



Province of Alberta

The 30th Legislature
First Session

Alberta Hansard

Tuesday evening, October 22, 2019

Day 31

The Honourable Nathan M. Cooper, Speaker

Legislative Assembly of Alberta
The 30th Legislature

First Session

Cooper, Hon. Nathan M., Olds-Didsbury-Three Hills (UCP), Speaker
Pitt, Angela D., Airdrie-East (UCP), Deputy Speaker and Chair of Committees
Milliken, Nicholas, Calgary-Currie (UCP), Deputy Chair of Committees

Aheer, Hon. Leela Sharon, Chestermere-Strathmore (UCP)
Allard, Tracy L., Grande Prairie (UCP)
Amery, Mickey K., Calgary-Cross (UCP)
Armstrong-Homeniuk, Jackie,
Fort Saskatchewan-Vegreville (UCP)
Barnes, Drew, Cypress-Medicine Hat (UCP)
Bilous, Deron, Edmonton-Beverly-Clareview (NDP),
Official Opposition House Leader
Carson, Jonathon, Edmonton-West Henday (NDP)
Ceci, Joe, Calgary-Buffalo (NDP)
Copping, Hon. Jason C., Calgary-Varsity (UCP)
Dach, Lorne, Edmonton-McClung (NDP)
Dang, Thomas, Edmonton-South (NDP)
Deol, Jasvir, Edmonton-Meadows (NDP)
Dreeshen, Hon. Devin, Innisfail-Sylvan Lake (UCP)
Eggen, David, Edmonton-North West (NDP),
Official Opposition Whip
Ellis, Mike, Calgary-West (UCP),
Government Whip
Feehan, Richard, Edmonton-Rutherford (NDP)
Fir, Hon. Tanya, Calgary-Peigan (UCP)
Ganley, Kathleen T., Calgary-Mountain View (NDP)
Getson, Shane C., Lac Ste. Anne-Parkland (UCP)
Glasgo, Michaela L., Brooks-Medicine Hat (UCP)
Glubish, Hon. Nate, Strathcona-Sherwood Park (UCP)
Goehring, Nicole, Edmonton-Castle Downs (NDP)
Goodridge, Laila, Fort McMurray-Lac La Biche (UCP)
Gotfried, Richard, Calgary-Fish Creek (UCP)
Gray, Christina, Edmonton-Mill Woods (NDP)
Guthrie, Peter F., Airdrie-Cochrane (UCP)
Hanson, David B., Bonnyville-Cold Lake-St. Paul (UCP)
Hoffman, Sarah, Edmonton-Glenora (NDP)
Horner, Nate S., Drumheller-Stettler (UCP)
Hunter, Hon. Grant R., Taber-Warner (UCP)
Irwin, Janis, Edmonton-Highlands-Norwood (NDP),
Official Opposition Deputy Whip
Issik, Whitney, Calgary-Glenmore (UCP)
Jones, Matt, Calgary-South East (UCP)
Kenney, Hon. Jason, PC, Calgary-Lougheed (UCP),
Premier
LaGrange, Hon. Adriana, Red Deer-North (UCP)
Loewen, Todd, Central Peace-Notley (UCP)
Long, Martin M., West Yellowhead (UCP)
Lovely, Jacqueline, Camrose (UCP)
Loyola, Rod, Edmonton-Ellerslie (NDP)
Luan, Hon. Jason, Calgary-Foothills (UCP)
Madu, Hon. Kaycee, Edmonton-South West (UCP)
McIver, Hon. Ric, Calgary-Hays (UCP),
Deputy Government House Leader

Nally, Hon. Dale, Morinville-St. Albert (UCP)
Neudorf, Nathan T., Lethbridge-East (UCP)
Nicolaidis, Hon. Demetrios, Calgary-Bow (UCP)
Nielsen, Christian E., Edmonton-Decore (NDP)
Nixon, Hon. Jason, Rimbey-Rocky Mountain House-Sundre
(UCP), Government House Leader
Nixon, Jeremy P., Calgary-Klein (UCP)
Notley, Rachel, Edmonton-Strathcona (NDP),
Leader of the Official Opposition
Orr, Ronald, Lacombe-Ponoka (UCP)
Pancholi, Rakhi, Edmonton-Whitemud (NDP)
Panda, Hon. Prasad, Calgary-Edgemont (UCP)
Phillips, Shannon, Lethbridge-West (NDP)
Pon, Hon. Josephine, Calgary-Beddington (UCP)
Rehn, Pat, Lesser Slave Lake (UCP)
Reid, Roger W., Livingstone-Macleod (UCP)
Renaud, Marie F., St. Albert (NDP)
Rosin, Miranda D., Banff-Kananaskis (UCP)
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UCP)
Rutherford, Brad, Leduc-Beaumont (UCP)
Sabir, Irfan, Calgary-McCall (NDP)
Savage, Hon. Sonya, Calgary-North West (UCP),
Deputy Government House Leader
Sawhney, Hon. Rajan, Calgary-North East (UCP)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)
Schow, Joseph R., Cardston-Siksika (UCP),
Deputy Government Whip
Schulz, Hon. Rebecca, Calgary-Shaw (UCP)
Schweitzer, Hon. Doug, Calgary-Elbow (UCP),
Deputy Government House Leader
Shandro, Hon. Tyler, Calgary-Acadia (UCP)
Shepherd, David, Edmonton-City Centre (NDP)
Sigurdson, Lori, Edmonton-Riverview (NDP)
Sigurdson, R.J., Highwood (UCP)
Singh, Peter, Calgary-East (UCP)
Smith, Mark W., Drayton Valley-Devon (UCP)
Stephan, Jason, Red Deer-South (UCP)
Sweet, Heather, Edmonton-Manning (NDP),
Official Opposition Deputy House Leader
Toews, Hon. Travis, Grande Prairie-Wapiti (UCP)
Toor, Devinder, Calgary-Falconridge (UCP)
Turton, Searle, Spruce Grove-Stony Plain (UCP)
van Dijken, Glenn, Athabasca-Barrhead-Westlock (UCP)
Walker, Jordan, Sherwood Park (UCP)
Williams, Dan D.A., Peace River (UCP)
Wilson, Hon. Rick D., Maskwacis-Wetaskiwin (UCP)
Yao, Tany, Fort McMurray-Wood Buffalo (UCP)
Yaseen, Muhammad, Calgary-North (UCP)

Party standings:

United Conservative: 63

New Democrat: 24

Officers and Officials of the Legislative Assembly

Shannon Dean, Clerk
Teri Cherkewich, Law Clerk
Stephanie LeBlanc, Clerk Assistant and
Senior Parliamentary Counsel
Trafton Koenig, Parliamentary Counsel

Philip Massolin, Clerk of Committees and
Research Services
Nancy Robert, Research Officer
Janet Schwegel, Managing Editor of
Alberta Hansard

Chris Caughell, Acting Sergeant-at-Arms
Tom Bell, Assistant Sergeant-at-Arms
Paul Link, Assistant Sergeant-at-Arms

Executive Council

| | |
|----------------------|---|
| Jason Kenney | Premier, President of Executive Council, Minister of Intergovernmental Relations |
| Leela Aheer | Minister of Culture, Multiculturalism and Status of Women |
| Jason Copping | Minister of Labour and Immigration |
| Devin Dreeshen | Minister of Agriculture and Forestry |
| Tanya Fir | Minister of Economic Development, Trade and Tourism |
| Nate Glubish | Minister of Service Alberta |
| Grant Hunter | Associate Minister of Red Tape Reduction |
| Adriana LaGrange | Minister of Education |
| Jason Luan | Associate Minister of Mental Health and Addictions |
| Kaycee Madu | Minister of Municipal Affairs |
| Ric McIver | Minister of Transportation |
| Dale Nally | Associate Minister of Natural Gas |
| Demetrios Nicolaides | Minister of Advanced Education |
| Jason Nixon | Minister of Environment and Parks |
| Prasad Panda | Minister of Infrastructure |
| Josephine Pon | Minister of Seniors and Housing |
| Sonya Savage | Minister of Energy |
| Rajan Sawhney | Minister of Community and Social Services |
| Rebecca Schulz | Minister of Children's Services |
| Doug Schweitzer | Minister of Justice and Solicitor General |
| Tyler Shandro | Minister of Health |
| Travis Toews | President of Treasury Board and Minister of Finance |
| Rick Wilson | Minister of Indigenous Relations |

Parliamentary Secretaries

| | |
|-----------------|--|
| Laila Goodridge | Parliamentary Secretary Responsible for Alberta's Francophonie |
| Muhammad Yaseen | Parliamentary Secretary of Immigration |

STANDING AND SPECIAL COMMITTEES OF THE LEGISLATIVE ASSEMBLY OF ALBERTA

Standing Committee on the Alberta Heritage Savings Trust Fund

Chair: Mr. Orr
Deputy Chair: Mr. Getson

Allard
Eggen
Glasgo
Jones
Loyola
Nielsen
Singh

Standing Committee on Alberta's Economic Future

Chair: Mr. van Dijken
Deputy Chair: Ms Goehring

Allard
Barnes
Bilous
Dang
Gray
Horner
Irwin
Issik
Jones
Reid
Rowswell
Stephan
Toor

Standing Committee on Families and Communities

Chair: Ms Goodridge
Deputy Chair: Ms Sigurdson

Amery
Carson
Ganley
Glasgo
Guthrie
Long
Neudorf
Nixon, Jeremy
Pancholi
Rutherford
Shepherd
Walker
Yao

Standing Committee on Legislative Offices

Chair: Mr. Ellis
Deputy Chair: Mr. Schow

Goodridge
Gray
Lovely
Nixon, Jeremy
Rutherford
Schmidt
Shepherd
Sigurdson, R.J.
Sweet

Special Standing Committee on Members' Services

Chair: Mr. Cooper
Deputy Chair: Mr. Ellis

Dang
Deol
Goehring
Goodridge
Gotfried
Long
Neudorf
Sweet
Williams

Standing Committee on Private Bills and Private Members' Public Bills

Chair: Mr. Ellis
Deputy Chair: Mr. Schow

Glasgo
Horner
Irwin
Neudorf
Nielsen
Nixon, Jeremy
Pancholi
Sigurdson, L.
Sigurdson, R.J.

Standing Committee on Privileges and Elections, Standing Orders and Printing

Chair: Mr. Smith
Deputy Chair: Mr. Schow

Carson
Deol
Ganley
Horner
Issik
Jones
Loyola
Neudorf
Rehn
Reid
Renaud
Turton
Yao

Standing Committee on Public Accounts

Chair: Ms Phillips
Deputy Chair: Mr. Gotfried

Barnes
Dach
Feehan
Guthrie
Hoffman
Nixon, Jeremy
Renaud
Rosin
Rowswell
Stephan
Toor
Turton
Walker

Standing Committee on Resource Stewardship

Chair: Mr. Hanson
Deputy Chair: Member Ceci

Dach
Feehan
Getson
Loewen
Rehn
Rosin
Sabir
Schmidt
Sigurdson, R.J.
Singh
Smith
Turton
Yaseen

Legislative Assembly of Alberta

7:30 p.m.

Tuesday, October 22, 2019

[The Speaker in the chair]

The Speaker: Hon. members, please be seated.

Government Bills and Orders Second Reading

Bill 18

Electricity Statutes (Capacity Market Termination) Amendment Act, 2019

[Debate adjourned October 22: Ms Issik speaking]

The Speaker: Hon. members, the hon. Member for Calgary-Glenmore has 10 minutes remaining.

Ms Issik: I'm not quite sure where I left off, but I will continue to speak about our electricity system overall, why the capacity market needed to not go ahead and we needed to remain in the energy-only market.

Our electricity generation system under the previous government was fraught with uncertainty, and part of the reason for that is because the previous government broke it many times over, started out with bringing in the carbon tax. Breaking the PPA system cost us \$1.8 billion to pay for that plus court costs, millions in court costs, because they didn't want to admit that they had broken the system.

Then the policy was brought in to accelerate coal generation retirement. Now, the opposition constantly wants to bring up that this was a Stephen Harper policy, and somehow they don't want to take any credit at all for accelerating coal retirement. Why is that? Is it because they spent \$1.5 billion of taxpayers' money to pay off the coal generators in order to proceed with the acceleration, or is it that they don't want to call to attention the fact that there were hundreds of coal workers who were accelerated out of their jobs?

Then this was going to cause a shortage and bring the price up, so what do we do? The opposition, the government at that point in time, decided that they were going to basically try to cover it up by subsidizing consumers with borrowed money. That's another \$800 million.

An invoice to the taxpayers of Alberta of about \$5 billion for a system that they broke, that was working reasonably well to begin with: it's no surprise that we're returning to an energy-only market. It's predictable. It provides stability for investors going forward, knowing where their investment dollars are going to land and that they'll produce a profit for them and their shareholders. I know that the NDP government previously didn't trust corporations. Private enterprise couldn't be trusted to produce reliable, affordable energy even though they had done it for over 20 years already.

We need to understand that we are now changing some legislation to clean up some acts in order to put the energy-only market back into play in a responsible way, that's going to allow for increased investment in the electricity generation field, that will allow additional renewable energy without having to go through the REP process, that required RFPs and RFQs and bureaucrats to figure out whether they could even allow people, corporations to bid. At the end of the day, we've probably had more renewable energy proposals come forward since we made this announcement in July than were brought forward – more megas have been put into proposals now than were brought in under the REP, so I'm going to say that the energy-only market is an incredibly good investment

attractor. It's also allowing players into the market that previously weren't there. We've got indigenous corporations now that are putting forward proposals for clean energy that didn't exist before.

We have a 30 per cent margin of oversupply right now – 30 per cent – so I'm really kind of curious why anybody would think it would be a good idea in a capacity market to pay producers of energy for energy that they never produce. The capacity market is built on nameplate, which is basically how much a project can actually produce. If they ran at 100 per cent, this is how much they could produce. The reality is that with wind it's going to produce 30, maybe 40 per cent at best of nameplate, yet we were going to pay for the other 60 per cent on top of it all. It doesn't make any sense. It never did. Wind producers have told us time and again that they're absolutely competitive in the energy-only space.

That's why I'm supporting these changes. That's why I support the energy-only market. It worked well for 20 years. I'm not sure why we needed to spend an additional \$5 billion to break it, only to realize that it's actually the market we should have been in in the first place.

The member across was speaking earlier and mentioned that one of the big problems with a capacity market is forecasting, sort of brushed it off as if it's not a big problem, that somehow forecasting was just as big a problem in a 24-hour period as it would be in a three- to five-year period. Well, that's just not true. Human beings predicting the size of the economy, the rate of the economy, the need for electricity five years out is not very likely to be very accurate. You're going to be a lot more accurate in a 24-hour period.

It really boils down to this: whether or not you believe that market forces, that free enterprise and the free market are actually capable of supplying demand. We've shown time and again that the market works. The market works. Supply and demand: the laws of supply and demand work. Free enterprise works, and this is all about bringing free enterprise to this province, supporting the free enterprisers in this province. Free enterprise was what this province was built on. At the end of the day, this legislation is cleaning up some language to allow the energy-only market to proceed, to allow free enterprise and the free market to produce energy at an affordable rate, that's reliable. It's worked for 20 years. It's going to continue to work, and it will bring investment to this province because of predictability. It will have us in a very good place to diversify our economy as well as sustain and build prosperity for all Albertans.

The Speaker: Hon. members, Standing Order 29(2)(a) is available if anyone would like to join in the debate this evening. I see the hon. Associate Minister of Red Tape Reduction has risen.

Mr. Hunter: Thank you, Mr. Speaker. I was listening with really bated breath as I was trying to figure out a little bit more about this really difficult understanding of the electricity market. I know that when we were in opposition and the NDP had talked about going into the capacity market, I did as much research as I could, but it was really almost Greek. I know that it's a very complex subject. I was actually very impressed with what the member knows about this industry.

When I was doing the research, I actually recognized that there were three parts to it. There was the retail, the distribution, and the transmission. Back when they actually moved into the system we have right now for the retail side, they didn't actually go into this free market on the transmission and the distribution side. What's interesting about the research I did was that I found that there are only a couple of markets in North America that actually have the system we have right now. Those are Texas and Alberta. Those two jurisdictions have the lowest retail price of electricity in North

America, yet the parts that actually didn't move to that kind of a free market, transmission and distribution: we have seen substantial increases in that same period of time. If there was ever an argument about what you should be fixing – I don't think you should have been trying to fix the part that was already working very, very well as we can see the price of retail was down. What we need to really start taking a look at is whether transmission and distribution are actually working effectively for Albertans and for the price of electricity.

I'm very interested to hear from the member if she'd be willing to talk about this experiment that we started 20 years ago with deregulating because I'm actually very interested in the concept of deregulation.

7:40

Ms Issik: Well, back in the day, when we were deregulating, the government owned all of the infrastructure, so when we deregulated, the infrastructure was taken over by private enterprise, and they've been responsible for building the transmission and, of course, the distribution system. Transmission is, obviously, taking it from generation to the distribution system, and distribution is to take it to the end-users. I will tell you that at this point there is work to be done on the transmission and distribution side. I know that there are some inequities that rural folks are feeling in terms of the distribution system. I do believe much work is necessary in this field. I think that it affects users' prices, for sure, and that we need to do further work. I would suggest that the hon. Associate Minister of Red Tape Reduction might have a great new piece of work there.

The Speaker: Hon. members, there's approximately a minute and a half left in 29(2)(a) if anyone has any additional questions or comments.

Seeing none, the hon. Member for Edmonton-Riverview would like to join the debate.

Ms Sigurdson: Thank you, Mr. Speaker. It's my pleasure to rise and speak about Bill 18, the Electricity Statutes (Capacity Market Termination) Amendment Act, 2019, as we've heard from previous speakers, this government's legislation to revert to the energy-only market from the move to the capacity market. I just want people to know that it's going to hurt Albertans, and it's going to hurt Albertans in more than one way. It's going to hurt them, actually, in several ways.

I'd just like to identify first of all, number one, that citizens are going to be hurt adversely by the financial cost of this. Some research shows that actually these price spikes, that the minister herself spoke about, that are real in this energy-only system, could be almost 10 times more than what the price has been previously, so this is a significant issue. This is really putting a lot of burden on citizens of our province and creating some hardship. I know very well from sitting in this Chamber for many weeks now that this UCP government cares very much about making sure people have money in their pockets, so I'm a bit confused that this indeed is going to be doing the absolute opposite. I don't quite follow that, but I just absolutely wanted to make sure that people knew that the consumer, the citizen of this province, will be on the hook for those price spikes when they happen, and they do happen in this energy-only market.

Perhaps I shouldn't be so surprised because sometimes what is said and what is done aren't congruent; they're not actually consistent. Certainly, we learned this summer that – you know, another example of not putting money in citizens' pockets is the cap that we put on auto insurance rates. It came off. Many Albertans are experiencing an increase in their auto insurance rates because this

UCP government decided that that cap shouldn't be on that. Certainly, I know this personally because I receive many e-mails and phone calls in my constituency office about these things, and people are definitely very concerned about that. Again, this is kind of incongruent with, certainly, the philosophy that I understand the UCP government espouses. Again, I'm a bit confused by it.

But, of course, these are legitimate concerns, certainly, of the voters in my constituency. I know that, unfortunately, even though we do live in a democratic state, there is a sense sometimes in this House that just because we are representatives of constituents in opposition ridings, somehow our voice isn't legitimate. Indeed, it is. Our voice is legitimate, and even if we are not the government, we have the right to speak and represent those people. Certainly, I'm very proud to stand and be the representative for Edmonton-Riverview, and I gladly, proudly will speak up for them because – you know what? – this is a very large province with millions of people who have diverse views, and we have a government and an opposition that have diverse views. That's what's healthy about democracy. It's that we do have political discourses that, hopefully, are robust, that one side doesn't only speak and the other is just quiet or vice versa, that all of us can speak. So I'm very proud to be able to represent those constituents of Edmonton-Riverview.

So besides the financial cost that is borne by the citizens of Alberta because of this change to the energy-only market, there's also an issue of accessibility with this type of market. We know that brownouts and blackouts are more likely to occur in this kind of energy-only market. They're more volatile and less reliable than capacity markets. Certainly, the research has shown that capacity markets are more safe, reliable, sustainable, and affordable. This isn't just, you know, someone's opinion. Experts in the field have talked about this. The Alberta Electric System Operator, AESO, is made up of corporations that actually provide the electricity in our province. They say this. This isn't only voices of our opinion. This is actually a fact and research that's been done.

We know that most markets in North America have moved or are moving to a capacity market, although there are a few jurisdictions where they do have an energy-only market, and one of those is Texas. From their experience we do understand, because they've had that kind of a market for a while, that they have a lot of challenges, and one of them is these brownouts and blackouts so that citizens don't have access to electricity at times or they're told not to use as much electricity because, you know, the grid could go into a brownout or blackout situation, so then no one would have the electricity they need.

Again, you know, the Minister of Energy herself said earlier this afternoon that, yeah, price spikes are part of that. So that means that the citizens of those jurisdictions – the citizens of Texas, the citizens of Alberta – will have to pay for that. The financial burden is there, and this example of Texas shows that that is going on. Citizens are vulnerable. Not only is access to electricity unreliable; it also can be extremely expensive. I know the hon. members in government certainly express deep concern for citizens to have to, you know, take on that burden.

Another area, besides the financial and the accessibility issues with the energy-only market, is that the capacity market was meant to transition an electricity market that would meet the goals of our climate leadership plan, so really moving to more green energy because we know that climate change is real and we are running out of time to take action on climate change. I mean, lately it's been identified as eight years that we really need to do something. Sadly, one of the first things that this UCP government did was get rid of our climate leadership plan, and we're still waiting to see what their plan will be, but it's necessary, and it's important. Of course, the capacity market was a structure that increases the share of

renewable energy in the energy mix, so that's good. That's good for the environment. That's creating more green energy for Albertans to use, creating less carbon.

In fact, the shift to the capacity market encourages more capital investment due to the inclusion of renewable energy, and again this flies in the face of what the minister said earlier. She seemed to suggest that they want an energy-only market because what she had heard was that there'd be more commitment to investment. Yet this is information, certainly, from the Alberta Electric System Operator, so these are some important facts. I don't know if the minister has heard them or not, but I think it's important she does. In fact, energy investors show less willingness to invest in energy-only markets due to the risk of that.

Again, these are other concerns that we have, certainly, on this side of the House in terms of reverting to an energy-only market. We see the capacity market as the way to move forward, and it is the way to move forward in most jurisdictions in North America. This work is helping to decarbonize the electricity grid, attract green energy and investment, and provide reasonable prices on electricity. These are key issues, certainly, for citizens of our province, and it is important for us to know all the facts on this issue.

7:50

I have a document here that was published by the Alberta Electric System Operator. It talks about why it was important that they recommend to our government – they recommended it; they said that this is the best course of action – to move to a capacity market. This is why they recommended it.

One of the key objectives of any power market is to incent enough generation to meet demand today and in the future.

This capacity market does that.

The AESO recommended that Alberta's electricity market structure needs to transition following research that indicates the existing energy market structure will not ensure the necessary investment in new generation that Alberta requires.

That's something I referenced a moment ago, that having more of a mix and having more renewables in that mix means that investors actually come and want to invest in that market, again in contrast to the information that the minister presented earlier today, which was honestly a bit confusing for me, having been involved in consultations as a minister.

She presented information that everyone was in agreement – everyone. I mean, that seems almost, you know, unrealistic. I can't imagine that everyone is in agreement on any issue. People have diverse opinions and have questions, but she assured this House that everyone agreed. Here I'm standing before you with a published document that isn't in agreement, yet the people that she consulted with all agreed. I just can't really have faith in the system. Certainly, people have dissenting opinions, so for me it seems like it wasn't a clear or robust process because it's just a normal function: ask a question, and you may get many, many different answers. It seems a bit naive to think that there is no one who has a different opinion. I guess I'm standing before you today to say that I have a different opinion. Our caucus has a different opinion.

Certainly, the Alberta Electric System Operator has a different opinion.

The AESO studied a number of structures and found that a capacity market best fit Alberta's characteristics and objectives with the least amount of risk.

Okay. So this all again flies in the face of what we've been presented with previously.

A capacity market ensures continued reliability of the system in a cost effective manner while enabling the transition to a cleaner, lower-carbon electricity system over the coming years.

These are the reasons that AESO recommended to our government at the time to actually go with a capacity market. They really rejected the energy-only market and said that it was so important to go to a capacity market.

They went on and talked further about the key benefits of the capacity market.

A capacity market provides the following combination of benefits which no other single market structure can:

That means that the energy-only market would be one of those structures.

- Ensures reliability as Alberta's electricity system evolves
- Increases stability of prices

Again, that is something that the citizens of Alberta will be very interested in because those price shocks, which are inherent in an energy-only system, will be an issue for consumers and citizens.

- Provides greater revenue certainty for generators

So the people who are providing it actually will have a greater revenue because of all the mix of energy.

- Maintains competitive market forces and drives innovation and cost discipline

Well, that sounds like something about the free market that I think my hon. colleagues in the government would certainly feel very, very proud of. I mean, the AESO, which is made up of industry leaders, has published a document citing the merits of the capacity market as opposed to the energy-only market, and I'd just really urge my colleagues to reflect on some of the things that I've just shared and really look at how some of them are congruent with some of their values as UCP representatives.

Certainly, on this side of the aisle we care that citizens aren't burdened out of pocket by having to pay for these price shocks that come we're not sure when – it is kind of an erratic system – or by having issues with accessibility, like if there are brownouts or blackouts and we have to be very careful about the usage. I mean, that's one of the fundamental things, hopefully, about our electricity system, that we are confident that when we go into a room and turn the lights on, they come on; that the electricity is available for us, for our fridges and our freezers. I mean, we know we could waste so much. Those kind of things are so important to Albertans.

Of course, we care about having a green economy, and this will move us closer to that.

The Speaker: Hon. members, Standing Order 29(2)(a) is available if anyone would like to ask a brief question or comment.

Seeing none, is there anyone else that would like to join in the debate? I see the hon. Member for Edmonton-South.

Mr. Dang: Thank you, Mr. Speaker. It's always a pleasure to rise here at any time of day or night and speak on behalf of my constituents and with my opposition colleagues here about Bill 18, the Electricity Statutes (Capacity Market Termination) Amendment Act, 2019. That's quite a mouthful. Certainly, I think that my colleagues have made a lot of very good comments on the technical aspects, and hearing what government members have been saying, members like the Member for Calgary-Glenmore, who has just been so factually wrong on the issue, has left me at a bit of a pause. It really has shown that the government hasn't done their homework here. They don't understand the implications of the capacity market versus the energy-only market. They don't understand. Perhaps they needed more time in their briefings. Really, it shows how complex this issue is, that it's something that we need to get right. The government isn't spending the time to do that.

They're rushing through without proper consultation, without proper understanding, without understanding things like how this fails in Texas, without understanding how things like rolling brownouts and blackouts were a reality and will be a reality again

here in Alberta, without understanding how the price spikes are going to affect consumers here in Alberta, without understanding all of these issues, Mr. Speaker, and really not even fundamentally understanding. The Member for Calgary-Glenmore spoke quite at length about how the purchasing agreements would be better than in a capacity market. Let me tell you – and some of my colleagues will speak to it later – that she fundamentally did not even understand how that worked. That was something that was very shocking to me.

What I will speak about instead, Mr. Speaker, of the technical aspects, because I know that in many cases Albertans won't have some of the expertise in some of these issues – that's okay; it is a very complex file. I want to talk about values. I want to talk about the values that the government is bringing forward with this bill, the values that they're failing to bring forward with this bill, and how important it is that we don't move forward with this bill. When we look at the bill that they're bringing forward here and how they've framed this, they've framed this as this idea that we have to go back to the good old days. That speaks to the government's planning, and that speaks to the government's depth of understanding. It speaks to how they don't understand or don't care. It has to be one or the other. They either don't understand or they don't care how this is going to impact consumers.

Those are the values we're talking about. We're talking about a party that would give a 4 and a half billion dollar corporate giveaway to the wealthiest corporations and then, on the other side, raise the rates of electricity for every single consumer and reduce the stability of the market for every single consumer. Those are the types of values we're talking about. We're talking about a party, a government that is willing to move towards American-style systems and not accept the great made-in-Canada, made-in-Alberta solutions that we're trying to bring forward here, that doesn't understand that nearly every single jurisdiction in the world except for a few select ones are on a capacity market because it is the one that works. It's the market that works the best and inspires innovation, inspires investment, and does all these great things, Mr. Speaker.

8:00

We're talking about values. We're talking about a government whose values are that they're going to give a 4 and a half billion dollar giveaway to wealthy corporations and then, on the other side, make life more expensive for Albertans. Those are the types of values that we're talking about, Mr. Speaker. It's something that's unfortunate, it's something that's reckless, it's something that's short-sighted, but it's what we're seeing from this government.

We're seeing that this government is leaving Albertans to pay the price. We're leaving the average consumer to have a less stable system, a less fair system, a system that is discredited by the experts that operate the Alberta electrical system here, and that's something that's very unfortunate. It's unfortunate that the government and government members would not listen to their own experts on why a capacity market is important.

Again, Mr. Speaker, it's about values, and they don't value that type of input. They don't value any Albertans who don't fall in line and get behind their 4 and a half billion dollar corporate giveaway, their Americanization of the Alberta system. They don't value any of that. The values that they have are to give 4 and a half billion dollars to their wealthiest friends and donors, the wealthiest corporations in this province, multinationals, and then leave in this case the energy-only market, which will then have increases for Alberta families and reduce affordability for Alberta families.

It's something that's really shameful, Mr. Speaker. It's something that's really unfortunate because it speaks to either how

this government does not understand or does not care. They either don't understand or they don't care. They have to realize that when they look at the research, when they look at the Texas case study, that my colleague from Edmonton-Riverview spoke about. The price peaks that skyrocket all over the place and the brownouts that happen and all the types of scenarios that are really only possible because of the energy-only market: if they don't understand how fundamental that is to the energy-only market, then they don't understand the energy market at all.

That speaks to their values, Mr. Speaker. It speaks to that they don't actually care about how the energy market works. They care that they can move on and Americanize the system. They want to Americanize the system, and they want to give 4 and a half billion dollars away to the wealthiest corporations. Those are their values, and that's okay. Our values are trying to increase affordability for Albertans, trying to defend Alberta families, and trying to improve the lives of every single Albertan in this province. If the values differ, that's okay. We can look at the evidence, we can look at the facts, we can look at how the energy markets actually work, and we can realize that this government just doesn't care or doesn't understand. Both of those are something that government members should be very concerned about.

It's something where they should realize there is an unacceptable risk to that. They should realize that when they move forward with legislation like this, there is an unacceptable risk. We are making changes that will have impacts for decades to come, Mr. Speaker. We're talking about how this is going to affect investment in Alberta for decades to come, how this is going to affect innovation in Alberta for decades to come, how this is going to affect the growth of things like renewable energy in Alberta for decades to come and indeed the growth of conventional energy.

We know that these corporations that do conventional generation have spoken at length about why a capacity market is better. We know that, Mr. Speaker, because we can look at every other jurisdiction in the entire world except for a select maybe four or five, basically, and all of them have capacity markets. If the government doesn't understand that, let me tell you that four or five is the number of fingers most of you will have on your left hand. That's the reality. What the government doesn't understand or doesn't care about is that they think they've got it better than everybody else. Those are their values. They think that they're smarter than everybody else. That's what they believe. Unfortunately, that's not what the Alberta Electric System Operator believes, that's not what the majority of these corporations believe, and that's not what the majority of the other jurisdictions in the entire world believe.

So maybe either this bill has it wrong, maybe the government's implementation of this bill has it wrong, or maybe how everybody else does it is wrong, Mr. Speaker. I'm not usually a betting man, but I would probably wager that if everybody else is doing it, the capacity market, then maybe it's got something going for it. Maybe it is a bit more stable. Maybe it will improve affordability for consumers. Maybe it will have a more fair system for the average consumer.

But we're talking about values, and we're talking about a government whose values are to give 4 and a half billion dollars away to the wealthiest corporations, who are willing to give money away to their friends and donors, Mr. Speaker, and that's something that is not in my values. I think we should try to improve affordability for Albertans. I think we should try to make a more stable, more fair energy market. I think that we should have a system that encourages innovation.

I think we should have a system that encourages more renewables to come online, Mr. Speaker, that encourages projects like large

wind and large solar to be brought here to Alberta, because we can diversify our economy, and we can have more streams of revenue and more jobs and more good jobs here in Alberta. We know that. We saw evidence and we see evidence that capacity markets do that. It creates things like good-paying jobs. Instead, we see a government who gives 4 and a half billion dollars away to wealthy corporations without creating a single new job and then goes and tries to cancel and terminate the capacity market, which is going to cost jobs in the future.

But we're talking about values, and those are the types of values the government wants to bring to the table. Those are the types of values the government wants to bring to this Legislature. And that's their prerogative, Mr. Speaker. It's their prerogative to try to destabilize the market, to try to Americanize the market, to try to make it less fair and less affordable for Albertans. That is the prerogative of the government, but those are not the values of this opposition. This opposition will fight to make sure the economy is more stable. The capacity market would have been more stable, and that's why we brought it in. We will fight to make sure it's more fair for the average consumer. We'll fight to make sure there aren't rolling blackouts and rolling brownouts. We'll fight to make sure there aren't drastic price spikes. We'll fight to make sure that when you go to turn on that light switch, the lights turn on. That's what we're fighting for here in the opposition.

The government maybe doesn't understand why that's so important. The government maybe doesn't understand why this is such a drastic change to the market, and that's okay. It's a very complicated market, Mr. Speaker. It is. The energy market takes a very long time and a lot of research to understand, but they must understand that when we talk about market forces, we talk about how, basically, the whole of all the wagers and thoughts will be able to make a better decision than one, right?

The government likes to talk about not picking winners and losers, and they like to talk about not interfering in the markets and whatnot. Well, if we're talking about that collective knowledge – and essentially what we're trying to boil it down to is collective knowledge – I'll use another sports betting analogy here, Mr. Speaker. They say that most betting systems are pretty good if you can get to what the Vegas odds have. The Vegas odds are basically the amalgamation of all the knowledge of everybody who is betting. That's what it is. Every single other jurisdiction in the world, basically, has bet that the capacity market is better than the energy-only market. Either the government knows something that we don't and they think that they've solved the entire world's energy market problems, or they're wrong.

I'm willing to bet they're wrong. I'm willing to say that it's very likely they are trying to Americanize the system. They're trying to Americanize the system while giving 4 and a half billion dollars away to the wealthiest corporations on one hand, and they don't have the values of trying to defend affordability for electricity markets here in Alberta. They don't have the values of trying to allow us to decide our own price of energy on any given day. They want to let foreign markets decide the prices. And those may be the values of the government. I wouldn't speak for any other member, but they have to understand that this is how the facts lay out, and they either understand that or they don't care about that.

That's okay. I mean, that's why we're here. That's why we're debating it here right now, Mr. Speaker. We're here to help educate the government. We're here to help them understand that this is going to bring us to an unstable system, an unfair system, one that makes life less affordable for Alberta families. They're willing to give 4 and a half billion dollars away to the wealthiest corporations while life becomes less affordable for the average Alberta family. That's something that I think is not good. If members of the

government think it's okay to increase the expenses of a family, that is their prerogative, and they should get up and speak to that, on why they think it's okay to make life more expensive.

But that's not what the values of this opposition will be. It's not what we are going to be fighting for. It's not what we believe in. We believe in trying to have a fair system. We believe in a system that works for everybody. We believe in a system that means that when you go home and you try to turn on that air conditioner because it's the middle of July, you know that you're not going to be affected by a rolling brownout.

8:10

The reality, Mr. Speaker – you'll remember this, and I believe most of my colleagues remember this – is that just a few years ago we were seeing drastic numbers of rolling blackouts. I remember fondly – I don't know if “fondly” is the right word – that especially back then it was Klondike Days here in Edmonton, K-Days. The rolling blackouts would come, and we'd go into the kitchen and light our candles because the price spikes and the instability of the energy-only market didn't allow us to have electricity that day. We couldn't turn on any of our lights, so we had candles, and we'd sit around and read our books by candlelight like it was the 1800s or something. That's the type of system – I wouldn't speak to how far back the Conservatives are trying to bring us here – that they brought in. It was something that was very concerning for me, to see that they want to go back to the system that has these rolling brownouts. Albertans know that it was a system that didn't work. Albertans remember that it was a system that didn't work.

Mr. Speaker, we're talking about values. We're talking about how we want to have the values of fighting for Albertans, fighting for people's affordability, fighting for families. Instead of doing that, this government has decided that they're going to go out and Americanize the system, give 4 and a half billion dollars away to the wealthiest corporations and their wealthy friends and donors. They're going to bring in reckless and short-sighted changes that are going to make life more expensive. They're going to make the electricity system less stable. They're going to make the electricity system worse overall here in Alberta. I think it's because – they can stand and speak to this – they don't understand the system. I don't think it's because they don't care. That's something that we'll have to see. Really, it's all about our values and whether they believe in making life more affordable.

Thank you.

The Speaker: Hon. members, Standing Order 29(2)(a) is available if anyone has a brief question or comment. The hon. Member for Edmonton-Decore has risen. Oh, I'm kidding. Edmonton-McClung.

Mr. Dach: Thank you, Mr. Speaker. Nellie will be mortified. Nonetheless, I thank you for that correction. Edmonton-McClung is indeed the glorious west-end constituency that I happen to have the privilege of representing.

Sir, as you may note, what we're having today probably in this House is not a debate of points of order, as you sometimes refer to, but a difference of opinion based on a varying interpretation of the facts, as I've heard you often say in this Legislature. We're looking to the Member for Edmonton-South, whose eloquence always evolves into a number of teaching moments whenever he opines on a subject. I'm wondering if he would care to mention in his upcoming response to my questions what he thinks or who he thinks this former system, the energy-only system that was in place for 20 years, as is so often referred to by members of the government opposite, was working for for 20 years. To the Member for

Edmonton-South: for whom? For whom was this system working for 20 years? That, Mr. Speaker, is the question that I think begs to be asked.

Also, another thing that members of the government quite often refer to – and I think it might even be in the prologue to their legislation – is that things have recently changed. Well, they have changed, Mr. Speaker, and I'd like to hear the Member for Edmonton-South's opinion on it as well. They've changed from a system where the former government, PC or whatever rendition it was, now UCP, has gone from a system of asking the people of Alberta simply just to trust us to a system where that's no longer acceptable, a system where, yeah, things have changed.

The government is being challenged by a very strong and determined and competitive and, I would say, very astute opposition, that is embodied in the comments of the Member for Edmonton-South every time he gets up. It is a teachable moment. One of the lessons that I think he teaches is to make sure that we look generationally at not only my generation but also forward to his and to the people who will follow him and determine whether these price spikes and blackouts are, you know, a Halloween phenomenon or if they're something that we're going to be seeing regularly on an ongoing basis once this government seeks its mandate to determine that they will return to an energy-only market.

I'll wait. I've got much more to say, but I'd sure like to hear a bit more from the Member for Edmonton-South.

The Speaker: Thank you, hon. member. I, for one, certainly have missed evening sittings.

The hon. Member for Edmonton-South.

Mr. Dang: Thank you, Mr. Speaker. You know, it's always a pleasure to be here in the late hours of the night with you, actually. It is one of my favourite times that we get to spend together.

Mr. Speaker, I'd like to thank the Member for Edmonton-McClung for some of his comments. I look forward to hearing more of his comments later. I know they're going to be quite insightful.

But I think that, indeed, it is a concern when we talk about for whom an energy-only market is working, and when we talk about who the energy-only market is working for, we can go back to our values. We can talk about what we care about as people, as parliamentarians, as MLAs, as Albertans, Mr. Speaker. We can talk about our values and whether our values are standing up for working Albertans, everyday Albertans, or whether our values are standing up for corporations and giving them a 4 and a half billion dollar handout. I think that will tell you who the energy-only market was working for before, because we can talk about whether we believe in fighting for stability, fighting for fairness, fighting for fair prices, and making sure that when an Albertan goes to turn on their light switch, it works. We can talk about that.

We can also talk about why this government is ignoring the facts, ignoring the research, ignoring the evidence, ignoring the overwhelming consensus internationally, Mr. Speaker. We can talk about their values. We can talk about how they're giving 4 and a half billion dollars away to the wealthiest corporations while Americanizing our energy market right here in Alberta. They're trying to Americanize our systems right here in Alberta, and that's something that I think speaks to the values and speaks to who this market is trying to be working for. It's not for Albertans. It's not for consumers. It's not for ratepayers. I think that's becoming abundantly clear. It's becoming abundantly clear that this government isn't trying to stand up for working people.

The Speaker: Is there anyone else that would like to join in the debate this evening? The hon. Member for Edmonton-McClung.

Mr. Dach: Thank you very much, Mr. Speaker. It would be a pleasure to rise and speak directly to Bill 18, the Electricity Statutes (Capacity Market Termination) Amendment Act, 2019. I wish we weren't here at this point, but, yes, indeed some things have changed. We're sitting on this side of the House, the government is on the other. They're reversing something that we thought was high time, actually did change, and that was to bring Alberta to a capacity market for electricity.

The energy-only market is something that the government members correctly point out that we had in place for 20 years, but simply because we were there for 20 years doesn't necessarily mean it was serving us well. As I mentioned, government members suggested that it was working. I question: working for whom? Who was benefiting from the energy-only market? There are lots of questions that can be asked. I think you probably could go to the literature and find varying opinions depending upon what your motivations were when you're talking about the cost benefits of either system.

I do say that I'm enjoying this exchange between the government and the opposition because we are actually having a contest to determine the hearts and minds of Albertans on this issue. We firmly believe on this side of the House that a capacity market better serves the province, better serves the consumers, is a long-run cheaper method for provision of electricity in the province, and is one which also in the long run serves to incent generation capacity for industry as well as for residential consumers in the province. It's a debate that is a healthy one to have in a democracy, and this is the type of respectful debate that we should have more often. I think it is a complex issue and one that Albertans want us to share openly with them so that they can get a better grasp and make up their own minds about what type of electricity market serves them best.

8:20

Now, the NDP government that I was a part of the caucus of changed the way that Alberta pays for energy providers so it's more stable and fair, in our view, for the average consumer. That decision was evidence-based from experts on how to protect consumers and modernize our electricity market. Now the UCP wants to reverse this change, letting foreign markets decide the price of energy on any given day; in the words of one member opposite in the government, to have faith in the free enterprise market.

Well, Mr. Speaker, I'm not one who simply wants to have faith that something's going to work. I want to know the evidence. I want to make sure it actually works. Just because something is operating under free market rules doesn't necessarily mean it's in the best interest of the consumers or the citizens of the province. There are rules and regulations around every system that's put into place, and those rules and regulations have results that benefit individuals or parties in different ways, and in our view the capacity market is the type of electrical generation system that most appropriately serves Albertans now and into the long-term future.

I note one thing that I think Albertans can easily grasp, and that happens to be the number of jurisdictions in North America who actually operate under an energy-only market, and they are limited. Now, in North America, if you look at the number of provinces in Canada and the number of states in the United States, there may be some jurisdictions where the market is shared by a few states or other jurisdictions. But assuming, let's say, that that's taken into account and you have perhaps 40 different jurisdictions where the electricity markets are in place, that would mean, when you know that only two have energy-only markets, that the vast, vast majority of those jurisdictions have chosen, using the wisdom of their own capacities to make decisions, to have a capacity market.

That should be telling us something here in this province as Albertans, that when we have a government saying, “It’s good for you. Trust us. It’s been operating for 20 years. It’s been working well,” yet almost every other jurisdiction in North America has abandoned the energy-only market in favour of a capacity-only market or in some cases a slightly hybrid market. That should tell us, Mr. Speaker, that there’s merit in reconsidering and having a capacity-only market in place in Alberta.

I’m not one who’s willing to pledge allegiance to a faith in the free market. I want to make sure that that free market has got rules and regulations that are in place to benefit the jurisdiction and the people in that jurisdiction that it is intended to serve. Always it’s the people of this province that will be uppermost in my mind, whether they be in Edmonton-McClung or any other constituency in the province, government or opposition. The long-term benefit for whatever system that we decide to put in place has to be for the individuals in the province, the owners of the resources of this province.

The mindset of the government seems to be that it’s the individual corporations, who happen to be contracted to either extract or produce or manufacture in this province the resources that we own as the citizens of this province. They seem to be the ones that they want to aim the benefits of their legislation at whereas, ultimately, if you really look at what we should be doing in this province, it’s focusing entirely at the bottom line, and that means: how do the people of this province benefit? What is ultimately going to be in their pocketbook at the end of the day? Certainly, you have to have a functioning economy. You have to have incentives that are going to be attractive to have businesses come and invest in the province, but by no means should we be putting our own citizens in second place to those that might come to exploit the resources versus those that actually own the resources.

Many Albertans, Mr. Speaker, really don’t quite have a grasp on what the differences are between an energy-only market and a capacity market, and I found a fairly simple yet very useful couple-of-paragraphs definition that I’ll recite to you now and then table at first opportunity. It’s from an article that is easily accessible on the Internet from energyrates.ca. It talks simply about the Alberta energy-only market versus the capacity market. It asks the question in one paragraph:

What is an energy-only market?

It goes on to say:

First of all, it would be helpful to know the difference between these electricity markets. According to the Alberta Government . . .

That was the previous Alberta government.

. . . an energy-only market is where generators are paid just for the electricity that they produce, and this price is based upon the fluctuating wholesale price of electricity. In an energy-only market, companies are free to choose the type of generation they produce (for example, wind energy, solar energy, geothermal, etc.) and where their facilities are located.

It goes on to say in the next paragraph:

What is a capacity market?

According to the Pembina Institute, in a capacity market, electricity generators are “paid on both the ability to produce electricity, as well as electricity produced.” In other words, unlike an energy-only market, electricity generators are also compensated having generation capacity available at all times.

I think Albertans can hopefully grasp these two explanations with some ease. It plays out pretty clearly that the energy-only market has some inherent risks in it in that it only produces electricity when demand calls for it. Yet that’s not an immediate response, and the price hikes are caused by that energy-only demand requirement. Opposition to the capacity market on the government side has said

that the capacity market is paying for people to produce standby electricity. Well, in fact, that’s absolutely right. But that turns out to be cheaper in the long run, and you don’t end up with these volatile price spikes.

In fact, the energy-only market relies upon the volatility, the price spikes that are created by the insufficient supply, by the shortage that’s inherent in an energy-only market. They rely upon that volatility to produce an economic return for investors. That ends up being the incentive to reinvest in the energy-only market. The beneficiaries are the owners of the energy producers and the utilities. The ones who get spiked are the consumers. That’s the energy-only market. That’s one of the things that people in this province should be very aware of and rail against. We don’t deserve to be exposed to that type of volatility, to that kind of a price hike as well as the potential brownouts and blackouts that have already occurred in previous times in this province and other jurisdictions which enjoy an energy-only market. Those types of things are things that a province, a jurisdiction, a government should be protecting its consumers, its citizens from rather than exposing them to it and saying: “Hey, the system is working fine. It’s working great. It’s been doing great things for 20 years.” But for whom, Mr. Speaker? For whom, I ask? I think that I’ve covered the ground when I say once more that the “whom” is not the consumers of this province, not the citizens of this province, not now and not in the future.

An energy-only market will cost people big time, and it won’t end up doing anything to incent a better, long-term investment in the electricity market in our province and also will not go anywhere near the lengths at which we need to draw investment in order to upgrade our grid, our infrastructure over the course of the next couple of decades. The whole of North America, in fact most of the world, knowing that we are getting off of fossil fuels and going to a lower carbon footprint, is going to end up having to adjust its electrical distribution infrastructure totally because we’re totally insufficient in terms of being able to handle the load, the electrical load that we will be required to handle in all jurisdictions and basically globally as a result of the transition away from fossil fuels to more electrified vehicles and electrical energy that’s used to power our world. That system is one that we will depend upon, and in short order we’re going to be in trouble if we don’t start renewing our grid. That’s going to happen as a result of the long-term stability of a capacity market rather than the risky price spikes of an energy-only market.

8:30

I’ll leave it there for now. There’s lots more to say on it. I do encourage a healthy debate, as one would say: a difference of opinion based on varying interpretation of the facts and differing values, one might say as well, as the Member for Edmonton-South alluded to earlier today. I think we should always be asking who a certain system we wish to adopt is actually working for. Who benefits? Follow the money, and in this case, Mr. Speaker, if you do that, then I think you will clearly find that an energy-only market is not the system that should be adopted for this province. A capacity market is far more beneficial to the citizens, ratepayers, and in fact industry in this province.

Thank you.

The Speaker: Hon. members, Standing Order 29(2)(a) is available if anyone would like to make a brief question or comment.

Seeing none, is there anyone else wishing to speak? The hon. Member for Edmonton-Rutherford has risen.

Mr. Feehan: Thank you very much, Mr. Speaker. I appreciate the opportunity to stand up and include my voice in this discussion of

capacity versus energy-only markets. It's nice to be in this House to have a discussion on the merits of two ideologies and how they actually play out in terms of providing services to the citizens of the province of Alberta. Sometimes the debate in this House is not on such substantial factors, and this time it is, so I appreciate that.

[Mr. Hanson in the chair]

I want to take some time at the beginning of my speaking this evening to talk a little bit about some of the things that have been said by previous speakers on the government side of the House and to talk about the fact that they have a tendency to throw out ideas as if they are substantiated fact. In fact, I think they often create false narratives. I just want to take a little bit of time to see if we can pierce the veil on those false narratives a bit to demonstrate that the fact that it comes from the government side of the House doesn't make it truth. In fact, it's quite likely that it needs to be challenged if it comes from that side of the House, and here I am to do that very job. How fortunate.

I noticed that when the minister introduced the bill earlier in the day, she made a comment that she was opposed to the idea of government resourcing and acting in any way to facilitate renewables, and that if they want to enter into the market, they should do so on their own merits. Then, subsequently, the Member for Calgary-Glenmore made the declaration that market forces do work and that we should just get out of the way. She had an opportunity to express her belief around that substantively. But one of the things that I thought was interesting is that in both of these cases the statement made by the member on the government side of the House implied that somehow the desire for members on this side of the House to have government substantially work with industry in order to create the change that we wish to see in the market – that is, the increase of renewable energies – is a violation of free-market principles and therefore is intrinsically wrong and that the outcome of achieving green energy and helping to move our economy along in the direction that the whole world appears to be going in is somehow mistaken.

The implication in saying that is that the very industry which they seek to defend most of the time, which is the oil sands and bitumen, which is a very significant and successful part of our industry in the province of Alberta, had somehow been created through market forces and that those market forces were left alone to do their own good and, as a result, we've achieved some great and wonderful outcome in the end. I think that any quick review of history will tell us that that is not in fact a supportable position. It was not market forces that got us to this place. It was in fact deep government intervention and continuing government intervention that has allowed us to have a strong oil and gas industry in the province of Alberta.

If we can prove that point, then we should also be aware, we should also take the position that the same should be true for other industries that wish to produce energy, and that includes renewable energy. When we seek to move the electricity market to a capacity market, in part the desire is to move us to a more stable, environmentally clean form of energy production, and government intervention is not only necessary but desirable in doing that, just as it was necessary and desirable in creating the oil and gas industry in this province.

Let me just do a small review, just a quick one. You know, as I've said before, I like to go to the research literature and look up a little bit about it. I spent a little bit of time here in the House looking up about this question: did free enterprise build the oil sands and the oil industry in this province? The answer, of course, is going to be in part yes. That's quite true, and it's also true for the renewables.

But it is a false narrative to suggest that somehow they did so without substantive government intervention and support. That continues to this day.

Originally the oil sands were developed by the Great Canadian Oil Sands company, which later became known as Suncor, one of our big and very successful companies in this province. But I want to remind people that even at the beginning of this enterprise Suncor didn't just go out and get started in digging up things in the in situ situations up in the Fort McMurray area. They had to raise some money. One of the things that happened at that time was that 25 per cent of the dollars that went into the development of the original company was from the government of Ontario. That's government money. I'm glad it happened. It's been very successful. I'm sure that the return for the government of Ontario has been positive. But it was the government that actually helped to put up some of the dollars to make that happen.

Subsequently, the federal government, after it was no longer the Great Canadian Oils Sands but rather Suncor, bought a 15 per cent equity investment in Suncor. The Alberta government bought a 10 per cent investment in Suncor, and the Ontario government held a 5 per cent investment in Suncor. Again, three different governments making sure that this corporation, apparently acting in a free-enterprise way, would be successful because they put dollars into it, with of course – I'm going to be told by the other side – an expectation of return. And that's reasonable. I appreciate that. But the same thing could be said about renewables as well, that if we put the dollars in, if we have government intervention and we expect a return, that's a reasonable mechanism of government intervention into the marketplace.

[The Speaker in the chair]

Then in 1974, I want to remind the House, the esteemed Premier Lougheed here in this very House set up the Alberta Oil Sands Technology and Research Authority, which I refer to as AOSTRA, to do the work of making in situ bitumen deposits commercially profitable. It was actually a government agency that looked at the existence of in situ bitumen and developed the strategies and techniques to turn it from a non-profitable enterprise into a profitable enterprise. That was government intervention. That didn't happen because the oil companies did that all on their own. In fact, that organization led to the very successful development of what we all refer to as SAGD, or steam-assisted gravity drainage, which is still in use today with some improvements, of course, some changes aided by the various forms of research and development not only within the industry but within government and within universities that are also paid for by government.

8:40

Then the National Task Force on Oil Sands Strategies, a creation of the industry and government, established a new royalty regime. Now, it's very interesting to see what happened with this royalty regime: only 1 per cent of revenues would be charged until capital costs were recovered. So the province of Alberta, the owners of the resource, said: "We are going to let you live free in our land, using our resources, until you have paid your own bills, and it doesn't matter how long you take to pay those bills. We're going to allow you to live rent free here."

Now, I can tell you, if that happened to any other industry, people would be thrilled. Can you imagine saying to the government: "Well, you know what? I'd like to open a restaurant, but until I pay for everything in the restaurant, I don't want to pay any taxes." How would you like it if you were able to say: I'm going to build a house, but until I'm finished building that house, I don't want to pay any civic taxes?

It would be wonderful if we had those kinds of things in terms of the ability to grow, but you have to recognize that that actually is a public service and a public contribution to the oil sands. It isn't getting out of the way, as the government may say. It's actually giving them our resources without expecting an actual return. Can you imagine if I went to Suncor and said: "Excuse me. I'd like to borrow all of your computers and other things that may be useful for us here to do research on this side of the House. But don't worry; when I finish getting full value out of all of those computers, then you can have them back." I mean, it's a ridiculous proposition when you put it that way, but that's exactly what we did with the oil royalties.

We have continuously given away our share of the benefits so that we can ensure the success of the companies. That's not the free market that is spouted on the other side of the House. I certainly wish that other industries could take advantage of such generosity on the part of government.

Then, later, the AOSTRA subsequently transformed into the Alberta Energy Research Institute, and later became Alberta Innovates, which has been, in fact, a source of significant amounts of investment in research and development in the oil industry, all paid for by government. So it isn't the free market that developed all the new technologies. It isn't the free market that has ensured that we have the highly educated by public funds scientists working on projects that are really important to us. It's government that's been doing that.

As a result, subsequent research has been largely financed by public dollars through agencies such as CanmetEnergy, the University of Alberta institute for oil sands innovation, and Emissions Reduction Alberta. All of those things are contributions by the public to the well-being of this particular industry.

Now, you may say that that was worthwhile, because we've certainly got some money back out of it. It's a good investment, you may say, and I'd agree with you. That's not a problem, but it's not the point. The point is that it didn't happen because free enterprise got on their lone horse and rode off into the sunset doing things alone and created all this generous wealth for us. It happened because government was there every step of the way, from the time of Ernest Manning until now, ensuring the success both financially and with supports and with technology enhancements.

Other government investments along the way have included things like the \$440 million in December 2017 to help cut emissions. When we say to them, "look, we've got a problem here and we really need to be able to help clean this up," we didn't just say, "well, I think that free enterprise should take care of it." We said, "we're going to contribute." I can assure you that the industry came forward and received that money without throwing it back at us and took it well. Or how about the billion dollars for the partial upgrading facilities?

All of these kinds of things are government investments, not free enterprise. In fact, I want to just say that the International Monetary Fund – not a left-wing think tank, I can assure you – has said in their report that Canada subsidizes the fossil fuel industry to the tune of \$60 billion a year. That's \$1,650 per Canadian that's invested in and subsidizing the industry. Now, I'm not against it, by the way. I think that's good. I want government to subsidize successful industries because I know the benefits that come out of it. But I just don't want us to pretend that government didn't have a very significant role in developing this, which is exactly what we're talking about in this bill, the role of government to ensure that we have the resources that we need in this province for the people who need them.

Governments also provided a number of breaks to industry to encourage growth, such as the federal government, who often is told

to be, in this House, somehow the evil enemy here. The federal government has actually created a number of things, such as the federal government's accelerated depreciation rate for equipment, and, of course, recently has spent \$5 billion buying a pipeline.

The Speaker: I always appreciate it when the hon. member ties his comments to the bill, so thank you for doing that. It was a little unclear for a few minutes there.

The hon. Member for Edmonton-Gold Bar has risen on 29(2)(a).

Mr. Schmidt: Well, thank you, Mr. Speaker. I listened with great interest to the Member for Edmonton-Rutherford's rundown of the history of government action to promote the oil sands industry here in the province. After hearing that, I'm sure that our socialist overlords are smiling somewhere, knowing that Alberta has a long socialist history of using government intervention to spur industry.

But he started off his comments, Mr. Speaker, by referring to the benefits of structuring an electricity market that would incent the addition of renewable energy. I'm wondering if the Member for Edmonton-Rutherford could expand on his thoughts about the value of creating an electricity market that would incent the addition of renewable energy capacity in the province of Alberta.

The Speaker: I, too, would be happy to hear those comments provided they're related to the bill. The hon. Member for Edmonton-Rutherford.

Mr. Feehan: Thank you, Mr. Speaker. I appreciate that. I think that the member has drawn me back closer to the bill, but I felt that it was important that, you know, if the government has a chance to throw these things out there, once they've opened that door, I think we need to be able to go through it to contradict the assertions that they make that clearly are not supported by reality.

But I do take the question from the Member for Edmonton-Gold Bar quite well in that I think it is very important that we understand that we in this province are extremely likely to be moving into a world in which renewable energy takes a much larger place in the provision of energy not only within the province of Alberta but across the world. I don't think that's disputed, but, I mean, of course, I always welcome hearing contradictory evidence from other people in the House.

One of the questions we need to ask ourselves, then, is if we do have some insight into the future. Nobody has perfect, but, you know, every business makes projections and does analyses to determine where things are going in the marketplace so that they can be best positioned to take advantage of those conditions and return a profit to their shareholders. Well, the same thing is true with us here in the province of Alberta. We know that around the world we are seeing significant movement to reduce certain types of energy production, such as, for example, coal: India most recently just announcing the closure of dozens of coal plants, subsequently China doing the same thing recently, Germany having done so over the last number of years. We know that it's moving in that direction, so it means that we need to make sure that if that is the market reality that is going to exist in our future, we should be in the best possible place to take advantage of that.

8:50

One of the things that we can do is that we can create a market in which renewable energies, various renewable energies, not just wind – I know that the Member for Calgary-Glenmore has said that wind tells us that they are competitive. Thank goodness they are because they've received so much support from both the federal and provincial governments to get to that place where they are successful. We know that we want all of those renewable-type

energies to be available for us. One way to do that is to create a place of stability in which they can predictably sell their energies.

When I was working with the Blackfoot Confederacy, for example, one of the things that they were very clear about with me was that they were hoping that when we did our renewable energy proposals, which the Blood Tribe were successful in getting, we would actually give them a guaranteed rate of return on the energy that they produced. What they were saying is, "We are most likely to get international investment in our project if we can be assured, somewhat, that we are going to get a return," which is exactly what a capacity market does in part.

I look forward to hearing the government speak a little bit more about these issues.

The Speaker: Thank you, hon. member.

Is there anyone else that would like to join in the debate this evening? The hon. Member for Edmonton-Gold Bar.

Mr. Schmidt: Thank you, Mr. Speaker. I'm pleased to rise to speak to Bill 18, that's before the House this evening. In my four and a half years of serving the good people of Edmonton-Gold Bar, it's been made clear to me by my constituents that what they're looking for from this government is to provide Alberta with a strong economy, to provide Albertans with a lifestyle that they can afford, and to provide Albertans with meaningful action on climate change.

[The Deputy Speaker in the chair]

In fact, the electricity system and how it operates have significant impacts on all three of those things, and for those reasons, Madam Speaker, I will be opposing Bill 18, the movement to repeal the capacity market in the electricity system. I'm opposing these changes because reverting to the energy-only market will increase prices of electricity for consumers, it will pose serious economic risks to Albertans, and it will significantly reduce the ability of Alberta to reduce emissions from our electricity sector.

Now, in the previous four years, our government made the change to the capacity market based on the independent advice of the Alberta Electric System Operator. It's important, I think, for everybody to understand why we based our advice so heavily on the Electric System Operator, and that's because they are an independent organization that has significant expertise. Well, they're tasked, of course, with running the electricity market, but they are an independent organization. They don't have a stake in the electricity market. We know that their advice is objective and not based on any personal interests that they may have, which puts them in a different category of stakeholders than other stakeholders. Everybody else who's involved with the electricity market has a financial interest in some way. Consumers, of course, want reliable electricity prices and affordable electricity prices. Generators of electricity want to maximize their profit. That's why we put so much weight on the advice of the Electric System Operator, because they were independent.

In their 2016 report they said that the energy-only market was essentially broken. They said that the capacity market was the best way to ensure affordability and predictability in electricity prices for consumers, it was the best way to provide investment certainty for producers, and it was also the best way to restructure the electricity market in Alberta to attract investment into the electricity market. The previous energy-only market was structured so that it actually discouraged investment into that market. When looking at the things that a capacity market provides – stable, reliable prices for consumers, certainty for producers, and the ability to attract investment, where the previous market couldn't do that – this is what people in Harvard Business School, I think, would call a win-

win proposition. This provides the best outcome for all of the stakeholders in the electricity market, and that's why we decided to implement the AESO's advice and introduce the capacity market.

Now, I also want to review some of the other changes that we made to the electricity sector while we were in government. We phased out coal-fired power, as you know. More correctly, Madam Speaker, we accelerated the phase-out of coal-fired power. It should be made clear, time and again, that it was the Stephen Harper Conservative government in Ottawa that initially made the decision to phase out coal-fired power in this province. Everyone knows that I am not willing to praise Stephen Harper very much, but he, I think, demonstrated significant foresight in moving Canada's climate change agenda forward with that decision.

Now, what he didn't do was put in place a plan to aid the transition of the people working in that sector to other jobs, so it was up to us to put that plan in place. We worked very diligently with all of the stakeholders to not only achieve the phase-out of coal-fired power but also to achieve a just transition for those coal workers.

As a side note, Madam Speaker, I'm very concerned to hear reports from coal worker representatives in communities around Wabamun that they've heard nothing from this government about the plans that we had put in place to help them transition into new work, particularly considering that this government claims to be in favour of creating and protecting jobs when, in fact, they seem to have scrapped a program that was designed to protect jobs, on top of their record of losing 26,000 jobs over the last couple of months. But that's an aside.

I'm very proud of Alberta's record of phasing out coal-fired power because not only will that reduce our carbon emissions and help us tackle the existential crisis of climate change; it will have immediate positive health impacts on the people of Alberta. Now, Madam Speaker, my partner was born and raised in the city of Red Deer, and she grew up with significant asthma issues, as did many of her friends and neighbours. The reason that many people in Red Deer suffer from asthma and other respiratory conditions is because they are downwind from the coal-fired power plants around Wabamun. To think that 30 years from now the children who are born and raised in Red Deer won't have to suffer from the same kind of asthmatic and respiratory conditions that my partner and her friends and neighbours had to suffer with through their lives brings me a significant amount of joy, to know that we are working so diligently to make so many lives better through that motion.

We also set a goal of 30 per cent renewable energy by 2030. In doing so, Madam Speaker, we tasked the Electric System Operator with setting up a procurement process that would incent low-price bids for providing renewable electricity. It was tremendously successful. In our first round of the renewable electricity procurement we set record low prices for wind energy in North America. In fact, they were so low that at an event that I was at shortly after the announcement, an electrical engineer who had spent his entire life working in renewable energy came up to me and said that he couldn't believe the price that we were able to procure wind energy at. He said that in all his time working in renewable energy, he never saw wind prices that low. We were able to secure those low wind prices because of the way we restructured the energy market and the procurement processes around renewable energy, another electricity-sector change that I'm particularly proud of.

9:00

We also capped electricity rates at 6.8 cents per kilowatt hour. Madam Speaker, it will be interesting to see what the government does with that electricity rate cap, because, of course, that electricity

rate cap was funded entirely with funds generated from the carbon tax. I had a look at the previous two or three months of my electricity bill. My electricity bill was capped at 6.8 cents per kilowatt hour for the last two or three months, saving me and my family a significant amount of money on my electricity bills thanks to the electricity rate cap. I'm curious to see when the government will make its plans for the electricity rate cap known given that the source of funding for that electricity rate cap has been scrapped. I am interested to see how members opposite's constituents will react when they're forced to pay suddenly higher priced bills if they scrap the electricity rate cap.

I think one of the most popular things we did with respect to electricity, though, was scrapping the pushy sales tactics related to electricity contracts. I think all of us have probably had experience with somebody from Direct Energy or Just Energy or some similar electricity contract provider who physically forced their way into your home and tricked you into signing a contract against your will and without your knowledge of what you were signing on to. We scrapped those. We made those kinds of shady sales tactics illegal in the province of Alberta, and in doing so, I had people literally crossing the street in the constituency of Edmonton-Gold Bar to come up to me and thank me for doing that, Madam Speaker. People were so sick and tired of having these shady salesmen come to their door and try to hoodwink them into signing a contract against their will that they were literally crossing the street to thank me for getting rid of that shady sales tactic. So I'm particularly proud of that as well.

We also structured regulations to support community generation, Madam Speaker. In my home community of Cloverdale the Cloverdale Community League, of course, received some incentives to put solar panels on its community hall. Now, it can only provide enough electricity to power the hall, but if the Cloverdale Community League wanted to expand its solar array to provide electricity through solar power to members of the Cloverdale Community League, they would now have the ability to structure a community power generation group, which was nearly impossible to do before we brought in those kinds of regulations. We made significant positive impacts on the electricity sector in addition to transitioning to the capacity market.

Now, going back to the energy-only market, as I said, will raise prices for consumers. On the day that the minister announced that she would be scrapping the capacity-only market, she sent the Electric System Operator a letter telling them that during her extensive – and I use that word loosely – consultations with stakeholders, she had heard concerns about some aspects of the energy-only market that needed to be changed. One of them was the existing price cap. Right now the maximum amount that we can pay generators of electricity is \$1,000 per megawatt hour. That cap was determined to be so low that it discouraged investment into new energy-generating capacity in the province of Alberta. The Electric System Operator has suggested that if we were to keep the electricity-only market, a cap of at least \$5,000 a megawatt hour would be required to attract the necessary investment to provide reliable, sustainable electricity, and it may be even more.

Now, the other issue around prices, of course, is not just the existing electricity cap but also the issue of market power. The minister outlined this issue in her letter to the AESO that she sent in July as well. She didn't go into details, but what I assume she was meaning was that the large electricity generators in this province have significant capacity to game the system for their own profit and put consumers at risk, and we know that this has happened in the past. In fact, we all remember that TransAlta was fined more than \$50 million in 2015 because they were found to be withholding electricity for the purposes of raising the prices of

electricity. Madam Speaker, it's important to note that even though TransAlta was fined for that activity, there are lots of players in the industry who do that, and the current guidelines around the electricity system operation do not actually prohibit economic withholding of electricity into the power pool.

By maintaining the electricity-only market, we will subject consumers to these excessive price spikes that are a feature of the system. By rushing into this scrapping of the capacity market without hearing back from the Electric System Operator what their recommendations are for a price cap and how to deal with market power, we are scrapping a system that is designed to reduce those risks to consumers, to protect them from that price instability, and we are instead tilting the scales again in favour of the electricity energy generators, Madam Speaker.

The Deputy Speaker: Hon. members, 29(2)(a) is available. Are there any members wishing to speak? The hon. Member for Edmonton-McClung.

Mr. Dach: Madam Speaker, 29(2)(a)? Yes. Indeed, I know that the Member for Edmonton-Gold Bar had plenty more to say, and I certainly wanted to hear him finish his comments, particularly around what the various consequences were of scrapping the current capacity market for a revisionary return to the energy-only market. I think he was just getting wound up on letting us know what risks Albertans face by the government undertaking that decision.

Thank you.

The Deputy Speaker: The Member for Edmonton-Gold Bar.

Mr. Schmidt: Thank you, Madam Speaker, and I want to thank my hon. colleague for that question. The point that I am trying to make is that not only does scrapping the capacity market put those significant volatility risks onto the backs of consumers, tilting the playing field in favour of electricity generators, but it will also force consumers again into potentially buying these long-term electricity contracts, where they don't know what they're signing on to. That's my primary concern with what's going on here.

Now, it was a stated goal, when the province of Alberta switched from the old, regulated electricity system to the deregulated system, that consumers would move off the regulated rate option and onto long-term contracts. Now, economists have studied these, and it's been shown frequently that the regulated rate option is the more affordable rate option for most consumers and that in only very rare cases will long-term contracts be of financial benefit to consumers.

Madam Speaker, of course, most people don't have the wherewithal to understand fully the terms and conditions of these contracts and, in fact, find out only after the fact what the terms and conditions actually mean for how much they're going to pay for electricity, how they can get out of the contract. They find that they have signed a contract that they don't believe benefits them financially, but they can't get out of it, and by maintaining the electricity-only market, we are creating a strong incentive for electricity providers to continue to try to provide these contracts to the people of Alberta, which will not benefit them except in very rare cases.

9:10

Madam Speaker, I can't in good conscience support a bill that will subject the good constituents of Edmonton-Gold Bar to the kinds of pushy sales tactics that we eliminated when we eliminated door-to-door sales of energy contracts, because even though we eliminated the door-to-door sales, the energy salesmen are still out there. You don't have to walk very far down the street, through a

mall, or through a big box store to find somebody from one of these electricity companies trying to push a long-time contract onto consumers. I don't think that a market that creates those kinds of incentives to take advantage of unknowing consumers and force them or convince them unknowingly to take on these kinds of contracts, that are not good for them financially to take on – so for that reason, for the protection of the citizens of Edmonton-Gold Bar against these kinds of terrible contracts, I have to vote against this move to scrap the capacity market.

I want to thank the hon. member for his question. I hope I answered it to his satisfaction.

The Deputy Speaker: Are there any other members wishing to speak to second reading of Bill 18? The hon. Member for Edmonton-West Henday.

Mr. Carson: Well, thank you very much, Madam Speaker. It is an honour to rise this evening to speak to Bill 18, the Electricity Statutes (Capacity Market Termination) Amendment Act, 2019. As has been laid out by members on both sides, it is quite a complex file but important to the people of Edmonton-West Henday and all Albertans equally.

Simply put, looking back at the capacity market, which we were moving towards, in this type of market generators are compensated for electricity available to supply as well as the electricity provided to the grid. This is usually administered through institutions and contracts, making prices more stable. What this UCP government is proposing is that we revert to an energy market, which has failed Albertans for so many years, a type of electricity market where generators are only paid for the power that is actually produced, which results in massive swings in electricity bills day to day and hour to hour.

Now, of course, as has been explained quite well by the opposition here this evening and throughout the day, we moved towards this market in response to the climate leadership plan, transitioning off coal power and increasing the share of renewable energy in the energy mix. Beginning in October, AESO revised its forecast for Alberta's renewables, stating that Alberta is now expected to fall short of its renewable targets, mainly based on what this government is putting forward, reverting to the energy market, which is of grave concern to myself and should be very concerning to all members of the public.

Now, looking back at why we made this change, we changed the energy market because we saw that there was not the predictability that Albertans require when it comes to electricity pricing. We saw less stability, we saw less predictability, and we saw higher electricity bills across the province. These reckless and short-sighted changes that are being put forward by this UCP government are going to hurt Albertans. There's no other way to put it. The fact is that moving to a less predictable market is going to hurt them.

We've seen, really, this downloading of services in other pieces of legislation, in conversations that this government has brought forward. We look at the increasing school fees that parents are paying now as a result of this government being unwilling to bring forward a budget, leaving families guessing. We see it in the insurance industry as insurance caps have been lifted, the 5 per cent insurance cap that our NDP government put in. This government has moved forward and said: "You guys can do whatever you want. Hopefully, that works out. We'll let the free market handle it." We're seeing stories every single day rolling in about how that is harming consumers and everyone across this province.

Once again, I mean, our government moved forward on a dental fee schedule because we saw the importance of the government saying: "Look, we understand that your organization or your

corporation or your place of business needs to make money. That's your prerogative. But we need to make sure that at the same time we are also protecting the people that require these services."

Now, once again, as we look at this legislation and this UCP government talks about reverting to the energy market, what they're saying is that they want to clean their hands of the responsibility of this. You know, these energy companies are going to come forward in the near future, I imagine, and we will see increased costs to consumers, and the government is going to say that it's not their responsibility to take action. Our government recognized the volatility of the energy-only market. As we were moving to the capacity market, we recognized the volatility, and we moved forward on a cap on electricity fees.

Now, this new UCP government has not offered any kind of opportunity to protect consumers from that volatility, so it's going to hurt Albertans doubly. On one hand, they're saying, "There's going to be less stability, there's going to be less price predictability, and when the inevitable happens and those rates go up, we are also not going to protect you from those costs," which is very concerning to me, really, moving to a market that, at the end of the day, is less transparent to Albertans. Once again, they're cleaning their hands of any responsibility to take action on behalf of Albertans.

Once again, we've seen this before. We've seen this, like I said, on the downloading of responsibilities. When we look at the \$4.5 billion giveaway that this government has offered to corporations, well, that is a tax on Albertans. The fact is that you're giving away every Albertan's money, and you are going to download services onto municipalities to try and make up the extra costs. Well, what are those municipalities going to do? They are going to either cut services, as you are going to do as well, or they are going to increase taxes. But that's not this government's problem, because that's a different level of government. We see that this government is quite self-serving in their responsibility and not necessarily caring how municipalities deal with the damage that they are going to do to them.

Now, when we look back at how we got here, the Alberta energy system operator calculated that under the energy-only market the price cap in Alberta would have to be increased to around \$5,000 per megawatt hour under the old system but would not be enough even at that \$5,000 cap to ensure that Albertans aren't at risk. Once again, that \$5,000 per megawatt hour also would not be a high enough cap to attract new investment to the province in the energy industry.

I just also want to point out a few things that have been brought up by my colleagues on this side of the House. The minister said in her initial comments on Bill 18 that in the discussions about moving to an energy-only market, there has been more interest from corporations and from the market since announcing this bill than there was in our initial announcement of moving to the capacity market. Now, I would really urge the minister that, with a comment like that, she should table those conversations that she's been having, that there has actually been more interest in investments in renewable energy and investments in energy overall in the province since announcing this with very little, if any, consultation. I would be very interested to see those conversations, so I encourage the minister to bring that forward.

The minister in her opening remarks earlier today also said that corporations are excited to move back to the system. Really, on that point my question is: why? Why are corporations excited to move back to this system? Going back to my earlier point, the fact is that corporations do business to make money for their shareholders and for their stockholders, so if there is a stampede of corporations saying, "Yes, yes; let's move back to the energy market," why are

they saying that? Is it to the benefit of taxpayers? Is it to the benefit of regular Albertans?

As the Member for Edmonton-Gold Bar also mentioned, we have seen in recent years that market manipulation under the energy-only system has happened. Now, I want to know how this government is going to hold these organizations accountable if that were to happen again. I really hope that it doesn't, but unfortunately, with this government's mantra of let the market decide, we may very well see that again. What is this government going to do if or when that happens? What accountability will we see from those organizations? Moving to the capacity market eliminated a lot of the concerns under the new system. Now we're going to move back once again to a less stable, a less predictable, and, at the end of the day, a higher costing system for taxpayers.

9:20

Now, the Member for Edmonton-Gold Bar also raised a good point about how moving to this energy-only market system in conjunction with carbon pricing funds is going to affect generation across our province. When it comes to community generation, I know of many community leagues and community organizations that were interested in getting involved in the capacity market on a smaller scale. I want to know how these changes, once again in conjunction with the removal of funds from the climate leadership plan, are going to negatively, most definitely, affect these communities that want to generate their own electricity and especially so in indigenous communities, where we had already seen under the previous NDP government incredible talks of energy generation because of the funds that our Minister of Indigenous Relations was able to offer these communities under the climate leadership plan. Now, under this new government that money has entirely disappeared.

You know, the fact is that with the federal government that we have now, a price on carbon is going to be forced on us, and we are going to have less flexibility about how that money is spent. Now, I have an idea that this provincial government will let it go into the general coffers to pad their \$4.5 billion handout to large corporations and that we will see very little given back to these communities who were promised this funding for community generation, which is very concerning. Once again, Albertans are not only losing on the fact that there's less predictability, that there most definitely will be higher costs, but they also have fewer resources and less ability to actually do something about it in their own communities.

Now, I just want to focus for one moment on some of the validators that came forward during our move to the capacity market, just pointing out that Dawn Farrell, the CEO of TransAlta, said that the move to the capacity market opens up our opportunities to invest both in our existing assets and in new assets as we move forward. The CEO of Capital Power said that a capacity market would not only encourage his company to resume investing in Alberta but probably get interest from larger North American and European producers. So my question to this government is: are you saying that the CEOs of large corporations got it wrong when they're saying that a move to the capacity market is the right thing to do, that it will increase investment in our communities, especially in renewable energy, bringing on more renewable programs throughout our province? Is this UCP government saying that these CEOs got it wrong or that they were lying, that they changed their minds?

Now, looking at another comment, the executive vice-president of PJM interconnection said that investors have shown a growing reluctance to invest in the riskier energy-only market, the market that this government is trying to push us back to, around the world,

preferring the price stability and revenue certainty provided by a capacity market structure. Once again, who did this UCP government consult with to come to the conclusion that moving to a less stable, less predictable energy program was actually going to benefit the people of Alberta? Really, this seems to boil down to ideology. The fact is that the government does not want to take responsibility for the higher costs that will be coming to Albertans not only from this change but from the \$4.5 billion that they've given away to large corporations on the backs of everyday Albertans and on the backs of municipalities. It's very concerning.

Now, when we look at cases like in Texas, in 2011, 2014, and 2015 they had brownouts, and in 2011 they also had rolling blackouts. Once again, as members on this side of the House have stated quite eloquently, we've seen in our province what the energy-only market has meant for consumers. We saw during the Stampede that power was just cut with no explanation and, really, no action that consumers or that Albertans were able to take against these corporations. Unfortunately, that's what this new UCP government is trying to take us back to, which is very, very concerning for me.

We have many questions for this minister. I would like to know who the minister consulted with to get to this point. Once again, the minister said that there's been more interest in investing in this energy market since announcing reverting to energy-only. I would appreciate it if the minister could table some of those conversations, because I don't necessarily see how that's possible. Maybe she could clarify that.

Once again, why are corporations so excited to move back to this system, and is it really to the benefit of everyday Albertans when it comes to their pocketbooks?

Also, how this is going to work against community generation and renewable generation across our province and how we are going to hold this government accountable for the manipulation that we may see into the future are very concerning.

Now, once again, I would just reiterate that capacity markets are better at ensuring reasonable costs to consumers. We see less price volatility. We see less incentive to hedge prices due to more certainty. We see that capacity markets are market-based structures; hence, they incentivize price competitiveness. This is why so many analysts told us during our consultations on moving away from the energy-only market that moving to the capacity market would reduce overall costs to the system.

Thank you.

The Deputy Speaker: Are there any members wishing to speak under 29(2)(a)? The hon. Member for Calgary-Glenmore.

Ms Issik: Thank you, Madam Speaker. I'm quite interested in the comments of the member across. I wonder if he has read some of these items from wind power engineers. CanWEA, which is the Canadian Wind Energy Association, applauds Alberta's return to an energy-only market.

The Canadian Wind Energy Association... applauds the decision of... the Government of Alberta to return to an energy-only market. [This] market structure provides a critical revenue stream for wind energy facilities, allocating all revenues collected to generators based on the electricity they produce.

Near the end of the article it says that the structure is particularly important

given the strength of Alberta's wind energy resource.

Wind is a resource.

The energy-only market... will continue to deliver significant investment in wind energy, in addition to ongoing landowner and property tax payments.

Perhaps we could talk about that if the member would like to comment on that.

Another piece. Solar Power is the Red-hot Growth Area in Oil-rich Alberta. This was published on October 7, 2019, in the *Financial Post*.

Solar power is beating expectations in oil and gas rich Alberta, where the renewable energy source is poised to expand dramatically in the coming years as international power companies invest in the province.

I just wonder if, after the comments that the member across has just made, he could maybe comment on some of what's addressed here in these two articles.

The Deputy Speaker: The hon. Member for Edmonton-West Henday.

Mr. Carson: Well, thank you very much, Madam Speaker. I do appreciate the comments from the member, and I think they are important points to the conversation. Of course I myself raised some quotes from some of our energy companies here in the province. I think it's important to hear a diverse range of proposals and opinions of these energy companies. It's very important.

The fact is that under our climate leadership plan and under our move to the capacity market we were able to procure some of the lowest if not the lowest wind and solar power contracts across Canada, unlike what we saw in Ontario, thankfully, because this NDP government took the responsibility of the energy market and the responsibility to taxpayers as very important, and we took it to heart. That's why we moved forward with moving to the capacity market, and we saw those contracts come in at such a low price. Those contracts would have served Albertans extremely well.

To the member's point, I don't disagree that there are going to be companies out there that do support the move to the energy market, but my question is: why? What does it mean to those corporations? What does it mean to the taxpayer? I appreciate those comments. The fact is that this government, once again, has taken \$4.5 billion and given it over to corporations without any accountability.

Now, when we talk about the money that we were taking from the climate leadership plan and investing into indigenous communities, investing into community generation projects, we were able to see the results from that funding going forward. We were able to see if it was being spent well, and we were able to evaluate that funding. Now we look at what this government has done with \$4.5 billion given away, and there is no accountability. The fact is that we have seen no return to Albertans in job results. We have seen a loss of jobs month to month, which is very concerning to myself, to my constituents and should be very concerning to all Albertans.

9:30

The move to the capacity market meant more stability, more predictability, and lower electricity bills. In the case that there always are going to be times when electricity costs are up, that's why our government took action to cap those electricity fees. Once again, this new UCP government has done nothing of the sort to protect Albertans, and they are doing the exact opposite by reverting to the energy-only market. That is very concerning to me. I appreciate the member's thoughts, and I also appreciate corporations, companies that are willing to come forward and state that they support the energy-only market. The fact is that we can find 10 more that say that they prefer the capacity market and that it actually better protects Albertans from the volatile price spikes and the fact that some days we'll have rolling blackouts and rolling brownouts.

Thank you.

The Deputy Speaker: Any other members wishing to speak to second reading of Bill 18? The hon. Member for Edmonton-Meadows.

Mr. Deol: Thank you, Madam Speaker. It is my pleasure to rise in the House and speak to Bill 18, Electricity Statutes (Capacity Market Termination) Amendment Act, 2019, on behalf of my constituents in Edmonton-Meadows. The NDP government brought some changes in for energy in a way that all of Alberta pays for energy providers so that the government could address the stability issues and bring more stability and fairness for the average customer in Alberta. This decision was based on, you know, feedback from industry experts with numerous experiences, the electricity system operators. The move was made to take into consideration that this bill will protect consumers, modernize our electricity market, and ensure that Albertans have safe, reliable, sustainable, and affordable electricity.

Also, another reason to make these changes was that the capacity market would enable the transition to an electricity market that could meet goals set in our climate leadership plan, such as transitioning coal and increasing the share of renewable energy in the energy mix. The capacity market was recommended by the electricity system operators independent of the climate leadership plan and early coal phase-out to ensure long-term reliability.

It was a move also made to basically protect our consumers from the, I would say, price shocks they had been experiencing. It was also acknowledged by many of the government-side members when they were proposing this Bill 18, the changes that they were going to make to the electricity statutes. They accept and admit that some of the disadvantages or weaknesses of the bill would be the price shocks that consumers will have.

So when we are discussing these two paths, the capacity market and the energy market, I'm looking at this, and I will say that they're two different visions. When I'm talking about those two visions, I would just want to reflect on: what are the basic, fundamental differences between those two visions? All I was hearing from the government members in support of this bill was that the words "protection," "consumer protections," "sustainability," and "reliability" were simply replaced by the words "investment attraction." Simply, this is what I have been witnessing since the beginning of the House in May of this year, when the government decided to move forward with their belief to give away \$4.5 billion to the corporations in the hope of trickle-down effects, that these investments will create more jobs and bring more revenue for the government. In fact, it has been proven that this is not the case. But it seems like the government is very determined in their ideological moves, and I'm seeing this step as part of their systemic moves, that government wanted to move forward in the same direction that has been proven so far, for the last six months, not to work for the average Albertans at all.

It is obvious on Bill 18 that I see the government members are talking about the investment attraction. On the contrary, the House and the people of Alberta are continuously waiting for the budget from the government of Alberta. The school boards are waiting for their budgets. They're two months into school already, and they still don't know what's going to happen with their budget. The members from both sides of the House, you know, continuously until today keep bringing up their issues of the deteriorating infrastructure of their school buildings, hospitals, roads, bridges, and the government simply does not have answers on this because the government is really wanting to keep moving into what they believe, giving more funding to the big corporations, profit that might go out of the borders and does not really generate anything for Albertans. The government does not have the answer.

Instead of this, debating Bill 18 today, it would have been much better if the government would have, you know, a clear approach, the numbers, how they are going to fund their promises that they made during the election: that they will maintain the funding in health care, that they will not cut and will maintain or increase the funding in education. We are seeing this. The letters have been distributed in a number of different fields that the different services, different sectors are already confirmed that they're going to see cuts to their budgets going forward.

9:40

This is the basic difference. I rise in the House to oppose this bill because this bill does not promise, not only in the bill but also up to and until now – so far when all the members on the government side have spoken on the bill, they did not use a single word, even once, on bringing stability and protection to consumers by introducing this bill and supporting this bill. That is very obvious. That is the fundamental role that we as parliamentarians, we as the elected officials have in this House, to serve the public at our best, and this is what this bill is not really showing.

All this is talking about is more control to large corporations. It's talking about the investments that it did already, you know. It brought forward the argument six months ago that the \$4.5 billion giveaway to the big corporations will bring thousands of jobs. Then, on the contrary, Alberta has lost 27,000 jobs up to now, and those effects are not really there.

I think this is the time to review your move and start off moving forward. This is the time to sit back and see what has been going on. It is very obvious today, this very day, that the workers at Husky Energy got to the job only to receive layoff letters when, in fact, that energy company has benefited from hundreds of millions of dollars in the name of creating jobs.

The Deputy Speaker: Hon. member, please, can we focus on the bill at hand? There has been veering off track throughout this speech, but with the remaining four minutes of your time I trust it will be related to Bill 18.

Mr. Deol: Thank you, Madam Speaker. Coming back to the point, what I'm trying to elaborate on and make the argument through this discussion is this: the role of the government and the members of this House is to serve the public, to protect consumers, to provide stability to Albertans. This bill does not in any way, you know,

provide those protections to Albertans at all. The government members and the members during their speeches in support of this bill have failed to demonstrate how, in fact, this bill is going to better serve consumers in Alberta.

The brief of the bill is just based on – I'm just trying to find the word – the lack of supporting facts, how it's going to contribute to our province and how it will be beneficial to Albertans, contrary to the move that the NDP government made to protect the consumer by bringing in transitioning a change to a capacity market.

So, not saying a lot, I would spend some more time to speak on this if I'm given the opportunity. What I wanted to elaborate on this was that, very clearly, this bill does not even have the intent, you know, does not even say that single word, that the intent of this bill is in any way to have a purpose to serve the consumers at large in Alberta but, in fact, the phony belief that this will bring investment in. In fact, it's clear so far, in the past six month that it does not do it. Due to this, on behalf of my constituents of Edmonton-Meadows and fellow Albertans I'm probably, actually, going to oppose this bill, and I do strongly oppose the bill.

Thank you.

The Deputy Speaker: Hon. members, will the hon. Minister of Agriculture and Forestry please sit in his own chair.

Are there any other members wishing to speak under 29(2)(a)?

Seeing none – I'll let the minister grab his seat – the hon. Member for Calgary-West.

Mr. Ellis: Thank you very much, Madam Speaker. It's been a very rigorous debate that we've had over the last several hours, and I would certainly like permission from you to adjourn debate.

[Motion to adjourn debate carried]

The Deputy Speaker: The hon. Member for Calgary-West.

Mr. Ellis: Thank you very much. Again, this has been a very rigorous debate. I know that everybody watching on television has been intently watching this, watching the back-and-forth action. With that, I can tell you that we're going to just take a break at this particular time, and I would like to adjourn the House until 9 a.m. tomorrow.

Thank you.

[Motion carried; the Assembly adjourned at 9:47 p.m.]

Table of Contents

Government Bills and Orders

Second Reading

Bill 18 Electricity Statutes (Capacity Market Termination) Amendment Act, 2019 1931

Alberta Hansard is available online at www.assembly.ab.ca

For inquiries contact:

Managing Editor

Alberta Hansard

3rd Floor, 9820 – 107 St

EDMONTON, AB T5K 1E7

Telephone: 780.427.1875