it's killing the small communities little by little, and it's killing the clubs. That is what they said at the time. By then Klein acknowledged that deregulation had not gone well. Go figure.

Here's another interesting tidbit, okay? That same year the government also changed the way the cost of electrical infrastructure was covered, shifting the entire cost of transmission onto consumer bills. One-half of the costs were covered by the generators before. Consumers are still on the hook today for that. We get complaints every day into my office about that very thing and about how unfair that was, how totally unfair. But, then, we don't need Bill 16, do we? Well, I disagree. I was paying this price, and I still am. And that's fair? Well, it isn't.

Three years later power prices rose to among the highest in the country. The Liberals, who had opposed the rapid pace of deregulation more than a decade earlier, said that it was time to admit deregulation had not attracted more competition or better service. Well, that is a fact. And we don't need Bill 16? Really? You know, you hear all the tidbits over there. I mean, these are the facts that are out there. This is why we need it, to protect consumers.

Supply problems caused two more major blackouts in cities, one in 2006, another in 2012. Suspicion persisted that companies purposely cut their supply load to keep prices high. And we don't need to protect consumers? Really? In 2011 TransAlta was fined, which they should have been, after admitting it turned away power from B.C. to artificially inflate prices.

Mr. Taylor: That's called the rule of law.

Mr. Rosendahl: Yeah. Right. The rule of law. They got fined for doing that, didn't they?

Mr. Taylor: And it worked.

Mr. Rosendahl: So this is why we need Bill 16. That's why it's important that we support it, and I support it wholeheartedly. Thank you very much.

The Deputy Chair: Thank you, hon. member.

The hon. Member for Battle River-Wainwright.

Mr. Taylor: Thank you, Madam Chair. I'm rising here today to speak to Bill 16, which really should be called An Act to Hide Regulated Electricity Rates, and also to call out some real reasons why this ideological government is bringing forward this bill. You know, what we should be talking about – the Member for Chestermere-Rocky View said that it was smoke and mirrors, but really I think this is more a shell game. That is what's been happening with regard to things.

Let's go back to the Member for West Yellowhead. He wants to talk about history. I'm going to talk about a brief history. I'm going to do a couple of things. We know what a shell game is, I think. I'll explain it briefly. You've got the three shells. You put a ball underneath there, and you move the ball around. Eventually you lift it up, and it's not there. And it's not there. Oh, it's underneath this one. Well, this is what this government has been trying to do.

I'll give my part of the history on the shell game that this government has been trying to put forward here. We go back to Bill 10, the Fiscal Statutes Amendment Act, 2016. We all remember that one. We sat here and we talked about it. It really gives this government the ability to have unlimited debt. Where is the debt ceiling? We don't know. That bill did not put a ceiling on the debt. The government, then, can borrow as much as they want. That's a problem. It's a problem, and it's a fact. We go back to history. It's a fact that you brought forward that bill that allows you to borrow whatever you need to.

Then let's go forward in time a little bit more. I've got the bill here in front of me, Bill 34, the Electric Utilities Amendment Act, 2016. I mean, this is it. We're looking at it. It has, really, just this one page and a couple of lines on the other one. It says here under Loans to the Balancing Pool and Guarantee:

82.1 The President of Treasury Board, Minister of Finance may, on the recommendation of the Minister of Energy, make loans to the Balancing Pool and guarantee the obligations of the Balancing Pool.

They're guaranteeing the obligations of the Balancing Pool.

Where does Bill 10 come and fit into this? They get to guarantee when all of a sudden you've spent too much on electricity as a result of these actions that you're bringing forward. You've capped it at 6.8 cents, yes, but who has to pay for that? All of a sudden, with how much we're borrowing and how much we're in debt, we look like we're going to be \$71 billion in debt by 2019, and it could be greater than that. If you're looking at that, the \$71 billion in debt, you know, you still have one ratepayer, one taxpayer, so that taxpayer and that ratepayer are still on the hook. They still have to

pay for that electricity. Even though you've capped it at 6.8 cents, they've still got to pay back that much money. It's going to come out of their pocket one way or the other. Let's be clear about that.

This government is not clear. They're not up front. They're using a shell game to hide what's really happening here. They don't know what they're doing with this. They are over their head with this file, and unfortunately that's been the problem the whole time with this file. They really don't know what they're doing.

10:30

They're bringing forward this particular bill at this time because they know that retail rates will more than double within the next four years as a result of them moving towards 30 per cent renewables by 2030. It's not going to keep the rates low when you start to do that. It's going to make those rates climb. When those rates climb and they go beyond that 6.8 cents a kilowatt hour, then, unfortunately, you have to borrow more money. In borrowing more money, you're not protecting the taxpayers. You're not protecting Albertans. You're in fact making Albertans have to pay it from a different part of their pockets. There is, like I say, one ratepayer, the same taxpayer, and they're footing that bill.

They're trying to cover up. This bill is them admitting that this will happen. They know it's going to happen, and it's an admission on their part that this will happen, that the rates will climb and they will go beyond 6.8 cents a kilowatt hour. They know it. What their actions are doing is going to be detrimental for this province. They're trying to cover up the mistakes they made by transitioning to renewables too quickly. I agree that renewables are a great thing, but forcing it to be done that fast, that much: it's not going to work.

The Member for Calgary-Klein – I have to now go back, and we have to talk about that. There was a steel company that you were referring to. The steel company needed to be protected at that 6.8 cents. Well, they are not on the RRO. They are a high user. They use more than 250,000 kilowatt hours a year. That's a fact, too. You don't produce things like that and stay at that level. So I don't know why you were going down that angle and saying that you want to protect those people. Well, frankly, it's not going to work that way, Madam Chair.

What they do is that they're on a managed system with places like the steel company. They are not on the RRO, as suggested, so they work with the floating rate. Unfortunately, the floating rate will likely be increasing and increasing and increasing in this province, and they won't be protected, and we will lose jobs as a result of them not being protected. The system, I think, is going to crater here in the future as a result of what they're doing, and we'll see jobs being lost in this province as a result of high electricity rates.

These large manufacturers, Madam Chair, are not going to be able to stay. They'll find that their ability to produce is not going to be here and cheap, like we need to have it. We will be losing jobs to the United States. We already are. People are looking at the writing on the wall, and they're saying: this is not going to work. Unfortunately, people are moving. There are a lot of jobs already being moved out to the States. I know of several companies in my riding that have chosen that option just in the past couple of weeks, and it's shameful.

They don't care less about the cost, the real cost to Albertans. The cost of this cap will either be covered by the carbon slush fund that we as Albertans already pay for, or the cost will be coming out of the general revenue. Let's be real. If it's coming out of the general revenue, it's going to be borrowed money. All that money I talked about that we have on Bill 10 that allows you to have that keep going up, once Bill 34 – well, if Bill 34 is enacted and once we have the rates go higher, we'll be borrowing money, and it'll be coming

through the general revenue, and that will be, say, \$71 billion by 2019, but maybe it's going to be \$75 billion. I don't know. Then if you go forward in time, it's going to be greater. So the potential cost to this cap is \$4.437 billion in losses that taxpayers will now be on the hook for over the Balancing Pool's mismanagement.

We already know that they won't devise a bill that will actually be in Albertans' best interests. You're trying to say that it's in Alberta's best interest, but this is not in Alberta's best interest. This bill, folks, has been devised to hide the truth of what is really happening.

Let me explain. Electricity rates will increase due to the NDP government's reckless, ideological policy on the electricity file. If this bill is passed, this bill will cap the regulated rate at 6.8 cents per kilowatt hour. Currently the RRO is 3.8 cents a kilowatt hour. It's fluctuating around that 3 cents, 4 cents. That's reasonable. That is cheap. That's cheap electricity. We should be thankful that we have this rate in Alberta.

But the cap isn't for everyone. The first ones who will be affected – and I mentioned it before – will be the large industries, as we talked about with the steel industry, who Albertans rely on for jobs. These producers that create jobs: well, they're going to go to wherever they can make the most money for the shareholders. The shareholders demand that they make a profit.

And profit is not a dirty word. Profit is a good thing. Profit is what creates jobs and makes Alberta move. It has given us the Alberta advantage. The more people that we have working, the more tax that is being paid by the average person, and the more Alberta advantage that we can have. That's why we have such low taxes. That's why we were the envy of the world.

Our job creators will not be protected from the drastic increase to electricity rates, and this increase will go directly to them. What they may try to do is to pass it on to the consumer if it's just here in Alberta, but if they pass it on to the consumer, how did that protect the taxpayers or the ratepayers in Alberta? If the amount they have to charge goes up and then they have to pass it on to the consumer and the consumer then has to pay more money, you have not protected the consumer. What you're doing is not working, and it will not work, Madam Chair.

Once again, this government refuses to acknowledge that this, like so many of their policies, will have a harmful trickle-down effect on the Alberta economy. You know, I have businesses telling me all the time that it's affecting jobs in my riding. These things always have consequences. All the policies that you're putting forward have consequences. The electricity rates being capped the way they are and then some other consumers not being affected by it: it's affecting them. The minimum wage: it's affecting them.

Take grocery stores, for example. Well, you like having your food fresh. You don't want it spoiled. They have to have freezers, and they have to have coolers. As a result, they use a huge amount of electricity to make those compressors run. Those compressors don't run just while the doors are open. They run 24/7. People like to have their places air conditioned when they go in there, and that, in fact, actually keeps the fruits and vegetables better when you keep it cooler in there. That is more electricity. All these things that use electricity make them a higher user of electricity, and now they're not protected if they go beyond the 250,000 kilowatt hours per year. So the cost of food, you'll see, is going to be affected as a result of it as well.

One thing this government is good at is repelling and destroying businesses in this province. That's what's happening. People are leaving. That's what's happened in Ontario and now here. People don't want to invest. I listened to the people that came over, and they spoke to us. They came over and said: "Frankly, we don't want to" – these were many businesses that have come and talked

to me and to a variety of other people here in the Wildrose Party. They said: "We're waiting. We want to see what's going to happen, but right now the climate isn't such that we want to invest. We don't want to pour a ton of money into this province." As they've mentioned, there have been jobs that have been created, but we've lost 100,000 jobs to get 20,000 jobs. That's a net 80,000 jobs lost.

10:40

If I'm correct in this, this is them trying to correct their radical policies. This is the NDP trying to correct their radical policies, so let me tell you all that – news flash – the NDP policies are not working, and they're meddling in a file that they don't understand. This will be another hit to our already devastated economy, and on top of all the personal businesses and carbon tax hikes and the minimum wage hikes, the emission cap. When will they learn? We keep speaking about it. We have the opportunity. We're in here, and we discuss it, and we still see that there are negative effects to it.

When I brought forward Motion 505 with the minimum wage, I asked for us to pause to see what the economic impact would be to the stakeholders, to the industry. You know, there are other ways that we could have – I heard from across the aisle that there were single mothers and that we need to protect them and get the minimum wage up for that. There are other methods to be able to do that, and that's what was happening. They were identified as needing to have extra support. This is what the government should have been doing, trying to look at supporting those people.

But what about the other people that are looking at trying to get jobs in Alberta for the first time? They're a young student, they want a job, but it's a \$15 minimum wage, and unfortunately the employers would rather hire somebody that's got three, four, five years experience, that they don't have to train. It costs a lot to train a person. We could have worked with this properly. My point is that we're not looking at all the ramifications and all the implications of the bill, and this Bill 16 is just another one that you're not stopping and pausing and looking at all the unintended consequences and added expenses that are going to cost Albertans as a result of what you're doing.

If this isn't so, then please find a way to explain to the House why you would need to cap regulated electricity rates. Why do you need to do it if it's not going to go up because of what you're doing, if it won't go up past 6.8 cents per kilowatt hour? Again, the taxpayers will have to pay for it. For only residential consumers, small farms, or smaller businesses – why only those who consume less than 250,000 kilowatt hours per year? Why on earth do large businesses and industry in this province of Alberta get the brunt of the repercussions of this bill and other ideological, damaging changes that this government has inflicted on them? These businesses, doggone it, you know, they create the jobs, but the actions that you've got going are driving businesses out, and I find that shameful.

What we're asking you to do is to pause and to look at what's going to happen. Really, I think you should be saying that this is all wrong, and we should actually kill this bill. This bill is a harmful bill for Alberta, and let's start making some corrections right along the way. Otherwise, I guess, you know, another government is going to have to come along and be the adult and make the necessary changes to do what the hard choices are.

Madam Chair, the target of 30 per cent by 2030, the renewables target, that this government has legislated is a complete mistake. Scientific estimates indicate that our grid will experience instability once we get to 25 per cent of renewables. That's 25 per cent; that's

not 30 per cent. I don't know how you got to that number because it caps out somewhere around that 25 per cent.

This is going to cost our province dearly. Does the government not see that these practices will be further hurting our job creators? When businesses are starving, they will move to where they can make a living and create work, make a profit, pay their employees – make sure that they can pay their employees – and pay their shareholders. Shareholders, if they're going to invest money . . .

The Deputy Chair: Thank you, hon. member.

Are there any other members wishing to speak to the bill? The hon. Member for Highwood.

Mr. W. Anderson: Thank you, Madam Chair. Well, I've been listening with intent to what I'm hearing from the opposition and from my fellow members and colleagues. I think there's some confusion here because I don't think you really understand the electricity bill. This electricity file is being orchestrated just to fix a problem that was caused by this government. The only reason we need this bill is because I think you're really worried that the retail rates are going to quadruple over the next four years. It's another warning sign to Albertans and especially to our industries that prices are going to get out of control, because they're not covered. Big business is not covered by this, and I know how much you love big business. Our job creators are not protected by this scheme, and Alberta is going to suffer. You're just going to push them out of this province.

A carbon tax, corporate tax, and now exorbitant electricity costs are going to drive the business investors out of our province, and that's my big concern. I really think you should look at this and do a complete one-eighty on this bill and double back on this reckless, expensive ideological transition to renewables and also fight the federal Liberal Party on their costly accelerated coal phase-out program. Do it in proper phases. Do it over a period of time so that businesses and corporations and individuals can actually afford to absorb it. Thoughtless and careless decisions can make a government impose and create mistake after mistake, especially, I think, on this electricity file.

From raising the SGER levy in June of 2015 to introducing a capacity model that shifts the risk of electricity investment away from private companies and puts it back on Alberta taxpayers, I think this government is attempting to profess that they're actually solving a problem or solving a matter and a question of power price volatility. This is not the case. Fixed-price contracts are already available to Alberta consumers, and they're recommended to consumers on all fixed incomes. As a matter of fact, most Albertans have a fixed-rate option already available to them, and this offers the utmost protection from unpredictability in electricity prices through long-term fixed contracts. In other words, they're already covered. The consumers are covered, so why are we going through this bill and going through this exercise, yet leaving businesses alone unprotected?

Madam Chair, it comes as a surprise that the current 13-month average for fixed-rate contracts is approximately 6 cents per kilowatt hour. That already exists in the marketplace. As my hon. colleague mentioned earlier, their rates are even better. So it's already covered. But now with your regulated cap it's going to be 6.8 cents. I can't believe that that's an effective way of managing taxpayers' money or managing what you call covering and protecting the consumer market.

You're introducing a bill that kind of misguides Albertans into believing their rates are protected when, in fact, retailers within our free electrical market already offer more protection than this government and this bill are offering. So why do it? The fact is that

for every 1 cent of capital above the cap, it's going to cost \$10 million to the taxpayers of Alberta. Think about that: an additional \$10 million. You've got a \$49 billion corporation, you need \$59 billion now to run it, and now you're going to add more debt and more debt and more debt. These things are not good for Alberta consumers.

Again, I'm going to repeat myself. Businesses are not protected by this, and if businesses don't have that kind of offer of protection or the ability under that to manage this, they're going to leave our province. The estimation right now from the oil and gas sector is that we've lost anywhere between \$8 billion and \$10 billion to the U.S. market, and it's not coming back. People are not investing in our province anymore. To pay for the cap, funds will have to be disbursed from the carbon tax, from the carbon tax slush fund, or from government revenues, which is already borrowed capital. That means that children, grandchildren, and future taxpayers, if there are going to be any left, are going to be burdened with this debt load, the same ratepayers, the same taxpayers that this government is trying to hide the truth from. Juggling money, moving money around from one ministry to another is not the proper way to run a business. Accelerating massive debt for taxpayers does not protect Albertans. This is a taxpayer burden. NDP policies are hurting Albertans. You're hurting families, but really what you're doing here is hurting job creators.

10:50

Now, my biggest fear is that we're going to end up like Ontario. Right now in Ontario they're losing \$5 billion to \$8 billion worth of industry every year because their electricity rates are out of control. And there's no guarantee; there's no protection. Think about that. If that happens here, it's not just the oil and gas sector that's been deflated with investment; you're going to get more manufacturers. Even the hon. Member for Calgary-Klein stated that he knows of a business that shut down. In his own words, it shuts itself down. Think about that. When you shut a business down, nothing is going on. Nothing is being produced. People lose their jobs. I don't know. The Ontario debacle is something you should learn from. Read what's been going on there. This bill is about giving Albertans a false sense of security so that when they see their monthly electricity bill, they won't see how badly the policies are hurting this province.

Electrical transition is moving way too fast. The provincial and federal governments are working together to arbitrarily accelerate the transition from coal to natural gas, wind farms by a whopping 20 to 30 per cent. This is just too fast. Bringing in renewables by 2030 is moving too quickly. You're putting a burden on the taxpayer. You're putting a burden on industry. Is 30 per cent by 2030 necessary? Is it evidence based? I think it's just an arbitrary target. I haven't seen much consultation, no business sense, no economic development strategies, nothing.

The potential cost of the cap is significant. It will drive out job creators and add approximately \$4.4 billion in losses, that taxpayers are now on the hook for in the Balancing Pool's mismanagement. Twenty billion dollars will be needed, according to Terry Boston, your own consultant, to get this province to the 30 per cent by 2030. That's a lot of money. That's your consultant telling you that. All of this combined does not make life more affordable for Albertans. You're not protecting anybody.

What's more, scientific estimates state that our grid will experience instability once we get to 25 per cent renewables. So are you going to build another grid? You put that already on the taxpayers' back, and now you have to build another one? Think about that. You can't run solely on the sun and wind to power the entire province of Alberta without some sort of expensive backup

to keep the power load evened out. This policy to accelerate by 2030 will require either costly systems integrated with other jurisdictions or a peak plant overbuild over the reliability of the current network. No wonder the province's economy is going down. This is not a way to treat investors. You can't treat investors this way. People will not invest in an environment where it is not business friendly. It's basic economics.

You know, just a sidebar. I think of the hon. member for Tim Hortons with his tidbits. Quoting Ralph Klein – I mean, I owned a business in the private sector, and I worked with the Alberta advantage. It was a good time to be in Alberta. It wasn't perfect, but it was a good time. Investors were coming into Alberta. People were bringing billions of dollars into Alberta, and you cannot argue against that. It worked. It worked really well, and we kept investing in Alberta.

Now owning a business no longer, I'm here listening to the backbench talk as if they ran a business, as if they signed a paycheque, as if they actually did something like that. They didn't. You haven't had the privilege yet. Listen, let me tell you something. The private sector was glad to deal with the Alberta advantage when it was available.

Loyola: I used to run a business.

Mr. W. Anderson: In Venezuela?

Mr. Westhead: Point of order.

The Deputy Chair: Member.

Mr. W. Anderson: This government . . .

The Deputy Chair: Hon. member.

Mr. W. Anderson: Yes.

The Deputy Chair: Sit down, please.

The Member for Banff-Cochrane.

Point of Order Language Creating Disorder

Mr. Westhead: Thank you very much, Madam Chair. I'd like to rise on a point of order under Standing Order 23(j), "uses abusive or insulting language of a nature likely to create disorder." I'm pretty sure we all heard what the member said, which was a racist statement against us on this side, and I think the member should apologize and retract.

The Deputy Chair: The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Hanson: Thank you very much, Madam Chair. Again, as to the point of order that was raised yesterday, this is kind of the same thing. The banter goes back and forth. Earlier this morning the member in question, that just took this shot about Venezuela, who has spoken favourably in speeches in the House, actually called one of our members a racist today. You know, if he's willing to stand up and apologize for that comment, then I would apologize for and withdraw this one.

The Deputy Chair: Hon. members, this has been an ongoing issue for the last few days around the language that's been used in this House. I did hear it today. I would recommend – actually, I will rule that it is a point of order and that you need to stand up and apologize, please, and that the language in this House needs to be

more respectful around people's diversity and their cultures and that we need to make sure that we are not using language in this House to try to create disorder.

Mr. W. Anderson: Madam Chair, thank you for that ruling. Much appreciated. I will apologize for mentioning the country Venezuela, which this hon. member has spoken favourably of in the past, but I will apologize to the hon. member.

May I continue?

The Deputy Chair: Please go ahead.

Debate Continued

Mr. W. Anderson: Just to close on my points, again, my biggest concern is that this government is forcing businesses out of our province, and you're going to continue to do so with Bill 16. You're going to continue putting the tax burden on the citizens of Alberta, another onerous tax, a tax that will drive and force . . . [interjection]

The Deputy Chair: Member.

Mr. W. Anderson: . . . hard-working citizens of Alberta into a situation where they will no longer have a job or an opportunity to be employed. [interjections]

The Deputy Chair: Hon. members and the Member for Lac La Biche-St. Paul-Two Hills, if we could please refrain from trying to engage in the conversation after I've ruled. Please let the Member for Highwood continue.

Mr. W. Anderson: Thank you, Madam Chair. Just in closing, again, as I said earlier, my concern is that if we continue to create a business vacuum in this province, a vacuum that is going to be so difficult for us to overcome with additional taxes and taxations like Bill 16 and like so many others and like the onerous debt that is now on this province, that my grandchildren are now going to have to pay back because of this government's policies – fast and loose and reckless with the economy is no way to run a business, no way to run a government.

Madam Chair, thank you for your time.

The Deputy Chair: Thank you, hon. member.

Are there any other members wishing to speak? The hon. Deputy Government House Leader.

Mr. Carlier: Thank you, Madam Chair. I'd like now to move that the committee rise and report progress.

[Motion carried]

[Ms Sweet in the chair]

The Acting Speaker: The hon. member for Calgary-Shaw.

Mr. Sucha: Thank you, Madam Speaker. The Committee of the Whole has under consideration a certain bill. The committee reports progress on the following bill: Bill 16.

The Acting Speaker: Does the Assembly concur in the report? All those in favour, please say aye.

Hon. Members: Aye.

The Acting Speaker: Opposed, please say no. So ordered.

Government Motions

Evening Sittings

20. **Mr. Carlier** moved on behalf of **Mr. Mason**:
Be it resolved that pursuant to Standing Order 4(1) commencing May 29, 2017, the Assembly shall meet on Monday, Tuesday, and Wednesday evenings for consideration of government business for the duration of the Third Session of the 29th Legislature 2017 spring sitting unless the Government House Leader notifies the Assembly that there shall be no evening sitting that day by providing notice under Notices of Motions in the daily Routine or at any time prior to 6 p.m.

[Government Motion 20 carried]

11:00 Adjournment of Spring Session

21. **Mr. Carlier** moved on behalf of **Mr. Mason**:
Be it resolved that pursuant to Standing Order 3(9) the Third Session of the 29th Legislature 2017 spring sitting of the Assembly be extended beyond the first Thursday in June until such time as or when the Government House Leader advises the Assembly that the business for the sitting is concluded, and at such time the Assembly stands adjourned.

[Government Motion 21 carried]

Government Bills and Orders Committee of the Whole

[Ms Sweet in the chair]

The Deputy Chair: I'd like to call the committee to order.

Bill 16

An Act to Cap Regulated Electricity Rates (continued)

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

Mr. Clark: Why, thank you very much, Madam Chair. I have many comments, many questions, so far no amendments, but that may change over time. I can't support this bill because this is part of a continuing trend of the NDP's haphazard dismantling of Alberta's electricity system.

Let's just go back in history and recall how it is that we've managed to get to this point, coming up on almost two years exactly, maybe two years less a month, to where this all started. This all started with the government's very first ever bill, Bill 1. The government's first-ever Bill 1, as those of you, I'm sure, remember and recall vividly and fondly, increased Alberta's original carbon tax, the specified gas emitters regulation on large emitters. At the time I'm sure the government thought: well, that seems like a good idea. You know what? In general terms and broadly speaking, I actually am in favour of these sorts of things, of a properly structured carbon tax, with the money going into innovation, allowing Alberta companies to innovate and to help solve the carbon problem not just for our province, not just for our country, but for the world. This is the contribution that, done properly, Alberta can make to the world.

But as with many things this government didn't fully think it through, didn't fully understand market forces, didn't especially understand the implications on power purchase arrangements. They

were warned repeatedly following the passage of the bill, leading to the end of 2015, that their actions were going to trigger the “or more unprofitable” clause of power purchase arrangements. They were warned. And if they weren’t warned – well, I happen to know for absolute certainty that they were warned and that they knew. The minister knew or ought to have known. Senior administration, political staff, deputy ministers, associate deputy ministers either knew or ought to have known that that was going to trigger the “or more unprofitable” clause.

That’s part of the deal when you’re in government, is understanding the contractual obligations that government has agreed to, whether it was your government at the time or not. You inherit everything that government in Alberta has ever done over the course of time. You may like some of it. You probably don’t like most of it because that’s what happens when we change government. It doesn’t change the fact that there are contractual obligations that the government of Alberta, which you now are – although, being nerdy and technical, there are only two members on the front bench here, which is technically government. [interjections] I’m just giving everyone a civics lesson on what government is.

Mr. Westhead: Point of order.

The Deputy Chair: A point of order has been called. The hon. Member for Banff-Cochrane.

Mr. Westhead: Madam Chair, it’s against good parliamentary practice to refer to the presence or absence of members, and I would ask the member to refrain from doing so.

The Deputy Chair: Hon. member, although you are correct on the standing order, the member did not actually refer to any particular member being absent, so it’s not a point of order.

The Member for Calgary-Elbow.

Mr. Clark: Thank you, Madam Chair. My point being that when you become government of the province of Alberta, you inherit all of the obligations and contractual arrangements that have been entered into by government. That’s what you do. As a result of not understanding that, of either not doing your homework or, worse, perhaps simply ignoring the advice that you were given and feeling that somehow you could legislate your way out of it, you find yourself in a position where you’re chasing your tail. So Bill 16 is the logical next step in a who-knows-how-many-steps process this government is going to have to go through to dismantle what was a very effective deregulated electricity market.

Now, I’ve heard some of the debate and commentary this morning about some of the challenges and price spikes and ups and downs and whether Albertans need to be market traders to lock in an electricity price. While I have some sympathy for that, there is no question that the market forces that were in play in Alberta’s electricity system were working. How do we know that? Well, here we are with historically low electricity prices. The bill that Albertans actually pay is far higher than that because there are administrative fees, there are transmission fees, there are all sorts of fees on top of fees that end up on your electricity bill, but the energy portion itself is historically low. That is because market signals were sent, generation was built, and it was working. But now, as the NDP have discovered, once you start to pull the thread, the thing starts to unravel pretty quickly and in unpredictable ways.

Here we are in this strange situation, which is not the same as Ontario. It has shades of Ontario, but Ontarians are paying enormous electricity bills. As the government there faces an election, coming relatively soon, they undertake extreme measures

to reduce end-user consumer electricity prices that had already spiked. They’re doing so in a cynical political move. I note with interest that the electricity bill that they passed is called the fair hydro plan. Any time government puts the word “fair” into a bill title, I get very worried. That makes me feel like perhaps they’re trying to pull the wool over our eyes. That’s what we see here as well.

The situation here is different because Albertans’ electricity prices haven’t spiked yet, which makes me wonder. My goodness, what’s going on behind the scenes here in the Energy department that’s telling this government: “Guess what, folks? At some point in the next four years, maybe in a very inconvenient time relative to the next election, electricity bills are going to go shooting through the roof, you know, just FYI.” Then the political wheels start to move, and the folks, the secret squirrels who run around behind the scenes making these sorts of political decisions will decide: “All right. You know what we’ll do? We’ll cap consumer electricity prices, that are actually paid by Albertans. Let’s not worry about how exactly we’re going to pay for that. That’s an issue to be dealt with later. But on the political side, you know, we’d better identify who our voters are going to be and make sure that they don’t feel any pain at an inconvenient time, say, fall of ’18 or spring of ’19. So let’s come forward with a bill.” And that’s what they’ve done here.

The billions of dollars of losses. What I can’t fully grasp, and perhaps this is a failing on my part in opposition, is how it is that \$2.2 billion has gone into the Balancing Pool, backstopped by Alberta taxpayers, and it isn’t the single greatest scandal that Albertans have seen. It is a scandal. It is absolutely a scandal. The amount of money is stunning to me. That it went from a \$600 million or \$700 million surplus now to \$2.2 billion backstopped by Alberta taxpayers is unbelievable to me.

Now we have a bill that seeks to use Alberta’s carbon tax revenue, this slush fund . . .

Mr. Gill: Levy.

Mr. Clark: I don’t mean levy, hon. member. I mean tax. It is a tax.

11:10

Mr. Gill: Okay. I just wanted clarification.

Mr. Clark: Yeah. Absolutely. There’s no question there.

The carbon tax revenue is now going to be used. First, that money comes from the carbon tax, which the government likes to just go back to this well. It seems like it’s this unlimited mythical source of funding that they can just dip into for everything from light bulbs to multibillion-dollar backstops to our electricity market. But guess what? At some point that money is gone. And given what is likely to happen in our electricity sector with this bill, that money is going to go pretty darn quickly, and when that money is gone, well, it’s more backstop from general revenues. And guess what? Our general revenues, topline revenues this year, I have a feeling are not going to meet the government’s projections this year.

Already the price of oil has trended downward below what the government’s estimates were. Just today the price of oil, WTI, is off another 4 per cent. Now, I’ll never cheer against Alberta. That’s not a good thing. I want that price of oil to go up. There’s nothing I want more: \$60, \$70, \$80 oil. That’s good for Albertans; it’s good for our province. Unfortunately, this government has relied on crossing their fingers, just like every government before them, on the price of oil going up. Well, guess what? It hasn’t. And if it doesn’t, our deficit goes higher. That means that we need to borrow even more money.

Now we have a bill before us that’s going to see perhaps another raid on the treasury just to support electricity prices at the consumer

level just because of all of the changes this government has brought in without thinking them through. So I'm asking: what problem are we trying to solve? We're trying to solve a problem created by the government. Either you're simply cutting a blind cheque here because you have a sense of what this is actually going to cost or, worst yet, you have no idea what this is actually going to cost, and you refuse to share that information with us. Right now today, well, prices are low. Where are prices going to be in six months or a year or a year and a half or three years or by the end of this? The only reason that you would bring this bill forward is that you have pretty good information that consumer electricity prices are going to be a heck of a lot higher than 6.8 cents a kilowatt hour. That's going to hit Albertans in the pocketbook. Well, guess what? It's going to hit Albertans in the pocketbook no matter what. The money has got to come from somewhere. All these changes mean that the money has got to come from somewhere.

Now, don't think for a moment that any of this means that I don't think we should phase out coal-fired power, because I do. The Alberta Party ran on a platform of phasing out coal-fired electricity. I'm in favour of doing that. I'm in favour of taking action on climate change. I think climate change is real. I think climate change is human caused. I think it's a problem. I think it's something we ought to deal with. But I also think that, done properly, Alberta's response to climate change could be the single greatest market opportunity of our lifetimes. If we put Albertan entrepreneurs to work, if we create a true frame for innovation, if we use carbon tax revenues for appropriate things like cutting personal and corporate income taxes so that people can keep more of their hard-earned money, that we create an attractive investment climate, that we make real and substantial investments in Alberta innovation, in our postsecondary institutions, in our research institutions: these are the kinds of things we should be doing with carbon tax money, not light bulb programs, not backstopping your changes to electricity, that you didn't think through.

[Mr. Sucha in the chair]

By the way, did it have to be this bad? Did we have to find ourselves in a position where we already have backstopped a \$2.2 billion loan to the Balancing Pool, which probably gets worse over time? Well, the answer is no, actually. It didn't need to be this bad, no less than the economist Trevor Tombe and a fellow by the name of Dr. Andrew Leach – now, you might have heard his name. He's someone that this government ought to be familiar with. He did the climate plan, didn't he? He worked with Trevor Tombe, and they discovered that had the government simply accepted back the PPAs, for which their policy change triggered the “or more unprofitable” clause, that, at most, the losses would have been \$600 million. At most. How did it get to \$2.2 billion? I support phasing out coal. My point is that there's a much better way of doing it.

The other challenge with this particular bill and the entire approach the government has taken to electricity goes far beyond the electricity market. It goes to confidence in Alberta as a place to invest. Why would someone invest money, why would a company invest money, why would an individual buy or start a business in Alberta when they don't know what the rules are going to be a year or two or three or four or five down the road, when things are constantly changing, when they don't know what their electricity prices are going to be? That instability and unpredictability in the market make Alberta an unattractive place to invest.

It's unnecessary. It's hurtful to the people of Alberta. If you truly do want to make life better for Albertans – TM, trademark, copyright, quote, whatever – you will not pursue policies that drive capital out of the province of Alberta, that drive companies to invest

somewhere else. That hurts our province. It breaks my heart to see it happen because you are hurting the province of Alberta. You are hurting Albertans. You are not incenting and rewarding people for taking an entrepreneurial risk, which, by the way, doesn't guarantee success. Investing in a company, investing in a business, starting a business: there's no guarantee that it's going to work. In fact, the numbers will tell you that it fails far more often than it succeeds. But Albertans are diligent, responsible, hard-working people, and they're going to take those risks if you give them the chance to do that, if you give them the chance for a reasonable return on investment should that investment work out for them.

When you have unpredictable government and unpredictable legislation, you never quite know what's going to happen. With a government that relies far too heavily on the price of oil, there's a chance that our deficit could be \$11 billion or \$12 billion or \$13 billion this year. I don't want to see that happen – I genuinely don't – but there's a huge risk that it does. When it is that high, now what? Do we see more tax increases? What do we see? How are you going to find your way out of that particular problem that you've put yourself in?

Instead of using the carbon tax money to backstop electricity like you're doing, you could use it for substantial, real innovation. We could invest in Alberta research. We could invest in Alberta companies. We could invest in targeted tax credits, not the \$30-million-a-year innovation tax credit you've already done. A good idea – I like it – but it's far too complicated. It's too small. It's too narrow. That innovation tax credit is the right vehicle. You've just got an 80 CC Honda motorcycle when what you really need is a big Ford F-150 truck.

I looked at this bill, and I asked my team: what do you see when you see Bill 16? One of my staff said that this bill seems designed to waste the most amount of money possible.

Mr. Hanson: Sorry. I missed that.

Mr. Clark: I said that this bill seems designed to waste the most amount of money possible. Now, that's interesting. I'm not sure this is the only bill that seems designed to waste the most amount of money possible, but it's right up there. It really is. You have an unlimited backstop on the price of electricity. Once that carbon tax money is gone, we'll dip into general revenues, and with general revenues already in the red, it means we borrow more money in this province.

Our credit rating is under threat. Interest rates are going up, not just globally but in Canada. If you saw it, Canada's central bankers yesterday indicated that it looks like our interest rates are likely headed higher. That means the money Alberta has already borrowed is going to cost more, that the money we're going to borrow in the future is going to cost more, and we create this debt spiral. It's a huge challenge.

I also want to make an important point, also, actually, borrowed from an insightful tweet from Andrew Leach. This bill doesn't prevent price spikes. Prices will still spike. Consumers won't see the impact of that. Money has got to come from somewhere. Wholesale prices have still spiked. This does not prevent price spikes. It prevents people seeing the impact of that on their electricity bill, but it doesn't mean that Albertans don't pay for it. The money has got to come from somewhere. It's not magic. The money has got to come from somewhere.

Dr. Starke: It's a transparency thing.

Mr. Clark: It is a transparency thing. That's exactly right.

The government is using the complexity of the electricity system. Trust me, having done a little bit of work in trying to unravel some

of this stuff, it is complex. There's no way of truly simplifying it. But when you have a bill that just simply seeks to backstop it, it shows that this government hasn't done their homework. They haven't actually sought to truly understand the implications, so we see this piecemeal, step-by-step, put out one foot and then see where you end up. There's no road map here beyond, really, an ideological route in saying: we don't like the idea of deregulation. Okay. But why don't you put together a fully baked, thoughtful plan that thinks about all of the different implications? You haven't done that.

11:20

No matter what, one way or the other Albertans are going to have to pay for this. This isn't magical. Money has to come from somewhere. My greatest concern is that you're doing this at a time when electricity prices are at historic lows. Back in the depths of the Energy department and back in the depths of government I am truly worried about what those forecasts look like. I've asked my team to look into some of that. It's obviously a little more difficult when we don't have the resources of government, but I'm very concerned that the numbers are going to get very big very quickly and that they will start to get out of control, certainly over the course of the four years that this bill is in force.

For all of those reasons and many, many, many more, I certainly cannot support this bill and would seriously and sincerely hope that the government would rethink their approach to electricity reregulation. This bill is troubling, to say the least.

Thank you, Mr. Chair.

The Acting Chair: The chair will recognize the Member for Cardston-Taber-Warner.

Mr. Hunter: Thank you, Mr. Chair. I appreciate being able to stand and speak on Bill 16, An Act to Cap Regulated Electricity Rates. I want to start off first of all by saying that there's a quote by JFK. He once said that an error does not become a blunder unless you refuse to own up to it. Unfortunately, what I'm seeing here is that when the NDP government decided they were going to transition into renewable energy – and it was done, I think, probably in the best interests of Albertans and in the best interests of what they felt was best for their children. The problem is that the unintended consequences are something that I think Bill 16 is trying to address, and that is a spike in the cost of electricity.

I want to really quickly discuss some of the things that were stated by the Member for West Yellowhead. He gave some one-off examples that I think were interesting but didn't really give a full picture of what's been happening in Alberta. I think it hasn't been, Mr. Chair. The reason why it hasn't is because when you take a look at our electrical system in Alberta, there are three parts to it. You've got the retail, you've got the distribution, and you've got the transmission. Now, if you take a look at all three of those things together as the cost that Albertans bear, the problem is that what the Member for West Yellowhead has not established and stated is that the costs in transmission and distribution have skyrocketed and that the costs in retail have gone down. Everybody in the House knows this.

The question is: why? Why did this happen? What the Member for West Yellowhead did not explain is that the only part that was actually deregulated was the retail side. The parts that were not deregulated, the transmission and distribution sides, have increased substantially. The cost of retail has gone down. The only component, the only part of those three parts that has actually gone down is the deregulated part. History always gives us 20/20 vision of how things really happened versus what we speculate can happen.

I get that there are members opposite that have given examples of where businesses have taken advantage of our system, but remember that our system works best when we allow competition to drive down price so that the supply of the producers increases. It drives the equilibrium price down. That's, again, simple economics. But the other part to this whole thing is that it cannot work unless you have the rule of law. The Member for West Yellowhead has explained this. I thought he explained it very well, but the outcome that he got from it was different than mine. The outcome is that that rule of law worked, and the system is working. Why do we need to change it?

Now, I agree that we do need to start looking at the transmission and distribution parts of this electrical system because they are going up, but again you're allowing a small group of suppliers of that distribution and transmission to be able to provide that service to Albertans. Because you have restricted the supply in those sectors, you have driven the price of those things up. So I don't understand the argument that he gave.

The other part that I wanted to point out is that I've heard over and over again from the members opposite that they did this to protect Albertans. Two points I want to make. One, if you really did want to protect Albertans, then why are you setting the price at 6.8 cents per kilowatt hour versus setting it at 3.6 cents per kilowatt hour? If you truly believe that you need to protect Albertans, why do you have to wait for it to double in order for you to all of a sudden start kicking in to protect Albertans? If you do not believe that that is the reason why you're doing this, then obviously you'd go to 6.8 cents per kilowatt hour.

[Ms Sweet in the chair]

You have capped tuition rates for students at the present rate, yet you didn't say in that situation: let's cap it at a future rate, increasing it by a hundred per cent. You didn't do that. What you said is that we need to cap it now in order to protect our students. You did that. But in this situation what you're saying is that we need to protect Albertans but only after the cost or price of this goes up a hundred per cent. How does that protect Albertans?

Now, one thing that I love is history. I will admit that I was 10 years old when this happened, but I'm going to tell you about a situation, a story about Jimmy Carter back in 1977, '78, I believe. That would put me at about 10 years old. But, listen, this situation is very similar, so I wanted to give this kind of a scenario to explain how I would say that Liberal thinking or NDP thinking would take a look at this situation. What he did was – and you could always tell when Jimmy Carter was concerned, because he always put on his green jacket. That meant that big problems were coming and that he needed to save Americans. As you can see, I've got a green shirt on here, so I'm concerned.

Anyway, he had a real concerned look on his face, and he got up and said to the people: listen, we're running out of natural gas; this is a five-alarm fire; we need to save the little old lady in the house who is really struggling, who's not going to have enough gas to be able to heat her house in the winter. And he created a huge storm over this situation, to the point where the States passed legislation that restricted any use of natural gas except for residents.

What was the outcome? What was the effect of this? The fallout was that greenhouses the next day went out of business. The employees of those greenhouses were out on the street. They lost their jobs. The people who owned these greenhouses, the ma's and pa's that owned these – these were not big operations or organizations – went out of business because of this concept of, you know, "The sky is falling; we need to save the world," which I hear constantly from the other side. You continue to say that we are the

ones who are fearmongering, yet your policies constantly are: hey, listen, we've got a big problem here, and we need to fix it.

11:30

Again, I said, Madam Chair, that hindsight is 20/20 vision – '78, '88, '98, 2007, 2008, 2017 – as 39 years later we now know that we have over a hundred years' worth of natural gas. Hindsight has shown us that that was a bad policy, that was a bad mistake. The President of the United States was fearmongering. Whether he had bad information, bad intel, or whatever happened, the information that he gave to Americans created a terrible, terrible fallout. This is what I see when I look at this bill. I take a look at it, and I see that there is a reaction to a bad strategy at the beginning, and instead of doing like JFK says – an error does not become a blunder unless you refuse to own up to it – the government is refusing to own up to the problem of their greening of the economy.

I actually thought that my colleague next to me explained it very well when he said that this is, you know, a shell game, but I'm going to call it something different. I'm going to say that this is actually more like a wag-the-dog scenario. What happens in this situation is that while you're watching the tail wag, the head is coming around and biting you, so it's just a way of being able to keep people and distract people from, really, what's going on.

In reality, this is exactly what this bill does. Bill 16 says: we are not protecting you – we are not protecting Albertans – because if we really were, we would protect them at 3.6 cents per kilowatt hour; we would not be waiting till it doubles to a hundred per cent increase before we protect you. In reality, the argument is flawed. What it is saying is: we are creating a bill that will try to hide what we're really doing to Albertans, and that is that we are going to increase the cost of electricity. We've seen this in Europe, we've seen this in Ontario, and we've seen this in many jurisdictions throughout the world. In Ontario: look at the situation there. Businesses are leaving Ontario because they cannot afford the electricity bills. The utility bills are out of control.

Bill 16, in my opinion, is a way to be able to distract Albertans from the real cost or real fallout of their failed approach to green our economy. I can tell you straight out that I'm a champion of and I believe in green energy, but I do not believe in green energy at the expense of Albertans. The cost of this bill, the cost of this strategy, this broad strategy, of greening the economy of Alberta, in my opinion, is going to be staggering for Albertans, and I don't think that the single mom with three young children is going to appreciate that. They're not going to appreciate losing their job. They're not going to appreciate the increased cost to their electricity bills. They're not going to appreciate it.

Whenever we take a look at the bills that are presented by the government, we do go through a cost-benefit approach, where we talk about the pros and we talk about the cons, and we do actually look at what the pros are. We really try to look at it. We have certain groups that are saying: okay; well, you be the good cop, and you be the bad cop. We really try to look at these things in an objective way. The potential benefit of this bill is that electricity bills will be lower, but again the caveat here is: the electricity bills will be lower for how long? Is it a sustainable system, where if you drive up the cost of the electricity, then at some point it's going to have to boomerang back to the real price of the electricity?

Unless your goal is to completely take all competition out of the electrical system – if your final goal is to be able to do that, then just come out and tell Albertans that. If that is your goal, come out and tell them, "You know, we're going to restrict supply of how many people can actually create electricity in Alberta, and we're going to pick winners and losers, and we'll just guarantee that your price is going to be at this level, but it's going to be subsidized

somewhere else." Come out and say that. Let Albertans make the decision. Let them be able to vote yes or no on that strategy, but at least be honest with Albertans and let them know that's what's happening.

When we took a look at what the cons or the cost of this bill would be, obviously we saw that the idea of doubling electricity rates is really going to cause a lot of problems for Albertans that are already being kicked in this low economy right now. We felt that, in all good conscience, we cannot vote for this bill. We cannot support it because, again, it's just covering up the failed policies and strategies of the past.

Now, I think that a lot of information has been presented by my other colleagues, Madam Chair, that have talked about those costs, and I think they've done a great job on it. So I will finish by again asking the government to follow the advice of JFK. If you make an error, don't make it into a blunder by not owning up to it. Own up to it. Say: "You know what? We planned, we did, we checked, and now we've got to adjust." If you do that, I think that Albertans will appreciate it. They'll certainly appreciate it in their pocketbooks.

With that, Madam Chair, I'd like to finish my remarks. Thank you.

The Deputy Chair: Thank you, hon. member.

Are there any other members wishing to speak to the bill? The hon. Member for Calgary-Greenway.

Mr. Gill: Thank you, Madam Chair. I rise today to speak to Bill 16, An Act to Cap Regulated Electricity Rates. Bill 16 is being presented by this government as kind of a consumer protection bill, but in this case what consumers really need protection against is the government. The government is touting this bill as a way to protect consumers against spikes in the price of electricity, but those spikes in electricity prices are going to be as a result of government's changes to the electricity system, the bungling of the PPA deals, the early shutdown of coal, the carbon tax. Decisions like these are likely to drive up the price of electricity. Even though the government claims that we won't go the way of Ontario, that all of these changes are not going to push the price of electricity through the roof, they are all clearly concerned that it will.

The price of electricity has come nowhere near 6.8 cents per kilowatt hour in the past few years. If prices are going to remain at the same low mark that the competitive market has given us, there would be no need for a cap on the rates. The government will be hoping that average Albertans don't dig too deep into their electricity bills because once the changes the government is envisioning come into effect, those bills are going to start going up. The government will probably start spending more tax dollars trying to convince the public that the rising prices are a result of anything but their own policy. It's not what they created, but actually it will be the result of this bill.

They'll blame greedy power companies, the previous government – notorious; the 44-year regime of PCs – what they'll call the reasons why the electricity rates are going up now all of a sudden. They'll probably even try to blame the price of oil because this government seems absolutely incapable of admitting the negative consequences to their actions. I don't think they have admitted so far that they have made any mistakes, which puts this electricity rate cap into even better context, because the government thinks that they have found the perfect answer to their driving up electricity prices.

11:40

They said to themselves: "What if we just say that the prices won't go up? Let's assume we're just going to say that, and life is

going to be good.” That’s what they want Albertans to believe. You know, what a revelation that must have seemed like to them. They can just make another law so that Albertans won’t get mad at the consequences of the other laws that they have already made; let’s throw another bad legislation at them. Of course, most members on the other side of the House won’t see the problem with that solution.

If your law drives up the cost of producing electricity but you won’t let the companies charge enough to cover their costs, suddenly there won’t be any companies. As the Member for Calgary-Elbow said earlier, there won’t be any companies willing to invest, and I think that most Albertans would probably choose paying a little more for electricity as opposed to not being able to buy electricity at all.

The government got their brain trust back together, and they came up with another of their now famous consequence-free decisions: if the consumers aren’t going to pay the true cost of electricity, then we’ll just make it so we can give tax dollars directly to the electricity companies to cover their difference. And this is where the government settled. Most NDP policies find their way into the pockets of the taxpayers because when you’re borrowing billions of dollars that you won’t be responsible for paying back, when you have no problem saddling unwilling or unaware Albertans with debt, tax money always seems like a great solution. After two years the majority of the members on this side are not going to be here, but Albertans are going to still be on the hook for over \$75 billion of debt. Our generation, no matter whether they’re NDP, PC, conservatives, Liberals, will be on the hook for this massive, massive debt.

One of the left’s favourite accusations about fiscally conservative politics is that we want to privatize profits and socialize losses. That’s what they claim, yet here the government is enacting law to do exactly that. Members on the opposition side of the House likely see what I mean, but I’ll walk through it in case the government benches haven’t gone through it. Electricity companies make a not insignificant portion of their profits from high points or spikes in the price of electricity. The government is driving up the price of electricity with their policies, leading to higher and more frequent spikes in the price of electricity. The cap on electricity and the payments to the electricity companies to make up the difference mean that the government and all taxpayers will foot the bill for these large spikes in the rates. The companies have their profits protected, backstopped by every tax-paying Albertan.

That sounds to me like a policy that the NDP would make up during an election to fearmonger about conservative politics, yet here they are happily jumping in with both feet. That is what can happen when you start making policies and laws without considering the real consequences for the people of Alberta, when you assume that because you have good intentions, only good can come from your actions, nothing negative. Every time your actions result in something negative, you just slap another poorly considered decision over top and cross your fingers that this thing is going to be better than the last decision we had, and on and on and on until, in the end, all this ends up being the problem of the taxpayer. It always ends up being the taxpayer footing the bill. This bill, like all the other pieces of legislation, is another example of that process, which I don’t think anybody on this side of House is supporting and that definitely I can’t support.

Thank you, Madam Chair.

The Deputy Chair: Thank you, hon. member.

Are there any other members wishing to speak to the bill? The hon. Member for Calgary-Foothills.

Mr. Panda: Thank you, Madam Chair. I rise today to speak against Bill 16 for all the reasons explained by the previous speakers. This bill is, to my knowledge, a make-work bill. This government lost their thought process when they brought in this bill.

Let’s look into why this bill is required first. I think that the origin of this bill is their big climate change plan, which is the NDP’s ideological, risky policy that has driven them to bring in this bill. They wanted to phase out coal. Once in a while they quote the former Harper federal government. They say that even Harper wanted to phase out coal, but the difference is that the Harper government didn’t want to replace 30 per cent of cheap, coal-fired electric generation with renewables by 2030.

Because they’re doing it so fast and because instead of having natural gas, which is cheap and readily available and which could have employed thousands of Albertans, which would not have necessitated any backup, unlike wind and solar, this government chose not to ramp up natural gas. Rather, they want to employ renewable energy to replace 30 per cent by 2030. That will spike the prices of electricity here.

This government speaks about making life better and making life affordable. This bill does neither of those. We have cheap electricity prices here, which this government is trying to jack up by replacing cheap, coal-fired electricity. And now, to hide their incompetence and inefficiency, to mask their ideological policies, they bring in these kinds of bills to show the little guy that they’re doing something to keep the prices lower artificially. But like the Member for Innisfail-Sylvan Lake said many times, there is only one ratepayer, who is the taxpayer. In the end, it’s not making life more affordable. It is actually making life more expensive, and it’s not making life better because people are losing jobs.

Talking about jobs, Madam Chair, last year the Minister of Economic Development and Trade brought in their flagship, signature bill, Bill 1, which was supposed to create 100,000 jobs. In reality, we lost almost 100,000 jobs. We asked those questions every day to the minister, and he couldn’t give any convincing answer on how he was going to replace those well-paid jobs that were lost. He just goes off the talking points and says: oh, we’re creating this many jobs and this many jobs. But there is no measurable outcome of his policies.

11:50

They bring in bills like this, and the direction they get is from their role models and idols in Ontario. Yesterday we got the news that the Ontario government spent \$45 billion to save the ratepayers of Ontario \$24 billion. So let’s get this math correct. To save \$24 billion, our Alberta NDP’s role model in Ontario, the Liberal government, spent \$45 billion. That means there will be a net cost of \$21 billion to Ontarians. That’s the path this NDP government is taking Albertans down.

Now, I know the NDP are drooling at the prospect of such a large taxpayer liability in Alberta, but the taxpayer and the ratepayer are actually the same person. We keep saying that, but it seems that the other side is not getting that point. There is only one taxpayer, and that is the ratepayer. When the taxpayer subsidizes the ratepayer, families still suffer the consequences of bad government policy, which we have seen in Ontario.

We heard some fascinatingly untrue things from my good friend the Member for Calgary-Klein yesterday. We were told earlier that the system failures won’t happen in a model with more renewables. Let me quote:

Yeah. I think moving towards the system that we’re going towards, the capacity market, is going to mean that we will always have electricity in the hopper ready to go, and we

shouldn't have these blackout issues when it comes to unscheduled maintenance.

I want to assure the member that I'll have his delusional quote archived for the next time a power generator has to go offline due to a safety issue. It is strange to me that in the member's time as a technical writer for a Calgary-based utility company, the member managed to completely miss the fact that planned maintenance is necessary, but I won't pretend that this is the first time you have missed something completely obvious directly under your nose, Member for Calgary-Klein.

Unplanned system failures occur in any system, whether it is renewable or nonrenewable, especially in a system with a high variability of renewables. In a system heavily reliant on renewables there are days when the wind doesn't blow and the sun doesn't shine. That causes rolling blackouts. System maintenance blackouts are a risk in any system. The irony of the NDP citing this as a failure of the former system while they transition us to a system with more variability, more cost, a system that will require more maintenance days due to the forced renewables, is not lost on anyone here, Madam Chair.

Now, I think we also need to talk about economic withholding. Since the Member for Edmonton-Whitemud was so eager to tell a story he clearly didn't understand yesterday, I think it is extremely important that I spend some time telling my colleagues from across the aisle about the time TransAlta was fined \$56 million for market manipulation. Madam Chair, \$56 million. The Member for Edmonton-Whitemud sarcastically declared:

In this great system that the Member for Innisfail-Sylvan Lake espoused, there was a term called "economic withholding," which basically meant that a company could [withhold] at exactly

the right time to maximize their profits and at exactly the right time to cause discomfiture to the citizens of Alberta.

To put the reality of Alberta's market into context, most residential consumers do not face the hourly price volatility of the spot market because they either pay a contracted price or they pay the regulated rate option or the default rate, which averages prices from the previous 45 to 120 days, depending on the provider.

The Deputy Chair: Hon. member, I hesitate to interrupt, but pursuant to Standing Order 4(3) we shall now rise and report progress.

[Ms Sweet in the chair]

The Acting Speaker: The hon. Member for West Yellowhead.

Mr. Rosendahl: Thank you, Madam Speaker. The Committee of the Whole has had under consideration a certain bill. The committee reports progress on the following bill: Bill 16.

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

Hon. Members: Aye.

The Acting Speaker: Opposed? So ordered.

The hon. Deputy Government House Leader.

Mr. Carlier: Thank you, Madam Speaker. I move that we adjourn for the morning, after such great work this morning, and reconvene at 1:30 this afternoon.

[Motion carried; the Assembly adjourned at 11:56 a.m.]

Table of Contents

Prayers	1279
Orders of the Day	1279
Government Bills and Orders	
Committee of the Whole	
Bill 16 An Act to Cap Regulated Electricity Rates	1279, 1280, 1291
Government Motions	
Evening Sittings	1291
Adjournment of Spring Session	1291

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