



Province of Alberta

The 29th Legislature
Fourth Session

Alberta Hansard

Thursday morning, May 17, 2018

Day 32

The Honourable Robert E. Wanner, Speaker

**Legislative Assembly of Alberta
The 29th Legislature**

Fourth Session

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New Democratic: 54 United Conservative: 25 Alberta Party: 3 Alberta Liberal: 1 Progressive Conservative: 1 Independent Conservative: 1 Vacant: 2

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Legislative Assembly of Alberta

9 a.m.

Thursday, May 17, 2018

[The Deputy Speaker in the chair]

Prayers

The Deputy Speaker: Good morning.

Let us reflect. As we finish our work this week and prepare to return to our home constituencies, let's reflect on the positive things we've accomplished over the last few weeks. Let us always seek more opportunities to make life better for the families in the communities that we serve.

Please be seated.

Orders of the Day

Government Bills and Orders

Second Reading

Bill 13

An Act to Secure Alberta's Electricity Future

Mrs. Pitt moved that the motion for second reading of Bill 13, An Act to Secure Alberta's Electricity Future, be amended by deleting all the words after "that" and substituting the following:

Bill 13, An Act to Secure Alberta's Electricity Future, be not now read a second time but that the subject matter of the bill be referred to the Standing Committee on Alberta's Economic Future in accordance with Standing Order 74.2.

[Adjourned debate on the amendment May 9: Ms Ganley]

The Deputy Speaker: The hon. Member for Little Bow.

Mr. Orr: Lacombe-Ponoka.

The Deputy Speaker: Sorry. Lacombe-Ponoka.

Mr. Orr: It's all right. A little farther north.

Thank you, Madam Speaker. I consider it a privilege today to rise to speak to Bill 13, An Act to Secure Alberta's Electricity Future. I believe we're on a referral motion, so I will speak to the referral and the reason why I think referral is important for this, that it be referred to committee and there be some further research put into considering it.

What's happening here is that Alberta is in the process of radically remaking our entire electricity system. We're moving from what has been an energy-only market to a capacity market. A capacity market pays investors to build capacity whether they will actually ever use that or not. It pays them the capital costs of constructing it. A parallel would be to say that we should pay the car manufacturers a fee just for the privilege of them actually manufacturing a factory, and then they make money off the sale of the cars.

It really is about indemnifying the risk of the investors more than anything else. It guarantees that the investor will not lose money on their capital investment whether there's a demand for that electricity or not – that's an important point – whether there's a consumer need for it or not. In effect, what it does is that it switches the risk and the liability away from the investor, away from the corporations that have money to invest, onto the backs and the responsibility of the citizens. Some that have written about it speak of it as a means of socializing the risk of the investment for electricity infrastructure, so it becomes then the risk and the

responsibility of the citizens and of the consumers to actually pay for that capacity whether or not it's actually used. Unfortunately, the reality is that world experience has shown in multiple jurisdictions that, in fact, the capacity is not used in many cases. It's overbuilt, so that becomes a real challenge, a real problem.

The reality is here that this is a further example of the current government driven by an ideology to socialize everything – old code language for that is to nationalize everything – even if it's at the risk of the consumer. I would have thought that a current government concerned about the ordinary person, the little guy in the province, would be more concerned about pushing the risk of loss onto the backs of the supposedly rich and evil corporations and letting them lose money rather than having to take it out of the wallet of the ordinary person, which all too often is the case. I actually think that we should make the investors responsible for the risk, and if there's loss, which does in fact sometimes happen, let them bear the loss. Let the national banks that finance them bear the loss rather than having to raise the taxes of individual consumers in order to pay for something that may, in fact, not actually be used.

There is the argument presented that, oh, it's necessary that we do this because we need to protect from brownouts. Well, studies show that there are, in fact, brownouts under capacity markets just as much. It happened quite a bit in the eastern U.S. in the early 1990s. The capacity wasn't there. There were other issues. So brownouts aren't really solved just by creating a capacity market. That's a cover that sounds good, but it doesn't really solve the problem.

What it does, though, is that the intent of it is to incentivize the capital build of electricity generating capacity, so it incentivizes corporations because it basically indemnifies their risk. It guarantees them a profit no matter what, and the result in too many cases is that, in fact, there is an overbuild of capacity, and then that overbuild sits. I'd like to refer to just a couple of illustrations from other markets that have occurred around our world.

The Texas regulator is a good example there. Back in 2010 to '12 there was a huge public debate in Texas, whether or not they should actually move to capacity markets. I refer to an article called Texas Regulators Saved Customers Billions by Avoiding a Traditional Capacity Market. I'd like to just point out a little phrase there, too, "traditional." Our current government has tried to tell the people of Alberta that this is something new and innovative and that they're actually doing something that's never been done before when, in fact, capacity markets have been around for a very, very long time. Their history and their track record is fairly well known, and in many places they have been looked at and rejected. As I said before, they are generally moved to not so much for economic reasons as for political agenda reasons.

In Texas the reality is that they had this long debate over a period of years. Regulators rejected the idea of capacity markets. The Electric Reliability Council of Texas looked at it, tried to predict where they were going. There was, of course, a huge debate over it, as we're having now, and the reality is that they avoided it and saved billions of dollars of potential consumer costs that would have raised the electricity costs for their consumers. In fact, their capacity issues, the amount of capacity online to make sure that there were not brownouts, things like that, have actually increased over the years under the current choices that they've made, energy-only, and it's saving their customers a substantial amount of money.

The capacity has increased for a couple of reasons. It's increased because of the ongoing build-out of renewable generation, which happened without the need for a capacity market. There's tremendous expansion in the renewable market. It also happened because of the reduction of natural gas costs, which we also have

here, so it's quite natural that people would move to that market. Then the reality is, too, that the – oh, I forgot what I was going to say.

I'll move on to the next piece. In essence, what they saved: the study shows here that if they had moved to capacity markets to close the supposed revenue gap for generators, it would have been an extra \$3.9 billion in 2014, an extra \$5.2 billion in 2015 for the consumers or the taxpayers of the state of Texas. Because they did not go to capacity markets, they've actually saved that much money for the consumers.

Oh, I know what I was going to say a minute ago. The reason that the increase in capacity has occurred is partly also because there's been a slight demand-curve decrease across the state. In fact, there's been research and study to show that across many, many jurisdictions, due to renewables, due to reduced costs, LED lights, the installation of new kinds of meters that charge people based on the demand hour – and the rate changes depending on what time of day they use, so people have become more responsible in when they use their electricity – the demand curve has slowly been reducing over the years in quite a few jurisdictions.

The result is, then, that staying with the energy market rather than going to capacity market has done a very good job of saving the people of Texas at least \$9 billion in two years alone. This is a serious consideration. We need to at least look at the example of other jurisdictions, find out what their experience has been, and use it as a little bit of caution as we move forward here in Alberta rather than just rushing forward on an ideological idea that seems like it might be really good. In fact, it hasn't always turned out that well in other jurisdictions.

9:10

A forward-capacity market that would have focused on guaranteeing investors the kind of money they want in Texas would have actually erased all of these savings of \$9 billion, as I just said, over two years, and consumers would have been out that much more money. Essentially, Texas regulators have let the investors assume the risk of reading the tea leaves of where demand is going to go, where we need more command, and allowing the generating companies to recover their costs through the actual sale of the electricity through forward markets.

Sometimes, then, the argument is thrown out: well, peak demand and other things cause huge escalations in price, and therefore we need to protect consumers from that. Well, that's a bit of a misnomer and a bit of a scare tactic, quite frankly, on the part of the government because it isn't the consumer directly that pays those peak prices; it's the distributors and the retailers. All of that is protected through forward hedging contracts in almost every jurisdiction in the world. It's averaged out over the period of the year, and the consumers never pay those massive, escalating prices that we've heard from the other side, thousands of dollars a kilowatt hour and that kind of thing.

Sure, it happens during peak demand, but those escalating costs, when they finally get to the consumer, are truly mitigated by means of forward averaging contracts, by the reality of the fact that we are now, across most parts of the world, moving to energy meters that can control and price the consumption of electricity at the retail level based on peak demand or nondemand and the fact that energy conservation appliances and lights and all the rest of it are reducing demand.

The world is changing in ways that – oftentimes governments try to predict and try to create policy predicting the future, and their predictions don't always turn out quite the way they thought they were going to. The conclusion of the Texas market is that the decision-makers elsewhere should reconsider using forward-

capacity markets to balance energy revenues in order to recover operating costs for producers. It's just a word of caution that we need to be careful how fast we jump into this thing because while it sounds like a great story, it hasn't always worked out in other jurisdictions.

In contrast to that – in Texas they chose to not go to capacity markets – on the other side of the example, in Western Australia they did go to capacity markets in spite of the fact that there were huge amounts of renewables taking place, several million solar systems being put up. They were trying to use a hybrid, both capacity and energy markets. Again, their predictions: the reason they went to it is because they predicted that the demand for electricity was going to continue to go up substantially, and in fact the demand didn't go up in Western Australia for the reasons I've already enumerated.

The government decided that they had to make sure that they were going to have a safe system, that they had to protect the consumer from potential shortages of power, et cetera, et cetera, the same story we hear. So they set out to procure capacity to meet a 1-in-10-year scenario for peak demand. They did that. They spent the money. They went through a whole process to get there, and then in spite of their predictions, the demand actually began to fall on them.

What happened is that as – there's a researcher, Philip Lewis, who has studied over 60 different markets around the world, and he says that since about 2006-2007 the reality is that the demand curve for electricity in the 60 markets he's studied, including most of the major ones, is actually falling in some respects, as I've said, because of these reasons: better meters, better use, those kinds of things.

What's happened now in Western Australia is that, in fact, they have 600 to 1,500 megawatts of overcapacity that they've built, that they've paid for, that they continue to make capacity payments on to the investors. Some of it is still being built under this system with little expectation that they're ever actually going to use these systems because the demand isn't there. But they set out in policy that we needed to do all of this. They paid for it with taxpayer money, and their conclusion is that in our system the excess capacity is socialized through the system rather than falling on the investors.

That is, truthfully, the risk that we are facing here by moving to a capacity market, that we may in fact be putting on the backs of consumers excess cost to create, to actually build electricity facilities to produce power that may in fact never actually be needed, as in Western Australia: 600 to 1,500 megawatts of overbuild that's been paid for, and it sits there basically mothballed, not being used. Although they had great intentions and good plans and actually thought they were doing a great thing, the truth is that it has not turned out the way they thought it was going to. To quote: capacity markets have proven to be a very expensive way to meet forward demand.

The Deputy Speaker: Any questions or comments under 29(2)(a)?
The hon. Member for Calgary-Foothills.

Mr. Panda: Thank you, Madam Speaker. I was really following very intently the Member for Lacombe-Ponoka's comments. It seems he did a lot of research on other markets in Texas and Australia and elsewhere. He also talked about the forward hedge contracts that will derisk consumers and transfer the risk to the major companies, the big investors. He also made an interesting comment that this NDP government, who indulges in big propaganda every day, is on the side of regular Albertans, the common man. But it seems they're very tight with all these big businesses, big oil, and that they've forgotten about those regular

Albertans who elected them. I would ask the member to share his thoughts on that aspect.

Also, how do we actually derisk consumers from paying higher prices, not artificially capping at 6.8 cents per kilowatt but actually encouraging the generators to take that risk independent of the capacity they have and still provide reliability to the grid?

Thank you.

Mr. Orr: Thank you. Madam Speaker, yes, there is a difficult balance between how much is enough capacity and how much is too much because if we don't have enough, of course, we do have brownouts. If we have too much, the reality is that somebody has to pay for it and it has to come out of somebody's pocket. In reality it kind of turns out to be a bit of wasted money. Now, we need a little bit of reserve capacity, no doubt, but if we go over too far, the concern is that – well, for instance, in Texas recently, since 2016, there's been a lawsuit actually brought forward by one of the power companies over being fraudulently misled into investing \$2.2 billion in new combined power that isn't actually going to be needed. So what's happened even in Texas with energy-only markets is that the market has overbuilt.

What it boils down to is that this is a very delicate balance that no matter which system you use, you're never going to get it completely perfect, although one way or another eventually it sorts itself out, and we get the right balance.

My concern is that we really should be letting the investors bear the risk and not the taxpayers because the taxpayers shouldn't have to bear that. I think sometimes government, well, tries too hard. We try to look like we're fixing everything in the world. We jump into things that we really don't have the ability to fix. So we need to be careful as government that we don't jump in with great intentions but, in fact, end up costing consumers huge amounts of money that is in fact not wisely spent when things turn out somehow different than we originally thought they would in the first place.

We need to look at these other places. That's my whole point. I think this should go to referral. I think we need to study it carefully, that we really need to examine with all the stakeholders involved whether or not this is, in fact, the right thing to do or that maybe, in fact, it's a huge risk for the stakeholders. Primarily the taxpayers is what I really mean, that we're putting taxpayers at risk.

Thank you, Madam Speaker.

The Deputy Speaker: Any other questions or comments under Standing Order 29(2)(a)?

Seeing none, any other members wishing to speak to the amendment? The hon. Member for Olds-Didsbury-Three Hills.

9:20

Mr. Cooper: Thank you, and good morning to you, Madam Speaker. It's a pleasure to rise today and speak to Bill 13 and in particular to the referral amendment to committee from my colleague from Airdrie. I think that it'll come as no surprise to you and other members of the House that I'll be speaking in favour of sending this important piece of legislation to committee. I think my colleague from Lacombe-Ponoka has pointed out a number of very good reasons why it's important that we actually study this piece of legislation, why it's important that we hear from a wide variety of stakeholders.

There is significant, significant risk to Albertans and to the government with respect to the capacity market. We've heard much debate about the merits of that. We've heard the government talk about how everything is perfect and everything is going to go according to plan, but we've also seen the government literally cost Alberta taxpayers billions and billions of dollars on this very issue,

this issue of electricity and powering our province. You'll know, Madam Speaker, that the Balancing Pool itself has lost \$1.96 billion, and that's only in this year's financials. That doesn't include all of the monies that it lost prior to this year. You'll know that the Balancing Pool actually had a significant surplus prior to this government starting to turn the dials in the electricity market, if you will.

One of the challenges that we see is that the government makes a bunch of decisions that seemingly are: shoot, aim, and ask questions, in that order. The electricity market is such a complex grid, a complex system that when you move one dial over here, it actually affects a whole bunch of dials in other areas of the grid and in other areas of the market.

We've seen the government just make an absolute mess of this particular issue and this file. You know, the government was suing Calgaryans for an extended period of time before they finally came to an agreement. I believe and many in this House and many stakeholders believe that the reason why they came to an agreement was because they were actually going to lose that particular case because it was their actions that created the problem in the first place, and whether or not they knew about it, they certainly should have known about it.

This is the exact reason why we need to send a piece of legislation like this to committee. The government has proven that they didn't know things they thought they should have known, and the results of that have literally cost Albertans billions of dollars. It is just so critical to the future of our province.

Madam Speaker, you'll know that the fiscal outlook of the province is not very good. The Finance minister introduced a budget just a couple of months ago that includes \$96 billion in debt. When we govern, we ought to make decisions in advance of costing Albertans billions of dollars. You know, the government made a mistake, and it cost a few billion. You'd think that they would not want to do that in the future, and one of the ways to not do that is to have all the appropriate information. I also think that it's important for Albertans to have that information.

You'll know, Madam Speaker, that I and my colleague from Calgary-Foothills reached out to the Auditor General just about two weeks ago and asked for him to provide some detailed information on just exactly the scope of the problem that the government has created, because it is north of a billion and a half dollars, quite likely over \$2 billion, that these decisions have cost taxpayers.

The other challenge is that as we look forward, we don't know what the end costs are going to be as well, another good reason why we could have this discussion at committee so that we can talk about some of the ongoing expenses and get some good information around just that.

My colleague from Lacombe-Ponoka highlighted a number of issues with the capacity market itself and why we should have a discussion about that at committee. One of the other things that I've heard a lot from stakeholders, whether they're in the industry, as in they are power producers or retailers or providers, one of their really, really significant concerns – the government is right in that you can certainly find individuals in the industry who will speak positively about a capacity market. But one thing that I have found in my conversations is that universally even those who are pro capacity market have very significant concerns, Madam Speaker, about the speed at which this government intends to implement the capacity market. It's actually very difficult to find any situations or any cases that can be studied with respect to the timelines that the government looks to implement. I think that should really provide pause and really provide us some flashing red lights on the dashboard.

You know, you're driving down the highway, you're heading somewhere, not entirely sure of the end destination, Madam Speaker, and the check engine light comes on. You think: oh, maybe we should just slow down and check this out. In the case of this government the check engine light might have been the cancellation of the PPA agreements or some of the early decisions that they made that caused billions of dollars in damages to the province of Alberta. But the government continued to drive. I don't know what sort of vehicle you drive, but in my vehicle the check engine light might come on if there is a problem that one should address quickly. In the vehicle that I drive, if there's a big problem, it actually starts flashing, and that's an indication that you should have your engine or your vehicle checked in the next 50 kilometres. And that's really where we are today. There's a giant check engine light flashing in front of the government, particularly around the speed in which they are proceeding and intend to proceed into the capacity market.

Those who are supporters and proponents of the capacity market – and there are many of them – have spoken with me about their concern around this very issue. I think that it would be of critical importance that we send a piece of legislation like this to committee so that some of those folks – and, listen, they are going to be in favour of doing exactly what the government wants to do, so I don't know what the government would be afraid of. The government can bring in all the folks who are pro capacity market and ask them these questions, ask them questions about what happened in Texas, as my colleague from Lacombe-Ponoka has highlighted, ask them questions about Western Australia. There's one thing that is for certain, and that is that there is learning that can be done from those jurisdictions. My big reservation is all around the timeline, the costs, and the exposure to Albertans but, in this case, certainly the timeline. I don't see any good reason why we would proceed on Bill 13 in its current form.

You know, I think it's important that organizations like the Market Surveillance Administrator, the Industrial Power Consumers Association of Alberta, the AESO, the Alberta Utilities Commission, the AUC, would have the opportunity. Then on top of that, of course, would be a bunch of the power producers in the form of EPCOR, Enmax, and all of the others and the retailers that provide such a valuable service to the grid and to our homes.

You know, one thing that I was very interested to learn about this summer – and you'll know that I had the opportunity to do some touring around this summer, and I toured a number of power plants. If there was one thing that I was more certain about after than I was before, it's just how complex the electricity market is, how complex the grid is, and just how many people it takes every single day so that I can have the benefit of waking up in the morning and switching on a light switch in my own home. There are literally hundreds of people at work every single day just so that we can have that luxury of turning on the lights in our home.

9:30

It is a complex system. It is a complex grid of individuals, of competing interests, of common good. All that comes together to ensure that we have the benefits in all of our homes and our businesses that power our economy and drive jobs and all of these sorts of things. The government continues to interfere in what has been a very stable and sufficient and better-than-good market as well as in performance. It should be important to the government that we refer this bill to committee so that these important players can come and provide context and feedback about some of those other markets, how they can reassure us that that's not going to happen here.

Goodness knows we don't have to look even outside Canada to see a total disaster in electricity markets in the form of Ontario. You know, the people of Ontario are in the middle of an election right now, and one of the big concerns in that election is power prices because the government in Ontario, just like this government, made a total mess. This government is in the process of making a very similar mess. These decisions that they're making today are going to have a long-term impact on Albertans at significant cost to Albertans.

While it's difficult for people to engage at this level at this point in time, people are going to be very engaged when they begin to see the significant cost increases, when they continue to see the government carrying billions of dollars of debt for other organizations like the Balancing Pool. At some point in time those costs are ultimately borne by the Alberta taxpayer.

I don't understand why the government wouldn't want to make sure that they're not making a terrible decision, why they wouldn't want to ensure that they have all of the information, not just them, the members of cabinet, but certainly members of the backbench. They as well as members of the opposition all represent their constituents. I know that it is of critical importance to get this decision right. When you don't have to look very far to other jurisdictions to have some learnings, you would think that the government would want to do that.

Instead, they are rushing at breakneck speed into the capacity market, and this is just an absolute disaster in the making. The issue around the timing of this: you know, people thought that Ontario made a mess of it quickly. This mess is going to be made in, like, half the time. This is not good for Albertans. While the electoral success of the NDP may in fact fall on some of these decisions, I actually would prefer to see them make a good decision on this particular situation because, at the end of the day, those who are going to pay are people like me and you, Madam Speaker, like the constituents of the outstanding constituency of Olds-Didsbury-Three Hills. They are the ones who are ultimately going to pay the price for the mismanagement of this NDP government, just like the people of Ontario are paying the price for the mismanagement of the Liberal government in Ontario. The people of Ontario aren't happy about that, and certainly the people of Alberta won't be happy.

The Deputy Speaker: Under Standing Order 29(2)(a), Edmonton-Whitemud.

Dr. Turner: Thank you very much, Madam Speaker. I've actually been eagerly awaiting the opportunity to enter into this debate. I'm going to start off with a quote from somebody that I think has a lot of credibility on this issue. It's Jim Wachowich, the long-term president of the Consumers' Coalition of Alberta. His quote actually was supported by a member of the legacy Wildrose Party four years ago – I'll mention that quote first – and that was Mr. Anglin, who was the Energy critic for the Wildrose Party at that time, who said that the energy-only market was broken, was a complete catastrophe, and that it was really important that if the legacy Wildrose Party were to form government, they would immediately transition away from the energy-only market because that energy-only market was broken.

Premier Klein, at the time when he deregulated, didn't put any safeguards in the system. We ended up with rolling brownouts, and we ended up with economic withholding that resulted in tremendous volatility of prices, with prices going from 3 cents to 15 cents in the matter of a few minutes. It was the consumers that were damaged: people on fixed incomes, people that couldn't afford their electricity bills, people that ended up having their electricity shut

off because they didn't pay their bills. Now, the opposition stands up and says: well, you know, they could have entered into a long-term contract, or they could have maybe borrowed money from their kids to pay their electricity bills, because we don't want to burden the taxpayer with the possibility of protecting those vulnerable citizens from price volatility.

What Mr. Wachowich said was:

As an independent... consumer group, we're encouraged by legislation that's designed to protect Alberta utility consumers. We're pleased to see the government views efficient and effective consumer protection as an important part of the public interest.

This is our job in this Legislature, the public interest. It's not the companies, the corporations; it's the public. It's the consumers. Those are our prime concern, and we need to put in systems that protect the consumers of Alberta from that tremendous price volatility and assure consumers of Alberta, just as the previous speaker said, that when they wake up in the morning and turn their air conditioner on or they want to turn their computer on, there's actually going to be a power source there. The capacity market system does that.

The other thing I need to remind the opposition of is that the capacity market is a fact in Alberta. Six months ago we passed legislation in this Chamber – and it actually wasn't discussed at great length by the opposition – to create a capacity market. It's a fact. In 2018 we need to actually get the regulations set up, get the systems going to ensure that the capacity market functions well. If we put this referral motion in place, it's going to delay that, and it's going to make it impossible to accomplish what is needed.

What I would really like to know from the member that was speaking is: what is the UCP policy on this? Are they going to reverse the capacity market system? Albertans need to know that. A year from now they're going to be making some decisions about who should be governing this province. I want to know, as a citizen of Alberta, what a UCP government would do in terms of protecting consumer rights and making sure that we have an effective and efficient capacity market.

By the way, that capacity market is supported by investors. The managing director of Morrison Park Advisors says...

The Deputy Speaker: Any other members wishing to speak to the amendment?

Seeing none, are you ready for the question?

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

[Several members rose calling for a division. The division bell was rung at 9:40 a.m.]

[Fifteen minutes having elapsed, the Assembly divided]

[The Deputy Speaker in the chair]

For the motion:

Aheer	Drysdale	Panda
Anderson, W.	McPherson	Pitt
Cooper	Orr	Stier

Against the motion:

Anderson, S.	Gray	Miller
Carson	Hoffman	Nielsen
Ceci	Horne	Payne
Connolly	Kleinstauber	Piquette
Coolahan	Larivee	Renaud
Cortes-Vargas	Littlewood	Sabir
Dach	Loyola	Schmidt
Dang	Malkinson	Schreiner

Eggen	Mason	Sucha
Feehan	McCuaig-Boyd	Sweet
Fitzpatrick	McKitrick	Turner
Ganley	McLean	Woollard

Totals: For – 9 Against – 36

[Motion on amendment to second reading of Bill 13 lost]

The Deputy Speaker: Are there any members wishing to speak to Bill 13? Olds-Didsbury-Three Hills.

Mr. Cooper: Thank you, Madam Speaker. It's a pleasure to rise and speak to Bill 13. I know that there has been some significant debate on this particular piece of legislation, and I think it's important that we highlight some of the concerns and some of the challenges around it. I had the opportunity to do a little bit of that during my remarks on the referral amendment, but I'd like to just take a couple of seconds and speak briefly to the bill a little bit more broadly, and then actually I intend to move an amendment as well. I'm happy to do that now, and then I'll speak to it a little bit in my remarks.

The Deputy Speaker: Go ahead, hon. member.

Mr. Cooper: Thank you, Madam Speaker. You know, Bill 13 has some significant challenges before it, and I think that it's important that those challenges are dealt with. In fact, I think that the government should go back to the drawing board on this particular legislation. We just saw moments ago the government unwilling to refer this bill to committee. Since they're unwilling to refer the bill to committee, I think that the bill should actually not be read a second time, and that is the intention of the amendment that we just circulated as well. I move that the motion for third reading of Bill 13, An Act to Secure Alberta's Electricity Future, be amended by deleting all the words after "that" and substituting the following: "Bill 13, An Act to Secure Alberta's Electricity Future, be not now read a third time but that the third reading be three months from this day."

10:00

Sorry. Oh, no. This is the one that I want.

This piece of legislation needs to go back to the drawing board. I understand that the capacity market is moving forward, but the government's unwillingness to send the bill to committee and have a discussion about some of the importance around that is, I think, of significance.

The Deputy Speaker: The hon. Deputy Government House Leader.

Ms Ganley: Thank you very much, Madam Speaker. I just note that this particular amendment references third reading. We're presently at second reading, so I would seek your guidance in terms of how to proceed.

The Deputy Speaker: Thank you, Deputy Government House Leader. I actually had just noticed that myself. It means that this motion is not in order, so we'll have to refer back to the main bill.

Mr. Cooper: Well, I'll continue to speak to the main bill. I'll continue to speak to second reading while counsel makes the necessary adjustments for the amendment to read "second reading" instead of "third reading." I'm confident that in the 15 minutes that we have before us, we'll be able to get this particular task accomplished. I think we can speak to the intention of the amendment, which will remain the same despite the amendment referencing third reading instead of second.

You know, it's very clear that the NDP have made electricity more expensive, and Bill 13 continues in that trend of exposing Albertans to risk. There will be significant challenges ahead in the electricity market because of the work that the NDP is doing on this very important file or, more importantly, the work that they're not doing, and that is considering all of the risks that are ahead. Bill 13 will make electricity more expensive for consumers by transferring more risk away from generators. I've heard the government talk about how industry and generators are so excited about the capacity market. In some respects, certainly, there are large supporters of the capacity market. One of the big reasons is that it provides a lot of assurances and guarantees to those . . .

The Deputy Speaker: Hon. member, if I could just interrupt for a moment. I've been advised that Parliamentary Counsel has made the necessary adjustment. Rather than reprint the amendment, if all members of the House will simply read their copies as if it read "second reading." We'll have the official documents adjusted accordingly.

You can go ahead and speak to the amendment.

Mr. Cooper: I couldn't be more happy that we saved 95 sheets of paper this morning as well. I'm sure our good friends in the paper industry are a little disappointed with our lack of additional photocopying, but everybody else is very pleased that we were able to do that. For those of you following along at home, if you need to make the adjustment, it's just in the first sentence, the third sentence, and the fourth sentence, if you change it. I may be number 3 in the program, but I know we're number one in all of your hearts.

As I was mentioning, significant risks and challenges are ahead because of the capacity market. Certainly, some industry players have voiced significant support for that, particularly because the risk gets moved away from them and placed onto Albertans. As I mentioned previously, we have reached out to the Auditor General in hoping to get some comment from that office around the importance of having a full and broad understanding of the costs of this particular move.

In light of the fact of the government not being willing to do the committee level, I think it's important that the government take a pause and make sure that they get this right. I certainly know that there are lots of problems in the bill as well, in particular around section 17. Instead of just tinkering with some smaller changes, I think it's important that we just put the whole thing on hold until we can make sure that we get it right.

You know, I've spoken at some length in the House about: if we're going to do something right, we should do it right the first time. That's what this amendment does. It provides the government with the ability to get this piece of legislation right today because it'll allow them to come back in the fall session and do this again. Goodness knows, we've seen the government do something in the spring and then have to fix it in the fall on numerous occasions. There is definitely going to be some fixing that needs to be done on Bill 13, and this hoist amendment provides that ability to do so. That is exactly what we should do this morning.

I know that my colleagues from Chestermere-Rocky View as well as Calgary-Foothills will be pleased to speak about the importance of this amendment but also to remind us all of some of the large concerns about why we shouldn't proceed with this legislation. In particular, generators, the AESO, Market Surveillance Administrator, investors, consumers groups: all of these people have raised significant concerns. As I was mentioning previously this morning, you know, so many jurisdictions across Canada and North America and right around the world have made major, major, major missteps.

When we talked about the capacity market a number of months ago, we did highlight some of those concerns. I think that it's important that we put a pause on Bill 13, step back from it a little bit so that we can move forward in a way that has a much better balance between protecting generators, protecting consumers, and ensuring that everyone is getting the closest to a win-win as possible. The legislation before us is just not that. There are all sorts of issues and challenges around the retail side of Bill 13.

It would be my strong recommendation that we not read this bill again at second reading but that we read it in three months into the future and provide the government with the necessary pauses put in place. The government has been seemingly so unwilling to put a pause on damaging and devastating legislation. You'd think that after three years of warning from the opposition that the government would start to clue in that the goal of the opposition isn't just to oppose the government but actually to warn them when they're making bad decisions for Albertans. That's what our intention is here this morning.

A friend of mine, who also works here in the precinct: I've heard him state that from time to time politics breaks out in the Legislature. But this morning isn't about politics. This morning is actually about trying to get the government to do what's best for Albertans. Listen, there are times when it is about politics, but today it's about: what is the best path forward for Albertans? Right now the government isn't on it on this file.

10:10

Like, listen, there have been a number of pieces of legislation already this session that the opposition has voted in favour with the government on. You know, I can think of a number of those situations, like Bill 5 and the good work that the Member for Calgary-Currie is doing. We're going to support Bill 16, which is an elections financing bill. The politics can be put down.

Now, I haven't seen the government actually at all in the last couple of years put down the politics when it comes to changing legislation that the opposition is suggesting. I have seen the government from time to time ridicule the opposition, then adopt the opposition's ideas, and then go around talking about how they were always their ideas, in particular in things that the Leader of the Official Opposition has done. But with respect to legislation itself I have yet to see them put down the politics and actually make the best available decision for Albertans.

I encourage them to do that this morning. That's what this particular amendment would allow them to do, to put down the politics, put this thing on pause, make sure that we get it right, and come back to it when we've done so. I look forward to hearing the remarks from my colleagues and to hearing the rest of the debate this morning.

The Deputy Speaker: Any members wishing to speak on 29(2)(a)? Calgary-Foothills.

Mr. Panda: Thank you so much, Madam Speaker, for saving the planet by being innovative and using the same sheet of paper with minor corrections.

I would also like to thank my colleague from Olds-Didsbury-Three Hills this morning for a couple of reasons. The first one is for pairing with me to approach the Auditor General to do some audit and investigation of this whole file. We couldn't get any answers here. We couldn't get any answers from the ministerial staff at PAC. I'm a member of that standing committee. I tried everywhere I could to get some reasonable answers on the concerns that I heard in Calgary-Foothills and also across the province.

Also, I would like to thank the Member for Olds-Didsbury-Three Hills for again pairing with me this morning to wear the same tie to celebrate Ukrainian heritage day today. Although there's a lot of brotherhood between Calgary-Foothills and Olds-Didsbury-Three Hills, I think he's crossing the line a little bit. He's trying to play good politics, but he's telling the government that he's giving them opportunities to improve their electoral chances. I don't know. The Member for Edmonton-Whitemud already gave up. He said that he wants to know what the UCP government will be doing in 2019. He's already keen to know. I think the Member for Olds-Didsbury-Three Hills should make note of it.

Also, you talked about doing this right. You and I had concerns. We approached the Auditor General. We'll wait for the response, but in the meantime I feel it is a reasonable amendment because we need to get the AESO here. We need to get the Balancing Pool. We need to get the Alberta Utilities Commission. In your previous speech you used the analogy that if you dial in something here it has a cascading effect somewhere else. I used a different analogy, Whac-A-Mole policies. Because of their ideological carbon tax policy that kicked in, other measures are required to fix that problem because that's taking away reliable, cheap electricity without any tangible outcomes, whether it is health benefits or anything that is not quantifiable. I asked those questions in this House. Let's talk about the economic impact analysis of that policy. How much emissions are we reducing, and what are the other benefits, and what's the overall cost to the consumers and taxpayers, who are the same?

We didn't hear that. So, to your point, can you share your thoughts on that and on how we can actually bring all those stakeholders and get this right, not for today but for future generations? Some of these costs are actually going to be in the future. We won't see them on any financial statements of today's government, but that will impact future Albertans.

Mr. Cooper: Well, I think that is a very good point that you make. I was going to mention your very nice tie this morning.

Another analogy. I think, you know, that when it comes to the electricity market, it's like when you have a wool sweater and you pull a string and you keep pulling the string and the sweater is unwinding. If the government is not careful, they're going to wind up with no sweater at all, and they're going to be out in the cold. They will have created a pile of string so discombobulated that future generations are going to pay the price. That is exactly what you were saying, that we're not just making a decision for today, but we're making a decision for tomorrow and for generations to come. When you make such sweeping and broad changes to the market and to the grid and to each one of these players, you create a . . .

The Deputy Speaker: Any other members wishing to speak to the amendment? Chestermere-Rocky View.

Mrs. Aheer: Thank you, Madam Speaker, and, again, thank you so much for the opportunity to speak to this. There's something I want to start with. Fair, efficient, open, and competitive, FEOC: this is something that was attributed to the energy-only market. Interestingly enough, the reason for a hoist and the reason for a postponement is that I would think, at the very bare minimum, we'd want to make sure that that piece of this puzzle is there: fair, efficient, open, and competitive. It's interesting because that piece of what was part of the energy-only market is not applied to the capacity market. In fact, it's in the documents.

I wanted to bring up a couple of points that the hon. Member for Edmonton-Whitemud had brought up. I want to thank you for

speaking about that. You're right. The legacy parties did have issues but not with this part of it. The part that is being misunderstood, Madam Speaker, is that the retail part of this was not the issue. We had issues with transportation and distribution, for sure, and those were parts of the market that I think would have been worth while looking at to see where those issues were. I do believe that under normal circumstances and with time those were issues definitely worth looking at, but the government attacked the part that was working, which is retail. Just to be clear, that's the part that this government has messed up on with regard to the PPAs, with regard to stranded assets.

The member had asked, you know, what we would do differently. Well, I can tell you what we wouldn't have done. We sure wouldn't have rushed this. Electricity is so complex, and then on top of that, we're bringing in renewables. This is a piece of the puzzle that, at the very, very least, we know for sure is not consistent.

To just give you an example, the government wants to bring on 9,000 megawatts, but only 35 per cent of that capacity will be used. Guess what, Madam Speaker? The Alberta ratepayer/taxpayer is on the hook for 100 per cent of that. Is that protecting Albertans? No. The interesting thing is that it is hidden in a flat rate. We have zero utility debt right now. The member had also asked how we'd protect consumers. Those were called rate riders, and it was very transparent.

Like I said, there were issues. There are issues with the model – I one hundred per cent agree – but not this part. The ability to be able to have the consumer have access to every single piece of the puzzle on that electricity bill is the way the government should behave so that the person who is paying that fee understands exactly what they're paying for, top to bottom.

10:20

Like I said, I think that there were so many aspects of this that could have been looked at, but because this is being pushed through so quickly, the consumer is completely at odds with understanding how this is going to work.

To the point from the hon. members for Calgary-Foothills and Olds-Didsbury-Three Hills, it's not going to show up in your government. It's going to show up down the line. Our children and our grandchildren are going to be paying for this for a really, really long time.

As you know, I actually agree with the energy-only model, but had there been the ability and the capacity to actually sit down and talk about this and the way that this market could have worked, Madam Speaker, anything is possible, but this is an ideological change. This isn't a change for Albertans. You know what? Albertans are catching on really quickly. They sit down and talk with us, and we go over the information on what this is actually going to cost them down the line. And you know what's even more interesting? We can't get any straight numbers out of the government at all, which is why the Member for Calgary-Foothills and the Member for Olds-Didsbury-Three Hills asked the Auditor General, because we don't know. We actually have no idea as the opposition even how to tell our constituents how this is going to work.

Bill 13, like I said before, is this interesting piece in the puzzle. The government basically took away the powers of the market surveillance adviser to be able to report on renewables being brought online, so the Minister of Energy has extraordinary powers to be able to bring renewables online without ever telling Albertans what she did. I don't know how else to put that, Madam Speaker. I find that completely, completely disrespectful to Albertans.

Albertans would love to see renewables come online – I love renewables; I'm one of those people – but you have to be honest

with the people of Alberta about what the cost is so that they have a say and they have an understanding. Especially right now, of all the times to be looking at this, people are suffering. The government keeps using this as their climate leadership action plan, that moves forward all of these other things, forgetting that it's the very people that they represent in here that are going to be paying for this.

On top of that, absolutely zero transparency. Not only did they remove the powers of the market surveillance; they put it in with the AESO. So when they start to build REP 1, when this starts going forward, Albertans will have no clue on the cost. We're not just talking about the cost of bringing renewables online; we're talking about the infrastructure.

I mean, already the system is overbuilt. The government is looking to overbuild again. The capacity of what they will be overbuilding will land on the backs of the taxpayers, Madam Speaker. And guess what? The government doesn't even have to report that because within their own legislation, when they removed it during Bill 27, Bill 34, it removes all responsibility from the government to be transparent with Albertans about what they do.

I find it interesting, too, that the Member for Edmonton-Whitemud said that we didn't talk about this at all. I have pages and pages and pages of *Hansard* in here from bills 34 and 27, of those discussions leading up to Bill 13 and the capacity model. In fact, I can tell you exactly the number of times that I spoke to the capacity model and my issues with that. So I find that a little bit disconcerting, that the member would stand in here and say that we didn't talk about the capacity model. I have proof otherwise, actually. I have an entire binder here full of the discussions that we had on bills 27 and 34, which were leading up to this. I find that extremely interesting.

Lookit, the combined-cycle and simple-cycle natural gas obtained through peaker plants, in order to replace coal and provide the necessary backup for renewable forms of energy, needs to be a steady stream because we know that wind and solar are not reliable enough. That is why this needs to go back. We need to postpone this and actually look at the numbers. Why can't we work on this together to see what's the best way to bring this online? If the government truly believes that this is what Albertans want, why don't you give us a little bit of time to discuss this?

Madam Speaker, the government is creating legislation to fix the mistakes that they've made in other bills and fix the mistakes of going against the PPAs and fix the mistakes of the costs that they're charging Albertans right now. This government didn't protect Albertans when they turned back the PPAs; they cost Albertans almost \$2 billion. That's not protecting Albertans. On top of that, they sued them and acted as though somehow they didn't know what was going on.

Well, we have proof otherwise, because changes to this were being made before the capacity market or any of the other pieces came online, and they were discussed. I mean, I have quotes where the Minister of Energy said that it wasn't in her binder, in the transition binder on electricity. Now we're basing an entire set of rules and legislation changes on a mistake, when the minister didn't know what was going on with the PPAs, and now this is what Albertans are left with.

Like I said, if there is a clear choice here and if this is the right decision to be made, there's absolutely no reason for the government to hide it in smoke and mirrors. Absolutely none. In fact, if it was the right decision, I think Albertans would get behind you a hundred per cent. But the problem is, Madam Speaker, that it's hidden in a flat rate. There is no transparency or accountability. Those words were removed in Bill 27, I believe, when the capacity market was being brought forward, and that took away the powers

of the market surveillance adviser to be able to ask questions. Now, on top of that, Albertans don't have anybody to watch over them.

I was asking the other day, on our other bill, about the increase in the ability for Albertans to talk about water issues. Right? This is great, that that's been expanded. I asked the question, too: is that expansion going to also include renewables? Are Albertans going to have an advocate that they can go to when they don't understand how much of renewables are being brought online and when they're being charged extra but don't know why because they can't tell from their bill? I'm telling you, Madam Speaker, that when property taxes go up and business taxes and everything else that has to happen in order to compensate for this, we're going to be in real trouble. Like the Minister of Energy said, you know, they got a great price on that first auction for wind. But the thing that she forgets to tell is that that's also subsidized by the taxpayer.

Madam Speaker, I think that the intention of the government is correct, and I love the fact that the Member for Edmonton-Whitemud wants to protect his constituents from fluctuating, volatile rates. That's what we should all be doing, but I don't believe that this is the methodology that will work. There's something in between that may or may not work, but there are absolute, imperative pieces that are missing from this, and it is imperative for us as government and as opposition and the people that work in this beautiful building to be able to look at this a little bit closer and see what the ripple effect is going to be of this particular piece of legislation that's coming forward. Like I said, on many occasions we could see this legislation coming. It had to in order to fix the mistakes that were done in other pieces of legislation.

Bills 27 and 34 fundamentally changed the market functions. As the Member for Olds-Didsbury-Three Hills was saying, he's talked to people in the capacity market, and even people who agree with the capacity market are concerned about this methodology. It's because there are a lot of gaps in the system.

The other thing, too, is that having those watchdogs in place, Madam Speaker, is absolutely imperative to Albertans. Those electricity watchdog folks at the market surveillance: these are the people that have stopped large corporations from taking advantage of Albertans. The government has actually taken away the right of that group of people to protect Albertans.

Who's going to protect them if a solar or wind company decides to take advantage of Albertans? I'm not saying that they will, but we've seen other companies do that. They were fined, they were caught, and it was public. That's the whole point of this entire situation, Madam Speaker. None of that is in here.

I go back to my original – we're talking about fair, efficient, open, and competitive. Is none of that part of this discussion? I mean, I would suggest that, based on the government and what they say, these are words that they live by: fair, efficient, open, competitive. This fundamental piece of how the electricity market works and a fundamental philosophy of how electricity works in this province has been left out of the discussions around the capacity market.

As a person on the opposition I would very, very much suggest to the government that they take a very, very close look at this. This is on you. The wonderful thing about a hoist amendment, about being able to do something like this, is that it actually buys you some time. Really, folks, it buys you some time to take a look at this. If you're right and you can prove that that's right for Albertans, what a wonderful opportunity for you, six months before the election. But I think the government prefers at this point in time to hide it in smoke and mirrors and to hide it under a flat rate and hide it in the idea that we're getting a great auction on wind and all these things, not telling Albertans that that's subsidized by them.

10:30

There are a couple of other things, too. I mean, we're already overbuilt, right? We're already overbuilt. The government is going to be overbuilding considerably more for this in order to be able to bring that capacity online. That is a really major piece of the puzzle that needs to be discussed with Albertans because it was part of the problem before, right? That's why Albertans were angry before with the overbuild originally.

Did you know, Madam Speaker, that this government is doing the exact same thing that got previous governments into trouble? Even worse than that is that they're hiding it. That overbuild will come in. Albertans are going to see that again. Guess what? They do not benefit from that overbuild. There is absolutely no equity for Albertans to be able to participate in that overbuild. There's nothing. So everything that this government says that they disliked about what previous governments have done, they're doing, and they're doing it five times faster.

Madam Speaker, I think that when you're looking at unpredictable and renewable electricity and you haven't been able to bring forward cost implications, we need to think about it.

The Deputy Speaker: Under Standing Order 29(2)(a)? Edmonton-Whitemud.

Dr. Turner: Thank you. Again I'm pleased to participate in this discussion and debate. I just want to bring up one point that was mentioned in the previous speech, and that's about the authority of the Market Surveillance Administrator, MSA. What was stated was completely erroneous. In fact, Bill 27 actually has a statement in it that the MSA has a clear mandate under the Alberta Utilities Commission Act, section 39, "to carry out surveillance in respect of . . . the supply, generation, transmission, distribution, trade, exchange, purchase or sale of electricity," including renewable electricity. It has the authority to investigate such matters and to undertake activities to address contraventions of our electricity legislation and regulations, including any "conduct that does not support the fair, efficient and openly competitive operation of the electricity market." This includes the authority to bring matters before the AUC for adjudication around penalties. Its mandate includes investigation and enforcement of the conduct of electricity market participants.

You know, I really wish that the members opposite would actually be aware of what's in the legislation, and I would remind them that this legislation was passed six months ago. It was passed after remarkably little discussion in this House because the opposition wanted to get out of here before Christmas. I remember that period very well. They didn't want to be here because there might have been some questions about some of their members. I'm really quite anxious to hear what the member has to say about that, particularly about the MSA.

The Deputy Speaker: Chestermere-Rocky View.

Mrs. Aheer: Thank you so much. It's interesting that you bring that up. In Bill 27 that was removed. If within the regulations the government has changed that, that's very interesting to me.

I'd also like to bring up that the Member for Edmonton-Whitemud likes to keep, you know, casting aspersions. The difference is, Madam Speaker, that we actually talk about policy on this side. They can cast as many aspersions as they want to. That's fine. If you want to say that we wanted to get out of here, I find that interesting since we're the ones that extended our stay here. To the hon. Member for Edmonton-Whitemud, I think actually you need to look at your information and be very clear about how it was that

that discussion went forward. I'm not sure. Maybe we can take this offline, and he can tell me exactly why it was that we wanted to get out of here. I know that I was debating here fairly late on all of those debates. I can prove it to you in *Hansard* if you'd like. We can take it offline later. I'll show you later.

Anyway, as far as the Market Surveillance Administrator goes, the difference is that – I'll read this to you about the investigations. The MSA in 2017 had an "investigation of the Balancing Pool arising from complaints about the Balancing Pool's conduct related to Power Purchase [agreements] . . . This matter remains an active investigation."

This is still going on, and as a result of it – the thing that the member doesn't understand is the extraordinary powers of the Minister of Energy, who has the ability to remove the MSA's ability to look at renewables coming online. If the renewables come online and there's an issue thereafter – I'm not sure. Maybe the member is correct that the ability of the MSA to be able to look at those situations might be possible. The difference, Madam Speaker, is that the Minister of Energy has complete control over that. She has extraordinary powers over anything happening with the MSA. The MSA is no longer an arm's-length group of people that oversee this on their own. It is by the discretion of the Minister of Energy. There's a huge difference in that, a massive difference, in fact.

In other opportunities to talk about this particular bill, I will bring forward that exact information. I don't have it in front of me right now, but I'm very, very happy to bring forward all of those pieces of information. I appreciate the member explaining the piece about the MSA. I'm really looking forward to digging into that. I will be researching that today to find out when that actually came online and how that applies to this particular industry. But more importantly . . . [The time limit for questions and comments expired]

Thank you.

The Deputy Speaker: Any other members wishing to speak to the amendment? Calgary-Foothills.

Mr. Panda: Thank you, Madam Speaker, for the opportunity to rise and speak to the amendment moved by my colleague from Olds-Didsbury-Three Hills. It is very timely, I think, to move this amendment. The information that we have obtained from industry and consultants who have been reviewing the rollout of the capacity market comes down to: the NDP needs more time. That's what it's coming down to. To get this correct, two years is a little bit of a rush. The stakeholders told us that usually in other jurisdictions it took longer, up to three to six years.

The changes we are contemplating are massive, and they have a big impact on the day-to-day lives of Albertans because of the affordability of the electricity. People are already subject to so many other taxes, like the carbon tax, and so many other cost increases due to this government's ideological policies, whether people can afford that or not. I mean, everyone on this side of the House at least likes renewables. We support them as long as they're self-funded and as long as they're affordable. We have to do it in a responsible way so that the grid doesn't become unreliable. We have to be careful. At the same time we have to ensure that the cost of the electricity is affordable.

This amendment does exactly that. It will slow down the implementation of the bill and give the minister the necessary extra time to go out and do real consultations with industry and consumers, not just on the legislation but also on the regulations. We won't see the regulations until the bill is adopted, but if we are doing proper consultations, then we'll come out with appropriate regulations well ahead of time. This extra time will also give AESO

the time to consult on the market rules and get them right before going to the Alberta Utilities Commission for approval. The extra time, surprisingly, will bring stability to the market and confidence in the bids on the capacity contracts. Why? Because we have increased the chances of getting it right.

10:40

One criticism I have seen about the capacity market so far is that some parts of the new market design appear to be equivalent to being locked in a casino, for example, and being forced to play at a table where your potential outcomes are losing 130 per cent of your money or breaking even. That tells me everything about this NDP plan. The NDP wants something for nothing, but they're gambling. They don't have a solid business case here, or at least they couldn't illustrate that to us on this side of the House, the soundness of their business case. The NDP wants electrical companies to generate electricity and make it free for all. As you know, Madam Speaker, economics doesn't work that way.

Another complaint is that several areas of the new capacity market design violate the principles of fair, efficient, and open competition, the so-called FEOC, that my colleague from Chestermere-Rocky View referred to a few minutes ago. We want our markets to be fair. If they are not fair, no one will bid and build the capacity. We want our markets to be efficient. Nonefficient markets mean waste and money down the drain, and we don't want to waste taxpayers' money like that. We want open competition. Open competition means new players could show up and build and bid on electricity. Madam Speaker, you remember when Areva, the French nuclear giant, came around looking to build reactors. If we didn't have an open and competitive market, that wouldn't have happened.

We know that the NDP spent \$1.36 billion to shut down the coal plants early and convert them to natural gas, but then there was another \$2 billion to bail out the power purchase agreements, let alone the litigation. The litigation is, in fact, really offensive because, being a Calgarian, I was sued by this government. I don't know how my neighbours, like the Member for Calgary-North West or Calgary-Hawkwood or Calgary-Northern Hills or Calgary-Mackay-Nose Hill, feel about that, but I felt really offended because they sued that company, quoting the Enron clause, and they blamed a guy called Neil McCrank. He said that government was not correct in their approach. He tried to defend. All he asked for was a simple apology, but the Minister of Energy refused to apologize to him, so then he had to go to court to defend himself. He being a former bureaucrat who is indemnified by the AUC, we ended up paying for his legal fee in defending his honour and dignity.

So this government doesn't know what they're doing. That's why I use that Whac-A-Mole analogy. They make one mistake, and to fix that mistake they had to, you know, bring in another regulation or legislation, wasting taxpayers' money and time and energy.

Now, Madam Speaker, we have \$74.3 million to subsidize electricity prices this year, and \$9 million got spent in April as TransAlta idled the Sundance 3, 4, and 5 coal-fired units. The natural gas fired plants are actually coming, but TransAlta is building a pipeline to ship gas to Sundance to convert the coal-fired generators. You know, that's all wishful thinking, hoping that the natural gas prices will remain low so the feedstock for these generators based on natural gas, the price and the cost of that generation, would stay low. That's our wishful thinking.

But what happens if the natural gas prices go up? There is a lot of demand in the world for Canadian natural gas, and this NDP's best friend and their cousin in B.C. John Horgan: when he manages to build those LNG export facilities and build a pipeline to export natural gas, then the prices will go up. When it happens, there is no

hedge here with coal or some other baseload. That's what the Member for Lacombe-Ponoka spoke about, that forward hedged strategy. That's another risk we foresee, Madam Speaker.

Also, another important factor is that this capacity market will be in place after 2021. It's not going to happen tomorrow, but it's going to come into force in 2021. But power prices are already going up today. In April we spent \$9 million to actually pay for the difference between the price capped at 6.8 cents and the current market price. That's the subsidy from the taxpayers, whether we like it or not. No one wants power plants – ratepayers are paying for that – that just sit idle and don't produce anything. That's what this bill does.

That's why, for all those reasons, Madam Speaker, we have one shot at getting this right. That's why I'm hoping the government MLAs here would really think about that because they have to think about their constituents, who will feel the pain. They're already feeling the pain because we already paid \$9 million more in April, and there are going to be a lot of hidden costs, which won't show up on consumers' bills today or taxpayers' taxes, but this government is going to – because of the mistakes they're going to do in a hasty way, Albertans in the future will end up paying for that.

Madam Speaker, can you imagine the disaster we would have if we had a capacity auction and no one would bid on the capacity contracts? It's a possibility. We can go ahead and auction the capacity, but there may be nobody because there are so many questions that the marketplace is questioning. That's why we have to get this right, and we have to slow it down a little bit and talk it out. Let's make sure that we have it right. If not, this NDP government is answerable to Albertans.

By creating unnecessary capacity today – today we are sitting at 16,000 megawatts of installed capacity, and our peak load is about 11,000 megawatts. Even if the coal generation is taken out sooner, with the accelerated coal phase-out, there are many cogen plants that are coming up. All these oil and gas producers up north, particularly in the Athabasca and Cold Lake regions, many of these in situ developers told me that they are planning to convert their power plants from the existing type of production to cogeneration, which would help so they can actually use the steam to put into the reservoir to make viscous bitumen flow and also generate the electricity that is required for them. They're creating additional capacity, which they're going to put on the grid, so that will provide some reliability.

10:50

But if we are creating too much of a capacity which is not reliable, then we are paying for idling capacity. We asked some questions about that for all these renewable projects, if we are going to pay for their capacity even though they're not reliable to produce. We haven't got those answers. I don't know who is taking notes for the Minister of Energy. I would like to get those questions answered because those are reasonable questions asked by my constituents and my stakeholders. I tried to get those answers from the minister in this House and her officials, and I was not successful. I'll make another attempt.

That's the reason, actually, I stayed up a couple of nights thinking about this file. I and my colleague from Olds-Didsbury-Three Hills approached the Auditor General as a last resort because I was not able to get any of those questions answered here in this House and also at PAC. As a member of the Standing Committee on Public Accounts I tried to get those answers, and I didn't get those answers. We don't want to load up the Auditor General with additional workload, but it's a matter of public interest. Electricity is not a

luxury; it is a necessity that impacts the livelihoods of regular Albertans.

That's the reason I raised those concerns, and this amendment would be helpful so we can bring in the important stakeholders like AESO and the Balancing Pool and the Alberta Utilities Commission. All these changes actually are happening when . . .

The Deputy Speaker: Under Standing Order 29(2)(a)?
Chestermere-Rocky View.

Mrs. Aheer: Thank you, Madam Speaker, and thank you to the Member for Calgary-Foothills for some of that very good explanation on this. I must say that the hon. Member for Calgary-Foothills has done excellent work on this file, excellent, excellent outreach with stakeholders, detailed work with his constituents and with people who are coming and asking him questions. I'm sure every person in this House has had people coming in with their bills and asking questions.

I wanted to talk to him a little bit about the prices because in the short term there's an expectation that customers are going to be paying increased rates as a result of the coal-fired power plants going offline. As they go offline and because, Madam Speaker, this is extremely expedited – the costs of that expedited move of coming off coal-fired: as the generators withdraw, we're expecting to see those costs increase. Well, with the analysis, we're looking at the fact that as they come off, there's an unfair competitive advantage. As a result of that, there's a possibility that there could be a withholding of power, and that could impact the system's reliability on top of everything else that we've been talking about.

This is why we talk about the market so much, Madam Speaker, because what ends up happening is that it negatively impacts the market and the ability of new firms to come on. Otherwise, there's no compliance within the system, and as a result of that, it could impact not only the reliability but also the ability for the market to be able to decide what is in the best interest of the taxpayer/ratepayer, the same person.

I was curious if the Member for Calgary-Foothills could talk a little bit more. You were speaking about the market and also the fact that the Market Surveillance Administrator doesn't have a head right now. We don't have somebody at the head of that. If you could please speak a little bit more about what you were saying with respect to increasing rates that will happen as a result of these changes.

The Deputy Speaker: Calgary-Foothills.

Mr. Panda: Thank you. She's right. All these changes and all these policies they're bringing at a time when three of the four boards won't have heads. It's the Alberta Utilities Commission and the Balancing Pool and – what's the third one? – AESO.

Mrs. Aheer: Yeah, AESO.

Mr. Panda: Yeah.

So three of the four won't have the key top executives in place. I know there will be others in those departments to look after because all those boards and agencies won't run based on one person. I get that. But the key leaders: when they're not in place and you're trying to rush all these important policies, that's not helpful.

It's not like people on this side don't like renewables. That's another criticism government benches throw at us. When I visited the Member for Chestermere-Rocky View, actually she has solar panels on her house, and this was done a while ago, when the price for solar panels was too high and the technology was still evolving.

So don't say that we don't like renewables. We do. We are talking about the affordability and the reliability of that.

With this fast-paced implementation of this policy, it's actually going to hurt Albertans. It's not going to help them. The stakeholders I talk to say: we have to look at the big picture, and we have to look at where we can improve the efficiencies. They're thinking that generation is the problem. I don't see generation as a problem today. We have to look at efficiencies in transmission, distribution, and retailing. Some of those stakeholders are saying that they need more time. In other jurisdictions it took four to six years to implement this kind of capacity market. Here we are rushing, and already we are seeing, although it won't come . . .

The Deputy Speaker: Any other members wishing to speak to the amendment? The hon. Member for Sherwood Park.

Ms McKittrick: Thank you, Madam Speaker. As I've been listening to the discussion this morning, I think I've finally figured out why we have so much purple. It's because I need to lift my spirit up. Every day, I stand here in the Leg., and I just hear that the sky is falling every single day – I think that it's time to actually talk about the good news for Alberta – and keep thinking that everything that we're doing in terms of the electricity is bad news for Alberta.

I also am very intrigued by the fact that this amendment has come to the floor of the House because the amendment calls for us to go and meet in the House again in August. I don't know about the members of the opposition, but it does indicate to me that they're not interested in consulting with their constituents, that they prefer spending time in the House to meeting constituents. I also noticed that they've been absent from some very important debate in this House such as Bill 9. So I really don't understand why we're being asked in this amendment to not read it for a second time but to come back and meet here in the middle of August because I indeed spend a lot of my time meeting with constituents.

Many of my constituents have talked to me personally about how delighted they are with this bill. One of the things we haven't talked about this morning – and maybe the members of the opposition might like to look at the bill a bit more closely – is that this bill would bring more accountability to the electrical system, and it would address concerns from their constituents, ordinary people, I think, the little guy. I think one of the members of the opposition said those things.

It would address concerns about incorrect power bills and issues in consumer services from electricity and natural gas service providers. My constituency staff actually spend a lot of time on these issues, and I'm delighted to see that in this bill the Utilities Consumer Advocate will be able to deal with these issues and to address them by issuing penalties to electrical and natural gas service providers for specific breaches. I don't want to delay this bill because I want my constituents to have an ability to have their concerns addressed in terms of their utility bills. I am not in support of delaying this bill, as the amendment suggests.

11:00

Then there's another issue that this bill really addresses. Maybe the members of the opposition have never met any members who are involved in community renewable energy, but I have. Actually, for the last three, four years I've spent a couple of hours every month talking to them, and I know that our government has worked very, very closely with those advocates in the community renewable energy sector. They include co-ops, they include municipalities, and they include community-based organizations who really want to have their ability to generate electricity and feed it back to the grid.

I would really like to encourage members of the opposition to meet some of them, and if you're interested in a list of these communities and co-ops and small-scale providers who have been advocating to the government for such changes to regulations that would allow them to generate electricity and feed it back to the grid, please contact my office. I would be very happy to encourage you to go and meet with them and to understand why this bill is very important for them. Actually, it so happens that many of them are in your ridings, and maybe I would encourage you, when you're not sitting in the Leg. or not failing in your duties to vote on a bill, to go and meet with some of them because I think these are really important constituents of ours in Alberta.

Maybe because we haven't really discussed a lot about that sector, actually, just so that we're all clear on what we mean by small-scale and community generation providers, I thought I might read into the record this definition. Small-scale generation refers to electricity generated from renewable or alternative sources closer to consumption so that it can bypass the transmission system and be connected directly to the distribution system. Examples include a group of neighbourhood homeowners who set up a system to generate their own electricity, a rural or town operation that sets up a system to generate their own electricity, or an indigenous community that owns or operates a renewable energy project. Community generation refers to a subset of small-scale generation that provides benefits to communities such as training, environmental protection, and economic development opportunities.

As you can see from this bill, the government is interested in helping the everyday Albertan and especially in helping them to be able to have environmentally safe renewable energy projects that benefit them. This is different from microgeneration in the fact that in microgeneration it's usually just for the homeowner that puts solar panels on or for the farm, but the community renewable energy sector is also intended to possibly feed energy back into the grid.

This bill does two really important things that I think the opposition has failed to mention in their opposition to it. They have failed to mention that this bill will really help consumers with their energy issues and that this is so needed. I mean, when I told members of my constituency that we were really looking at working with the Utilities Consumer Advocate to make it possible for changes to be made and for possible penalties, they were delighted. I think this is something that the government is doing because we do have the backs of everyday Albertans.

When we think about the potential of community renewable energy projects, including in the constituencies of the members of the opposition, you realize how important this is. Just think of a developer that builds a community renewable energy facility. The whole subdivision can have their own electricity, and the profit can go back to those homeowners collectively. I think there's so much potential in that.

For those reasons, I think it's really important that this bill is passed before the end of the session. If members of the opposition really feel that they want to spend more time in this House and come back in August, I would really like to encourage them to actually vote on the bills that the government has put forth, not to disappear when they disagree with a bill but to actually show to all constituents of theirs that they actually do care what happens in this House.

Madam Speaker, having said this, I would like to adjourn debate.

[Motion to adjourn debate carried]

Bill 10 **An Act to Enable Clean Energy Improvements**

[Adjourned debate May 14: Mr. Mason]

The Deputy Speaker: Any members wishing to speak to Bill 10? The hon. Member for Edmonton-Meadowlark.

Mr. Carson: Thank you, Madam Speaker. It's a pleasure to rise today to speak to Bill 10, An Act to Enable Clean Energy Improvements, otherwise known as the PACE, or property assessed clean energy, program. As it's been stated many times over the course of debate, this legislation will enable municipalities to establish energy efficiency and renewable energy programs like solar panels while deferring the cost to their property tax installations.

Here in Edmonton I've had a chance to speak with some of the city councillors, mainly in my community in west Edmonton, and it's been made very clear to me that councillors here in the city are very interested and find climate change to be an issue that we need to tackle with great urgency. Also, the need for environmental stewardship: they take that very seriously as well. Through my conversations with some of those councillors I know that they support this legislation as it gives people in our city the ability to take action without the traditional front-end costs that we see.

I feel that it is important to say once again, though it has been said several times on this side of the House, that this legislation will not force any person or any municipality to, you know, use this program if they don't want to. It simply enables them to make that decision. Madam Speaker, as you may know, I spend quite a bit of time door-knocking in my community. At this point I've knocked on just about every door if not every single door over the last three years, and energy efficiency and renewable energy is a topic that comes up often, obviously behind the economy, behind pipelines. It does come up a lot.

There is a large segment of the population that is extremely interested in putting solar panels on their property, but until now there weren't enough mechanisms or methods of financing for them. Traditionally we see the costs being \$20,000 to \$30,000, depending on the size of your house. Not many people can afford to pay that on the front end. Now, with a program like PACE, residents will be empowered to look at the cost and the benefit and to make a decision on whether this program works for them.

I can see many benefits to a program like PACE. Before, a homeowner would have to decide whether it is of value to them to cover the initial costs, which might be a disincentive if they are planning to move in the near future. Now, if this legislation is passed, they can make the decision to pay through their property taxes, which would then be transferred to the new homeowner if they chose to move, which, in my opinion, makes more sense than trying to recoup the entirety of the cost at the point of sale. Of course, the cost will be little as they are able to reduce their energy bills while needing to buy less energy from the grid, reducing their energy costs.

As you may know, before becoming elected to this Legislature, I was an apprentice electrician. Through that work and through the work of being in the Legislature, I've had an opportunity to speak to many stakeholders, whether it be my own local union, IBEW 424, or ECAA, the Electrical Contractors Association of Alberta, or private companies within my own constituency and business owners. Honestly, I have not talked to anyone who didn't find this legislation to be of importance to them, and I've found a lot of support out there, probably unanimous support, for this program.

Many of them have been advocating for this program for many years, even before we came into this Legislature.

These groups see the incredible benefit that renewable programs like PACE mean for jobs in our province. My local union also has an exceptional training centre on the south side of Edmonton, where they're able to train their apprentices and their journeymen and contractors for solar installations, and a program like PACE will ensure that that training centre keeps busy while helping to diversify our workforce and our economy.

11:10

I think there's also something to be said about the idea of builders offering a program like PACE to somebody working to customize their first home or second home, whatever it may be, and I believe it will be a great opportunity to increase the abilities for microgeneration for all residents in our province while, once again, putting more electricians to work.

Make no mistake, Madam Speaker; this legislation is extremely positive for those in the industry. This is a program that I truly believe should have been implemented a long time ago, but as we have seen, there are quite a few common-sense programs that we've implemented over the last three years that have left people wondering why these weren't in place before. Ontario, Nova Scotia, and Quebec already have PACE legislation, and since 2008 33 states across the United States have enabled PACE programs, which has led to \$6 billion of economic activity across the United States. I think it's time for Alberta to move forward on this important program.

Madam Speaker, if you take a look at the original news release that was sent out with the PACE legislation announcement, you'll see a number of stakeholders talking about the importance of PACE. The Building Industry and Land Development Alberta Association, the Alberta Construction Association, the mayors of both the cities of Edmonton and Calgary, and other private companies have said that they understand the benefits and that they're excited to see this moving forward.

Now, I believe this program will change our province in a big way. There is no doubt that, if implemented, thousands of solar panels will go up on homes across our province, including on my own home – I'm very excited to use this program – employing thousands of Albertans in an industry that is growing exponentially, creating more opportunities for people to train in an industry that is quickly shaping the province and the future.

I'm proud to stand in support of Bill 10. I thank the minister for bringing it forward. I thank the many people within the industry who have been advocating for this program for many, many years. Once again, I'm proud to support it, and I thank you for the opportunity to speak to it.

Thank you.

The Deputy Speaker: Any questions or comments under 29(2)(a)?

Any other members wishing to speak to the bill? The hon. Member for Calgary-Hays.

Mr. McIver: Well, thank you, Madam Speaker. I'm happy to rise and speak on Bill 10, titled An Act to Enable Clean Energy Improvements. I listened carefully to the member that started the debate this morning, and part of what he said I agree with. I think a lot of Albertans are interested in making improvements to their homes that would make them more energy efficient, things like perhaps adding solar panels or other things, and I'm not surprised at that. Albertans care very much about the environment.

I have to say that the program as advertised by the government – and I'm reading off the government website page here – says things

to the effect that the program “should not be mandatory,” that the “legislation is enabling in nature.” It says that “Municipal Councils will choose whether to pass a PACE bylaw.” It sounds pretty good. But then somewhere else on their website it says that municipalities will pay for and finance these things and then collect the money back off their property taxes.

Well, you can imagine, Madam Speaker, that both of those things can't be true, yet they both come off official government documents. So one could only reasonably ask and, hopefully, get some kind of an explanation from the government before this thing is done on which of those two things on the government website is true. I think it's pretty easy to imagine that both of them cannot be true at the same time, yet both of them exist at the same time. So one of these things does not belong with the other.

It also says, again on the government website – these are not my words, Madam Speaker; this is what it says in the government of Alberta document – that “municipalities are not interested in administering the program and incurring administrative costs.” Then in the bullet underneath that it says that “it is envisioned Energy Efficiency Alberta will administer the program on behalf of municipalities who have passed a PACE bylaw.” Well, you can imagine how municipalities might like that, yet again it says on the government website that municipalities will finance these things and collect. So it sounds to me like the municipalities are doing all the administration.

Again, it can't be both. It has to be one or the other. I think that at some point it would be a fair question for someone in the government to stand up and say which part of their documents are incorrect. Or maybe they're both incorrect. Maybe there's a third story we haven't heard yet. These are concerns that I think are legitimate and fair for us to ask.

It also says here in this government document, again, Madam Speaker, not my words, the government of Alberta's words: “Municipalities are not interested in a lending role (financing upgrades). It is envisioned that private capital will finance clean energy upgrades through agreements with [Energy Efficiency Alberta].” Yet again, for the third time, and I think reasonably so, I will point out that on the Alberta government website it says that municipalities will finance these improvements and then pay for them. Imagine my surprise. The government, that I should be able to trust, is telling me two what seem to be exactly different things, and if I am an Alberta citizen, I would think: wow; my government maybe doesn't have their story straight, maybe doesn't know what they're doing, maybe hasn't figured it out yet, maybe is still figuring it out.

I don't know. Maybe there's a third story that's true, and maybe neither one of these is true. I mean, until we get some clarification, how are we to know, especially when we have two things written on the government of Alberta website that give different answers to the same question? So I think there's much to be concerned about here.

You know, when we look at, again, the program as advertised, it sounds nice. It says that it “reduces financial barriers associated with high upfront costs for energy-related property improvements.” It says that there's “an opportunity for longer-term repayment periods and lower interest rates.” Okay. I don't see any numbers there that say what those lower interest rates are. If it's on someone's taxes, I guess, then the municipality is administering it. I'm not sure. I wonder how happy the municipalities are with administering a loan program that they may or may not be in control of the interest rates for.

It appears that through the legislation they're going to turn municipalities into ATMs or banks as well as collection agents. I guess that if that's what the government is going to do – they're the

government; they certainly have the right to do that – they should probably get their story straight as to whether they’re turning the municipalities into the banks and the collection agents or whether indeed Energy Efficiency Alberta is going to become a bank, which I think would be mission creep for them, and a collection agent. I don’t know. But these are, I think, obvious questions that, obviously, should be answered. And who wouldn’t want solar panels? It sounds like a nice idea.

Again, here’s the other government document that I’ll read straight from, on the government of Alberta letterhead.

Under PACE, municipalities would install . . .

See, now they’re in the installation business. They’re not just administering them, okay? On one page it says that somebody else is going to do it all, and on this other government of Alberta page, which is in my hand here, it says:

Under PACE, municipalities would install and pay for upgrades on private property and recover costs through the owners’ property taxes.

Here’s where it gets fun here, too. It says:

Since first implemented in California in 2008, PACE programs have expanded to every region in the United States . . .

The hon. member before me just said, “33 states,” and I don’t take any issue with him that he said that.

. . . generating nearly \$6 billion in economic activity. Ontario, Nova Scotia and Quebec have also adopted PACE legislation.

Well, if you don’t read too carefully and ignore where things say exactly the opposite on one page from what they say on the other, you might actually be convinced that it sounds pretty good.

It says that it will be “a voluntary program for municipalities and property owners,” yet the other page in the same document, the page before, said that “municipalities would install and pay for upgrades.” One does need to ask whether the government has their act together on this and has figured out what they’re doing when they have so much conflicting – and all these things that I’ve quoted are not from me; they’re off government of Alberta documents. Government of Alberta documents. They do not seem to have their story straight.

11:20

Now, it gets to be more fun because what’s not in the government of Alberta documents is that in the States there are lawsuits against the PACE program. So it raises the issue of consumer protection, whether somebody perhaps gets a \$30,000 set of solar panels that maybe are only worth \$3,000. Maybe. I don’t know. But let me just say this. Down in the States there’s not just one lawsuit – wait for it – there’s a class-action lawsuit against the PACE program.

So when the government talks about how everything is shiny and beautiful and that it’s all figured out, their own documents betray the fact that that may not be the case, Madam Speaker. All these things that I’ve said are not my words. They’re from the government of Alberta website. I haven’t invented any of these words. They’re all in government of Alberta documents. You can imagine my concern when I’m seeing exactly the same things, opposite things, underneath a government of Alberta logo. I think most Albertans might share my concern and have a few questions for the government on this.

So in light of some of the things that we were able to find with some research, Madam Speaker, I would like to move an amendment to Bill 10. I have the requisite number of copies here. I will wait for your permission to continue if that’s okay with you.

The Deputy Speaker: Go ahead, hon. member.

Mr. McIver: Thank you. I move that the motion for second reading of Bill 10, An Act to Enable Clean Energy Improvements, be

amended by deleting all of the words after “that” and substituting the following:

Bill 10, An Act to Enable Clean Energy Improvements, be not now read a second time because the Assembly is of the view that the bill does not provide sufficient detail to ensure there is adequate protection for property owners to avoid the type of litigation that has arisen with the PACE programs in California.

Madam Speaker, listen, I’ve seen the government documents. An organization I respect very much, AUMA, is quoted in here as saying that they like the program. I think RMA is a little bit less enthusiastic about it so far, but I’m not saying that they’re against it. But I am saying to not read it right now and give the government sufficient time to ensure that litigation won’t happen; give guarantees to Albertans that consumer protection will be put in place, that vulnerable Albertans will not be taken advantage of at their front door or through other mechanisms of marketing, that people won’t lose their homes because they can’t pay their property taxes if they get talked into improvements they perhaps can’t afford the tax bill for.

Listen, the government may be able to get this right still, but by passing this amendment, it will actually give them time to get on the same page not with us but, rather, with themselves. If they can get on the same page with themselves, they’ll be in a better position to convince Albertans that this is good.

Now, again, I accept what the hon. member from the other side said, and I agree with him that a lot of Albertans are interested in upgrading their properties to make them more energy efficient and more environmentally friendly and all those things. I don’t disagree with that at all. I don’t even disagree with the government’s idea about helping people do that. I certainly wonder about the fact that they have conflicting information. I haven’t read enough about how consumers are going to be protected. I haven’t read enough about who’s going to pay for the improvements, whether it’ll be the municipality – actually, I’ve read that it’s both. I’ve read too much on that. I’ve read that the municipalities will pay for it, and I’ve also read that Energy Efficiency Alberta will pay for it.

Now, I see the minister shaking his head, and I’m sure he’s got lots to say, and I’ll actually be happy to hear it. He’s probably a little embarrassed that documents are floating around that say exactly the opposite things, but that’s what ministers get to sort out. That’s part of the challenge of that particular difficult job. I admire how hard some of the ministers work on doing their job, especially when they have to sort out stuff like this on television. It doesn’t make their job any easier.

So I think it’s a reasonable amendment under the circumstances. I think it’s a program that has potential to have good things in it. I think the evidence, not provided by me but, rather, provided by the government itself, indicates that the government is not really ready to launch it yet. I think that the amendment will give the government time to undo the inconsistencies that they’ve published, to maybe get one clean story out to Albertans, maybe get their story straight, maybe not have such big inconsistencies floating around out there. At that point they may be able to come back and mop up the inconsistencies and have everybody in this House know what they’re voting for in legislation and have the public get one consistent message out of their Alberta government. At that point we might even be ready to support this thing.

I’m certainly not accusing the government of having bad intentions here. It’s just that it appears the cake isn’t fully baked, Madam Speaker. In fact, it’s pretty obvious that the cake isn’t fully baked. So I hope that all members of the House will support the amendment to give the government a little more time to be consistent in their messaging, to not confuse Albertans, to make sure Albertans know that they’re protected, to make sure that this

thing is well communicated. It certainly isn't the case yet. I'm not accusing anybody of bad intentions here, but the evidence, again, not from me but, rather, from the government's own websites and such, would indicate that this thing isn't ready.

I think the worst thing the government could do is to thrust something onto Albertans that isn't ready, and I think that the best thing they could do is to just say: "Okay. Let's take a breath. Let's find out where we're inconsistent. Let's come back to Albertans with a nice clean, consistent message. Let's deliver that to Albertans, and let's see if Albertans like it." I think that would be the best thing for the government to do. It's what I am proposing, and I sincerely hope that all members of the House will see what I think is the obvious good sense in doing that.

Thank you.

The Deputy Speaker: Questions or comments under Standing Order 29(2)(a)? The hon. minister.

Mr. S. Anderson: Thank you. I don't think you'll find it surprising that I will not support the amendment, but I do want to clarify a couple of things, and I'm glad that the member brought it up. One thing, first off, is that legislation is the number one source that we have to get our information from.

There is one sentence that I've been made aware of from the member that on the website does kind of give a little bit of – it's not clear, and it seems like a contradiction. I do apologize for that. It seems like it's a little bit of a mixed message. I think it's because – I've got a note that I wrote here – the payments for the clean energy improvements are being done through the property taxes, and the municipality must be the one that delivers a service. It doesn't mean that the mayor and council are going to be installing solar panels or windows or doors on your or your neighbour's home. Just like they don't repave the streets, it will be contracted out to a third party.

So I appreciate that. There was a mistake on the website. But, again, the legislation is the number one source, so just to make sure that we always follow that. I appreciate you bringing that up.

Consumer protection is under the Fair Trading Act. It's pretty straightforward. I want to make a point, too, that it's not just solar panels that we're discussing here. We're talking about windows, doors, insulation, small things that can make a big difference, especially for people on fixed incomes, nonprofits. It's not just residential. I think a lot of this is going to be very beneficial for a lot of bigger projects like older apartment buildings with giant boilers in them that are super inefficient. So I just wanted to make that point.

It's also not going to be the municipality that pays for these, and Energy Efficiency Alberta isn't going to be the one that's paying for these. There will be third-party lenders. We've set it up as I've done with the MGA, the massive piece of legislation, the same way. This is a framework. The framework for this is coming through right now. We've discussed this before in the House, and I've made it abundantly clear that the regulations – and we've already consulted with a lot of people – will be consulted on through the summer to make sure that we get all those details right. So it won't be thrust upon Albertans without discussing it with them and getting all the information out to them and all the details to them. That is something that we want to make sure that we do through whatever the spring is right now and then through the summer and then into the fall, when we'll bring the legislation back and then make the final decision on that. I just want to make those points clear.

11:30

Like I said, I do appreciate the member bringing that up, that there was a line on the website that was a bit mixed messaging, to be honest.

There are a lot of people that are behind it. You know, I had a message from the president of AUMA a few days ago – and actually I've discussed it with him a couple of times after – that AUMA backs this. They're behind it. I've also got letters from Clark Builders, from EllisDon, from architects, the Green Building Council, from the whole myriad of people that have stood behind this, a homeowner, Mr. Hanlan, in Edmonton who says, "PACE would be of great benefit for senior homeowners by providing them with a source of funds to retrofit their homes for energy efficiency." There are a lot of people out there that are behind this. I'm actually accumulating all the letters and all the information so at some point, when I have time, I can let more people know who's behind it.

Yeah. I just wanted to make a few points there about that and to clarify for folks. If they do have those questions, by all means, make sure you bring them up to me. But, again, the legislation is the number one source of information, and then come to me and ask if there are questions.

Thank you very much, Member, but, yeah, that amendment is not something that I will be behind. I hope that nobody else is either, on our side.

The Deputy Speaker: Did you wish to respond, Calgary-Hays?

Mr. McIver: See, there it is. I didn't accuse the government of wanting to do anything bad. I think the minister has said that he doesn't want to do anything bad. No one has accused the minister of that, but he has acknowledged that there is some confusion there.

The only thing I would take issue slightly with in what the minister just said is that while he might believe that the legislation is the main place to get information, the public doesn't typically go to the legislation. They usually go to the government website, right? For those people listening and watching at home, if you were wanting to know about a government program, any government program, would you look up the legislation, or would you go on the website and look up the topic? Of course, I believe that the vast majority of Albertans would go to the website and look up the topic because that's what people do. Again, I'm not taking big issue with what the minister said. Maybe his friends all go to the legislation; I think that most of my friends would go to the website. I truly believe that.

That could just be a difference of opinion that the minister and I have, and that's fair. We're allowed to have differences of opinion in here. I don't find that offensive, any way that he disagrees with me, and I hope he doesn't find it offensive that I disagree with him on this. But I think it does support my point that the government could use more time.

The Deputy Speaker: Any other speakers to the amendment? The hon. Member for Livingstone-Macleod.

Mr. Stier: Thank you, Madam Speaker, and good morning, everyone. Today it is my intent to speak once again about some of the problems that we had noticed beforehand and, through some other research, you know, been concerned about since we first got onto this bill. I'm here to speak and put forward some of the basis behind the reasoned amendment that my colleague from Calgary-Hays has presented, which I'm in full support of.

I think we know what the reasoned amendment says in essence. It's basically:

Bill 10, An Act to Enable Clean Energy Improvements, be not now read a second time because the Assembly is of the view that the bill does not provide sufficient detail to ensure there is adequate protection for property owners to avoid the type of litigation that has arisen with the PACE programs in California.

Madam Speaker, we are making this amendment today based upon information provided by the ministry on the proposed program in the original technical briefing plus information we have obtained from the ministry's website. We also have details from the news media, articles published recently in the state of California regarding serious legal proceedings involving the PACE program. As a result of this information, we have very serious concerns that approval of this legislation could lead to similar legal difficulties for the public here in Alberta.

Madam Speaker, I want to reflect back a moment, actually, at this time and take a look at the substantive issues that have led us to make this amendment here today. As I mentioned during my last presentation here, two days ago, as an opposition member I look upon the task of reviewing proposed legislation seriously as it is our role and responsibility in this House to ensure that what is proposed for the benefit of Albertans is worded correctly to ensure that the purpose and the intent are achieved and that it prevents unintended consequences from occurring. It is for that very reason that I stand before this House today, as I believe this proposed legislation is not appropriate at this time because the program that is to be enabled will potentially, left as is, without detail, have the opportunity to cause Albertans great financial difficulty.

When the government first invited my assistant and I to the technical briefing regarding Bill 10, I was cautiously optimistic, actually. Documents provided by the ministry indicated that the PACE program being promoted by the staff was originally implemented in 2008 in California, and it outlined how property owners would be able to finance renewable energy projects which would constitute upgrades to their properties, and repayment would be collected through property owners' municipal tax bills, much like off-site levies that we have today. However, the briefing document went on to indicate that many of the Alberta rural and urban municipalities had serious concerns regarding the implementation, the administration, and the financing aspect of the proposed PACE program. That is a fact. It is in the document.

The document reported that large and mid-sized cities were not interested in administering the program or incurring any administrative costs with such a scheme, nor were they interested in a lending role. Additionally, the briefing document went on to mention that in addressing those concerns, the ministry had envisioned instead that Energy Efficiency Alberta would be administering the program and that the lending role would be provided through agreements with that agency. So some of the municipalities' concerns were addressed somewhat in that regard.

However, despite those comments and investigation, as was mentioned earlier here this morning, the quickest search of the program came upon the Alberta website and yielded the concerns that we were just mentioning here a few moments ago. It did say, "Municipalities would install and pay for upgrades on private property and recover costs through the owners' property taxes." It was also repeated on the second page. Now, that totally contradicts the information that we got in the original briefing. I think the minister did address that somewhat and admitted a few minutes ago in the previous conversation and exchanges, therefore, that there seemed to be some error on the government website.

Nonetheless, at this point in time, though, we wondered: what were municipalities actually told, then? That contradiction in

information leads us to believe that there was something kind of faulty in how they were putting this proposal together and how it was presented by the ministry to municipalities. In that regard, one of the things that I found the most troubling, though, about the administration of the program was that the eligibility for this program is going to be based primarily on property information rather than the industry standard in lending, income and credit information. Although this would make the program easy to qualify for, I suspect, a proper loan should only be considered through risk assessment, with a repayment plan in place. The basis would normally be an individual's history with finances in almost any other setting.

It would appear that the government is so eager to get this green spending out the door that by not following normal lending qualification practices, they are prepared to put this program together which may put ordinary Albertans at risk, especially seniors, who are not necessarily well financed. If a family can't pay, they risk losing their home, ruining their finances, or being plagued with the burden of debt for a decade or two or more.

But the most crucial information pertaining to this reasoned amendment, Madam Speaker, was found when our members along with our staff also discovered these news articles, that the PACE program is facing class-action lawsuits in the United States and in the very state that the ministry has essentially been modelling the program from, specifically L.A. county in the state of California. Let me reiterate that in case those that weren't listening would like to just get me correctly. There is a class-action lawsuit filed in L.A. county over the PACE program due to the program lacking adequate consumer protections. We'll be tabling copies of that article later today, after question period, in the process this afternoon.

Attorneys representing homeowners allege that this county program that funds energy-efficient home improvements, known as PACE, has ruined the finances of many borrowers saddled with loans that they cannot afford. They claimed that the lenders did not provide adequate protections. There were no special safeguards for seniors, and many PACE participants were left living hand-to-mouth to hold on to their homes. We have the same concern here with this program, Madam Speaker. We see nothing in the legislation to offer these protections. People are on the verge of losing their homes over this program in L.A. county, actually. A homeowner can be foreclosed upon if a PACE loan goes unpaid. In the boondoggle of their trial run with this program they particularly noted the lack of special safeguards for seniors.

11:40

What I'm getting at, Madam Speaker, is that making this same program accessible here for all applicants in Alberta would do nothing but put a great portion of them in a position of potential risk as well. The legislation doesn't say anything about safeguards. We're tasked with making sure that legislation is correct, yet we cannot make a fair judgment in the absence of that information. We are worried that they would possibly risk losing their homes, just like in California, ruin their finances, be plagued with the burden of debt for a decade or two, and suffer many of the same unfortunate fates that those in the States are currently enduring and over which they are suing their county.

Madam Speaker, I'm surprised and appalled by this situation. Why should the Alberta government even consider to propose, promote, and legislate a program that is of the very same type and name that is involved in class-action lawsuits in another jurisdiction and in the very state that this government told me in the briefing meeting they're modelling it on? That's quite surprising.

Madam Speaker, if the money is not capable of being repaid or if the money being lent is greater than the value of the home or if for

any other reasons an individual undertakes more than they are capable of repaying – it's sometimes called biting off more than they can chew – that is a problem. It's, of course, a problem for the government, that will not be getting its money back, but it's an exponential problem for property owners, who are now possibly, if they participate in a program without proper protection, losing everything.

As eligibility will be based primarily on property information rather than the income or credit check, as I said before, I am at a loss for how they expect the money to be paid back if there is no emphasis on financial responsibility or even a credit check to see if there's a lending risk. Again, the legislation has no detail on that. How are we to judge if it doesn't include information pertaining to that very risk?

Madam Speaker, this proposed legislation and the program in its current form simply don't pass the smell test, in my opinion, for Albertans. There should not be any type of government-proposed program that leads to people being fearful of losing their homes and possibly ruining their finances. There already exist several types of lending services for home improvement, from lines of credit to second mortgaging plus the CHIP program, which involve proper qualification standards that protect the homeowner and the financing companies. Therefore, this program is entirely unnecessary.

To conclude, we've attempted to show in previous submissions during the second reading debate of this bill that the legislation is vague and has insufficient details that would be pertinent to prevent future unintended financial consequences or even potential litigation. We've also shown how the municipalities have serious concerns over the implementation, administration, and financing aspect of the proposed PACE program. Those words are not mine, Madam Speaker. Those are the words that were in the briefing document that we received. They had serious concerns over the implementation, administration, and financing aspects.

We've shown that this same program in L.A. county in California has some serious problems for its citizens that have actually been so bad that it's led to class-action lawsuits. Therefore, we can only conclude that Bill 10 does not provide sufficient detail to ensure that there's adequate protection for property owners to avoid the type of litigation that has arisen with the PACE program in California. That's the reason for our amendment. We think this needs to be redone with more detail to satisfy us that this legislation can and will be viewed by Albertans as being correct. They could receive a bit of reassurance with it. Given all of the above, I urge all of you to think about what I've just said. We are charged with ensuring that legislation is correct and has proper detail in it.

I urge all of the members of the House to protect Albertans from the same fate as what has already happened in L.A. county. Make it better. Do so by voting in favour of our reasoned amendment so that this bill does not proceed in its current form.

Thank you very much.

The Deputy Speaker: Questions or comments under Standing Order 29(2)(a)? The hon. minister.

Mr. S. Anderson: Thank you, Madam Speaker. I appreciate that one of the things we have in Alberta, I think, to be honest, is the opportunity to look at other programs around not only this country but other countries, the United States being one, and to learn from them. It's just like when they say that everything we're doing in Alberta is the same as Ontario, which is completely wrong. We've learned from other jurisdictions, and we take things that are going to work well for Alberta. That's what we do here because Alberta is unique – frankly, I'm biased – and, I think, better.

Again, with this program it's the same idea. I understand the concerns that they're bringing up about the United States, and they can beat that drum all day long, about lawsuits and things, but they forget about consumer protection up here and how we have different laws and the Fair Trading Act. There are numerous things that we have up here that are different than the United States. We're different countries.

So that's fine. I understand the concerns, and I appreciate that. We have learned some lessons from how PACE was implemented down there, and those lessons, combined with how we are proposing to enable this program through legislation, will make it impossible for predatory contractors or lenders to use the clean energy improvement tax to be able to take advantage of Albertans because the municipality or its contracted administrator must be involved in the process. Only property owners who apply through those official channels will be eligible.

In addition, a list of approved contractors will be developed in consultation. I will say that word again, "consultation," which is super important to me and to Municipal Affairs and the rest of this side to make sure that we get it right. I've said it I don't know how many times in this House that this legislation is going to be put in place here as a framework and that we will consult. We've done consultation already, but we will do this formal consultation again through the spring and summer to bring it back in the fall because we need to. As I said, it will be developed in consultation with Energy Efficiency Alberta and Alberta's energy-contracting stakeholders. This will also ensure that these improvements are being installed appropriately to achieve Alberta's climate change goals and to protect consumers.

Ultimately, Madam Speaker, what I would like to do and what I am doing is bringing forward a program that's going to help consumers, that's going to help contractors, builders, farmers, ranchers, nonprofits, seniors, people on low incomes. But one of the most important parts about it is that they're accountable to themselves. They make that choice. It's enabling. They can make that choice if they want, just like right now if they go and try to buy something or make a choice on buying a car or whatever it might be. We as human beings have choices, personal freedoms in this country, which other people in some other countries don't have. I'm not forcing anything on anyone. It is simply enabling legislation that they can choose to use if they would like.

Thank you very much, Madam Speaker.

The Deputy Speaker: Hon. member, do you wish to respond?

Mr. Stier: Yes. Well, thank you, Madam Speaker and through you to the minister. I appreciate his comments, and I appreciate the work that has been put in by the department. I know many of the people over there, and I appreciate that their intent, I'm sure, is well above board. But the problem is that, as I said earlier – and it's part of our system, I think – when we're working with legislation in the House, a lot of times it is bare bones, structural with no detail. I know that regulations will come forward at some point in time from the department after they do the work that the minister alluded to, but we are charged with deciding about this legislation now, the legislation that we've been presented with. In the absence of any of the details, that he just shared now, how are we supposed to make the choice that this is appropriate in its current form? If all of those things should be important to Albertans, I would say that they should be in the legislation.

Madam Speaker, I appreciate the time this morning. I appreciate the incredibly great amount of co-operation we have with the minister's ministry and with him. I look forward to perhaps seeing changes to this legislation, something to give us some satisfaction,

where we can move forward with this with more confidence and more confidence for Albertans.

Thank you.

11:50

The Deputy Speaker: Any other questions or comments under 29(2)(a)?

Seeing none, any other speakers to the amendment? Grande Prairie-Wapiti.

Mr. Drysdale: Thank you, Madam Speaker. Before I begin, I'd just like to say that I have a lot of respect for the minister. I think you've done a good job on this file. I thank him for answering some questions here this morning. Some of my speaking notes now are going to be repetitive of what everybody else has said as he's already answered some of the questions. You now, I'm getting used to this, but our job over here as the opposition is to question. You bring the legislation, and our job is to question it. I guess that's what I'm doing here. We can't just rubber-stamp everything you do, so it's all with respect and just doing our jobs and looking out for Albertans.

You know, one of the things that I'm a little concerned about is that it's almost like the municipalities will become a bank, that they're doing banking, then. Basically, they're lending the money to homeowners to upgrade their homes. They can get loans and mortgages at a bank already, so now the municipalities will be competing with the banks. I get it that it makes it easier, but if they can't get the mortgage at the bank, that means they probably don't qualify. The bankers have their rules to go through. In making their mortgage payments, they always take into account what they have to pay for taxes, what they have to pay for utilities. Now this is going to be an added cost on there, and they're going to take that into account if they're trying to decide if the homeowner can afford the payments.

If the banks say, "No, we won't do it," they must think they can't afford it. So then they'll come to the municipality like the lender of last resort. I know it's not the same, but there is a chance that the municipalities will be funding homeowners that the bank won't. That kind of brings up the odds that they might not be able to make the payments. You know, I don't know if the municipalities want to have to go through the hassle of doing that.

The municipalities I've talked to actually – you know, I've just talked to the ones in my constituency, and most of them really don't know much about it. I think they've heard of it, but they don't really know. They're not sure about it. They're not sure if they want to get involved. But I guess the good thing, as the minister has pointed out, is that it's optional. I mean, they can do it, or they don't. Each municipality gets to decide that, so if they're not comfortable with it and don't think it's something they want to do, I guess they don't have to. That's a good part of it.

Then it's a little confusing, but I think I've got it. The minister has said that he's going to consult all summer, so I wasn't sure if that meant they're not going to move this bill through the final stages. We've done that before and consulted and come back in the fall and moved it. Or is it a matter of moving it now and then consulting after the fact, after the legislation? I assume it's consulting on the regulations. Then he says that he'll consult, if that is on the regulations, and then bring it back in the fall. Usually the regulations don't come back here. You know, you might consult, but I don't think it'll come back to this Chamber in the fall. I guess I'm not really sure what he's meaning there.

There are some questions on the legislation, but the details all come out in the regulations, so that's a lot of work to do. The minister is going to consult on it, but it just reminded me of one

thing that's been said lots of times before: the devil is in the details. So once we see the details in the regulations, I guess we'll know more about it.

I'm just going to read some of my speaking notes. I know they kind of repeat what's been said before and that the minister has already answered some of the questions. I thank him for that.

You know, I rise to support my colleague's reasoned amendment not to proceed with further readings of Bill 10, An Act to Enable Clean Energy Improvements. Madam Speaker, the more we've researched Bill 10; the more the critic and caucus have become concerned about it. You just heard my colleagues point out comments about the pitfalls of this proposed legislation. We cannot proceed further with Bill 10 if we are to provide a good legislative framework to Alberta's municipalities. It's out of concern for municipalities and consumers and the taxpayers of Alberta that we ask this Assembly to end the bill at this stage.

As usual, the title of Bill 10 sounds wonderful. How could anyone not support a bill that enables clean energy improvements? But it is our job as legislators to scratch below the title of the bill to ensure it is a benefit to Albertans, not a detriment. Our investigations have raised too many red flags to allow us to support Bill 10. For instance, after reviewing the government's PACE website, we discovered that the municipality installs and pays for the upgrades. That was interesting because the government was assuring Albertans and municipalities that Energy Efficiency Alberta was to be the administrator of the PACE programs and that municipalities had little to do or worry about. It certainly sounded promising, but like so much of Bill 10, the details were to be left to the regulations.

The government might have forgotten that it provided some of those details on its PACE website. Madam Speaker, it appears that the municipal government was always to be a partner, in fact, more than a partner, in this program. When we find this out through our own research rather than from what the government told us about the bill, it makes us question other aspects of the bill.

Madam Speaker, the information on the website was followed up with a look at the California experience with the PACE program. That state introduced it in the late 2000s, and it created problems for many homebuyers. In California PACE loans are recorded against the property as a tax lien, and in the case of someone defaulting on the mortgage, before they're able to sell their home, they had to first pay off the loan to attract buyers. You know, that may not be the case here, as the minister said, but like I say, we don't know those details. Those details will come out in the regulations. Some financing institutions chose not to lend to homebuyers when a PACE loan was outstanding on the property. In other words, it hampered both sellers and buyers. Why would Alberta want to go down this same road and also put PACE liens on the property?

This program is clearly problematic, and it would be unfair to lead Alberta homeowners and municipalities down that same road. The California homeowners had a poor experience with this program, and since Alberta is following the same model, could we not also have some problems? Why would the Municipal Affairs minister not have known about the California experience, and why is he so keen to import it to Alberta? For all of these reasons, I support the reasoned amendment on Bill 10.

We have also heard from the minister that we just do not understand Bill 10. You know, the minister has explained some stuff today, and he's had time to explain about the finer details, but I think even he doesn't know all the details yet because of the regulations. So, yeah. We don't understand it. I don't think all of the homeowners understand it or the municipalities. Until the

regulations are produced, I don't even know if the minister and the department understand all the details to it yet.

The act offers little help because it leaves so much for the regulations to fill in. That is yet another good reason to support this reasoned amendment. Without details about the program and with the mixed and somewhat contradictory information provided by the government about how it will work and the California experience with PACE, which points to a loan program that created problems for both home sellers and homebuyers, not to mention municipalities, Madam Speaker, I'm not sure why the government is so keen on PACE. There are too many red flags to allow this bill to pass.

I would like to point out that homeowners have options. If they want to invest in energy efficient home renovations, they can go to their bank and review their options for loans, lines of credit, and mortgages. Despite the government's ideological belief that it

makes economic sense for household finances, Albertans will take these measures without government pushing them to do so. They have been doing it for years and will continue to do so without government meddling.

Madam Speaker, I would like to see this government show more faith in Albertans to not only do the economically sensible thing but to do the right thing. Government does not have to manoeuvre them into doing so. With the pitfalls PACE serves up to homeowners and municipalities . . .

The Deputy Speaker: I hesitate to interrupt, hon. member, but pursuant to Standing Order 4(2.1) the House stands adjourned until 1:30 p.m.

[The Assembly adjourned at 12 p.m.]

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