



Legislative Assembly of Alberta

The 31st Legislature
Second Session

Standing Committee
on
Public Accounts

Affordability and Utilities

Tuesday, March 24, 2026
9 a.m.

Transcript No. 31-2-6

**Legislative Assembly of Alberta
The 31st Legislature
Second Session**

Standing Committee on Public Accounts

Sabir, Irfan, Calgary-Bhullar-McCall (NDP), Chair
Lunty, Brandon G., Leduc-Beaumont (UC), Deputy Chair

Cyr, Scott, Bonnyville-Cold Lake-St. Paul (UC)
de Jonge, Chantelle, Chestermere-Strathmore (UC)
Eremenko, Janet, Calgary-Currie (NDP)
Getson, Shane C., Lac Ste. Anne-Parkland (UC)*
Haji, Sharif, Edmonton-Decore (NDP)**
Lovely, Jacqueline, Camrose (UC)
Renaud, Marie F., St. Albert (NDP)
Sawyer, Tara, Olds-Didsbury-Three Hills (UC)
Schmidt, Marlin, Edmonton-Gold Bar (NDP)
van Dijken, Athabasca-Barrhead-Westlock (UC)

* substitution for Chantelle de Jonge

** substitution for Marie Renaud

Office of the Auditor General Participants

W. Doug Wylie	Auditor General
Eric Leonty	Assistant Auditor General

Support Staff

Shannon Dean, KC	Clerk
Trafton Koenig	Law Clerk
Vani Govindarajan	Parliamentary Counsel
Philip Massolin	Clerk Assistant and Executive Director of Parliamentary Services
Nancy Robert	Clerk of <i>Journals</i> and Committees
Abdul Bhurgri	Research Officer
Rachel McGraw	Research Officer
Warren Huffman	Committee Clerk
Jody Rempel	Committee Clerk
Aaron Roth	Committee Clerk
Rhonda Sorensen	Manager of Corporate Communications
Christina Steenbergen	Supervisor of Communications Services
Amanda LeBlanc	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Public Accounts

Participants

Ministry of Affordability and Utilities

John Barbour, Acting Assistant Deputy Minister and Senior Financial Officer, Corporate Services

Andrew Buffin, Assistant Deputy Minister, Utilities

David James, Deputy Minister

Neil Kjelland, Assistant Deputy Minister, Affordability

9 a.m.

Tuesday, March 24, 2026

[Mr. Sabir in the chair]

The Chair: Good morning, everyone. I would like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance. My name is Irfan Sabir, the MLA for Calgary-Bhullar-McCall and chair of the committee. As we begin this morning, I would like to invite members, guests, and LAO staff at the table to introduce themselves, and we will begin to my right.

Mr. Cyr: Thank you, Mr. Chair. Bonnyville-Cold Lake-St. Paul, Scott Cyr.

Mr. van Dijken: MLA for Athabasca-Barrhead-Westlock, Glenn van Dijken.

Mr. Lundy: Good morning, everyone. Brandon Lundy, MLA for Leduc-Beaumont.

Mrs. Sawyer: Good morning. MLA Tara Sawyer for the outstanding constituency of Olds-Didsbury-Three Hills.

Mr. Getson: MLA Getson, Lac Ste. Anne-Parkland.

Ms Lovely: Jackie Lovely, Camrose constituency.

Mr. Buffin: Andrew Buffin, assistant deputy minister of Affordability and Utilities.

Mr. Barbour: John Barbour, acting senior financial officer and assistant deputy minister of corporate services.

Mr. James: David James, deputy minister of Affordability and Utilities.

Mr. Kjelland: Neil Kjelland, assistant deputy minister of affordability.

Mr. Leonty: Eric Leonty, Assistant Auditor General.

Mr. Schmidt: Marlin Schmidt, Edmonton-Gold Bar.

Member Eremenko: Good morning. Janet Eremenko, MLA for Calgary-Currie.

Ms Robert: Good morning. Nancy Robert, clerk of *Journals* and committees.

Mr. Huffman: Good morning. Warren Huffman, committee clerk.

The Chair: Thank you.

I would note the following substitutions for the record: Mr. Getson for Ms de Jonge. There will be another substitution. I don't think he's arrived, but I can read that out. Mr. Haji will be joining us for Ms Renaud.

The Standing Committee on Public Accounts is mandated to review the public accounts of the government of Alberta and reports of the Auditor General. The committee examines the administration of government policy, not the merits of it, with the objective of enhancing transparency and accountability in government spending of public funds. The committee operates best when it maintains a nonpartisan approach in carrying out its responsibility on behalf of all Albertans.

A few housekeeping items to address before we turn to the business at hand. Please note that microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and

videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting. Comments should flow through the chair at all times.

Approval of the agenda. Members, are there any changes or additions to the agenda? If not, would a member move that the Standing Committee on Public Accounts approve the proposed agenda as distributed for its March 24, 2026, meeting? MLA Lovely. Any discussion on the motion? All in favour? Any opposed? Motion is carried.

MLA Haji, can you please introduce yourself for the record?

Mr. Haji: Sharif Haji, MLA for Edmonton-Decore.

The Chair: Thank you.

Approval of minutes. We have minutes from the February 24, 2026, meeting of the committee. Do members have any errors or omissions to note? If not, would a member like to move that the Standing Committee on Public Accounts approve the minutes as distributed of its meeting held on February 24, 2026? Anyone willing to move? MLA Getson. Any discussion on the motion? All in favour? Any opposed? Thank you. The motion is carried.

I would like to welcome our guests from the Ministry of Affordability and Utilities and the Office of the Auditor General, who are here to address the ministry's annual report 2024-25, responsibilities under their purview during that reporting period, and relevant reports and outstanding recommendations of the Auditor General.

I invite officials from the ministry to provide opening remarks not exceeding 10 minutes.

Mr. James: Thank you, Mr. Chair. It's a pleasure to be here today on behalf of the Ministry of Affordability and Utilities. In fiscal year '24-25 Affordability and Utilities continued the important work of strengthening the reliability and sustainability of our utility system while making everyday life more affordable for Albertans. This work ensures the system continues to meet the needs of Albertans and keeps pace with growing demand as the world becomes increasingly reliant on electricity.

Today I will provide a summary of the department's accomplishments for the '24-25 fiscal year. I will then answer any questions relating to the department's annual report. Joining me at the table today are John Barbour, acting assistant deputy minister and corporate services senior financial officer; Andrew Buffin, assistant deputy minister of utilities; and Neil Kjelland, assistant deputy minister of affordability.

With the emergence of new technologies and a growing population, Albertans increasingly rely on electricity to support their families and power their businesses. As a result, we are prioritizing our work to strengthen and modernize Alberta's utility system. In the '24-25 fiscal year we made significant progress modernizing the electricity grid while protecting consumers by lowering and stabilizing rates. We also work closely with other ministries to address cost-of-living pressures through crossgovernment initiatives that support those who need it most and help lower the cost of everyday essentials.

Mr. Chair, during the '24-25 fiscal year Affordability and Utilities played a co-ordinating role across government. We shifted our approach on affordability from immediate spending to looking at how we can address these challenges to avoid long-term financial pressures for Albertans. This policy intervention mitigated utility price spikes by addressing local access fees and increasing consumer awareness through the introduction of the rate of last

resort, which I'll speak to in more detail shortly. We worked across ministries to support ministry-specific mandates to address affordability-related issues and cost-of-living pressures, ensuring that the diverse nature of affordability concerns was considered within ministries as they assess the impact of the programs on Albertans.

We supported Treasury Board and Finance on two key affordability initiatives: the introduction of a new 8 per cent personal income tax bracket, which could save two-income families up to \$1,500 per year, or \$750 per individual; and the development of Alberta's care-first auto insurance system. Once implemented in 2027 this made-in-Alberta approach is expected to reduce time and costs associated with litigation and support more stable and predictable insurance rates for Albertans.

We supported the ministry of seniors, community, and social services on several initiatives including the affordable and attainable housing action plan to improve housing affordability, funding for food banks and low-income transit passes, and offering support for adopters, social workers, caregivers, seniors, and administrators.

We worked with jobs, economy, and trade to address the cost of child care. This included indexation of the Alberta child and family benefit program and the affordability grant for affordable child care. We also supported Service Alberta and Red Tape Reduction on affordability initiatives, including a 25 per cent discount on personal registry services for seniors and the integration of affordability considerations into their legislative proposals.

We also supported Albertans through the Utilities Consumer Advocate's website, ucahelps.alberta.ca, and its education and outreach programs, which I'll touch on in more detail shortly as well.

In addition to supporting crossgovernment affordability work in '24-25, the ministry continued its work to modernize Alberta's utility system and ensure it was affordable, reliable, and sustainable for generations to come. We recognize that all Albertans deserve access to essential utilities that work when and where they need them and at a price they can afford. To support this we worked closely with the Alberta Electric System Operator, or AESO, to advance the design of the restructured energy market and to implement critical updates to Alberta's transmission policy. As this work continues, we proactively put in place measures to strengthen grid reliability and protect consumers from unpredictable price spikes. These measures include the supply cushion regulation, which ensures reliability by requiring baseload power to be available during periods of high demand, and the market power mitigation regulation, which limits strategic bidding and prevents price spikes.

We also introduced the rate of last resort, which came into effect on January 1, 2025, and replaced the former regulated rate option as Alberta's default electricity rate. The rate of last resort is set at approximately 12 cents per kilowatt hour, which is 63 per cent lower than the peak default rate seen in mid-2023. This rate of last resort is fixed until December 2027 and was set after negotiations between the Utilities Consumer Advocate and the rate of last resort providers as directed by the Alberta Utilities Commission. An agreement was reached in November 2024, and the rate came into effect January 1, 2025.

By renaming the rate and fixing it for a two-year term, we are helping Albertans better understand the rate they are paying while protecting those who may not be able to sign a competitive contract from sudden and volatile price spikes. Consumers have been encouraged to explore their electricity options and take charge of their power bills, helping them to avoid defaulting to the rate of last resort. Approximately 26 per cent of residential consumers were on

the rate of last resort when the change was made while approximately 29 per cent of eligible commercial customers and 40 per cent of farm customers purchased electricity through the rate of last resort.

9:10

Following the launch of the rate in January 2025 the ministry launched an advertising campaign to raise awareness of the rate of last resort by encouraging Albertans not to settle and switch to a competitive retailer if they are able to. The campaign ran from February 3 to April 13, 2025, and informed Albertans about options to make their electricity bill more affordable.

During the fiscal year the ministry also passed the Utilities Affordability Statutes Amendment Act, 2024, which prohibits the use of variable market electricity or natural gas rates when setting local access and franchise fees. This change improves stability, predictability, and fairness in the calculation of these fees while balancing the need for municipalities to meet their budgetary requirements.

In addition, the ministry developed the electric energy land-use and visual assessment regulation under the Alberta Utilities Commission Act to protect high-quality agricultural land and iconic Alberta views from the impact of electricity energy development. This regulation provides clear and consistent rules for new renewable energy projects while balancing economic development and environmental stewardship.

Finally, the ministry began to advance the minister's mandate to undertake public and industry engagement on nuclear energy development and to develop a nuclear road map for Albertans.

We also continue to support rural Albertans through several targeted grant programs. The rural gas program supports the expansion of natural gas service to remote areas of the province. This program has been in place since 1973 and resulted in 2,900 gas services and 730 kilometres of pipeline in rural Alberta in the '23-24 construction year. In '24-25 the program was allocated \$5.7 million in grant funding. Since the 1940s the rural electric program has helped electricity distributors provide services to those in sparsely populated areas. The program provides help to reduce the cost of installing farm electric service like poles, wires, and transformers. In '24-25 the program supported the construction of electric services in rural Alberta by awarding \$664,000 in grants to 163 applicants.

In 2024-25 the ministry also launched the rural water program and approved \$500,000 in ongoing annual grant funding to support rural water co-operatives across the province. As the program launched late in fiscal year, results will be reported in '25-26.

The remote area heating allowance program assists rural Albertans in areas without economical access to natural gas. It primarily benefits those in rural and remote areas, Indigenous communities, and farmers who need substantial volumes of natural gas for grain drying. Where the rural gas program focuses on the expansion of natural gas services in the province, the remote area heating allowance primarily addresses spikes in fuel costs. In '24-25 the program provided \$918,500 in rebates to nearly 1,700 Albertans to help off-set the high cost of heating fuel.

In total the ministry provided \$8.5 million in grant funding to help Albertans living in rural and remote areas access critical services such as heat, power, and water at a reasonable cost. In addition, we provided \$2.5 million to support the expansion of an 11-kilometre pipeline to the Nordegg area, giving residents in that area access to a safe and affordable way to heat their homes and businesses and reduce their cost of living.

Mr. Chair, we also continue to support the Utilities Consumer Advocate in its important work providing consumer education and

advocacy for Albertans, farmers, and small businesses. During '24-25 the UCA helped save consumers more than \$280 million through interventions in Alberta Utilities Commission rate hearings. The UCA arguments were cited in 44 different AUC decisions. It also mediated 1,174 disputes between consumers and utility providers, addressing issues such as billing, late bills, and disconnections. The UCA was also able to reach millions of consumers through their website, with 1.3 million visits and 3.5 million sessions, which indicates active user interaction across various pages. The consumer education team held 67 engagement events and 16 webinars. This led to 669 consumers receiving resource packages and 353 attendees to the one-hour Power Hour session. The UCA is a crucial tool for Albertans, providing support to help customers make informed choices about their utility service providers.

In conclusion, what I've outlined here today highlights the work Affordability and Utilities is undertaking to make life more affordable for Albertans while ensuring Alberta's utility system remains affordable, reliable, and sustainable for generations to come. This work reflects a deliberate co-ordinated approach across government, one that balances immediate affordability pressures with the long-term need to support economic growth, system reliability, and investor confidence. Whether it's through supporting our colleagues, providing targeted support to ratepayers in rural communities, or through our work to modernize Alberta's electricity system, the ministry remains focused on practical, responsible solutions that deliver real benefits for Albertans.

The Chair: Thank you, Deputy Minister.

Now I will turn it over to the Assistant Auditor General for his comments. Mr. Eric Leonty, you have five minutes.

Mr. Leonty: Good morning, committee members and those officials here from the Department of Affordability and Utilities. Thank you for the opportunity to provide you with an overview of the work of the office of the Auditor General. We audited select financial transactions at the Department of Affordability and Utilities as part of our audit work of the consolidated financial statements of the province for fiscal '24-25. We also audited the financial statements of the Alberta Utilities Commission for the year ended March 31, 2025. We issued a clean opinion. We made no new recommendations as a result of our audit work and have no outstanding recommendations for this department. Thank you to the management group here today for their time, co-operation, and assistance during our work.

That concludes my opening comments, Chair. Thank you.

The Chair: Thank you.

We will now hear questions from committee members, and we will begin with the Official Opposition caucus. You have 15 minutes.

Mr. Schmidt: Thank you very much, Mr. Chair. Groceries affordability was among the top affordability concerns in '24-25. I didn't hear the word "groceries" in the deputy minister's opening statement. Pages 15 and 16 of the annual report discuss crossministry initiatives supported by the ministry. It lists several initiatives conducted with ALSS; Children and Family Services; service Alberta; jobs, economy, and trade; and Finance, but none of these initiatives address the rising cost of groceries. Can the deputy confirm for the committee that his department did nothing in this fiscal year to reduce the price of groceries for Albertans?

Mr. James: The department was active in a number of affordability areas, including, broadly speaking, food affordability. Food

affordability, as I think, Mr. Chair, all are aware, is affected by lots of things.

Mr. Schmidt: What specifically? What specific initiatives did Affordability and Utilities do to reduce the cost of groceries in '24-25?

Mr. James: We worked with colleagues in other ministries associated with energy and energy costs, carbon costs, advocacy to the federal government. We looked at our own utility costs that people are paying and . . .

Mr. Schmidt: Okay. Where did that show up? Where did that show up in the cost of groceries, then? How will Albertans know that you've reduced the cost of groceries from that work?

Mr. James: Well, I think that Albertans are understanding that there are a number of factors that go into their grocery costs, including transportation costs, fuel costs associated with those transportations, utility costs at the grocers. All of those factors are things that were being worked on both within our ministry and across government. While they don't show up as a specific line item in anybody's grocery bill when they go to the grocery store, all of those factors affect how much those groceries and foods cost for Albertans, and those actions will reduce and will result in reductions in those costs.

Mr. Schmidt: Will the fact that groceries inflated at more than the top line inflation rate for Canada in '24-25 – is that a sign that the ministry failed in its efforts to reduce the price of groceries in this fiscal year?

Mr. James: No, I don't think that's the case. CPI continues to ease. I think at that point in time across Canada and across the globe CPI was up for a lot of commodities and a lot of groceries. Yes, they were high in Alberta. Alberta is a landlocked province. It has higher transportation costs, higher energy costs. We saw increasing carbon costs at that point in time as well. There are a number of factors that affected it that I don't think are – yeah.

Mr. Schmidt: Not convincing.

I do want to then go to indicator 1(b) in the annual report. Can the ministry explain how it uses that performance indicator to evaluate its performance?

Mr. James: We track the rates of inflation across a number of products. I may ask my ADM for affordability, Neil Kjelland, to maybe speak to how we're using that and what we're doing with these numbers.

Mr. Kjelland: Yeah. Certainly. CPI data and inflation data is used in almost all of the activities that we take part in, but we don't just use headline inflation. We use the subfactors within it, recognizing how different variables are driving different prices, different consumer goods, and also, ultimately, how they might be driving people's financial pressures.

Mr. Schmidt: Okay. Can the department tell the committee, then, how it uses these inflation measures to evaluate its performance and make any changes to its operations?

Mr. James: Maybe I'll take that. If you take, for example, shelter costs, we know that shelter costs were high in that period of time. In our work with our colleagues at, at the time, seniors, community, and social services, now assisted living and senior services, we would work with them associated with the affordable and attainable

housing strategy. We looked at what could be done associated with that to reduce shelter costs, what could be done to assist with rent. Obviously, that was a housing demand that was driving some of those costs as well as high population growth within the province.

9:20

In the case of energy costs therein, the government was looking at what is going into the inputs of energy costs. Some of those energy costs were federal programs. There were carbon charges that were being put into both transportation costs, energy fuels, and other costs. The fuel tax relief program that the government put in place was also informed by that inflation data and CPI data. Those are a few of the ways by which we're actually taking that information and informing the policies that not just our ministry but other ministries are actually responsible for across government.

Mr. Schmidt: Right. So if the inflation rates are higher in Alberta than across Canada, what does that mean for the work that the ministry does?

Mr. James: I think it's indicative of a variety of factors. As I noted for transportation and groceries, for example, there have been variable impacts here that maybe differ from, say, Ontario, where the transportation costs, location to market, availability of market is different than Alberta. We're cognizant of both the regional variations. We're cognizant of challenges in Alberta. When you think about shelter costs, I think we've had record growth both in '24-25 as well as over the last year in housing starts. All of those factors inform what government needs to take into account to adjust its policy and its programs and where it needs to fund activities to assist Albertans in need.

Mr. Schmidt: Page 15 talks about the affordable advice for life website, and it states that there were 5,341 total visits to that website in '24-25. Now, just for a fun comparison, the website fantasyspeedskating.com had 11,432 visits in that same year. Is the ministry satisfied that the number of visits to the affordable advice for life website is less than half the number of visits to fantasyspeedskating.com?

Mr. James: I think the government and the ministry would be happy that 5,300 people took advantage of information that was put out there if they had concerns and questions associated with affordability and how to manage that. I think, in addition to that, the 1.3 million hits that we had associated with our Utilities Consumer Advocate site are also indicative of providing information to Albertans around our utility activities.

Mr. Schmidt: Thank you. Just for clarity then, the department is fine with 5,000 visits to the affordable advice for life website and didn't do anything to increase engagement in this year.

Mr. James: I think the government actually weekly on our social media pages was making sure that people were aware that was there. If people choose to make use of those activities, I think that's within the purview of Albertans to make that choice. We did stand up that website at the request and based on feedback we heard from stakeholders, who wanted to have some kind of a consolidated location for that information, and it points them to lots of resources that are available and various organizations across Alberta.

Mr. Schmidt: What was the cost to develop and maintain that website in this fiscal year?

Mr. James: That was internal resources both, I think, from our team as well as from communications and public engagement.

There is no substantial incremental costs outside of staff resources to actually invest in that.

Mr. Schmidt: Thank you very much. I had a look at the affordable advice for life website. Here's some of the advice for saving money on food from that website. Tip 4, in fact, on how to reduce grocery and food expenses:

Groceries and food/eating out expenses are a major expense for many people. Consider reducing this expense by reducing the amount of take-out you are ordering, shopping for generic brands and incorporating meal prepping. If you have a Costco membership, think about splitting it with a family member so you both can share groceries and save money buying items in bulk. If necessary, don't be afraid to access your local emergency food banks during this time.

Can the department tell us how effective this advice was for helping people to afford to buy groceries in '24-25?

Mr. James: I wouldn't presume to speak on how people apply that information. I think that advice and those activities are indicative of the types of ways that people could, in fact, manage their costs.

Mr. Schmidt: Does the department think that people are just too stupid to understand how to reduce their grocery costs?

The Chair: We can choose some other wording and better words so that order is maintained in the committee.

Mr. Schmidt: Is it the department's position that it's just a lack of education that means people can't afford groceries?

Mr. James: No, I think the government recognizes that there are a lot of factors that affect groceries and affect costs. I think that there are a lot of diverse circumstances across Albertans within the province and I think that Albertans are affected by a lot of considerations day to day in their lives. We want to make available to them information that they can then choose to use. They're going to seek advice from colleagues, from family members, from some of the other websites that are there. Our intent is not to imply anything about where Albertans are at with respect to their consideration. Our intent was to provide information based on the feedback we heard from those who suggest that we put a website such as this up, and that information is pointing them towards those other sources of information.

Mr. Schmidt: I just want to ask, then, the department about another helpful tip from the affordable advice for life website. For people struggling with the price of groceries, the website tells them to "Be Content with What You Have." Can the deputy tell the committee how effective advice like "be content with what you have" helps people afford groceries when maybe they can't?

Mr. James: I think people need to – sorry. I would say that the department is well aware that there are a variety of circumstances people find themselves in. I wouldn't presume to suggest that – you know, how people would respond or react to that particular comment.

Mr. Schmidt: Is it the department's position that it's just discontent? People don't understand how much they have, and that's why they think they can't afford groceries?

Mr. James: I don't think that's what we're saying at all. In fact, I think what we're saying . . .

Mr. Schmidt: Well, that's exactly what the website says.

Mr. James: I think that's how you're interpreting what the website says, sir – Mr. Chair.

Mr. Schmidt: Well, I think it's insulting to Albertans who can't afford to buy groceries to just tell them to be content with what they have.

I want to move on to a couple of other issues with this report. How does the ministry determine if the support that it provides to partner ministries is effective on these crossministry initiatives?

Mr. James: I think what we're doing day to day is making sure that our colleagues and other ministries are aware of what we're hearing from either panels that the minister has gone on, local visits, and making sure that that information is informing their consideration of the policies. It's not to our ministry necessarily to judge the specific policies that ultimately those ministries, in their conversations and deliberations with cabinet on a variety of factors, will ultimately come up with. We want to make sure that in our engagement with them they are appreciative of the information we're providing them, that we are informing them with information that we have available to us.

Mr. Schmidt: How do you – like how do you measure that and collect that feedback that you get from partner ministries?

Mr. James: It's qualitative assessment on whether or not we've been constructive in their consideration of policy activities, and if we do have statistic information . . .

Mr. Schmidt: Can the deputy minister expand on that? Like what form does qualitative assessment – is there, like, a written evaluation? Is it just meetings of the deputy minister council where you slap each other on the back? Like what form does that qualitative evaluation take?

Mr. James: I would say that across the public service – the public service routinely has conversations with its colleagues where we share information that we become aware of through our engagement with other nonprofit organizations or, as I say, the minister's tables, when he went up to various regional areas and heard from municipalities, providers, nonprofit organizations.

We're not patting each other on the back. What we're doing is actually sitting in those meetings having conversations, sharing information, having discourse around what that means and the impacts that it has on individuals. I'm not asking my team to give me reports associated with every meeting that they hold; rather, we're seeking to inform conversation and consideration of alternatives by our colleagues.

Mr. Schmidt: Does the ministry share any responsibility for the effectiveness and efficiency of the programs related to affordability that it's involved in that are delivered by other ministries?

Mr. James: Those ministries have their mandates associated with specific activities. We make sure that we're informing them. But at the end of the day, I would say that this government is taking a whole-of-government approach associated with what's happening on affordability. Each individual ministry, depending on the mandate that they've been given, is responsible and accountable for those particular activities. This government has been taking a whole-of-government approach, including in cabinet deliberations, around decisions that are ultimately made in the interest of Albertans.

Mr. Schmidt: Okay. So it's purely a support role. If a housing initiative, for example, doesn't actually reduce the cost of housing, that's not on the Ministry of Affordability and Utilities.

9:30

Mr. James: I don't have the budget for it, nor do I have the mandate specifically other than to support them with information that allows them to make a decision.

Mr. Schmidt: Thank you very much.

The annual report discusses "initiatives led by the Ministry of Service Alberta and Red Tape Reduction [including] incorporating affordability considerations into legislative proposals." What legislative proposals in particular were completed in this fiscal year?

Mr. James: Yeah. The seniors' discount required legislative changes to enable them to enact the 25 per cent reductions.

Mr. Schmidt: Was that the only legislative proposal?

Mr. James: That's the primary one that we have. Oh, the red tape reduction as well and the various activities on red tape reduction.

Mr. Schmidt: Such as?

Mr. James: I would have to go back and look at the specific reports, but all ministries had an accountability to look at red tape across government to reduce costs.

Mr. Schmidt: Can you table that for the committee, the red tape initiatives that you were involved with?

Mr. James: I think the red . . .

The Chair: Thank you.

We'll now move to the government caucus for 15 minutes. MLA Lundy.

Mr. Lundy: Thank you, Mr. Chair. Appreciate the opportunity. Ministry officials, thank you so much for joining us and for your hard work. We know the mandate of your ministry is incredibly important to Albertans, and I just thank you for being able to come and share some information and make sure that we can have a respectful dialogue back and forth. We know there are some people tuning in at home, and I just want to want to assure those watching that the government side will always proceed in a respectful manner.

I'd like to start by asking about the renewable electricity program through the chair, of course. This is on page 39 of the '24-25 annual report. The ministry notes that under other revenue, that includes the renewable electricity program revenue, this totalled \$76.6 million. This was approximately \$41.4 million lower than budget, and the report attributes this variance primarily to decreases in the REP program revenue as electricity prices declined below contracted strike prices, resulting in payouts being recorded as expenses rather than revenue.

Through the chair, I do have a couple of questions on this. Can the deputy please explain in further detail why electricity prices are declining and how this is resulting in payouts being recorded as expenses?

Mr. James: Yeah. Thanks very much for the question. Electricity prices during the period of time '24-25 were reducing in a variety of factors. One was that we saw a lot more generation mix come into the system, so as a result as you put more supply on the system,

the costs of the electricity are going down. Government also introduced the market power mitigation regulation and supply cushion regulation during that window of time. Both of those had an effect or a downward pressure on prices during that window of time.

The other one is that because the renewable electricity program is based off of a contract strike price, when those electricity rates fall, the amount of revenue that is generated by those generation assets reduces. When it fell below the contracted strike price, the obligation of the contract is to pay the difference between those two. As a result, more costs were incurred by the government of Alberta during that window of time as opposed to when the prices were higher in the prior years.

Mr. Lundy: Okay. Appreciate some of that explanation. I think it is important that we get a chance to unpack some of that. Through the chair, just a couple of quick follow-ups if you wouldn't mind expanding. First, can the deputy explain what actions government has taken that might have contributed to the decrease? I think you were starting down that path. And then as a follow-up to that: given the significant expenses the renewable electricity program is imposing on government, are there ways that the ministry can reduce these expenses?

Mr. James: Yeah. Thanks for the question. As I noted, the market power mitigation regulation and supply cushion regulation were two of the areas that came into effect at July 1 of last year. Those were intended to prevent excessive market power and make sure that we had sufficient supply during periods of scarcity, which had been a problem in previous years. Our sort of assessment of the Market Surveillance Administrator's assessment is that the supply cushion regulation in particular contributed to reducing average pool prices by 6 per cent in Q3 '24, 11 per cent in Q4 '24 calendar, and 23 per cent during the period Q1 in 2025.

Similarly, the market power mitigation regulation helped lower monthly average pool prices by 8 per cent when it was triggered in 2024. It was triggered once during that period of time. I believe it was August. All of that is helping to make sure that prices for Albertans are remaining in check and that we're not seeing the volatility we saw previously, and that's helping to make sure that the cost of essentials for Albertans are maintained and managed.

In terms of reducing the REP costs themselves, government did look as part of its broader progress review or program reviews on whether or not we could move away from these particular contracts. Cancelling the contracts would result in costs that are estimated in several hundred million dollars. Given that these were signed in good faith by those renewable energy providers, we're locked in, effectively, to those contracts and we're going to continue to meet the obligations under them. There's very little we can do without significant costs to consumers.

Mr. Lundy: Thank you, deputy, for providing that information.

If I could, Chair, I'd like to ask a series of questions on natural gas generation capacity. We know that here in Alberta, you know, natural gas is sort of our stabilizing force, if you will, in terms of generation, so I think it's important that we get a chance to hear from the department. I would like to specifically reference performance indicator 2(b) on page 31 of the annual report. It shows that Alberta's electricity system continued to add generation capacity in 2024 with natural gas remaining the primary source of electricity and renewables continuing to grow year over year. The report notes that natural gas accounted for approximately 14,094 megawatts, or about 61.5 per cent of installed capacity. Through the chair to the deputy, could you explain the role that natural gas

generation played in supporting system stability and reliability in 2024, particularly as Alberta continued to add renewable generation? Also through the chair to the deputy, given that the last operating coal generating unit went offline in June 2024, can you explain the impact this has had on the stability of the power grid and the investment climate for generators in Alberta?

Mr. James: Yeah. Thanks for the question, Mr. Chair. The electricity system, you know, relies on physics, and those physics require large elements of spinning mass to actually provide some of the sort of attributes to the system that enable both the voltage as well as the frequency to remain stable, and that's what we rely on to make sure that we can power our province properly and the system stays stable.

As the coal units came off in particular, we needed to make sure that we had stable forms of that large spinning mass. Variable renewable or variable energy resources such as renewables, solar, and wind don't have that. As a result, they don't have a lot of additional attributes beyond just the power or the generation of energy. They provide that, which is important and it's great, but some of the other attributes that we need to maintain that frequency stability, to maintain the voltage stability of our grid, which is, again, what ensures that it operates effectively day in and day out: natural gas provides that. Natural gas has the ability to provide what we call dispatchable generation. It has the ability to ramp on demand. It has the ability to both come up and go down. Variable generation has the ability to come up and go off, but it's predicated on whether the sun is shining or the wind is blowing. Again, while that provides good attributes and good opportunities to sort of provide power using those renewable products and has been complementary to the system, natural gas became the backbone of Alberta's electricity system and has been over a number of years and especially as coal has come off.

In 2024 companies did their final conversions of the coal unit in the Genesee facility. That conversion was able to make sure that natural gas was used as sort of the primary energy source there. We also had 3,000 megawatts of natural gas added to the system, which included the Genesee facility, as I mentioned, during that 2024 period. So while renewables made up approximately 32 per cent of the nameplate capacity in our system, natural gas at 14,000 megawatts' worth of capacity was by far and away the bulk of sort of the stable energy that we needed in the province to keep prices in check and to keep the system operating effectively during that window of time.

It also ensured that, as I mentioned, the supply cushion regulation – between better dispatchable generation, better management through that regulation, we were able to make sure that we had fewer energy emergency alerts in 2024-25 in that window of time versus in the 2023-24 period along the way. So, you know, we're going to continue to make sure that we have the ability to manage the smooth transition into the future, and natural gas is critical to that.

Mr. Lundy: I appreciate those answers, and certainly in a cold weather province in January, February you're getting those alerts. I certainly understand the value of natural gas and how it does stabilize everything for us. Thank you again through the chair.

At this point I will cede my time to MLA van Dijken.

9:40

Mr. van Dijken: Thank you, Chair. I'm going to focus a little bit on the initiatives that continue to provide assistance and provide affordable utilities in rural Alberta, the rural gas program and the rural electric grant program. To the deputy minister: while I

understand the rural gas program is administered by the Federation of Alberta Gas Co-ops, otherwise known as Fed Gas, could you provide the committee with any particular projects completed in the last year that demonstrate the program's success in connecting Albertans to natural gas? I see in the report in '23-24 there are 2,900 gas services connected and 730 kilometres of pipeline. Could you expand a little bit on some major initiatives that help to connect Albertans?

Mr. James: Yeah. For sure. Thank you for the question, Mr. Chair. Just a little bit of background on the program itself. This program has been around for quite a number of years. In fact, since 1973 the program has contributed \$500 million worth of funding to gas distributors across the province that has expanded rural gas infrastructure into various areas. As I mentioned in my opening remarks, having that rural gas infrastructure can reduce costs associated with the power needs that people have within these rural areas. What Fed Gas does is that Fed Gas goes and in a particular year they will work with the individual gas distributors to identify projects. They then at the end of the year will reconcile all of that and make sure that the funding that we provide them is used for that. They're currently evaluating the projects that were completed in 2025, and they'll look at grant eligibility.

Maybe one example that I could give you in 2024 is a project that is in southern Alberta. In particular, we saw \$900,000 that was provided to the Forty Mile Gas Co-op, and that was part of the gas program funding for '25-26. I should look at that. The funding was provided for new pipeline construction, put lots of pipelines. Yeah. In that particular region there was an issue with low-end pressures and partial gas outages as a result of that. If within a particular region there's not enough support for gas pressure, you can have challenges and outages. We've seen that in other areas of the province. In this particular case they were able to support 350 rural customers, including residential and commercial customers within the Forty Mile Gas Co-op, as part of the funding that was provided to that particular area.

Mr. van Dijken: Okay. Thank you for that.

The ability to receive gas versus propane was a big initiative to start the program in the early '70s. Could you explain how much savings ratepayers can see as they gain natural gas access versus other alternative fuels such as propane?

Mr. James: Yeah. Thanks for the question again through the chair. There are immediate savings that come through this. If they get connected to the gas system itself, our expectation is that consumers will save more than 25 per cent on their home heating bills compared to heating with propane or heating oil, which is what's covered under some of the other programs that we have. So the gas program: while it doesn't provide transitioning for the households to the actual propane – that's a hookup internal to the facility themselves or their home – it can save about 25 per cent on home heating bills.

Mr. van Dijken: Thank you for that.

One program that's been in place for a number of years as well is the natural gas rebate program, although it didn't trigger in this '24-25 period. Could you explain the details about the natural gas price threshold, how it's set, and how that program continues to be rolled out and monitored?

Mr. James: Yeah. Happy to speak to that. The rebate program was established, you know, in that window of time to make sure that there's a stable and inflation adjusted, I guess, threshold of \$6.50. In 2009 there was a benchmark at \$5.50 a gigajoule. What the team

did was that when they looked at reimplementing the natural gas rebate program, to provide that stability, they took that \$5.50 per gigajoule; they upgraded it based on inflation to make sure that there's consistent purchasing power protection over time. So that \$6.50 a gigajoule is a threshold under which, if it's over that period, we would then trigger the rebate. That hasn't actually been triggered as a result. We have not had sustained prices over \$6.50 during that window of time. If we did trigger it, the program itself would offer price protection for about 1.6 million Albertans who are receiving natural gas to their homes.

Mr. van Dijken: Going on to the rural electric grant program. According to page 25 and 26 of the annual report it provided over \$664,000 in grants for more than 160 applications. Given how important the rural economy is to the prosperity of our province and the rising demand for electricity, can the ministry explain how it determines whether the funding provided through these grants is enough to meet demand?

Mr. James: Yeah. The demand for this particular one, administered through the Alberta Federation of Rural Electrification Associations: they look at what's coming into them in terms of their applications associated with that. They receive about 143 applications to the program annually, inside of that usually receiving . . .

The Chair: Thank you.

We will now move back to the Official Opposition for 10 minutes. MLA Eremenko.

Member Eremenko: Thank you, Mr. Chair. I'd like to start with key objective 1.5 in the annual report that speaks to the ways in which the department addressed the costs of utility payments for Albertans, specifically around the rate of last resort that was set per the annual report at around 12 cents per kilowatt hour. In the opening remarks the deputy minister mentioned the rate of use of the rate of last resort. We've got 26 per cent for residential, 29 per cent for commercial, and 40 per cent for farmers. Through the chair, can the department tell us: I mean, is it not a big red flag that 40 per cent of farmers are accessing the last resort option?

Mr. James: I think there's a variety of providers across the province, some of those being rural electrification associations that do that. We want to make sure that farmers have the ability to understand what options are available to them as well. Those rural electrification associations often through co-op programs will have farmers that are part of their supply, but in terms of the specifics of how many of those 40 per cent are part of the REAs, I couldn't sit and speak to it today.

Member Eremenko: Is there not an absence of viable options when 40 per cent of farmers are accessing the option of last resort? I mean, the department specifically changed the name from a regulated rate option to the rate of last resort, which tells me that there were no other options. What is the department doing? What did the department do in the fiscal year to address the fact that 60 per cent of people were accessing another option but 40 per cent were not? Nearly half did not feel like there was an alternative viable option. Has the department chosen to address the absence of other options given the rate of uptake for the rate of last resort?

Mr. James: No. I think it's safer to say that the Utilities Consumer Advocate that is providing information to various providers including farm providers has the opportunity to inform them as well. That 40 per cent was at the start of the program. I don't have

the statistics sitting in front of me specifically on how much they've adjusted. We could find out what the change in farm rates are, though. Unfortunately, I don't have that sitting in front of me at this point, but the education programs that the Utilities Consumer Advocate runs are available to farmers as well to allow them to understand their options.

Member Eremenko: Could the department table that, please?

Mr. James: Yeah. We can find out what that number is.

Member Eremenko: Thank you.

If the expected user for the rate of last resort is typically low-income households, why are customers currently paying 30 to 40 per cent more than customers who are locked into competitive contracts during the same period? It seems to me that customers are paying a persistent premium to avoid the peaks but then also the valleys in the market. Is this in fact satisfying the need of the low-income households that are having to access the rate of last resort, when they're paying so much more than what others are on a competitive market?

Mr. James: I think in the case of low income – and I don't want to presume that all those individuals that are in that 22 per cent are in the low-income space. Our colleagues in ALSS have opportunities to support low incomes in various ways. Government's actions on reducing taxes is also an opportunity to support some of those families.

In terms of the rate of last resort itself, it was intended to provide sort of a stable price that would not have the volatility that we had seen in years prior, where there were substantial excursions of that price, up to 34 cents, if I remember correctly, in '23. The intent is we that would educate them. We would make available the information that would enable them to do that. We do realize that there are some that cannot get off that. Again, the other supports that are available through low-income supports and other activities can help to off-set some of those activities, and then we're continuing to work to make sure that as many people as possible are both aware and can move off that rate.

9:50

Member Eremenko: I appreciate, through the chair, that the DM can't presume that all applicants and recipients of the rate of last resort are low income, but does the department track the demographic makeup of the households that are accessing the rate of last resort?

Mr. James: Due to privacy, I can't actually access that information from the individual distributors. We don't have the ability to understand the specific circumstances of every family that's on the rate of last resort.

Member Eremenko: Anonymized kind of metadata so that you can target your communications materials, your ads, your – there was a significant advertising campaign around the rate of last resort in the last quarter of '24-25. If we don't actually know the folks that we're trying to target, how can we make sure that it's having the impact?

Mr. James: While we haven't necessarily targeted those low incomes or done that assessment associated with the demographics on sort of an anonymized basis, it's certainly something I'll take away and consider.

Member Eremenko: Ultimately, the Public Accounts Committee is here to speak to the implementation of policy and the effectiveness

of the implementation of that policy. I would expect that that would be critical information. If we are paying for the advertising, if we are promoting a program that is really supposed to make a difference on the bottom line of every household, I would expect that that data would be important.

The *Lethbridge Herald*, where the minister's constituency is located, reported that seniors, low-income households, people with poor credit, renters, and rural residents are those who are more likely to have access to the rate of last resort – so, clearly, the data is there – because they can't qualify for competitive contracts. How does the department respond to criticism that default rates become expensive because the underlying market is expensive, not because consumers failed to shop around?

Mr. James: I'm not sure that I would come to that same conclusion. I think that the assertions that people are making in terms of all of the various factors that affect, you know, individual households or even the underlying market itself – I think the market itself provides flexibility for the majority of customers in that particular space. The education programs that we're putting out can assist with that. You know, we do have our ads targeted to rural areas. We've had programs in place to assist seniors and some of the other demographics that you mentioned to understand sort of options available to them. Again, we've got programs out there through other departments that can assist with some of those low-income circumstances.

Also, just on the last one, the retailers themselves are not in a place that they can ask that information of the individual Albertan, so it would have to be a very broad survey that is outside of any information we have in the retail space to be able to ask questions about the demographics of individual recipients of contracts, power, or even the RRO.

Member Eremenko: So on rate of last resort and also, for example, within the affordability framework it seems as though the department is really emphasizing education, building awareness for Albertans so that they can try to make an informed decision, but no informed decision is going to change annual income. No informed decision is going to change a family's credit score that prevents them from accessing a competitive market. Given that so much emphasis is being placed on education, has the department tracked the movement off of the rate of last resort, previously known as the regulated rate option, as a result of their education campaigns and initiatives?

Mr. James: Yes, we have. In the year that we're referring to, in '24-25, there was 13 per cent of the people moved off the rate of last resort within that window of time. So we've seen a significant decrease during that window. We've seen continued decreases over the last year through those advertising campaigns. That has resulted in more and more people moving off the rate of last resort. I think in the Calgary region there's less than 17 per cent who are now on the rate of last resort. And across the province, as I said, at the end of the '24-25 period it was 22 per cent that were on that, so we've seen people moving off it. We would continue to expect that more people would move off that.

Some people we have talked to have indicated to us that – because we do check in on this program every 90 days. They've indicated: I'm aware I'm on it; thank you very much; stop contacting me to get off it. Others, to your point, have indicated that they are ineligible to get off that. You know, this is why a whole-of-government approach with broader supports for various communities and families that are out there is also available to people.

Member Eremenko: Were there any real structural changes in the transition from the regulated rate option to the rate of last resort ahead of January? I think it was January 1, 2025, that we moved over into the rate of last resort. Were there any real structural changes, or was this essentially a branding exercise?

Mr. James: No. There are structural changes to it. This is about stability. Previously there was a window of time in which the retailers, at that time the RRO, the regulated rate option, retailers – providers, rather. They were responsible for procuring power within a certain limited period of time, and that power purchase: they were monthly setting their rates, so you saw lots of volatility within the rates on a monthly basis, which is one of the reasons why you saw even as high as 34 cents back in the '23-24 period. The structural change for this one was very much about stability. The change from government was that we're going to have the Utilities Consumer Advocate as well as the providers negotiate a two-year rate, and then government fixed a plus or minus 10 per cent.

The Chair: Thank you, Deputy.

We will now move back to the government for 10 minutes of questions. MLA Sawyer.

Mrs. Sawyer: Thank you very much, Mr. Chair, and if I may through you to the deputy minister: thank you. I'll echo the sentiments of my colleague. Thank you for being here today and answering the questions.

I'm going to follow with some more rural questions. In your opening remarks you were highlighting about the remote area heating allowance and about the rural water program. My questions are going to be around that. On pages 26 and 27 of the annual report it's noted that the remote area heating allowance supports rural and remote areas, particularly for northern Alberta and the Indigenous communities there. The 2024-25 program provided more than \$918,000 in heating cost support to 1,665 applicants. You referenced that in your opening statements. That was to help off-set higher fuel costs and maintain affordability in areas where those alternatives are limited. Through the chair could the deputy minister please explain if the need for this allowance is decreasing as a result of the expansion of natural gas services through the rural gas program? The second would be: how did the ministry ensure that the program reached those northern and Indigenous and other remote communities who had the greatest need?

Mr. James: Thank you very much for the question, Mr. Chair. Despite the fact that we have northern gas services that are expanding throughout the province as a result of the rural gas program I described earlier, there are still many areas in the province where access to natural gas is uneconomic. You know, these areas include regions in which the installation of natural gas services or pipelines are very expensive. That could be in areas with dense muskeg or into mountainous regions within the province. As a result of that what we've seen is that the program has seen some measured decreases in applications over the last couple of years, but it's still averaging over 2,000 applications a year and when we look at the data for the last 10 years. So while we've seen some decreases, we haven't seen people coming off it completely.

There are also natural variations annually that come with that. If you have weather patterns that are not easy to account for, we can't really forecast those. We've seen examples where – well, over the last several years we haven't seen significant wet falls. If you did have that, that would be where you would see some of the highest use of the grant program through eligible grain dryers. Because we haven't had that, that hasn't necessarily been sort of a challenge, but in 2020 we had 3,000 RAHA applications, or rural area heating

allowance applicants. They were eligible for more than \$1.75 million in rebates, and many of the remaining RAHA recipients that are Indigenous are located in areas of the province where natural gas may never be economic to move to.

Oh, sorry. You had a second question. I apologize. Just a note there. In terms of, you know, the program reaching northern, Indigenous, remote communities, it is designed to directly support those northern communities, those Indigenous communities because of, as I mentioned, that lack of economical access and with the high cost of propane and heating oil.

10:00

The criteria for the RAHA program naturally align the program with remote communities, where propane and heating oil remain the primary source of heating in the infrastructure constraints up there. As I say, First Nations reserves, Métis settlements are relying on those higher cost fuels because of that. The RAHA allows rebates on significant fuel volumes: 18,185 litres of propane, 12,275 litres of heating oil. That's meaningful support for those high-use households and farms. You know, demand naturally directs the program reach. So if it's colder in the winters, if, as I said, wet harvests: high fuel use in remote areas. Hopefully, we can see some of that coming off, but we're still seeing large use.

Mrs. Sawyer: Certainly, I know that when it comes to the grain drying and the costs and the carbon tax that was added to that for a while, that didn't help. Thanks for that.

With respect to the rural water program, this one is one, you know, from when I first got in, that a lot of the municipalities: this is what they were talking to me about and the different co-ops they belong to. So if any of them are watching, they're going to like hearing some more information from you.

On page 26 of the annual report '24-25 you approved \$500,000 to begin strengthening rural water co-ops, including establishing the Alberta federation of water co-operatives, which was set to lay the groundwork for future infrastructure support. Through the chair to the deputy minister: could you please provide a breakdown of the program, the funding that was used to better understand the system conditions and the needs across rural Alberta?

Mr. James: Sure. In 2024-25, when we started the rural water program, government provided \$500,000. Those funds were intended to strengthen rural water co-ops. It gave them governance support, training, and infrastructure upgrades in particular in that space. That has allowed for permanent staffing of the Alberta Rural Federation of Water Co-operatives, ARFWC. It's allowed for more consistent co-ordination, oversight, and capacity building across the 170 water co-ops that are in the province. The grants help to fund training programs that improve technical knowledge and improved compliance, assisted with safe operations within the co-ops themselves.

Many of those co-ops lack professional utility management capacity. Some of those were built by the developers, you know, 20, 30 years ago, and they continue to be maintained by those particular communities, but they don't necessarily have that. The funds are being directed towards upgrades of aging water infrastructure distribution systems, as I say, many of which were built in the '60s and '70s. They haven't had regular reinvestment because the original developer installed them.

Our ministry has got administrative oversight. We've got co-op reporting as well that's improving. We've got ARFWC engagements to identify those high-risk systems, governance challenges, and infrastructure gaps. Then we work with ARFWC, or the Alberta Rural Federation of Water Co-operatives, to support them in that.

Mrs. Sawyer: So to tie into that with those changes, how do you – sorry; through the chair – evaluate whether the rural water program is improving that long-term reliability and affordability for rural Albertans?

Mr. James: Yeah. Thanks for that question through the chair. The ministry evaluates that performance by monitoring governance improvements, infrastructure condition, and training uptakes, so what are we seeing in those areas? All of that would lead to reduced risk of system failure across the water co-ops themselves as you get better governance, better infrastructure, better compliance. The other thing is that with the infrastructure upgrades funded through the program, you know, we would expect that that would reduce the likelihood of emergency repairs, boil-water advisories, system failures. Those are key indicators of improved reliability. If you're not seeing those failures, if you're not seeing boil-water advisories, you know that you're having that effect.

Governance and training investments, in particular, within those co-ops: we can see better plan maintenance. We can see better management of the assets. We can see their ability to improve operational stability and not having challenges with their systems.

The other part is on technical knowledge, so if they're getting better information and they have better technical knowledge. We're seeing that that's reducing long-term costs for rural co-operatives or households. It avoids rate shocks and sudden upgrades that need to be done within those areas themselves and ties into the deferred maintenance and urgent capital replacement.

All in all, that collaboration with ARFWC has been very helpful in giving us insight into emerging risks and how that funding is helping them with the operational and affordability challenges.

Mrs. Sawyer: Thanks. You know, one of my local towns just had a little incident a couple of weeks ago, and their response time was quite quick. They say you shouldn't assume, but I'm going to assume it came from some of that training.

If I could, Mr. Chair, I'd like to cede the rest of my time to my colleague MLA Cyr.

Mr. Cyr: Well, thank you, Mr. Chair and to my colleague. One of the, I guess, concerns always is affordability. Up in northern Alberta this is a clear concern, especially with utilities and food affordability, everything that my colleagues and the NDP have mentioned. A lot of these influences are coming not just from within Alberta but outside of Alberta as well. Can you speak on, say, some of the federal programs that are showing some influence, that are putting pressure on our utilities and our affordability when it comes to food and rent and some of the others? Now, I recognize that 29 seconds probably isn't enough to bring a fulsome answer, but when it comes to the next block that we have, I would appreciate the continuing of this line of questioning, sir.

I guess I'll cede my time back to the committee now. Thank you.

The Chair: Thank you, MLA Cyr.

We're into our third rotation, and we'll move back to the Official Opposition for 10 minutes.

Member Eremenko: Thank you. I have just two more follow-up questions on my last block around the rate of last resort. You said that – sorry. Was it 17 or 13 per cent is the rate of uptake of the rate of last resort in Calgary?

Mr. James: I think it's down to on the order of 17 per cent within the Calgary region.

Member Eremenko: Seventeen per cent. Do you have the number for Edmonton?

Mr. James: I don't off the top of my head, but we'll try to get that number for you and get back to you.

Member Eremenko: Yes, please. Thank you. If you don't have it here for the committee, then if it can be tabled, please.

Also, how much money was spent in fiscal year '24-25 for the education campaigns, the promotion campaigns, and then also the resources required for a person to pick up the phone every 90 days and call the beneficiaries of the rate of last resort to inform them of their options?

Mr. James: All of the UCA is focused in on that. We had \$2.9 million that was set aside specifically to support the advertising campaign, the education campaign associated with the rate of last resort during that window of time. There was a small charge that was applied to make sure that they had funding within the Utilities Consumer Advocate to support the education program during that window of time, and those funds were then used for those purposes around that. The other thing that I would just identify – sorry; \$2.8 million during that window.

Member Eremenko: For the advertising campaign alone?

Mr. James: For all of that. We had to contact the recipients of that, so we identify who was actually on the RRO. We had to make sure that we send out information by their e-mails or, in many cases, mailings directly just because of their contact information. We had people who were receiving calls. We had people who were providing education services.

Member Eremenko: Okay. Thank you. I am going to move on.

Moving on, then, to the affordability framework that's identified throughout the annual report, key objective 1.2 talks about working with partner ministries to educate and inform Albertans and address financial challenges. Through the chair, we see that 3,800 unique visitors and 5,300 page views were reported for the affordable advice for life website, that my colleague mentioned earlier in committee. Does the department have anything more? You know, it's an output. It's bums in seats that tell us how many eyes have actually landed on the website, but I want to know about the effectiveness and the impact. What is it that actually tells us and the department and the government about the effectiveness of the program? Do they have any data about the relevance of the information on the website? Was this helpful for you? A quick kind of: how many stars would you rank your visit to the affordable advice for life website? Does the department have any information about click-throughs to tell us which sections of the website are of greater interest than others?

Mr. James: I don't have that information sitting here today, but again, the website itself is intended to provide base-level information to people.

Member Eremenko: Is it collected, but you just don't have it here today?

Mr. James: I would have to go back and see whether or not we collect information. What I do have for you is that we had 3,800 unique visitors, 1,300 returning visitors, as you noted, I believe, on that web page during that window of time, but I'm not sure that I have the click-through information.

Member Eremenko: Can the department provide any additional information about whether or not the website is in fact, you know, satisfying the user when they come to the site? Can you table any information about that?

10:10

Mr. James: Not sitting here today, I can't.

Member Eremenko: Well, there is the opportunity, through the chair, for the department to provide that information after the fact if it's not available today. I think that that would be incredibly important. It also tells us where the pinch points are for families in Alberta. Is it about financial literacy, or are more people driving towards the "How can I feed my kids?" part of the web page?

Is that a yes? Can you table whatever information you have about the effectiveness of . . .

Mr. James: We can look at what the website shows.

Member Eremenko: You know, it reminds me of my work in poverty reduction, Mr. Chair, where we both knew one another. In reality, people living on low incomes are masterful at budgeting because every single dollar counts, and there comes a point where financial literacy is really not the issue around affordability. It's simply having not enough dollars in the month to meet our most basic level of needs. So my question to the department is whether they have had any role to play in their work across ministries to talk about the income side of the equation, where your expertise on CPI, for example, is informing income supports or minimum wage conversations or tax benefits. Does your department on the affordability side provide any of that kind of commentary to other ministries when it comes to the development of programs and services that are specifically related to adequate income for households, not the cost of things?

Mr. James: We sit at a table with a variety of folks. Maybe if Mr. Kjelland would want to just sort of speak briefly to that.

Mr. Kjelland: Yeah. Certainly. The member mentioned using CPI data for this. CPI data really refers to the cost of goods, so it doesn't help on the income side as much. What we do know is that if you compare the various items for cost of living over the last fiveish years or so to average weekly earnings, CPI did outstrip the pace of growth of average weekly earnings. We do know that, and we do bring in the activities and the metrics that relate to income, average weekly earnings being one of them. We do sit at the table and provide advice to ministries like Treasury Board and Finance, that work through their policy proposals on income tax reductions. That information was provided and was considered as part of those deliberations.

Mr. James: Yeah. And I will say that just some of what our statistics are showing us is that average weekly earnings in Alberta are higher than, I think, all provinces and almost the same level as Ontario, which has got the highest average weekly earnings right now.

Member Eremenko: Of course, then, in table 2 we also see that the inflation rate in Alberta versus the rest of Canada was higher in every one of those categories in the fiscal year in question of '24-25. I appreciate that CPI is reflective of the cost of goods, but my concern is around the delta that is growing between the CPI and average weekly earnings. That is the space in which you operate when it comes to affordability. Food is 3.3 per cent inflation rate while in Canada it was 2.7. Energy was 1.9 in Alberta while the inflation rate for Canada was minus .6 per cent. For shelter in

Alberta it was 7 per cent inflation rate in Alberta; Canada, it was 5.7. Meanwhile average weekly earnings are not growing at the same rate. Where is your department contributing to that space, and why is it consistently higher than the national average?

Mr. James: I won't presume to tell you all of the reasons why in that particular case. I think some of the federal policies we're going to come back to have an impact associated with that. I think the broader supply chain and other factors impact that as well. The other one I would say within Alberta – again, if you take the '24-25 window of time, ministries across the government of Alberta had mandates to actually look at a variety of things, including, as I've mentioned earlier, tax relief, affordable housing strategies. We saw the seniors' benefits. We saw other adjustments that were coming into effect. In 2024-25 work was going on in all of those areas.

Again, if you look ahead, we're seeing easing on all of those inflation rates as well, so we're starting to see housing starts come up. We're seeing increased population start to sort of moderate again within the province. All of those factors playing into both the policies that other ministries have put in place I think are starting to temper that, and we're starting to see those rates come back down. But you're right. In '24-25 I would say that our understanding of what was in those CPI and those rates was informing the conversation around specific policies that various ministries were taking in their mandates.

Member Eremenko: Okay. In the last minute and a half I have a question. In your opening remarks, through the chair, the deputy minister had mentioned the low-income transit pass and the advocacy that was done I believe through to seniors, community, and social services. In the fiscal year the government came very close to withdrawing funding for the low-income transit pass for both Calgary and Edmonton. What contribution did the department play in either informing the initial decision to revoke the funding for the low-income transit pass that is absolutely critical for the lowest income residents of both of those cities? What role did the department play in either advocating for its removal or in advocating for its eventual reintroduction or, I suppose, a revocation of its removal?

Mr. James: I wouldn't say that we were advocating in either particular way. What we were doing was that we were informing our colleagues in that ministry associated what we were hearing. The minister had been in various conversations. He would have informed his colleagues. We would have taken that information and said, "These are the beneficial programs," or "Here's what we're hearing in terms of concerns around that." That information then would have been shared with our colleagues. They would have had that opportunity to then consider that along with fiscal considerations, other conversations that we're having with communities.

The Chair: Thank you.

We will now move back to the government caucus for 10 minutes. MLA Cyr.

Mr. Cyr: Thank you again. I'd like to get back to the questioning that I had approached earlier. I also would like to, I guess, hear your thoughts when it comes to the tariffs that are also playing a big piece of the prices going up in our local regions. I want to do a reference, page 22 of the Affordability and Utilities annual report '24-25, and we're underneath outcome 2. If you wouldn't mind sharing your thoughts on how this impacts on the federal and our largest trading partners had for Alberta.

Mr. Schmidt: Point of order, Mr. Chair. Under 23(b) I believe that this question is speaking to a matter other than the question under discussion. I've had a review of the annual report. The federal government is only mentioned three times: once in response to discussions around power grid and carbon neutrality, second time around nuclear power, and then a third time around federal and provincial income taxes. So I believe that with respect to his questions on federal policies, this is not a topic for discussion here at Public Accounts this morning. If the member has questions around federal policies, I would recommend that he talk to the federal government about those.

With respect to tariffs, that was clearly outside of the scope. The tariffs I recall very clearly were implemented April 1, 2025. This is fiscal '24-25, which ended March 31, 2025.

I think both of those topics are out of order for this discussion today, and I ask that the chair rules as such.

The Chair: Just one second. I will give you an opportunity to defend. What was the page number you mentioned?

Mr. Cyr: Page 22 of the annual report '24-25, outcome 2. It states: "Alberta's utility system faces pressure from the federal government to achieve a carbon-neutral power grid while continuing to ensure that it remains safe, reliable and affordable." This is clearly within our scope, and you've given a lot of latitude to the . . .

The Chair: No. I'm just asking for information. Was there some mention of tariffs as well?

Mr. Cyr: Again, you've given a lot of leeway to the opposition during this time. We have allowed them to continue.

The Chair: I'm asking clarifying information. I'm chair here. I'm just supposed to do what's in the standing orders. You are going to defend it. I was just asking your reference number for my own information.

Mr. Getson: Appreciate the discretion, Chair, and the point of clarity on that.

This is obviously not a point of order. To my colleague's point, the other member: I find it absolutely rich. The guy is referring to figure skating websites, fairy tales and pixie dust, can't understand the price of vegetables, nothing related to anything to do with energy, et cetera, et cetera. The type of questioning that the chair gave this gentleman latitude for was amazing.

10:20

The Chair: It's about this point of order. Tell me how it's in order and should not be ruled out. It's not an opportunity to take shots at other members.

Mr. Getson: Understood, Mr. Chair, and I appreciate the clarification on how you run your meetings.

Obviously not a point or order; a matter of debate. Clearly stated from the elements that were in there that this is related to federal policy as it relates to the context of affordability here, so it's a matter of debate.

The Chair: I don't know what's a matter of debate. I think that's not helpful, but I will look up the page.

I think insofar as the question relates to tariffs, that's after this fiscal, but insofar as policies that are impacting the ministry's work, those are in order. I will leave it to the deputy minister to answer as he sees fit.

Mr. James: Thank you very much, Mr. Chair. Maybe I'll speak to a few of the things that are there. Let me start with the electricity system in particular. During this window of time the clean electricity regulations were coming out from the federal government, and while not expressly mentioned inside the report, the reference that is identified there with respect to the carbon-neutral power grid was directly associated with the work that the Electric System Operator as well as the government was doing at the time.

Consider the impacts associated with the clean electricity regulations. Those regulations by far and away have the most impact on Alberta versus all the other provinces in Canada combined. Alberta's use of natural gas – we just discussed earlier unabated natural gas because the actual technology associated with that is simply not available right now – is having a substantial impact associated with investment decisions. In fact, in conversations with companies such as Capital Power and TransAlta and others who are major providers within the jurisdiction, we're very aware that the decision by the federal government to put the clean electricity regulations into place would effectively stop two things. One, it would stop investment in new abated or new natural gas, high-efficiency natural gas, and it would also result in keeping low-efficiency natural gas on the system, which is having, I would say, a perverse effect on the outcomes they're actually seeking relative to the clean electricity regulations.

Both that regulation as well as the broader carbon regulations that are in effect associated with carbon pricing – carbon pricing across Canada is having an impact in a variety of ways, and I would say that in the electricity sector we're seeing that carbon price have an impact on the wholesale price of electricity within Alberta. Those costs need to be passed through to consumers. We're seeing those costs equally have an effect associated with natural gas that is used in a variety of ways. We're seeing that with farm natural gas. We saw it in that period of time prior to the removal of the carbon charges subsequently that the federal government enacted when they removed the residential consumer costs associated with carbon.

All of those were having an impact not just on the broader wholesale market for electricity. We were seeing that have an impact on individual families in their homes. It was having an impact at the fuel pumps, on people that were fuelling up their vehicles. It was having an impact on grain dryers. It was having an impact on farmers. It was having an impact on grocers. It was having an impact on transportation. Those federal policies associated with carbon charges, those federal policies associated with clean electricity regulations were having impacts.

At the same time, again, if you go to the broader view associated with affordability matters, while not necessarily expressly addressed in here, some of the reasons associated with the increasing costs on what we were seeing with regard to products going to groceries and whatnot as well as within restaurants, the plastics ban, some of those activities that were in that same window of time and this government more broadly – again, on a whole-of-government approach for what was happening across government, various ministries that we were supporting and having conversations with around affordability were wrestling with federal policies that were impacting decisions by companies to both invest here as well as the impacts on individual household affordability.

Through the chair, I hope that answers your question, Member.

Mr. Cyr: Well, thank you for that response. It's pretty clear to all of us that the federal government is bringing in some pretty awful policy, and Albertans are paying the price when it comes to

groceries, when it come to our fuel prices, everything that's before us.

You know, we haven't really sat here and done nothing when it comes to our electricity, and this is where I'd like to – I guess I have a few more questions about the restructured energy market, the REM. Referencing page 24 of the annual report, the ministry highlights its work to support safe, reliable, and affordable utilities. I know that there are many technical components to this initiative. Can the deputy minister provide the committee with a brief overview of the restructured energy market and the good work that you've done there, sir?

Mr. James: Thanks very much, Mr. Chair, for the question. As I mentioned in my opening remarks, you know, government is really looking to put Albertans first in modernizing the electricity system. We want to restore that balance between affordability, reliability, and sustainability. What we were seeing is that with rising electricity demand, government had to make changes now to ensure that affordability and reliability of the power grid for generation continues.

I mentioned earlier what was happening with respect to renewables on the system, the implications of renewable on the system and the fact that that was having an outsized effect on the stability and reliability of the grid. As a result, the restructured energy market is very much looking on a forward basis to address that rising electricity demand. We want to make sure we support competition. We want to make sure we protect consumers. The changes that we're making really will make the grid more reliable. It'll strengthen the grid. It'll also make more predictable and affordable costs for Albertans.

We want to make better use of infrastructure, and that's where we have the optimal transmission planning around transmission, what we were doing in terms of adjusting our transmission policies. We also want to make sure there's improved certainty for investors. There's a window of time that we have with the amount of natural gas and supply surplus we have in the system right now, but more importantly we want to make sure we've got long-term modernization of the electricity market. That long-term modernization is really, again, to strengthen reliability, help affordability, and support investment.

With the shift that we've seen, as I mentioned on renewables – we've had 32 per cent renewables and installed capacity. That's created intermittency challenges. It's created some, as they say, emergency alerts. We saw a lot of volatility with pricing. In March of 2024 the Electric System Operator and Market Surveillance Administrator made recommendations to government, and government introduced short-term administrative measures that, coupled with the work we're doing on the restructured energy market, will improve reliability and affordability.

I mentioned those earlier, the market power mitigation regulation, supply cushion regulation. The REM itself includes long-term market-based features that will replace these interim regulations, and that will make sure that the system remains dependable as we move into that new market design. It's also still going to be placed to look at economic efficiency.

We have over the last number of years run a private, energy-only market whereby private investors make the investment in those resources, unlike many of our jurisdictions around us, which have Crown corporations and have private debt associated with that. Our private generators do not. We want to make sure that that continues to be an element of the restructured energy market.

In 2025 we moved legislative amendments forward, and the ISO rules subsequent to that that have come in are allowing the AESO to move forward with the implementation of what began in '24-25.

We're hoping to move that forward successfully over the coming years.

Mr. Cyr: Well, thank you for that very fulsome answer. I know that I have faith that you're going to continue to regulate our energy system with competency and with, I guess, great focus.

I'd like to cede my time to MLA Lovely, please.

Ms Lovely: Thank you so much.

The cost of utilities has been something that constituents in the Camrose area have expressed concern to me. I appreciate that I stepped out of the room and this question may have already been answered, but it's something that I need to hear for myself. Page 15 of the annual report under outcome 1 highlights how the ministry encouraged Albertans to move to competitive rate contracts for utilities and supported the transition to the rate of last resort. My understanding is that this transition took effect on January 1, 2025, and I'd like to explore it a little bit further. Could the deputy minister start by providing a brief overview of the rate of last resort program, including how it differs from the previous regulated rate option, and how did the ministry increase consumer awareness of the rate of last resort to ensure Albertans understood their competitive rate options under the new structure?

10:30

Mr. James: Yeah. Thanks very much. The ad campaign that we've got running right now associated with that: we want to make sure that new Albertans, first-time ratepayers, that are still on the last resort – what happens in a lot of other jurisdictions is people will move from a province, they will come into a province, and they expect that there's only one way to get it. They'll often default to that particular one. We want to make sure that as they come into that, we're advising them what's happening with respect to the electricity options that are available across the province. That roller campaign . . .

The Chair: Thank you.

We will now move to the Official Opposition for a 10-minute block of questions.

Mr. Schmidt: Thank you very much, Mr. Chair. Following up on some questions around the restructured energy market on page 24 of the annual report. We had asked some questions in estimates about the cost of software upgrades and for AESO to incorporate this. The chair of AESO was just on the cusp of answering the question, and then unfortunately, time ran out. Can the deputy minister tell the committee what estimates for software upgrades AESO received to implement the restructured energy market in '24-25?

Mr. James: I don't have that information. First, they wouldn't have received anything in '24-25 within the window of time that was there. They were beginning their evaluation of various options that were available to them, and at the time, they didn't share information in the '24-25 window on the software upgrade costs.

Mr. Schmidt: Thank you very much for that answer.

Can the deputy minister tell the committee whether or not decarbonization was still a goal for the electricity sector in '24-25?

Mr. James: I think, as part of what we had in there, yes. Getting to a net-zero grid or decarbonized grid was part of the work that we had – not fully decarbonized; rather, a net-zero grid – and were conversations that were going on between the province, the federal government, and even internally.

Mr. Schmidt: So that was still a goal for the electricity sector in '24-25?

Mr. James: It was an aspiration towards the 2050 target, I believe, is what we had at that time.

Mr. Schmidt: Now, page 39 of the annual report indicates that the revenue from the Balancing Pool was down because emissions credits were written down by more than \$11 million. It's my understanding that the value of emissions credits is almost entirely determined by provincial government policy, and over the last few years the government has undermined the value of emissions credits so that they've virtually collapsed. Did the department or the Balancing Pool discuss with anyone from environment or other departments the financial risk to government that was posed by policies that devalue emissions credits?

Mr. James: I think our colleagues in Environment and Protected Areas are aware of the federal pricing frameworks that actually affected what was happening with respect to credits and investments in those credits. I think that affected what the pricing of those were, and as more and more credits came on the market, the credits themselves were devalued in that regard. We're also seeing some of those credit markets in other regions that are also devaluing across the globe, so it's not a surprise that in Alberta we've seen some of those credit decreases in value.

Mr. Schmidt: Will ratepayers or taxpayers be on the hook for the Balancing Pool's need to recoup this revenue?

Mr. James: These are additional revenues that are in there. While there's a writedown on the potential value of what they could recover from the sale of those credits, they are now selling those credits at their pace. They're making decisions associated with that, and they will recover whatever value they can out of those credits.

Mr. Schmidt: So the department or the Balancing Pool didn't take any steps to protect the public purse from these kinds of losses in the future in this fiscal year?

Mr. James: I'm not sure I would contrast them as losses. I think the writedown of those particular assets I wouldn't construe quite as losses in that regard.

Mr. Schmidt: A writedown is not a loss?

Mr. James: I think the evaluation of that would have been upwards of revenue in terms of incremental revenue that they would have otherwise had available to them. The market itself has deteriorated. As with any market, they're at the whims of the market, so they're going to sell those into the market the best way they can and with the best revenue allocation back to Albertans.

Mr. Schmidt: Now, according to AESO's 2024 annual report general and administrative expenses increased by more than \$30 million, or over 30 per cent, over the previous year. According to the report that was due to increased staff required for the restructured electricity market. All of these costs are ultimately borne by the ratepayers. Did the department anticipate the costs of the restructured electricity market getting so out of hand, and if so, did the department take any steps to contain the cost of this initiative?

Mr. James: The Alberta Electric System Operator is not a consolidated entity with the government of Alberta. I can't speak to their budget.

Mr. Schmidt: Okay. So their budget is entirely out of your control. You have nothing to say over their costs.

Mr. James: Their budget is regulated by the Utilities Commission, so they take that in front of the Utilities Commission. That has an opportunity to be opined on by the ratepayers through that process.

Mr. Schmidt: Does the Utilities Consumer Advocate, then, take part in those hearings?

Mr. James: If the Utilities Consumer Advocate deems it important to participate in regulatory proceedings, including on tariff proceedings or other ones, then they can certainly intervene and provide information.

Mr. Schmidt: Does the Utilities Consumer Advocate ever intervene at the direction of the department?

Mr. James: No. They make their independent choices. They make that independent of the department.

Mr. Schmidt: Okay. Page 81 of the annual report discusses the Balancing Pool's abandonment and reclamation liabilities related to the decommissioning of the Sundance A unit. Now, the AUC found that the Balancing Pool owed TransAlta \$8 million for decommissioning. Did the Balancing Pool consider appealing this decision to reduce the amount owing?

Mr. James: The Balancing Pool has had active litigations under way in a variety of areas. My understanding, and I should be cautious, is that in the reclamation costs there was an active conversation that went on between the Balancing Pool – yeah. They did an evaluation associated with that particular space. The choice that they would have made would have been based on the value – I don't want to speak for them. They would have made a determination with their board on whether or not to continue to litigate that or continue to sort of push back on the reclamation costs associated with that.

Mr. Schmidt: The vice-chair of the board is sitting right next to the deputy minister. Can he provide any further insight into the Balancing Pool's decision?

Mr. Cyr: Point of order.

This is clearly outside the scope of the meeting when we start asking for advice on other matters, so 23(b). This has to fit. When they're starting to go into other independent agencies and getting, I guess, probably information that is not public, I ask that you steer the member back to the annual report or the financial statements for the prior year.

Mr. Schmidt: Thank you, Mr. Chair. Just for all the committee's reference, the Balancing Pool's annual report starts on page 68 of the Affordability and Utilities annual report, and I note that the annual report is signed off by the assistant deputy minister who's appearing before the committee today. So I would suggest that this is well within order for discussion here today.

The Chair: I think the question is well within order, but the deputy minister is responsible and accountable. He can direct whoever to answer the question, so it's up to the deputy minister whether he answers or he directs somebody to answer on his behalf.

Mr. James: Thank you, Mr. Chair. In the interest of the fact that while my assistant deputy minister may be the vice-chair of the Balancing Pool, in that capacity he has a statutory and fiduciary

obligation to the Balancing Pool and he's not in a place to actually speak to independent board discussions that ultimately led to it.

At this particular point in time I can speak to what is in this particular report. As it says there, the Balancing Pool disputed several aspects of the reclamation liability. I believe they had court proceedings associated with that. They ultimately determined what that level was. I don't want to presume to either speak for nor ask a member of their board to speak. It would be inappropriate for them to have those conversations outside confidential board discussions.

Mr. Schmidt: Can the deputy minister tell the committee whether or not the Balancing Pool has any other abandonment or reclamation costs on the books?

Mr. James: To the best of my knowledge, the reclamation costs that you identify inside of their report are the reclamation liabilities they have, so what is there would be the extent of their liabilities. They have a reporting obligation in that respect, and they've met it through the report.

Mr. Schmidt: Thank you very much.

Now I want to talk about the land-use regulation. Deep Sky, a Canadian-based carbon removal company with a test site in Innisfail, has chosen Manitoba to be its first commercial carbon removal site. It would have chosen Alberta, but the regulation mentioned in the annual report forced Deep Sky to relocate its \$200 million facility outside of the province. Can the deputy minister tell the committee how chasing a \$200 million investment out of Alberta meets the department's mandate?

10:40

Mr. Lundy: Point of order, Mr. Chair.

Thank you. Mr. Chair, this is a point of order, 23(b). I actually can't think of anything more not relevant to our committee discussions today than a business decision made by a private company. I can't imagine the member would expect any member of government to be able to comment on a decision that a private company has made. It certainly wouldn't appear anywhere in the annual report. Any sort of proprietary information or final investment decision made by a private company would certainly be out of order here today.

Thank you, Mr. Chair.

Mr. Schmidt: Thank you, Mr. Chair. Of course, this is absolutely within the realm of the relevancy for this report. The report makes specific mention of the electricity land-use and viewscape protection regulation, which has effectively killed the development of renewable energy. Deep Sky is a company that was very public about not choosing Alberta because renewable energy was not available to them to develop this \$200 million commercial facility. This is a public policy developed by this ministry that had a direct and public impact on investment in the province, and I'm just asking the deputy minister if this is the intended outcome of these policies because that's the mandate that he's been tasked to fulfill. So I request that you find that this question is in order.

The Chair: I think the merit of policy will be out of scope, but if there is something that relates to the implementation of that policy, that part, Deputy Minister, you can choose to answer. But the merit of the policy: we're not here to discuss that.

Mr. James: Yeah. Thanks, Mr. Chair. Just in terms of the policy, when government was establishing that particular regulation, government was considering a variety of factors, including, as I mentioned earlier, the proliferation of renewable energy within the

province. That was doing a number of things. One, it was affecting the reliability of the grid. Two, it was also taking up, at the time, prime agricultural land and concerns associated with that agricultural land. It was also affecting viewsapes and the tourism industry within the province. So when government considered on balance all of the various factors associated with those different facets of impacts within the province, they were looking after sort of a broad, I would say, understanding and application of clear, consistent policies regarding how land would be used within the province, be that available to renewable developers as they've done with land use across the province in a variety of ways. Sand and gravel pits, other things: government makes policies in those areas.

Once they make policies that on balance try to consider all the different land-use impacts, I think it's up to individual companies to make their determinations. Is it unfortunate that a company decided to move out and go to Manitoba? Always. But in terms of the actual policy applications, I won't presume to speak for that company. What I will say is that government was looking at all of the various requirements, considerations, land-use impacts that were out there, based on all of the inputs they had from people. They made a policy associated with that, and companies are now working to understand the application of that and make decisions accordingly.

Mr. Schmidt: Is the department tracking changes in investment in the electricity sector as a result of these policies?

Mr. James: We're tracking investment in the electricity system on a variety of fronts.

The Chair: Thank you.

We will move back to the government for 10 minutes.

Ms Lovely: All right. Thank you so much. Deputy Minister, I've had a lot of people move to the Camrose constituency over the last couple of years. Before the time ran out, you were talking about the overview of the rate of last resort program. If we could just continue on with that discussion, I'd appreciate the information.

Mr. James: Yeah. That's great. Thanks very much. Just to go back maybe – I noticed you stepped out of the room – the rate of last resort itself really was intended to replace the regulated rate option. The regulated rate option in and of itself had a significant variability. There was monthly variability. There was a lot of volatility in those costs. People believed that because it was a regulated rate option that it was government protecting them, that it was regulated, but the reality of that was that it was quite variable. We saw a lot of variation in that. We saw a lot of costs in the '23-24 period. So the rate of last resort was intended to come in to mitigate future price spikes to help people save money by both stabilizing that price – in some cases it was saving the money because, you know, the rates we were at were higher than the rate that was ultimately negotiated with the Utilities Consumer Advocate. But, more importantly, it was intended to stabilize those prices and make sure that people within various areas across the province could be protected from price spikes.

The program that we put in place, while it was intended to protect consumers, we also wanted to make sure that they understood what that was and what it was not, and that's where the education program came in. The education program came in to inform them that it was not actually necessarily the best rate. There were more competitive rates that were available to them.

Those competitive rates come from a variety of retailers, including rural electrification associations, and we have over 70 providers in the province that offer competitive rates. We wanted

to make sure that that campaign, which was led by the Utilities Consumer Advocate, and they did in fact run that campaign from February and March or into April 2025. They had 123 million impressions. They had over 427,000 new users to the UCA website. That informs us that more and more people were expressing interest inside of that particular run, and as a result, we saw switching of the default rate increase. Notably, we saw regulated residential consumers go to 22 per cent in 2025. We had a 13 per cent reduction between December '24 and September 2025, appreciating that's broader into the '25 period of time.

Some of the questions earlier around farms: I may just come back to that in this particular case given that it's rural. Farm rates as of September '25 dropped by 8 per cent down to 32.7 per cent. EPCOR, which had been higher than the region in Calgary, also declined to 22 per cent as of September 2025. We're seeing that the ROLR itself is helping to stabilize rates. We're seeing that the education program that is put in place by the Utilities Consumer Advocate is in fact having an impact, and we're seeing people move off those rates, as we described earlier.

Ms Lovely: Okay. I've got a few more questions for you. Outcome 2 listed on page 22 of the annual report mentions how Alberta's utility system faces pressures from the federal government to achieve a carbon-neutral power grid. I know some of these pressures are the clean electricity regulations. Could the deputy minister explain what some of the barriers and pressures mentioned in outcome 2 of the report are? And could the deputy minister explain how these pressures impact the ability of the ministry to ensure Alberta's utility system is reliable and affordable?

Mr. James: Thank you very much for the question, through the chair. As I noted earlier, the CER, the clean electricity regulations, that were established by the federal government, you know, are intended to have a significant effect on the development and operation of unabated natural gas electricity generation units within the province; in fact, across Canada. Both within Alberta and in conversations with our colleagues, the clean electricity regulations are going to have a sort of freezing effect on investment in new gas generation, and it's going to have an impact on reliability and not just here. We're seeing it in New Brunswick. We're seeing it in Ontario. We're seeing challenges associated with that.

In terms of Alberta, you know, not only does Alberta lack that sufficient nonemitting electricity source of generation; for example, in Ontario, in Manitoba, and Quebec they have substantive hydro resources. In Ontario for 60 years they have developed nuclear resources. Every province in the country has developed their electricity resources based on the resources available within their jurisdiction.

For us that was initially coal. We've subsequently moved off coal as of June 2024, and we're into natural gas. When we think about what we have available to us, the options to abate our emissions from natural gas-fired generation, carbon capture, utilization, and storage, they are technologically and economically challenging.

To the extent that if you think about return on investment, we have private generators. They're trying to make investments. They're trying to ensure that they can actually get a return on that investment and they can provide power to Albertans on an energy basis. They can't afford to put abated natural gas because there is no return on that and the costs and also the flexibility they offer to our system is not there.

Effectively, while we're trying to build a system that relies on the most economically efficient type of generation available, the federal government's policies will ensure that it's no longer driven by reliability, economic and efficient power systems, but instead it

will be about policy goals expressly for removing carbon from the electricity grid with no regard for the economic consequences to Albertans and the Alberta system. In our conversations with them, we've been very clear that, you know, we can't afford to have an unreliable grid, we can't afford to have one that is very costly, and while trying to operate – sorry. You okay? Okay.

10:50

You know, we're trying to negotiate with the federal government to make sure that they're aware of the concerns we have. The system operator has spoken to that as well.

Ms Lovely: I'll cede to Member Getson.

Mr. Getson: I'll take it.

Firstly, thank you, Mr. Chair and to the deputy minister here. Thank you to your team for taking on this. I know there are a lot of frustrations out there with affordability. The fact that we have a whole department dedicated to it shows the level of commitment that you have, and I know that oftentimes, when we're getting into the crunch here, it's pretty tough for folks at home, so hopefully you can appreciate some of the lines of questioning and the passion that comes with it. I'm not going to hold you accountable for all the socialist policies that were put in place in the last 12 years from the federal government or the headwinds that's created.

I do want you to talk about a couple of things here that are very much of interest. I've kind of been like a pit bull on a pork chop on economic corridors for my whole career and very much interested in electrical generation, transmission, and distribution. Again, one of those constituencies where that premature phase-out of coal took place, and I understand full well the impacts on the baseload and the different thermodynamics between gas generation and super critical generation as well.

On page 33 of the annual report, performance indicator 2(c) shows capital investments in Alberta's electrical generation, transmission, distribution system: it's actually increased steadily over the last five years from what we're seeing there. It was at \$2.8 billion in 2020, and now we're looking at about \$5.5 billion in 2024. I believe that the private sector is actually having some confidence in the stabilization, allowing them to make those FID decisions into the place, based on that deregulated, market-based electrical system.

With that, and hopefully I'm not wrong – I've been wrong before, but hopefully this isn't one of those cases – can the deputy minister explain the factors that contributed to the continued increase in private-sector investment in electricity generation, transmission, and distribution through 2024?

Mr. James: Yeah. Thanks very much for the question, through the chair. As you say, we saw that increase in investment to \$5.5 billion in 2024. We think that's primarily driven by, I would say, a few things. One is strong market signals. Because we have a deregulated electricity market, when the prices for that market start to move up, that gives signals for increasing supply to come into the system. That's one. We saw rising demand as well. We've seen substantial population growth within the province over the last number of years, in that window of time from 2020 to 2024. Obviously, in '24 it peaked out, I think, at 4.4 per cent for the province, so that has continued to put pressure on the need for new supply within the province. If you have a demand and supply signal that shows that, that's where people make investments.

Because we have a competitive deregulated electricity market, and, candidly, we had a market that was good at attracting private capital, it allowed investors to respond to those price signals rather than government procurement. It didn't put risk on individual

ratepayers. It was more a private decision associated with that, so we saw the development of new generation and storage. As I said, you know: high-load growth, population increases, and electrification trends. We're seeing that as more electric vehicles coming in. We're seeing that more companies are leveraging electricity for either data centres or other activities they have, and that all informed that investor confidence.

We grew capacity by over 10 per cent in 2024: 1,900 megawatts of new gas, 1,400 megawatts of wind and solar, and the transmission distribution investments grow accordingly because, as you grow your population, you need those wires to get there, and I think . . .

Mr. Getson: How does that stabilize the grid and provide reliability for us?

Mr. James: Yeah, so it . . . [A timer sounded] Sorry.

The Chair: Thank you.

For this final rotation each caucus will have three minutes to read questions into the record for a written response, starting with the Official Opposition. You have three minutes.

Member Eremenko: Thank you, Mr. Chair. Just one question for me. Pages 16 and 17 of the annual report discuss the Utilities Consumer Advocate and some of their significant results. The UCA was cited in 44 different Alberta Utilities Commission's decisions, leading to a total of \$280 million in cost disallowances. Forty-four decisions leading to \$280 million means, on average, \$6.36 million per decision. It sounds like the UCA is only really a help for consumers large enough to fight very large charges. What is the typical profile of these consumers, please?

Mr. James: The Utilities Consumer Advocate . . .

Member Eremenko: Oh, it'll be for written.

The Chair: For a written response.

Anybody else? No.

The government caucus?

Mr. Lundy: All right. Well, thank you, Mr. Chair. Yeah, I would like to take this opportunity to read a few questions into the record. I'm going to start with a question on the nuclear energy mandate.

The annual report notes that in October 2024, the Minister of Affordability and Utilities received an expanded mandate to lead the "legislative, regulatory, and policy development of nuclear energy in Alberta." During '24-25 the department "established a cross-ministry working group" to support this work and began developing an engagement strategy to inform future policy development and implementation related to small modular reactor technology. Through the chair to the deputy minister: what early foundational work was done in '24-25 as part of this mandate?

I would also like to read a question regarding the Alberta Utilities Commission timelines. Looking at performance indicator 2(a) on page 30 of the annual report, it shows that in 2024 the Alberta

Utilities Commission met the legislated 180-day timeline "in 69 cases, achieving a compliance rate of 94.5 per cent." This performance was delivered despite "a 25 per cent increase" in the overall number of facility applications received by the AUC during the year. A couple of questions for the record: could the deputy minister provide an overview of the Alberta Utilities Commission and its responsibilities, and could the deputy minister explain what factors contributed to a 25 per cent increase in overall applications? How did the Alberta Utilities Commission manage this level of increase in approvals while still maintaining similar timelines to previous years?

I would also like to read in a question, through the chair, of course, related to coal phase-out agreements. I'd like to make a reference to page 43 of the annual report, where it notes that the province continued scheduled payments under the coal phase-out agreements. Of course, in 2016 the NDP committed Alberta ratepayers to long-term payments as part of the accelerated coal phase-out. Although the final coal-fired generation units were retired in 2024, these costs established under the NDP still continue to this day. Through the chair, given the long-term nature of these agreements, could the deputy minister explain the remaining payment schedule and obligations in more detail so that Albertans have a clear and accurate understanding of the costs?

And one final question, through the chair: how does our approach to electricity policy and system transitions differ from the approach taken by the NDP in 2016, particularly with respect to minimizing long-term financial risk for Albertans?

Thank you very much, Mr. Chair.

The Chair: Thank you.

I would like to thank the ministry officials and the office of the Auditor General for their participation and responding to committee members' questions. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk. You're welcome to stay for the remainder of the meeting. There's not much left here.

Other business. The Ministry of Justice has provided a written response to questions asked at our meeting on February 24, 2026. It was posted on the internal site for members and, following our usual practice, now it will be posted publicly on the Assembly website. Are there any items for discussion under other business?

Seeing none, the committee's next meeting will be on Tuesday, March 31, with the Ministry of Education and Childcare.

With that, would a member move that today's Public Accounts Committee meeting be adjourned?

Mr. Getson: I so move.

The Chair: MLA Getson has moved.

Thank you. The motion has carried and the meeting stands adjourned.

[The committee adjourned at 10:59 a.m.]

