



Legislative Assembly of Alberta

The 29th Legislature
Fourth Session

Standing Committee
on
Resource Stewardship

Energy
Eagle Spirit Energy Holdings Ltd.
G Seven Generations Ltd.

Tuesday, October 23, 2018
8:45 a.m.

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Fourth Session**

Standing Committee on Resource Stewardship

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Drysdale, Wayne, Grande Prairie-Wapiti (UCP), Deputy Chair

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Dang, Thomas, Edmonton-South West (NDP)
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Kazim, Anam, Calgary-Glenmore (NDP)
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Loewen, Todd, Grande Prairie-Smoky (UCP)
Malkinson, Hon. Brian, Calgary-Currie (NDP)
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Rosendahl, Eric, West Yellowhead (NDP)
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* substitution for David Hanson

** substitution for Brian Malkinson

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Starke, Dr. Richard, Vermilion-Lloydminster (PC)

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Standing Committee on Resource Stewardship

Participants

Ministry of Energy.....	RS-913
Mike Ekelund, Assistant Deputy Minister, Resource Revenue and Operations	
Doug Lammie, Assistant Deputy Minister, Strategic Policy	
Coleen Volk, Deputy Minister	
Eagle Spirit Energy Holdings Ltd.....	RS-923
Calvin Helin, Chairman and President	
Fred Schneider, Senior Technical and Business Adviser	
G Seven Generations Ltd.....	RS-928
Len Wilson, Managing Director	

8:45 a.m.**Tuesday, October 23, 2018**

[Loyola in the chair]

The Chair: I'd like to call the meeting to order. Welcome to members, staff, and guests in attendance for this meeting of the Standing Committee on Resource Stewardship.

My name is Rod Loyola, the MLA for Edmonton-Ellerslie and chair of this committee. I would ask that members and those joining the committee at the table introduce themselves for the record, and then I will go on to those joining via teleconference. Please go ahead.

Mr. Drysdale: Wayne Drysdale, MLA, Grande Prairie-Wapiti.

Mr. Dreeshen: Devin Dreeshen, MLA, Innisfail-Sylvan Lake.

Mr. Panda: Good morning. Prasad Panda, MLA, Calgary-Foothills.

Mr. Rosendahl: Good morning. Eric Rosendahl, MLA, West Yellowhead.

Ms Babcock: Erin Babcock, Stony Plain.

Mr. Dang: Thomas Dang, Edmonton-South West.

Mr. Nielsen: Good morning, everyone. Chris Nielsen, MLA for Edmonton-Decore.

Mr. Koenig: Good morning. My name is Trafton Koenig with the Parliamentary Counsel office.

Ms Robert: Good morning. Nancy Robert, research officer.

Dr. Massolin: Good morning. Philip Massolin, manager of research and committee services.

Ms Rempel: Good morning. Jody Rempel, committee clerk.

The Chair: Those on the phone.

Ms Payne: Good morning. Brandy Payne, MLA for Calgary-Acadia.

Mr. Clark: Good morning, everyone. Greg Clark, MLA, Calgary-Elbow.

Ms Kazim: Good morning. Anam Kazim, MLA for Calgary-Glenmore.

Mr. Kleinsteuber: Good morning, folks. Jamie Kleinsteuber, MLA for Calgary-Northern Hills.

The Chair: I'd like to note for the record the following substitutions: Ms Payne is substituting for the hon. Mr. Malkinson, and Dr. Turner is substituting for Mrs. Schreiner.

I would like to give a special welcome to Mr. Dreeshen, MLA for Innisfail-Sylvan Lake, who's attending his first legislative committee meeting today and is an official substitute for Mr. Hanson.

Mr. Dreeshen: Thank you very much.

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

cellphones and other devices to silent for the duration of the meeting.

A draft agenda for this meeting was distributed. Does anyone wish to propose amendments? If not, would a member be willing to move a motion to approve the agenda?

Mr. Nielsen: So moved.

The Chair: Okay. Thank you, Mr. Nielsen. All in favour of the motion? Any opposed? Thank you. That motion is carried.

We have the minutes from our last meeting. Are there any errors or omissions to note? If not, would a member move adoption of the minutes, please?

Mr. Drysdale: So moved, Mr. Chair.

The Chair: Thank you, Mr. Drysdale. All in favour of the motion, including those on the phone, please say aye. Any opposed? Okay. Thank you. That motion is also carried.

Just a few quick notes before we move on to our main items of business today. First of all, we received a written response from the Alberta Recycling Management Authority following up on the information provided during their presentation last month. Also, to update everyone, the final report on presentations received at our meeting on September 25 is completed, and I will be tabling it next week once session resumes.

Moving on, then, to agenda item 4, invited presentations, at our last meeting this committee decided to invite several organizations to make presentations on a variety of issues. We will start the day focusing on pipelines and then move on to railways.

We'll invite people from the Ministry of Energy. We have Deputy Minister Coleen Volk; Mike Ekelund, assistant deputy minister, resource revenue and operations division; and Doug Lammie, assistant deputy minister, strategic policy division. I'd invite them all to sit down at the table.

While they're setting up, I would note for committee members that 20 minutes have been set aside for each presentation, which will be followed by questions from committee members. We will be starting the morning with representatives from the Ministry of Energy who have been asked to meet with us today to provide information on the government of Alberta's plan to ensure the Trans Mountain expansion project is completed following the decision of the Federal Court of Appeal to quash the order in council approving the project.

Ms Volk, please take a moment to introduce yourself and your colleagues, and then proceed with your presentation.

Ministry of Energy

Ms Volk: Thank you, Chair, and thank you for the invitation to be here this morning. My name is Coleen Volk, and I'm the Deputy Minister of the Department of Energy. Here with me today are Mike Ekelund, assistant deputy minister of resource revenue and operations, and Doug Lammie, assistant deputy minister of the strategic policy division.

The work of Alberta Energy is broad reaching, touching many aspects of Alberta's energy system. In regard to oil market access and specifically the Trans Mountain expansion project, we have resources throughout the department dedicated to economic policy, regulatory processes, legal and stakeholder relations. Efforts to secure Canadian tidewater access is, of course, a government-wide priority. The Department of Energy works closely and collaboratively with other departments to ensure that we are aligned in advocating for the interests of Albertans and for the future of our energy economy. As you can well imagine, we have been

supporting this work for several years and throughout the various phases of the project.

Let me first speak to the importance of this project and market access in general. I know you all understand that increasing our pipeline capacity and market access in general is vital to Alberta's future. However, we are now clearly at a critical moment. You may be aware that the price gap between Alberta's oil and west Texas intermediate oil prices has risen to levels never seen before. This price gap is commonly known as the differential, and it reached a high of \$52 a couple of weeks ago. It has since dropped slightly but still remains very high. Alberta oil, or specifically the western Canadian select blend, does routinely trade with a differential. This is due primarily to our distance from other markets and the transportation costs to get to our major markets.

Alberta's price is also impacted by the fact that we have only one primary customer, with most of our oil flowing south to the U.S. for processing. We estimate that the current differential is \$25 to \$30 higher than it would be if Alberta had sufficient market access, including the option to expand to other markets, particularly via pipeline to the west coast, that would open us up to potential customers across Asia. We've been encouraged, of course, by the news that crews are on the ground preparing for equipment deliveries and construction-related work on the Canada side of TransCanada's Keystone XL pipeline and the Enbridge line 3 replacement through the U.S., but there's still much to do.

Yesterday I along with other officials supported Premier Notley as she met with industry leaders to discuss the situation and to explore options. The Premier has called on the federal government to work with our government to find solutions to increase rail capacity overall. As she said, our government will be having individual discussions with stakeholders, and a business case will be presented to the federal government to help address this important situation.

Let me now discuss the matter at hand for today, the Trans Mountain expansion pipeline. I will not spend time describing the project; I am confident that you are more than familiar with the issue. Energy department staff, just like the committee members here today and many Albertans, were extremely disappointed with the decision handed down by the Federal Court of Appeal in late August. As you know, construction-related activities had begun in Alberta and at the Burnaby terminal, and there was a sense of excitement and optimism to see crews begin work along the right-of-way. The ruling of the court has halted that work and certainly will affect the operational timelines we were hoping for.

The department has shifted to ensuring that we remain focused on the new processes now in place to ensure that all due diligence is done and that the federal cabinet is in a position to reapprove the project and move it forward. We are engaging in the work being examined by the NEB related to the Federal Court's direction to reopen the environmental review to include a broader range of marine species potentially impacted by increased tanker traffic. We also expect the government of Canada to meet the court's requirement for enhanced and meaningful indigenous consultation, keeping in mind that significant work has already been done in this area.

Now I'd like to run through a number of the actions that the department has either led or supported leading up to where we find ourselves today. The department has been extremely active on both the regulatory and legal aspects of the TMX. On the regulatory side that led to the project's approval, the department provided support and content for Alberta's final written argument in the NEB hearing, stressing economic need and benefits. Staff developed materials for Premier Notley to present to both the federal cabinet and the federal ministerial panel during community consultations.

These materials advocated for approval of the project in the national interest. Subsequently the NEB issued its recommendation report to the federal cabinet in May 2016, and in November 2016 the federal cabinet approved the expansion.

I'll tell you a bit about what was a very extensive NEB review and approval process. In assessing the project and identifying 157 project conditions, the initial 686-day National Energy Board review process reviewed 15,000 pages in the original application, processed 17,000 information requests from 400 intervenors, and received 378 letters of comment from 1,600 participants, including indigenous peoples, businesses, communities, landowners, individuals, and nongovernment and government organizations.

8:55

Following that recommendation, the government of Canada engaged in further consultation to hear from Canadians along the route whose views may not have been considered as part of the NEB's review. This included consultations with an additional 117 potentially affected indigenous groups, 44 public meetings in Alberta and British Columbia, over 20,000 e-mail submissions, and over 35,000 responses to online questionnaires.

In addition to the required federal consultations, the company that first proposed the Trans Mountain pipeline expansion, Kinder Morgan, engaged in more than five years of public consultation with communities, indigenous groups, landowners, and other stakeholders. My department has subsequently been tracking the NEB conditions compliance as well as Alberta provincial permitting processes. As you know, even once the project was approved, regulatory processes continued. My department led the work to have Alberta's position recognized at NEB hearings when the city of Burnaby attempted to impose municipal bylaws in regard to constructing the TMX and on how the board manages future permitting disputes between jurisdictions.

In May 2017 Alberta was granted intervenor status in the Federal Court of Appeal judicial review, and my department worked closely with colleagues at Alberta Justice on best approaches to the hearing. At the court hearing in October of last year Alberta's legal counsel argued the need for clear, consistent rules and processes for interprovincial pipelines like TMX. Energy staff monitored the hearing closely, so the department was always aware of arguments and issues being put forward, and while construction-related work had only just begun when the court halted the project, my department was developing construction updates for the Alberta segment of the route and compiling updates on Alberta permitting. While Energy is not a permit granter for the expansion, we took an active role in facilitating good communication and co-ordination among ministries accountable for the work. I can tell you that permitting teams from various government departments were reviewing and processing project permits with due diligence and efficiency. We were in an excellent position to support construction here in the province.

I hope that gives the committee a feel for the work of my department leading up to the Federal Court of Appeal decision.

So what comes next? Alberta remains committed to using up to \$2 billion, if needed, to support the government of Canada in seeing the TMX built, support that would come into play only when oil starts running through the pipeline. At that point Alberta would receive an equity stake in the project commensurate with its contribution if one is necessary.

My team is also leading Alberta's participation in the pending reference case that the government of B.C. has brought before the B.C. Court of Appeal. The case will examine B.C.'s intention to restrict the increase of diluted bitumen transport, a potential policy that takes aim at the TMX and tidewater access for Alberta crude.

Alberta is working closely with Ottawa and industry stakeholders to mount a comprehensive, convincing case. That hearing is scheduled for next spring.

As I mentioned earlier, there are several government departments that contribute to collaboration in support of seeing the TMX move forward. Another one of those departments is communications and public engagement, which has been responsible for running the national Keep Canada Working public advocacy campaign. This is perhaps the most public and visible part of the government's support for the Trans Mountain expansion project. My department has provided technical information and advice to CPE on the pipeline project for use in the national campaign. While I will not speak to the finer details of this work as it's not my department, I can report that this campaign has had an impact in helping make Canadians aware of the national importance of this project and Alberta's positions.

Staff from CPE have been managing a cross-country advertising and social media strategy to help build public knowledge of and support for this critical project, and recent public polls indicate it's having results. Since the beginning of this year support nationally has increased from roughly 45 per cent in early 2018 to more than 60 per cent more recently. A recent Abacus poll suggests that just over 1 in 10 Canadians are passionately for or against oil, with most Canadians somewhere in between. This finding highlights the need that the Keep Canada Working campaign is filling, an informative campaign about the need for the Trans Mountain pipeline expansion project, particularly because of its importance to the Canadian economy. CPE will continue to manage this work in the months ahead as the project moves toward further federal decisions.

Before I close, I would just like to touch on two more issues my department is heavily involved in, federal legislation known as bills C-48 and C-69. Bill C-48 proposes a moratorium on all large crude oil shipments by tanker from ports along the B.C. coast and inland areas north of Vancouver Island. Under the new bill tankers carrying crude can still use these waters as long as they do not enter or leave from a Canadian port. Additionally, the legislation only targets products from diluted bitumen to oil and gas condensates, not liquid natural gas or propane. My staff continues to provide supporting information for department and elected officials who are addressing this at the federal level.

At the same time my department has engaged on Bill C-69 for more than a year and has provided numerous technical submissions and feedback to the federal government on our concerns with the legislation. Our government's position is that the legislation as currently proposed hurts Canada's and Alberta's competitive position by creating uncertainty, and it is a major overreach by a federal government into the rights of all provinces to develop and control their resources.

The Alberta government supports the principle that Ottawa is trying to achieve in creating more trust in Canada's regulatory system, but our government's position is that there is too much uncertainty around how projects will actually be evaluated, the specific criteria on which they will be judged. We are working with Environment and Parks to support efforts to advocate for changes to this legislation. This includes supporting Minister Phillips' trip to Ottawa this week to speak about the matter at the national press gallery.

In closing, I hope I've been able to give you a general summary of how my teams have supported the priority work of the Alberta government in this area. This project and market access overall continues to be a major priority for Alberta Energy, and I thank you for the opportunity to talk a little bit about our department's efforts.

Now, with Mike and Doug, we'd be happy to answer any questions you have.

The Chair: Thank you very much, Ms Volk.

Before we turn to questions, I will just have a couple of members introduce themselves. Dr. Starke, for the record.

Dr. Starke: Well, thank you, Chair. Richard Starke, MLA, Vermilion-Lloydminster, attending on invitation of the chair.

The Chair: Great. Thank you. Thanks for joining us. Wonderful to see your face.

Dr. Starke: You'd be alone in that feeling.

The Chair: We also have Mr. Todd Loewen. Please introduce yourself for the record, sir.

Mr. Loewen: Todd Loewen, MLA for Grande Prairie-Smoky.

The Chair: Good. Thank you very much.

I do believe I saw a hand over here. Mr. Rosendahl, you have a question?

Mr. Rosendahl: Yes, I do.

The Chair: Please go ahead.

Mr. Rosendahl: The proposed pipeline is travelling through the constituency of West Yellowhead from one end all the way through to the other end, which is quite extensive, so naturally a lot of my constituents were disappointed to see this situation as it is. My constituents, trying to be helpful, were suggesting that maybe we should change the intended route, you know, maybe if that may make it less controversial and that kind of thing. I know that they're doing this to be helpful and everything. They're looking at the overall economic impact of the pipeline in West Yellowhead.

I'm well aware that the same regulatory process can apply to any modified pipeline route or new proposal if you're looking at doing that. The question is: can you elaborate, then, for the members of the committee and for the record on what processes that would be if you're changing the route, and what the individual steps are in that process, and how long that would take if you were going to do that?

Ms Volk: Certainly. I'll ask Doug Lammie to speak to that. But you're absolutely right. It would generate a new regulatory process if there were a change in the route, and it is a long process with many, many steps. Perhaps Doug can take you through that a little bit.

Mr. Lammie: Yeah. Absolutely. You are correct that changing the route would require a new regulatory process. We also can't forget that Kinder Morgan has spent a lot of time in advance of the project working with the communities along the route, signing up individual benefit agreements with those communities, gaining support, raising concerns, having open houses, et cetera. So all of those steps would have to be entailed as we move forward with it as well.

9:05

If we even just go back to look at the process to date, the Trans Mountain project was originally filed on December 16, 2013. That was obviously after engineering feasibility work was done, front-end engineering design, public consultation as well. You can see from December '13 all the way to date was the length of the current regulatory process that was involved with it. Restarting that would obviously take a significant portion of time and essentially be resetting all of those issues. It would also provide opportunities for opponents who are not supportive of the project to restate many of

those arguments again. So it would be a long, well drawn-out process.

Mr. Rosendahl: Can I ask another question?

The Chair: Is it a follow-up?

Mr. Rosendahl: Sure.

The Chair: Okay. Please go ahead.

Mr. Rosendahl: I mean, we're all frustrated by the delays we're experiencing in getting this pipeline approved. I'm just trying to get a sense of how close we might be to the end of the TMX process versus any new modified pipeline project. Maybe you can expand on what the difference may be if that's the direction that we may end up going.

Ms Volk: Sure. So, relatively speaking, how long would it take to get TMX over the finish line versus bringing on something new? Is that the question?

Mr. Rosendahl: Yeah.

Ms Volk: Well, certainly, getting TMX over the finish line would be a faster route. As Doug has mentioned, getting a pipeline from conception to construction and implementation is a long process. It's a multiyear process – I would say probably more than five years, unfortunately – whereas with the TMX project the federal government has suggested that they are intending to get this over the finish line very quickly.

They need to take the time that it will take to do the indigenous consultation. They've got to go through that process and the time that that takes. The tweaking of the NEB review is something that will take a number of months as well. They have mandated the NEB to do that with a certain amount of expediency, and they're committed to working through the indigenous consultations as quickly as they can, so that should be a matter of months not years. I won't put a number on how many months because we're not in control of that process, but it should be months and not years that that takes.

Then the federal cabinet will reconsider, and if it is again a positive decision, then that project could quickly move into construction again and be constructed in the relatively near term, as opposed to the commencement of a new pipeline project, which would take a very long time. Not that we shouldn't be doing that, just that, you know, in terms of timeliness completing TMX should be more expeditious.

Mr. Rosendahl: Okay. Thank you.

Mr. Clark: Can you add me to the speakers list?

The Chair: Sure, Mr. Clark. Will do.

Mr. Panda, please go ahead.

Mr. Panda: Thank you, Chair. As you may know, I'm the Official Opposition critic for Energy, so be patient with my questions. I have lots of questions being asked through you to the deputy minister. Albertans are really concerned because of the differential and because of the time this government took to realize it's a real problem. To your point about the campaign, I consulted all those grassroots activists like Pipeline Action, Oil Sands Action, Energy Citizens, Rally 4 Resources, all those guys. They've been doing great work in bringing that awareness. Now, recently I noted that the government has stepped up, but I have lots of questions. I'm

trying to get answers for them because my stakeholders expect me to get them. I have some pointed questions. If you don't have answers, you can tell me that you will supply them later. How many barrels overall is Alberta producing currently?

Ms Volk: How many barrels overall per day?

Mr. Panda: Yeah.

Ms Volk: I think we know that number. I'm just trying to remember.

Mr. Ekelund: The challenge is that I'm trying to remember between the total of the oil sands and – we just hit over 3 million barrels a day, I believe, in the oil sands.

Mr. Panda: Three?

Mr. Ekelund: I think a more critical question, when you're looking at pipeline transport, is . . .

Mr. Panda: No, no. I'll come to that.

How much is exported out of the 3 million or 3 and a half million barrels?

Ms Volk: I think it's about 98 per cent, isn't it?

Mr. Ekelund: It's certainly over 90 per cent.

Mr. Panda: Is exported?

Ms Volk: Over 90 per cent is exported. We could say that safely.

Mr. Panda: Okay. How much will Alberta export in five years from now and 10 years from now? Do you have any forecast?

Mr. Ekelund: I'm just looking to see if I have the CAPP forecast. I think that's usually a good one to take a look at.

Mr. Panda: Okay. While you're looking for that, because time is short, what is Alberta's pipeline capacity today in terms of barrels per day, and how much of that is going to U.S. markets?

Ms Volk: Again, almost all of that is going to U.S. markets. Almost all of what is being taken away by pipeline is going to U.S. markets, over 90 per cent. I don't have the precise figure off the top of my head, but it would be over 90 per cent.

Mr. Panda: So 90 per cent of the finished product, or is it the bitumen?

Ms Volk: Of the bitumen and, I think, all of our product. Ninety per cent of any of the product I believe is going, certainly of bitumen and crude.

Mr. Panda: How much of it is upgraded synthetic crude, and how much of it is raw bitumen?

Mr. Ekelund: I can give some general information on that. I'm sorry; I don't have the specific numbers on that.

Mr. Panda: Can you supply that to us later?

Mr. Ekelund: We can provide some specific numbers. Certainly, the Alberta Energy Regulator reports that information publicly in its ST98.

Mr. Panda: I would have expected your team to be on top of that. It should be at your fingertips.

Mr. Ekelund: It's about a third that is upgraded and refined in the province. Most of that is upgrading, primarily the Suncor, Syncrude, Horizon oil sands projects. We have, of course, about 400,000 barrels a day in refining capacity. We are a major hub for that. But most of that is used across western Canada, so that's not very much exported into the States. Primarily we export our synthetic oil and our crude bitumen, diluted, most of that. That's over 90 per cent of our production that goes primarily into the U.S. Midwest, and then some flows down to the U.S. Gulf coast.

Mr. Panda: Right. How much of it is actually going to tidewater to go to overseas markets, non-U.S. markets?

Mr. Ekelund: A relatively small amount because the major refineries that are fed are in the U.S. Midwest. As we've had more production, we've seen some reversals of pipelines and some new pipelines built in the U.S. that will move it down from Cushing to the U.S. Gulf coast. That's still relatively small, although it's growing. Of course, we've got about 300,000 barrels a day that go out on the current Trans Mountain system. That's the critical piece, to get that expanded by another, I think, around 400,000 barrels a day to be able to achieve that access.

Mr. Panda: How much of that currently existing 300,000 barrels of Trans Mountain is actually going to overseas markets, or is it all going just to the U.S.?

Mr. Ekelund: There are basically three areas that it goes to, and they all vary a bit. The maximum that can go out, export, if I remember the capacity of the dock, is about 75,000 barrels a day. That's really what you can export. But, generally, less than that, if I remember correctly, is exported. So there's a refinery in Burnaby, there's the potential to export off the dock, and then there is the pipeline that goes down into the U.S. and feeds the refineries in Washington state. They're fairly significant as well.

Mr. Panda: So from the current 300,000 barrels of capacity we have, it's shipping some bitumen, some finished products? Or is it shipping all finished products?

Mr. Ekelund: It's shipping a mix. It's a batched pipeline, so it's able to put a batch of light oil, a batch of synthetic. It can move diesel as well, and it also moves the heavy oil down to the refineries and offshore.

Mr. Panda: How much of it is pure bitumen, out of the 300,000? My point is that we're only getting full value of it if you export it to non-U.S. markets or if you're shipping finished products.

My other question. I mean, we put all our eggs in one basket, and now we are saying: "Okay. We have 300,000 barrels to the west coast, and then we are going to add 600,000 more barrels when it gets built." God knows when. After that, assuming we actually build that expansion project, after adding 600,000 more – you said that we are producing currently 3 and a half million barrels, but in five or 10 years the production may be 5 million barrels or 6 million barrels – how much more pipeline capacity do we need to not have a bottleneck after finishing this expansion?

9:15

Mr. Ekelund: The work that we've done, looking at forecasts from CAPP, forecasts from IHS, and forecasts from other companies, generally tends to say that the expected increase in production will be fairly close to what line 3 is when the line comes on, so we'll still be relatively full with line 3. TMX will take some of that away, but we don't really achieve an excess of pipeline capacity until Keystone XL comes on. That's a pretty significant expansion, and

that would give a fair bit of room. If I remember correctly, with all three of those, depending on which of those forecasts you look at, we're probably able to produce up until 2030, in that range. There's a lot of uncertainty when you get, you know, out into that area.

Mr. Panda: Yeah. So, again . . .

The Chair: Mr. Panda, I'm going to rotate back to you, okay?

Mr. Panda: Yeah. One follow-up.

The Chair: One follow-up?

Mr. Panda: That's it.

The Chair: Okay. Go ahead.

Mr. Panda: Again, like you said, line 3 is a replacement going through the U.S., and Keystone is going to the U.S., so it won't help to reduce the differential fully. We might reduce the differential by a few dollars, but by the time those two, line 3 and the Keystone expansion, are built, it's several years away. In the meantime shipment by rail – I mean, in the last year and a half there was a surge in rail shipments, and that may double by the following year. So what's the maximum amount of oil that can be moved to tidewater by rail? Is Alberta Energy concerned about the escalation of crude by rail for safety reasons? Are you hearing those concerns from Albertans?

Ms Volk: Can I just go back, Mr. Panda, to something you just mentioned earlier on the impact of the differential? I think the expansion of pipelines will have a significant impact on the differential, a far greater impact on the differential than the idea of diversifying markets. The big factor in the differential is how much it costs for us to get our products to the major markets, which right now is the United States. If we're shipping it there by rail, that is much more expensive than shipping it by pipeline. So as we get sufficient pipeline capacity, there is a direct impact on the differential, and it can be quite a significant impact on the differential. So that will be a major benefit.

It's a little harder to quantify how much the benefit is of having diversified markets. It's obviously something that we want and something that's very important for us, but it's just harder to quantify the precise impact on the differential whereas we know that the difference between rail and pipelines is very easily quantifiable and significant.

In response to your questions around moving crude by rail and maximum capacity, there are many, many things that impact the capacity of rail: the loading facilities, the availability of locomotives, the availability of cars. There are a number of pieces to that, and as the Premier noted yesterday, that is something that we are now looking at. It's in the early stages in terms of what can be done and what should be done on that, but it is certainly work that we're undertaking right now.

Mr. Panda: Thank you. I'll wait . . .

The Chair: Thank you very much.

Before we continue, I just want to double-check with everyone and see if anybody else has questions, especially those on the phone. Anybody want to be on the speakers list?

Okay. We'll jump to Mr. Clark. Go ahead, please.

Mr. Clark: Thank you very much, Mr. Chair, Ms Volk, and the officials there today. Thank you so much. Sorry I can't be with you in the room. I'd like to go back to the process of review for Trans

Mountain. You talked a lot about your ministry's participation in the process. But what I heard was a lot of talk about both the very early stages of the process and I heard about the court case, but I didn't hear much about your participation in phase 3 consultation, where the federal government was consulting. You mentioned it briefly, but I'd like to just dig a little bit into your specific participation in phase 3. Did you work with the federal government as part of that process, and specifically, did you work to ensure compliance with existing case law as part of the Northern Gateway finding to make sure that that consultation process was adequate?

Ms Volk: Specifically, no. I mean, that is a federal process. The phase 3 consultations were a process that was undertaken by the federal government, not the provincial government. We certainly followed it with interest and followed the process, but it was not a process that was in our control.

In terms of the new round of phase 3 consultations that are being undertaken, we have had some discussions with officials at the federal government in terms of how we think we could be of assistance in that process. But, really, in terms of determining the legal suitability or, you know, whether it meets the test, that is really a question for federal government lawyers.

Mr. Clark: Just a brief follow-up if you don't mind, Mr. Chair.

The Chair: Please go ahead.

Mr. Clark: I guess what I find frustrating is that this is a project that has a profound impact on Albertans. Yes, it's a project that is within the jurisdiction of the federal government, but this certainly feels like an area to me where we have tremendous expertise within the Ministry of Energy, tremendous expertise in the province of Alberta in legal matters and regulatory matters as they relate to energy. I guess what I'm so frustrated by is that the Federal Court in the Trans Mountain decision didn't make new law; they simply applied their findings from Northern Gateway. So if we have that expertise in this province, irrespective of whether it is in fact our jurisdiction, would it not have been incumbent on your ministry or the government of Alberta more broadly to be actively engaged and looking over the shoulder, if you will, of the federal government to ensure that we don't find ourselves in exactly the situation we find ourselves in now, where the Federal Court was absolutely definitive that that consultation process was not adequate?

Frankly, given that they were applying case law that had been decided just a short time ago in the Northern Gateway case, it is knowable. That sort of thing is knowable. And frankly, as an Albertan, not just as a legislator, I would hope that we have the wherewithal within the government of Alberta to be on that. So my question to you, then, is: as this redone or reopened phase 3 happens, will you be perhaps a bit more persistent with our friends in the federal government to ensure that their process is in fact adequate and that we don't find ourselves in the very same situation we are now?

Ms Volk: Absolutely in phase 3 we will be as involved as we possibly can in that process. I would just say, with respect to what happened in the original phase 3 consultations, I think that while the Federal Court made a very stark decision on whether that consultation was adequate, I would note that that surprised a lot of people. It wasn't obvious; it wasn't expected that that would be the Federal Court's decision. I think that was a surprise to very, very many people, many learned people as well, and I think what it points to is the fact that the law in this area is somewhat ambiguous. There is a degree of vagueness in the law, and that decision was a surprise to many people.

With respect to the new round of phase 3 consultations, yes, we've been in touch with our federal officials, our federal colleagues at our level, and we've certainly been involved in engaging them on the approach that they intend to take. In Alberta we have an aboriginal consultation office that will be providing support to us, which we will provide to the federal government in terms of the approaches that could be taken, the kinds of groups that should be consulted, just putting together an approach for that. So, yes. We're certainly going to be as involved as our federal colleagues will allow us to be, and my sense is that they will be open to our involvement on that. They are looking for assistance to make sure that we can all put our collective best in to get this over the line.

The Chair: Thank you.

9:25

Mr. Clark: Just one final, brief comment, Mr. Chair, if you don't mind. I guess I just have to say that as an Albertan it worries me very much and concerns me greatly that we would simply sit back and let Ottawa do the work and hope everything goes okay. I think that as Albertans we need to be on top of Ottawa because, frankly, I don't have faith that they're always going to necessarily act in our best interest. That's our job as legislators and as the ministry, to make sure that that happens. I'm glad to hear that you're engaged. I would encourage you perhaps to be even more forceful in making sure that Ottawa gets this right because, frankly, the consequences of them not I don't even want to contemplate. I'll just leave it at that.

Thank you, Mr. Chair.

The Chair: Thank you.

Ms Volk: Can I just add, Mr. Chair, that we certainly agree, and I think that our federal colleagues would call us forceful. So we're certainly taking that advice and are already quite active on this file. I agree.

The Chair: Okay. Thank you, Ms Volk.

We're going to go now to Mr. Dreeshen.

Mr. Dreeshen: Thank you very much, officials, for being here today and taking the time, and again thank you, Chair, for acknowledging that this is my first committee appearance. I do appreciate that.

What's the economic value of the Alberta NDP government's and the federal Trudeau government's social licence? Has it ever been quantified in your department?

Ms Volk: That's a very interesting question. I'm not sure that I would want to try to put a dollar value on that. That's a big question.

Mr. Dreeshen: For years the government has been saying that this social licence is something that's going to be a key to get pipelines approved. I just wondered if you could quantify it in any measurable way.

Ms Volk: I don't think we've attempted to quantify it, but there are certainly things that we can point to. The fact that there is a lot more support for Trans Mountain now than there was in years past I think is an indication that we do have a degree of social licence that we didn't have before. I think the fact that there is attention to the environment in the province does contribute. I do believe that that is an indication of social licence. I don't believe that we in the department have ever done any work to quantify that.

Mr. Dreeshen: Right. I guess I was kind of leading into, obviously, as you pointed out, the record-breaking price differential just due to a lack of capacity. Again, the social licence has for years been kind of building as a key or a fix for that, and it just seems to be getting worse. I think you mentioned in your opening remarks that \$25 to \$30 of that record-breaking price differential is just due to transportation and lack of capacity. Is that a fair assessment?

Ms Volk: Yes, I think that's a fair assessment.

Mr. Dreeshen: Alberta oil today, the western Canadian select blend, is roughly about \$25 a barrel?

Ms Volk: Yes.

Mr. Dreeshen: Brent is about \$79, and other heavy crudes are kind of in that \$70 range?

Ms Volk: Right.

Mr. Dreeshen: Do you see that differential getting worse in the months and year going ahead?

Ms Volk: It's hard to say. We've spoken to a number of analysts and a number of market participants to determine what people are expecting to happen from here, and the conclusion is that it's very hard to predict. I don't think there are many who are suggesting that it will get worse. The mixed views are more on how quickly it will get better, and it is expected to get better.

There were some particular aggravations recently such as some refinery shutdowns in the United States that lessened the demand for our product on the other side. Those were temporary. They reversed themselves and they're sort of in the process of reversing themselves right now, so that should be a bit of a relief. But the big relief will come through increased market access. It'll come through new pipelines when their day comes, which we hope is very soon – and we're doing everything we can to make sure that it's very soon – or it will come through rail if it needs to come through rail. Until those big breakthroughs happen, the differential will certainly be under pressure. Some of the immediate pressure should relieve itself with the refineries, but that'll be a smaller component. The big component is when we get market access.

Mr. Dreeshen: From the provincial government revenue side, we've heard that it's costing the government a hundred million dollars a day. Is that, again, a fair guess? How much of a bite is this actually taking out of the government's revenue?

Ms Volk: I think that's higher than the number that we've spoken about, and I do have that number. Just one second. Yeah, I think the \$200 million number is that for every dollar less that we get from our oil – so for every dollar increase in the differential – it costs \$210 million per year in our royalties.

Mr. Dreeshen: Maybe it's more of a Finance question, but what are the long-term implications if this continues to worsen?

Ms Volk: Well, certainly, it's eroding the value that Alberta is getting for its product – right? – which erodes the amount of royalties that we get and has an impact on industry as well because if they're not making money, they're making different kinds of investment decisions. You know, it's not good. It's not good for the province, and it's not good for the industry.

Mr. Dreeshen: Just to jump tracks here to, as you mentioned, the Premier's press conference yesterday. She was talking about:

government interference and ownership of a pipeline weren't enough; they were going into rail, and we're looking at making a case study for ownership of locomotives and for government ownership of railcars. Is that business case being done by your department or a separate . . .

Ms Volk: We will be leading the work on that, likely with some consultants. But, yes, that will be done in our department.

Mr. Dreeshen: Could you provide kind of an insight of what – is it just going to kind of work with the federal government to be making it easier for railways to ship oil, or is it . . .

Ms Volk: It would have to consider things like the availability of the various components that are required to ship by rail. Locomotives are a particular constraint, the availability of locomotives. How long does it take to acquire a locomotive, build a locomotive if they're not available? Is there sufficient loading capacity in the province? If there isn't, how long does that take to come on? Are there railcars that are available? If not, where can you get them, and how long does it take to get them? It's a lot of logistics as well as, of course, the financial elements of all of those pieces.

Mr. Dreeshen: I was just leading into the question of a social licence again. If this rail manoeuvre is going to have a social licence lens, does that involve more carbon taxes, more regulation on the rail system?

Ms Volk: I don't know if I'm answering your question directly, but what I would say is that the social licence – I think what we're seeing is that there is a lag in social licence because pipelines do take a long time to get built. The fact that we don't have enough pipeline capacity right now is not necessarily a sign that we don't have social licence right now. There is a lag between those two. I think that with rail, it's not that we have a social licence for rail but we don't have it for pipelines; it's just that rail can be expedited in a way that pipelines can't because pipelines take longer to construct. They involve a lot of new process.

Mr. Dreeshen: Right.
Just a final . . .

The Chair: Thank you, Mr. Dreeshen. I think we'll jump, and then we'll rotate back to you if you have more questions, okay?

Mr. Dreeshen: Sure.

The Chair: Mr. Rosendahl, please go ahead.

Mr. Rosendahl: Thank you, Mr. Chair. We were talking about consultation processes with indigenous communities. The question I have is regarding the Northern Gateway, for example. That pipeline failed because the Federal Court of Appeal ruled that the consultation process with indigenous communities was grossly inadequate. Can you comment on that, and is that a correct statement?

Ms Volk: I don't know if I'm in a good position to comment on that. Certainly, that was the decision of a court, so it would be a little difficult for me to say that that wasn't the case. I think we have to accept – I mean, the decision of the court was accepted, and then for various reasons there wasn't a decision to try again.

Mr. Rosendahl: Okay. Thank you.
Can I ask another one, then?

The Chair: Please go ahead, Mr. Rosendahl.

Mr. Rosendahl: Can you comment, then, on how the consultation process with the indigenous communities changed from the Northern Gateway to the Trans Mountain and what changes were made to the process for Trans Mountain? Can you comment on that?

Mr. Ekelund: I can comment a little bit on it. I'm certainly not an expert in that area, but I have read both of the court cases and had some discussion with my federal colleagues around some of their processes. I think it is important to note that even for the Northern Gateway process, the Federal Court of Appeal noted that the requirements had not been met but they could be met, and laid out some structures or some processes or ideas about how that could be done.

9:35

My understanding is that the phase 3 of the consultation, along with the overall NEB process, was largely framed around meeting the requirements from the Federal Court of Appeal decision in Northern Gateway. Now, the Northern Gateway one, although they could have gone back and done the further consultation work – the Federal Court of Appeal said that it clearly could be achieved – there was a decision not to go ahead on that.

On this one, again the Federal Court of Appeal was quite clear in saying that a number of the other things had been met. They were down to the marine issue, the indigenous consultation piece, and that there is a clear path for indigenous consultation. They felt that the items that were in dispute or the issues themselves had been relatively clearly defined in the process. The failure was that the people doing the phase 3 consultation process didn't have a sufficient mandate or ability to meaningfully sit down and say: yes, possibly we can make a change in the route that the NEB had laid out. They felt that they were constrained by the NEB decision, having gone through that whole process of hearing from all of the parties throughout that process.

The Federal Court of Appeal said that that's not the approach they should take, so the government of Canada is sending out someone, former Supreme Court Justice Iacobucci, who I believe will have that broader mandate to be able to, where that Federal Court of Appeal said those clear areas are, go back to cabinet and make recommendations around what changes could be made.

It is a challenging area. There's an interesting article. A couple of lawyers at the University of Alberta laid out some of the challenges with trying to deal with court decisions based on individual consultation in this multiple consultation piece, where you've got all of the other interested parties. But I think there is a clear route.

Mr. Rosendahl: Okay. Thank you.

The Chair: I just want to double-check with those on the phone.

Ms Kazim: Hi, Mr. Chair. I'd like to be on the speakers list.

The Chair: Okay. Thank you, Anam.
Anybody else joining us?

Mr. Loewen: And Todd Loewen, too.

The Chair: Okay. Mr. Loewen, I believe I heard your voice there.
One second. I'll just get to you, Dr. Turner.
Anybody else on the phone wishing to ask any questions? Okay.

Ms Kazim: Okay. Can I go?

The Chair: No. Please wait, Ms Kazim.
Dr. Turner, could you please introduce yourself for the record?

Dr. Turner: I'm Bob Turner, MLA, Edmonton-Whitemud.

The Chair: Thank you, Dr. Turner.

I'm just going to update people on the speakers list. We have Mr. Drysdale. We will then go to Ms Kazim.

Mr. Dreeshen, did you want to continue asking questions?

We'll go to Mr. Dreeshen, then Loewen, and then Panda, okay?
Mr. Drysdale, please go ahead.

Mr. Drysdale: Okay. Thank you, Mr. Chair, and thank you for coming to present today. I'm glad you're here. I've got lots of questions. I'm sure the chair will cut me off. I'll try and be polite before he does.

Just to follow up on Mr. Clark and Mr. Rosendahl a bit on the indigenous consultation, it's a little confusing. You know, Northern Gateway was cancelled because of not proper consultation, and then we go through TMX, and now it's cancelled because of not proper consultation. In your leading remarks you said that 117, I think, was the number of indigenous groups who were consulted and thought that was an extensive consultation, and in the end it wasn't good enough. How will we go forward and properly consult? Do we have it defined? Do we know what is required to do proper consultation? I guess that's my question.

Ms Volk: It's a good question and one that many people have asked themselves because the feeling is that the law doesn't precisely define what is adequate consultation. The interpretation seems to be that the previous phase 3 consultations that were done by the federal government were not sufficient because, in the words of the court, the people doing the consultations were not empowered to have meaningful consultation. They were empowered to listen and take notes and report back, but it wasn't a meaningful dialogue.

So the way the federal government will approach it this time is with an emissary who has a mandate to talk in a meaningful way and to talk about not just hearing and reporting back to cabinet but actually having some kind of a mandate – maybe “to negotiate” isn't the right word – with a view to trying to accommodate the concerns so that it is more of a two-way dialogue as opposed to simply hearing and reporting back. That would be, in the court's mind, a very fundamental difference in the approach.

That's what the court has suggested needs to be done. That's how the federal government is trying to structure its new round of consultations. Certainly, how we will be providing our support to them is in the spirit of doing just that.

Mr. Drysdale: Okay. Thanks. Hopefully, that's what's required, and they don't have to do it again. You know, the three projects – the line 3, KXL, TMX – and I guess now even railcars, all these projects that are on the books to increase transportation: do they not all go to the same U.S. market? Like, none of those actually get us to the Asian market – right? – or foreign market. Am I wrong there?

Ms Volk: Certainly, line 3 and KXL are taking us into the U.S. TMX takes us to the west coast, where it could go to Asia or it could go to the U.S. There's probably a question of scale. If you get enough going through TMX to the west coast, you probably have better likelihood of getting to an Asian market than if you're just sending small amounts. The current pipeline is maybe not large enough to really create a pull from Asia for a smaller amount of product that's coming there, but certainly it has the opportunity to go to Asia from the west coast.

Mr. Drysdale: But the terminal in Vancouver or Burnaby only can take the small ships, correct? So even if it gets there, I would

suggest that the small ships are just going down the coast to the U.S. Not many of them are going across to Asia.

Ms Volk: Not many of them are going across to Asia. You're absolutely right. The other option, though, is that although most of our product is going down into the Gulf coast, they can get onto tankers from there. So they can go to Asia from the Gulf coast as well.

Mr. Drysdale: But that's through the U.S.

Ms Volk: That's through the U.S. ports. That's right.

Mr. Drysdale: So we're still stuck with the U.S. market and the price differential. I mean, I get it. It'd be nice to get a truly foreign market or Asian market, you know, in a deeper port like Rupert, but because of Bill C-48, that's not possible at this time. I think those would be real alternatives to a market, but I'll leave it at that.

And I guess the other thing, you know, is that, being in transportation, if you've got a traffic jam, adding more cars to it doesn't help. We have to fundamentally change what we do. But I'll leave it at that.

Ms Volk: Well, could I just . . .

Mr. Drysdale: I guess, my last one, Mr. Chair . . .

The Chair: Please.

Ms Volk: Sorry. I was just going to add one thing on that, though. Although through the Burnaby port there is – it's true that there are smaller ships there than in some of the deeper water ports, but it is a shorter distance to Asia, so there is an advantage. It's not impossible that that would be a route to Asia. It is something that is entirely possible, particularly as there are more volumes going into that port in the first place. That is something that could happen.

Mr. Drysdale: Not as short as Rupert, though.

Ms Volk: Not as short. That's right. Or as deep.

Mr. Drysdale: Anyway, you know, I guess that adding more cars on the rail – I've got a little concern, and hopefully I'm wrong here. Hopefully, the protesters now aren't going to, like we've seen with the pipeline, start protesting the rail and blocking rail that's getting oil to the coast because, of course, if they did that, not only would they be blocking oil; they'd be blocking ag and forestry products as well. So I'm a little concerned, putting it more on the rail – and the Premier's announcement yesterday: I mean, good on her, and the more we can do, the better. I'm just concerned that if the protesters in Vancouver think we're going to do it all on rail now, they're going to start protesting the rail, and our whole other industries are going to suffer as well. I don't know if you can comment on that.

Ms Volk: We'll have to see, I guess, yeah.

Mr. Drysdale: It's a concern.
Thank you, Mr. Chair.

The Chair: Okay. Thank you. Thank you. Thank you.
We're going to jump to Ms Kazim. Please go ahead.

9:45

Ms Kazim: Thank you, Mr. Chair, and thank you very much for the presentation. As you are talking about the consultation process, as we know, the court ruled that this consultation process was also inadequate. In response the government of Canada has unveiled a

new process. What is different about this process compared to the earlier process?

Ms Volk: The big difference is that under this process there will be a very senior emissary that will not just be seen to have a mandate but will have a mandate for more meaningful dialogue, meaning that they will have a mandate from cabinet to have discussions with the indigenous groups along the route in order to discuss their concerns, not just to hear their concerns and report back to cabinet but to actually discuss their concerns and talk about ways that those concerns could be mitigated or could be accommodated. That was what the court found to be the failing of the previous consultation, that it was a one-way dialogue, that officials were listening and reporting back but weren't engaging in meaningful dialogue on what could be done to address the concerns.

The way this new round of consultations is being structured is to have a more senior-level delegation, a real emissary from cabinet, and to have those real discussions with a mandate to try to resolve some of the concerns. That would be a very fundamental difference in the eyes of the court in those two processes.

Ms Kazim: Okay. That's good to hear.

The government of Canada has chosen not to impose a deadline on the new indigenous consultation process. They have argued that this is necessary to ensure that they're not seen as prejudging the process. Does the department's legal advice agree with that approach?

Ms Volk: I don't think I'd be at liberty to discuss the department's legal advice. I'm sorry. That would be solicitor-client privilege, and I couldn't waive that.

Ms Kazim: Okay. No problem.

Thank you very much for your time.

The Chair: Okay. I'm going to jump to Mr. Loewen simply because he hasn't had a chance to ask any questions yet. Mr. Loewen, please go ahead.

Mr. Loewen: Okay. Thank you very much. I'm just wondering here. Let's say that the Trans Mountain pipeline is built and goes forward. Is this sufficient for present and future oil export from Alberta?

Ms Volk: I'll refer you to the information that was used in the most recent budget, which is that we need two pipelines in this province to get sufficient market access for the production that we expect in the next number of years. We need two pipelines, not just one. There are three that are on the go: line 3, Keystone XL, and Trans Mountain expansion. We need two of the three in order to have sufficient capacity to move our products to market.

Mr. Loewen: Okay. Now, what's the plan B here? You know, let's say that Trans Mountain doesn't go ahead. What work has the government been doing on line 3 and on Keystone?

Ms Volk: Well, on Keystone XL the government through APMC, the Alberta Petroleum Marketing Commission, made a 50,000-barrel-per-day commitment to ship on that pipeline. That was a significant commitment to the pipeline. It was essential to get commercial support for the project. In order to proceed with the project, the owners of KXL, TransCanada, were in need of a certain amount of commercial support in order to get it over the line. The government made that 50,000-barrel-per-day commitment through APMC in order to take that project over that line and move it to the next stage. That was a very important and necessary condition to

get KXL to move to that next step. That would be the most fundamental piece of support that was provided to KXL.

In terms of line 3 the support has been primarily around advocacy in the U.S. and intervening as necessary in approval processes in the U.S. to make sure that the economic impacts, the economic assessments, the economic analysis are seen and appropriately entered into the record in the U.S. processes. We've been working very closely with Enbridge on their line 3 project as well.

Mr. Loewen: Okay. Another question here. Now, I guess there are four or five different pipelines that have kind of been worked on in the past. Some have failed and everything. I'm just wondering. Why wasn't, for instance, Northern Gateway built, you know, four years ago, let's say?

Ms Volk: Well, that's a great question for Enbridge, I suppose. You know, there was a court decision that ruled the consultation inadequate. That caused a very major pause on the project. A decision needed to be made by the proponent as to whether they would restart that consultation process, and they elected not to do that. I'm not sure I should speak on their behalf in terms of why they made that decision, but that was the decision, and the project didn't go ahead.

Would you want to add anything, Doug, to that?

Mr. Lammie: Yeah. The other piece more recently has been the tanker moratorium that's come into play on the west coast. That's put restrictions on the amount of heavy crude or persistent crude oils that can be shipped out through that port. With that currently in place, that would prohibit or not enable that pipeline to ship those products out there, so significant steps would have to be taken to amend that.

Mr. Loewen: I'm specifically asking about why, let's say, four years ago or earlier these pipelines weren't built. Would it be fair to say that these companies and the processes hadn't been worked through? You know, if we talk about Northern Gateway, Energy East, Keystone, Trans Mountain, as far as why they weren't built, would it be fair to say that it was because they hadn't gone through the whole process yet?

Mr. Ekelund: Yeah, I think that is a good question. A lot of it depends on where producers, refiners saw oil production going into the future and then being prepared to make commitments. Certainly, as we've been involved in this over the past number of years, we've seen at certain times pipeline companies struggle to get the full amount of the commitment required to be able to go ahead on a commercial basis. There's always the thinking about, you know: "Do I put my balance sheet up? When do I put my balance sheet up to be able to say that I'm going to commit to a 20-year pipeline commitment? Am I going to have enough production? If I'm building an oil sands project, when will it come on, and when do I make that commitment?"

We saw this with TMX when they first went out. It took a couple of rounds. In fact, I think it was in the newspapers that they were about 20,000 barrels a day short in their first round to try and get commitments on that. As companies saw that there is more production coming on, that there would be potential shortages, then they were able to fill up that 20,000. Keystone as well was looking for additional commitments, and we were part of putting commitments together to go forward.

It's always challenging to look out in the future, understand what the forecast of pipeline capacity is going to be, how much production there's going to be, also the kind of competition that we're going to face. In the last, I think, less than 10 years, maybe six or seven, we've seen more oil production increase in the United

States than, you know, we've had in the oil sands in its total life. It's a pretty variable situation. It's tough for people to make those very, very long-term and expensive decisions, and I think that has kept pipelines from going ahead until they're pretty much close to being needed as opposed to being built years and years in advance. But given a process where it takes time to build the pipelines and we've seen the extension of the regulatory process and the amount of involvement in that process from people who are not in support of pipelines, that's made that very challenging as well.

The Chair: Thank you.

Mr. Loewen: Okay. Thank you very much. I just wanted to . . .

The Chair: Mr. Loewen, we're going to jump to Dr. Starke, okay?

Mr. Loewen: Thank you. Just put me back on the list.

Dr. Starke: Thank you, Chair. Briefly, as an observer I appreciate the opportunity to ask a question specifically with regard to the – you talked briefly about the impacts of increasing rail transportation of oil and, you said, some of the different impacts that would be involved, including, you know, the number of locomotives, the number of tank cars available. Does the Energy department at all assess the impact of increased rail transportation on the transportation of other commodities? I'm talking specifically about agricultural commodities. A common criticism that I hear from my constituents who are primarily trying to export their agricultural goods to market is that their goods are being supplanted by oil that is being transported by rail. You've pointed out the massive increase in oil that is transported by rail, and we certainly see it out of our part of the province, going primarily to the Louisiana Gulf coast.

9:55

What we are also seeing are ships in Vancouver harbour waiting to be loaded with grain that's been committed to foreign markets. That grain sits there, can't get loaded because the grain is not getting to market. Does the Energy department look at that impact at all, or is your consideration confined to the transportation of energy products?

Ms Volk: No. We certainly look at those kinds of impacts. Not just alone. We would work with our colleagues in Agriculture and Forestry and Treasury Board and Finance, who have the more macroeconomic view. We would certainly work collaboratively with them to determine those impacts. Part of the thinking is that this fall grain may not be as strong an export as in previous years as a result of some of the weather issues that they've unfortunately had to deal with, so there may be a little bit more space for oil this fall than there might otherwise be. Again, that would be part of the piece that we would have to analyze as well. It's certainly within the scope of what we'd be looking at.

Dr. Starke: A follow-up to that question, then. This particular issue became an acute problem in the winter of '13-14 and also the winter of '14-15. What was the analysis done by the Energy department, in consultation with other departments of the Alberta government, in terms of what the causes and what the future solutions to those congestion issues would be?

Ms Volk: It was before my time in the Department of Energy, so I'm going to refer that question to Doug Lammie.

Mr. Lammie: Yeah. Going back to that time period, there was a bumper grain harvest at that point, significant additional supplies.

There were shortages that were in place, concerns around service qualities that were being identified for that grain and those shippers. As part of that, the government identified some of those issues to the federal government. The federal government, as the regulatory authority for those pipelines, took action and put in rules to prioritize grain shipments. There are minimum levels of shipments that must be met both by CP and CN for delivering those service quality standards. Those rules still are in place right now.

As Coleen was mentioning, part of the significant factor in determining whether there's excess capacity is understanding those grain forecasts for those harvests. At this point one of the components that she identified was looking at what the seasonality will be for those shipments. What does the grain harvest look like? Many people are suggesting that it may be an average or slightly less than average grain harvest season this year, and that may or may not provide some opportunities for some other flex within the system.

You are correct that rail systems are multiproduct. We are shipping agricultural products. We are shipping forestry products. We have intermodal components within that space as well. We have petrochemical products as well. All of those need to be considered and will be part of the analysis that the department does in support of the recommendations.

Dr. Starke: Thank you, Chair.

The Chair: Thank you very much. I'm going to call it there because we need some time to change over to our other presenters, who will be beginning promptly at 10 a.m.

I want to thank you all for joining us today. We really appreciate your time and the fact that you're answering all these questions. Thank you once again.

We'll take a two-minute recess just so that we can have time for a changeover.

[The committee adjourned from 9:59 a.m. to 10:02 a.m.]

The Chair: Okay, everybody. I'm going to call this meeting back to order. If we could have our presenters take their seats, that would be great.

The next presentation will be by Eagle Spirit Energy Holdings Ltd. They're here regarding the proposed Eagle Spirit pipeline corridor project between Fort McMurray, Alberta, and Grassy Point, British Columbia. We have Mr. Helin, I believe.

Mr. Helin: Helin.

The Chair: Helin. Thank you for correcting me. Please take a moment to introduce yourself and your colleague, and then we'll proceed with your presentation. You have 20 minutes, and then I will open the floor to questions from committee members.

Eagle Spirit Energy Holdings Ltd.

Mr. Helin: Thank you very kindly for the introduction. It's a pleasure to be here. My name is Calvin Helin. I'm the chairman and president of Eagle Spirit Energy. With me is our senior technical and business adviser. I'll let Fred introduce himself.

Mr. Schneider: Fred Schneider. I've been in the oil industry my whole life, since I was 17. I didn't graduate high school and spent 13 years with Shell. When I left Shell, I was the troubleshooter for engineering construction. Since then I've consulted all over the world. I don't understand why in this room people aren't jumping out windows with what's going on in the oil patch. It's an absolute bloodbath out there. Anyway, I just needed to sneak that in.

Calvin.

Mr. Helin: Thank you very kindly. We've been working on this project for six years. It was a First Nations led initiative from the beginning. The basic thesis at the beginning of this project was that if First Nations didn't support a project, you're going to have a very difficult time getting it passed. So in our project the First Nations are the owners.

I don't have a lot of time and I have a lot of slides, so I'll go through a lot of this stuff fairly quickly, but I can speak in more detail during the question period.

What we're talking about are the marching orders that we were given to develop the greenest project in the world. You'll find out during this project what that means. I think it means an opportunity to turn northern B.C. and Alberta into a green petrochemical, Silicon Valley-type project where we have made-in-Canada solutions to some of the problems that are being faced.

Our project will eliminate the single-market reliance and the air barrels problem, and I'll speak to that. We, I believe, have potential for a world-scale project, which could develop all kinds of important value-added industries. We're looking at shipping only an upgraded product, and I will go into the details of what we mean by that. It would involve partial upgraders, potential refineries in Fort McMurray and Prince Rupert, a \$5 billion dehydrogenation petrochemical feedstock plant in Prince Rupert that would add \$5 billion to the revenue of an LNG pipeline, urea fertilizer plants. We're talking a four-pipeline, 48-inch pipeline energy corridor. If we're doing that, what we would look to do is set up our own steel plant – import the plated steel, and set up our own steel plant to make the pipe in Prince Rupert. We can lead with an LNG natural gas liquids pipeline first, and the view of our chiefs is that this could be the single largest nation-building project in Canada since the Trans-Canada highway.

These are just some of the headlines from newspapers in the last few days about what Fred referred to as the bloodbath that's going on out there. From the *Financial Post*: Canadian Oil Price Plunge to below \$20 Could Lead to a Wave of New Energy Deals, The Saudis Can Send Oil Prices Soaring and Canada Has No Insurance Policy, Oilpatch Scrambles to Ship 'Distressed Barrels' as Industry Loses \$100 Million in Revenues Daily.

We engaged one of the top energy analysts in Canada, Phil Skolnick, to basically explain to us so that we could explain to the world what these distressed barrels or air barrels are all about. He's come up with a completely separate analysis, which we can get to the members of the committee, both a detailed explanation in his I think it's a weekly bulletin and a PowerPoint. But essentially this involves the apportionment system on the pipeline. The Enbridge main line going to the U.S. ships about 2 million barrels a day. The basic idea is that the large refiners get to nominate over the amount of oil that they actually produce and they get to keep that nomination, and essentially they then turn around and buy distressed oil from the smaller companies, mostly Canadian companies, and they basically are making \$50 a barrel on that, taking it out of Canada's pocket.

For Alberta he did this summary of what Canadian producers are losing in revenue here, about \$20 billion. About \$3 billion of that is the estimated loss to the treasury of Alberta from paying royalties on the lower value of the barrel. It's unbelievable. We've been dealing with national oil companies and national energy companies that are interested in purchasing Alberta oil, and most people outside of Alberta cannot believe this situation exists. What country in the world would do this? So that's just a little brief about that.

This article, Oil Price Discount Turns up the Heat on Province's Budget Woes, basically says that every \$1 barrel increase in the differential over the course of the year knocks \$210 million out of

the provincial revenues. One barrel increase in U.S. benchmark oil prices is worth about \$265 million. This is what we're talking about.

10:10

We started off just talking about an oil pipeline, and the chiefs along our corridor tasked us with basically coming up with an environmental plan that exceeded anything else in the world. When we had our first meeting, they organized themselves into a chiefs' council, and they voted unanimously to support an energy corridor. We just had a meeting with the 35 leaders along our route last week, and they voted unanimously to support an effort to basically seek to quash the Oil Tanker Moratorium Act, both politically and legally. Also, a similar resolution was passed relating to Bill C-69. I mean, this is the lifeblood of Alberta industry, as I don't need to tell you.

What we're talking about is two 48-inch crude oil pipelines. We will rebrand bitumen. We will ship an upgraded bitumen, and we will brand it as Eagle Spirit crude because the notion of bitumen has essentially been branded by environmental groups as the apocalyptic substance from northern Alberta. We will ship 2 million barrels per day in each pipeline, two 48-inch LNG natural gas liquids pipeline shipping 5 billion cubic feet of LNG and natural gas liquids. There'll be 3 billion cubic feet of LNG and 2 billion cubic feet of natural gas liquids. By setting up the feedstock plant on the coast and shipping the natural gas liquids, which we're literally giving away at this point, it would add \$5 billion a year to the producers' returns on the pipeline, which would pay for the plant on the coast. These are some of the details of the pipeline. I won't get into that. I've just gone over them briefly, of the corridor.

Some of the commercial advantages. We have stakeholder alignment and economies of scale. One of the biggest losses for any oil pipeline is when you're shipping diluent in a dilbit pipeline. You're essentially wasting 60 per cent of your pipeline capacity by having to ship diluent out and ship diluent back, which makes up 30 per cent of the mix, and you're paying \$10 per barrel for the diluent, so it's not very economical. I'll go through what the economics are of what we're proposing versus what Northern Gateway would have cost per barrel of oil.

I'll get into the upgrades on the LNG and natural gas liquids. We're planning to use the energy from the site C dam to essentially cool the gas out on the coast. It's a huge issue. It'll reduce the carbon footprint, and it will also eliminate about a 20 per cent shrinkage in gas, with natural LNG, if you're firing your turbines to make the electricity to cool it.

You know, the discussions I've heard today are centred around consultation. Our approach to that is that if the First Nations are owners, your consultation is done. Still, that's not to belittle the hurdles we've had to overcome in the communities. We're dealing with communities where American foundations are donating huge amounts of money through Canadian environmental groups. It's like guerrilla warfare on the ground in the communities. We are facing situations where the Canadian groups are paying huge amounts of money to people in the community basically to be props and puppets for essentially what are American either environmental or foundation interests with questionable motives.

We've been discussing our project, as I've mentioned, with various national oil companies. We have a preliminary commitment to take 2 million barrels a day of upgraded bitumen from Alberta at or near Brent crude pricing. It's an excellent feedstock for high-conversion refineries. Currently there are about a million barrels a day of PFT-extracted bitumen that are being produced in the oil sands, and there'll be about half a million barrels coming on stream in the next couple of years. With the right pipeline specifications,

that upgraded bitumen can go directly into a pipeline and be shipped and sold at Brent crude pricing.

We've signed an agreement with the four major international unions: Teamsters, the operating engineers, Laborers' International Union of North America, and the trades unions. We have to have somebody to build this. The unions will make excellent partners. They've signed a memorandum of agreement that's very favourable to us in getting this built quickly and on time and on budget. Recognizing the First Nations' interests in participating along the route, we are in the process of making a similar agreement with the trade unions of Alberta. As well, the unions have been exercising their clout with the federal government and the government in B.C. to get very favourable meetings with the provincial government.

We've assembled a best-in-class business and technical team that'll be joining us. We think we may have our seed capital – we will have that confirmed in the next week or two – so we'll be bringing this whole team on.

Our goal is to have an accord signed between the three western Premiers and the two northern Premiers and our chiefs' council. We think that that would be a very important thing to do given that the energy industry is the lifeblood of almost all of these western jurisdictions. Our chiefs' council would like to do this, and I think it would be a very wise political tactic, as far as dealing with the federal government, if all of the western jurisdictions were together with the First Nations.

The most efficient route to market: when you consider that we're now shipping gas and oil from northern Alberta and northern B.C. down to the Gulf coast and that it's costing, for a barrel of oil either by rail or by pipeline, anywhere between \$17 to \$25 per barrel just to ship it, it doesn't make any sense. And then if you add on top of that that we're being opposed as an industry in Canada, that we're being opposed for the nonenvironmental way that the oil has been extracted, and all of those criticisms, what is the result in CO₂ footprint of having to ship all of that product I think it's about 2,600 miles – I had an updated slide that I made – just to the Gulf coast? Then you've got to put it on a ship, ship it through the Panama Canal. If it's going over to Asia, it's about half the distance to ship from the Prince Rupert area, from Grassy Point, where we're proposing, and that doesn't include the carbon footprint from shipping it all the way down to the Gulf coast.

One of the things that we've heard from groups that are opposed to Trans Mountain is that it's going to increase the shipping. Part of the problem with the Burnaby location for Trans Mountain is that you only can ship Aframax crude carriers in there, and they can carry just a fraction of what they should be able to carry because of the geography and the navigational issues with the bridges and the shallow water. In an updated presentation I've broken down what that is, but essentially we can get very large crude carriers into Grassy Point that can carry 2 million barrels a day in one shot. In order to be able to do that from Burnaby, it'll take eight Aframax crude carriers.

10:20

We're going to set up the corporation, corporate structure, similar to the Cheniere Energy model. The holdco will largely be owned by the First Nations. It will own the right-of-way, and each of the pipelines will be organized in limited partnerships underneath and financed separately.

I won't go into all of this information, but these are potential in-service dates. If you require this presentation, the organizers have this presentation.

Just to go quickly into the LNG/natural gas liquids opportunity, at the time this slide was prepared, the producers were receiving about \$2 per million BTUs. With our project, given the economies

of a corridor we believe that that can add an additional \$2 per barrel at that time, double the value of the LNG. The economics of liquid natural gas and natural gas liquids is that it makes sense to essentially ship all of the unused gases, natural gas liquid gases, that currently really have marginal or almost no value to most producers, mixed in an LNG pipeline, set up the feedstock plant on the coast, and all of those natural gas liquids can be turned into olefinic series products, which would mean they were very high value for the plastics industry, and that would add about \$5 billion annually to the revenues of the producers.

Without going into a lot of detail, we believe using electricity from the site C dam and harvested all the way along the grid – all the way along the corridor the First Nations can put alternate energy projects in there. Always the big knock against alternate energy is that there is no way of storing it, so unless you have a steady source of electricity that could back it up, you would not be able to sustain it. That's been the experience in Germany and in Ontario, in Canada. We're in a situation where we will be the purchasers of the alternate energy, and we have the site C dam as a backup, so we can really green the project.

One large LNG plant can replace about 40 coal-fired plants in China. I'll get into the details of how Canada fits into the international picture of CO₂ in a couple of closing slides.

On the crude oil side, these are just the tariffs for shipping oil. I've already talked about these. It basically represents – \$17 to \$25 is the cost of shipping a barrel of oil to the Gulf coast, so it's a huge amount of money that's essentially being wasted. The shipping costs from Texas are very high versus shipping from the coast of B.C. You're having to pay the fees of going through the Panama Canal, and the shipping time is an enormous distance. The transit time is about 30 days through the Gulf coast to Shanghai, and I think it could probably be 12 to 15 days from northern B.C.

This is just a slide that has set out – when you back out the . . .

The Chair: Excuse me, sir. I just want to let you know that you've reached the 20-minute mark, but I'm sure you have a lot more information to share. If you can share it quickly, that would be great.

Mr. Helin: Okay. I'll talk fast. Seven dollars a barrel to ship bitumen by the Northern Gateway pipeline: when you back out the diluent, it's a buck 64 in our first pipeline. With a second pipeline, with a 30 per cent reduction in total investment cost, it's a buck 15 a barrel. We can get Brent crude pricing.

Fred has a technology. It's called STRIP enhanced oil recovery. It takes the oil directly out of the ground in a very efficient way. It can reduce the greenhouse gas emissions from the current practice by over 100 megatonnes of CO₂ for 2 million barrels per year, which is about a seventh of Canada's whole CO₂ footprint. It leaves all of the tailings and the CO₂ in the asphaltene in the ground in an inert form, so you don't end up with tailings ponds. The last thing that his technology does, which has been already tested, is that it recirculates the water. Currently there are 43 million cubic feet of water being used in the oil sands, and this would simply create its own water in the process. I can't go into the details.

I'll just start flying through some of these files. There's no sound on this? This is Andrew Weaver, the Green Party person from B.C. He came to our first chiefs' council meeting. He's basically saying that this is the solution to everything. He said that again in this article or interview that came out in April, but he got beat up by the Green Party or some of his constituents like the Suzuki Foundation, and he said that he couldn't say that again.

These slides are from Dr. Wenran Jiang. He basically is saying that looking at Canada's CO₂ footprint in isolation is just a total

fallacy because China has the biggest footprint in the world for CO₂, almost 30 per cent of the world's CO₂ output. If you look at this bar graph, most of the CO₂ is being put into the air from burning coal. His basic conclusion is that LNG and oil from Alberta, getting as much of that to China as possible, would have more impact on reducing CO₂ than our efforts internally. That's his conclusion. This slide was prepared by Dr. Andrew Weaver as an academic.

We've also met with Elizabeth May, and she was very interested in all of the green side of our project as well as the value-adds in Canada. I don't know if she'll ever come out and endorse us, but she did privately.

This last slide is just the vision that we have of a nation-building energy corridor that could extend up to the Northwest Territories. I sit on the board of Dene Tha' investment partnerships, which represents the 27 First Nations up there. They desperately want to develop their energy resources, particularly if it can be done in a green way. We've met with the Saskatchewan government. They would like us to extend the corridor into Saskatchewan.

That's my presentation.

10:30

The Chair: Thank you very much, sir.

I'm now going to open it up to questions. Before we begin, though, I will ask if people want to get on the speakers list, and I'll check with those on the phone as well. Anybody on the phone wishing to . . .

Ms Payne: Mr. Chair, hi. It's MLA Payne. I'd like to be added to the speakers list.

Thank you.

The Chair: Okay. Thank you.

Anybody else on the phone wishing to be added to the speakers list? Okay. Anyone in the room?

Okay. We'll begin with Mr. Panda, and we'll go to Ms Payne and then to Dr. Starke. Go ahead.

Mr. Panda: To both Calvin and Fred, thank you so much for taking time to come and meet with us.

Indeed, it's a bloodbath, and if it was in any other country, people would jump up and down to resolve this crisis. I'm so pleased that in our First Nations led initiative here they're thinking big and bold, building four 48-inch pipes to ship both LNG and bitumen, both upgraded. That would solve not only our problems, but it will solve the world problem by removing the greenhouse gas emissions in Asia, particularly in China, India, Korea, and Japan. So lots of demand there. Thanks for this initiative.

How practical is it? I mean, you being First Nations, you said that you consulted all those people, including Elizabeth May. But, you know, looking at the schedule of this project, even if we could build one pipe out of four in the next three years, it will be a great addition to the country's GDP. Have you done any consultations or collaborative discussions with the existing pipeline companies like TransCanada or Enbridge? Have they stepped up to help you?

Mr. Helin: We specifically want to avoid them because of their business model, and I'll ask Fred to speak more to that. Several – I can't mention who they are right now, but we'll be bringing whole teams over from various pipeline companies – will be joining Eagle Spirit, some of the top people that are doing things in those companies right now.

Fred, maybe you can speak to that.

Mr. Schneider: Yeah. These pipeline companies are the problem, not the solution. Their capital cost recovery is that the more money

you spend, the more money you make, and they hire accordingly. You know, confusion is money – that came out of one of the head guys in BD and Fluor – in these projects, and we suffer from that culture. Our plan is to do as much as we can in-house, which is the old practice. We're going to have senior executives out of both TransCanada and Enbridge ready to join us. Part of that is their frustration with not doing things logically as well. When you go through this presentation, you'll see some numbers on savings that you can get from executing a project.

I'm a farmer, so I like common sense; you know, one plus one equals two, that kind of deal. That isn't the way the industry is done right now. The more complicated you can make it, the more money you make. I'll leave that dissertation at that.

You expedite the project. We'd put an LNG/NGL line in first, right up to the Alberta border. We would keep that jurisdictionally within British Columbia so that we don't have to deal with the NEB. Right now it's in flux. We would probably, you know, do an oil line in parallel. Like, we'll go after all four lines during our initial regulatory applications. We figure we can get that done in two years and that we can get construction done between two and three years. So in four to five years we'd be functional.

I would argue that we're basically talking about doubling production in the western Canadian sedimentary basin. The fact that we've eliminated carbon emissions from the LNG/NGL picture by using hydroelectricity – it's interesting how many, Enbridge and TransCanada, are trying to jump on that boat right now, too – eliminating the diluent from the bitumen shipment, is huge.

At the end of the day, you know, with my technology – and it's only one of three I've identified that are practical – we'll commercialize it. It eliminates the upstream emissions from surface steam-enhanced oil recovery, which brings you down to a carbon footprint equivalent to west Texas intermediate. A friend of mine – and I got his process going for him – is Columba Yeung. He has a surface process that replicates what I'm talking about.

Mr. Panda: Yeah. I have a couple of follow-up questions before I run out of time. You said that without going through the NEB, you can work with the Alberta government and the B.C. government. Bill C-48 is still hanging there – someone said that it's not actually a tanker ban, that it's a product blockade – and also C-69, you know. You can still overcome those hurdles and can still get this done?

Mr. Helin: Bill C-48 is really being introduced, in the opinion of the chiefs' council, by American environmentalists. Vivian Krause can give you the paper trail for how all of this came about. Large American foundations, through Tides and other ones, identified as their object to isolate Alberta's energy. The first thing that they did was that they had the Great Bear rainforest declared. The name for the Great Bear rainforest was dreamed up, according to Tzaporah Berman in her autobiography, I think, at the tender age of 35 or however old she was, in a cheap Italian restaurant in San Francisco.

If you look at this presentation, I believe we have the Lax Kw'alaams community, the nine tribes' traditional area, projected over. They declared that from the Alaskan border all the way down to the top end of Vancouver Island, and that was the first step in their strategy to isolate Alberta energy. There was absolutely no consultation with our community, which controls that whole area from the Alaska border about 120 kilometres south. No consultation. We can pull our lands out of that in a snap. There was literally no consultation.

In relation to Bill C-48, the company was criticized in the TMX decision for being note takers and not consulting properly. Well, in Bill C-48 it hasn't even risen to the level of note takers. The federal government has just showed up and announced they're doing it.

They've not consulted anybody. From a legal point of view, as a lawyer I'm pretty confident in saying that once this becomes law, it can be modified pretty quickly by the First Nations, and the Lax Kw'alaams community, whose area that is, has already filed a writ to quash the moratorium. Now that the decision has been out in relation to the Mikisew Cree, we can't do that beforehand, but there's still plenty of opportunity to do it once it becomes law.

Mr. Panda: You said that you're trying to reach out to western Premiers and the territories' Premiers. Specific to the Alberta government, what was your ask, and have you gotten any assistance in dealing with any of these legal or regulatory hurdles or financial support or anything?

Mr. Helin: The chiefs have requested financial support, and they were told they – like, why it makes sense for the First Nations to go forward and do this is because they are the only ones with constitutional powers to either make something like this go or to stop it, and we were told that there wouldn't be any support.

The Chair: Mr. Panda, we're going to rotate back to you.

We're going to go to Ms Payne on the phone, followed by Dr. Starke. Please go ahead, Ms Payne.

Ms Payne: Thank you. Through the chair, I'd like to say thank you to our presenters for joining us today and for sharing the information and details about your project. I just wanted to assure you that our government is quite concerned about the price differential and the fact that Alberta isn't and hasn't for some time been getting fair value for our resources. This is something that we've been working to address since day one, largely via pipeline capacity, and we continue to do so. We take this very seriously, and we know that industry does as well.

10:40

Turning specifically to your project, it sounds very intriguing, and I'm thankful for the opportunity to learn more about it. I have a few questions that are related, so I'm hoping, with the indulgence of the chair, that I can ask them together or back and forth a little bit.

The first is that our government has made a commitment, in the spirit of reconciliation, to take a nation-to-nation approach in our conversations and in our work with indigenous peoples as we work to implement the recommendations of the Truth and Reconciliation Commission and the United Nations declaration on the rights of indigenous peoples. A key piece of that work, of course, is ensuring that consultation and involvement from indigenous peoples is robust and meaningful. With that in mind, your project has been described frequently in the media as having one hundred per cent indigenous group backing. I'm wondering if you could perhaps clarify for us a little bit more, let us know a little bit more about what kind of involvement this project has had with indigenous peoples.

Mr. Helin: Sure. We started out basically going out to the communities that were located along the route and just meeting with them and asking them what their priorities were and what it would take for them to support something like this. The communities in B.C. were the hardest ones to deal with because they've had no experience in the energy industry, with either oil or gas, and all of the information that was coming out to them was information that was negative from environmental sources. What we found was that a lot of the community people were not necessarily opposed to pipelines or the energy industry. They were really concerned about it because, you know, oil pipelines and even

natural gas pipelines were painted to be incredibly harmful to the environment, and they didn't have, in our opinion, very balanced information.

[Mr. Drysdale in the chair]

We went into communities and had initial meetings and had several follow-up meetings. For the first two or three years we just listened to what the communities were saying while we were hiring experts from around the world to come up with what might be considered the top environmental model in the world. What we ended up doing was hiring the former chief operating officer of the Alyeska pipeline. Post *Exxon Valdez* the Alyeska pipeline people had to really take seriously the idea of protecting the environment, so they borrowed the best practices from around the world, from the North Sea and various areas, and they built what is now referred to, as far as coastal protection, as a spill-prevention as opposed to a spill-response model.

[Loyola in the chair]

That's something that we invested a huge amount of time in because the people on the coast felt they had the most to risk. So we spent a lot of time looking at what that was. Kind of a shorthand way of describing it is that it's like a precision military system where all of the parties along the shipping route have regular training. There are assets disbursed throughout the route so that if there's ever a spill, all of that equipment and all of the trained people are along the route and can respond right away. That was very, very important for coastal people. Since *Exxon Valdez* they literally haven't spilled a teaspoon of oil. So that was very, very important. I'm simplifying this greatly because that's a huge part of the project.

What we will do with our project on the coast is what's been proposed by the federal government in its oceans protection plan. It's really the minimal amount that you would expect any government to do. You know, the federal government keeps coming out and announcing that they're spending 1 and a half billion dollars, but what they don't say is that that 1 and a half billion dollars is for 14,000 kilometres of Canada's shoreline. You need to spend probably a billion dollars just on the coastal part of this.

As well, there are various kinds of technology for ensuring that when you're going under streams, you double-wall the pipeline. Actually, Alberta and Calgary companies have a lot of this technology, that's the most advanced in the world. We had to invest a lot of time in doing that. This took pretty much three years, and then we were asked to look at how we could make the actual pipeline route itself more green from the point of view of reducing all of the criticisms of the oil sands, and that's why we've formed a relationship with Fred Schneider's company, RII North America. That deals with the CO₂. It deals with the tailings ponds. It deals with the question of using large amounts of water in northern Alberta.

We went out to the communities. We presented this model. In a lot of cases what we found in the communities was that there were people that were on the payrolls of environmental groups. They were basically paid protestors. An example of this is on the coast during the PNW project, the big Petronas project. The guy that claimed to be a chief on Leelu Island is actually my cousin. He isn't a chief at all. He and all of the protestors were receiving fairly hefty stipends from various environmental groups like Tides, Wilburforce Foundation. These monies were being paid through a not-for-profit group called Skeena Wild. He was going to Seattle for his meetings about what to do next in this process. When my brother John became the mayor of Lax Kw'alaams, they wanted to

bring real information to the community, so they did. It went from zero per cent support for the project to 75 per cent. These are the kinds of issues that we're having to deal with. Unfortunately, that project didn't go forward.

To give you a sense of the sincerity of the protestors on Leelu Island, there were some monies paid into the community which were paid out to the individual community members just this last Christmas. The protestors on the island were the first people to take a water taxi out to get their cheques and to cash them. I'm assuming that that wasn't on their environmental principles.

This was a huge part of our project, and in some of the communities we went into, what would happen is that they would co-ordinate the protests through certain members of the community and they would just prevent us from presenting real information. We would go back. We went back. Based on our persistence and building a model that the First Nations thought they could definitely get behind, the poster boy for the opposition to the Northern Gateway pipeline was Chief Martin Louie from the Nadleh Whut'en First Nation. After he got involved with us and learned what we were doing, his community voted to support our project. Martin is the chair of the environmental committee of the chiefs' council. So we've gone all the way along the route, and we have the communities signed to agreements in principle, and with our seed capital we will look to lock them into binding agreements.

10:50

Ms Payne: Thank you. It sounds like you put a lot of thought and effort into addressing concerns around coastal protection, environmental protection as well as concerns that we often hear raised by coastal First Nations. On that note, I understand that the Haida First Nation has expressed that they are not in favour of any project regardless of who the proponent is. I was wondering if you've had a chance to work with the Haida First Nation and if you could maybe share what some of the conversations with them have been like.

Mr. Helin: The official Council of the Haida Nation wouldn't even talk to us. They wouldn't even set up a meeting for us. We just had a large group of the hereditary Haida chiefs at our recent chiefs' council meeting. They have previously signed letters opposing Bill C-48, and they also voted in favour, with all of our other chiefs at our chiefs' council meeting, of opposing legally and politically Bill C-48.

To give you an idea, the joke among the First Nations in the Prince Rupert area is that David Suzuki runs the Council of the Haida Nation, and I had the bad sense to repeat that joke when I was being interviewed in the *Haida Gwaii Observer* a couple of years ago. She said that we were off record, but she printed my remarks. There were two subsequent personal attack letters in the paper from David Suzuki of me for saying that, but that's actually a joke that comes from the Haida people themselves. The view of a large group of the hereditary chiefs is that their leadership has been bought and paid for by the environmental industry, and they don't support it. They don't support that position, and that's what they were telling us out at our meeting.

Even if that was the case, the Council of the Haida Nation doesn't control all of the water north of their lands. They don't have aboriginal title over it. The people that really count are the people on the coast that have aboriginal title over the areas where the tankers are going into.

The federal government itself has completed a very exhaustive study. It was done some time ago, but it was a study by the department of fisheries and oceans and the department of environment, and they were looking at the safest places on the coast

for shipping oil in and out of. The conclusion of the study – this was a huge, exhaustive study – was that with the risk factors, for example, of shipping oil into the Burnaby refinery, where TMX is going to, it was the riskiest place to ship oil into, and it had a risk factor of 27 to 28. The safest place to ship oil into on the B.C. coast was Grassy Point, which had a risk factor of 1 to 2.

I don't know – I'm from the area – how our area has any more special environmental designation than anywhere else on the coast, particularly when you look at the fact that the World Wildlife Fund are looking at designating the Salish Sea as a world heritage site. I don't know what other province would allow for half of their coastline to be cut off from important shipping commerce. I don't think this federal government would ever seek to do this, for example, in Quebec. On the east coast they're drilling for oil right out in the ocean. All of this is being done very safely.

The reason for doing this out on the north coast is viewed by the chiefs as delivering to an environmental constituency that helped get this government elected, this federal government elected, and has nothing to do with real environmental concerns. Otherwise, they would be following their own study and putting it in the safest place possible, and there wouldn't be a Bill C-48.

The Chair: Okay. Recognizing that our next presenters have to present at 11 a.m., Dr. Starke, I want to turn it over to you. But we don't have a lot of time.

Dr. Starke: Well, Chair, I'm just going to very briefly summarize my questions because, you know, there are a number you could ask.

I'd just like to ask for the record what the key distinction is between your project and Northern Gateway with regard to route and process. That is one question I had.

The second question I had was with regard to intervention by non route-aligned First Nations. You mentioned that you have good buy-in from the First Nations along the route and that they have been co-operative and supportive. But as we know and with talks to the NEB process, intervention can come from, you know, a variety of people, including people not along the route. I'm just wondering what your level of confidence is that you can overcome that within the timelines that you've outlined, the two-plus, three-year timelines.

Finally, I'd like you to just briefly comment on the complicating factor of the fact that British Columbia, at least at the present time, is not subject to any treaties. The First Nations, of course, at this point in British Columbia say: you know, we're not bound by any treaties that have been made with the Crown, and therefore, as far as we're concerned, we lay aboriginal claim to all of the lands of British Columbia because they've never been ceded in the form of a treaty.

Mr. Helin: Yeah. Thank you for your questions.

On the first question, on the difference in route, one of the big concerns was that shipping oil up the Douglas Channel and out through an archipelago with lots of navigation hazards and so on was a real concern. I think that also had some bearing on the size of ships they could get into the area as well.

Dr. Starke: Right.

Mr. Helin: You wouldn't be able to get very large crude carriers in there that would carry 2 million barrels a day.

The process that they had gone through was like the old process where the pipeline companies just announced where the pipeline was going and the consultation, in some cases, was nonexistent. Our community, the Lax Kw'alaams community, is probably one of the largest First Nations in B.C. that controls a large territory where

there is aboriginal title and no treaties. Their idea of consultation was to send a \$5,000 cheque over to the community. They never even came over to visit. So there were some real problems.

In relation to your question about consultation and aboriginal title, the groups that should only have standing, in the opinion of our chiefs' council, are those communities whose traditional territories you're going through because they're the ones with the constitutional authority over their lands via section 35(1). One of the concerns about Bill C-69 is that it would give standing to just about anybody, maybe even Americans if they want to come in and say that they disagree with what's going on.

11:00

It's part of the protocol of First Nations that you respect the other First Nations traditional territory. I know it's not done in practice because a lot of the protesters are getting paid by external organizations, but it would be ridiculous for a B.C. First Nation, for example, to say what should be going on in a First Nations traditional territory in Alberta. They may have an opinion on it, but it's just an opinion.

The Chair: Regretfully, gentlemen, we have reached the time allotted for this presentation and question-and-answer period. I want to thank you on behalf of the committee for being here today and coming with your presentation and answering all questions. Thank you very much.

Mr. Helin: Okay. Thank you.

The Chair: Our last presenter of the morning has been invited to discuss a proposal to build a railway from Alberta to Alaska. We have Len Wilson with us now from G Seven Generations Ltd.

Mr. Wilson, please take a moment to introduce yourself and then proceed with your presentation. You also have 20 minutes. Then I'll open the floor to questions from committee members. Please go ahead, Mr. Wilson, whenever you're ready.

G Seven Generations Ltd.

Mr. Wilson: Thank you for this opportunity to address this committee. I'm Len Wilson. I'm founding director and partner of the G7G railway project proposal. What I really am happy to see here is that this is Resource Stewardship because it's about all resources, and we are an all-commodity railway. I know we're talking about oil, specifically oil, today, but it was good to see that when we're talking about railways, it also includes agriculture, forestry, minerals. Everything else is included as well. I don't have a presentation because I can't do it in 20 minutes, as you just saw in the last one. So I'm just going to quickly go through who we are, what our history is, and welcome your questions.

We have confidential and proprietary information, and we have supplied that in confidence to the Ministry of Energy, strategic initiatives. I've been talking for six years to Mr. Ekelund that was sitting here, and the baton just got passed to Mr. Lammie last Friday. If this would have been last Tuesday, I would have said that we haven't talked to anybody, but as of last Friday we had a really good meeting with strategic initiatives.

We started in 2009. My partner and I are in renewable energy, and we were up in northwest B.C. putting up towers to study the wind energy opportunity. It was our policy to include all First Nations. Whoever's territory we would be in would be a 50 per cent owner in anything that we do. To that, I went to the Banff Centre and took their aboriginal leadership, governance, and management course. I was their token white guy; I'm the only one that has received this certification. Through that we learned a lot about how

to do things right, and that's where we met the third partner, Matt Vickers, who is First Nations. He was the chair of the program.

That started in 2009. We heard the concerns of the First Nations in the northwest about the Enbridge Gateway pipeline and the sacred headwaters, where the three salmon-bearing rivers start. With that concern and wanting to be responsible, we thought: well, what's an alternative? So in 2010, using our values, we came up with the concept of hauling the oil by rail. It's nothing that is new. It had been done before, but when we went and met with the railways, the pipelines, the industry, you would have thought it was brand new because they wouldn't listen or have anything to do with it.

So we went ahead and started our First Nation information sharing and also our government information sharing in 2010. Like I said, I was six years with Mr. Ekelund. This information sharing started in Valdez. Valdez had their *Exxon Valdez* disaster, which we're all familiar with and aware of. We thought we'll start there and see what their thought is about oil, being shipping oil off the coast, and they welcomed us with open arms. Their pipeline was mentioned. The TAPS pipeline is depleting, and they could use the oil to keep their economy going. We got buy-in from the Chugach First Nations, also the port of Valdez and the city of Valdez. Then we walked our way back all the way to Fort McMurray. So there are 25 First Nation communities.

We have a resolution passed by the Tanana Chiefs Conference in Alaska, where the oil will be unloaded. We have a resolution passed by the Treaty 8 First Nations of Alberta, which represent the 23 northern communities in Alberta. That's where the oil will be loaded. We have the Council of Yukon First Nations. We have the Kaska First Nations. In fact, we actually signed a letter of engagement with the Kaska First Nations, and they told us that we should frame that letter because it's the first time all five chiefs have signed the same piece of paper. We've walked our way right back, and there was only one community that said no to us. That was the Fort Nelson First Nation, who were saying no to everything at the time because nobody was listening to them. Since then we've had the opportunity to go back in, re-present, and now we can say that we have all First Nations. No one is saying no to us.

Now, this information sharing has continued since 2010. Any time something new happens, we get a hold and make sure that we let the First Nations know. It is information sharing. We have not started consultation. We will start consultations when the First Nations tell us we are starting consultation. That's the difference between the way we approached it back in 2009 as compared to where we are today. I guess we were ahead of our time, the way we did it, our process, what we knew was going to happen. Now it's just the ordinary. Everybody knows that we have to do it.

So in 2011 AECOM, an engineering firm, the number one engineering firm in the world, heard about our project. We did a presentation to them, and they took it upon themselves to do a viability study and found it to be definitely viable, what our proposal was. In February of 2012 we did our prefeasibility and presented it to the strategic initiatives. That was February of 2012.

In April of 2013 the Minister of Energy at the time, Ken Hughes, granted \$1.8 million to the Van Horne Institute to clarify our numbers because, of course, everybody in the industry was saying that it couldn't be done, that it just doesn't make any sense at all. So the Van Horne Institute proceeded with their study. They were given two years, so they used up the full two years. It was completed in February of 2015, and although the study was an academic study and there were a lot of discrepancies in it – they added \$13 billion unnecessarily to our cap ex – but they still came out and said that we were feasible. We can still haul oil at the same rate as a conventional railway price today, toll charge today.

That study was completed in February 2015, given to the government. Premier Prentice at the time called an election, and the report sat on the desk for another year and was released in February of 2016. In 2017 nothing happened. Then as of last Tuesday we were able to present a full-blown feasibility study, complete with our business case and everything, to the strategic initiative group that was set up, chaired by Mr. Lammie. That had economic development, Energy, and Finance that were sitting in on that committee to listen to what we have to say. So we're being paid attention to.

11:10

Other support that we have besides the First Nations are the communities that we'll be going through. We stopped and talked to the mayors and councillors. We have letters of support from everyone. Oh, can't forget that we also have a resolution passed by the Assembly of First Nations, representing all of the First Nations across Canada. We have a resolution they passed for our project, and the national chief has written letters to the Premier supporting our project. We've had one of the chiefs write a letter to the Premier asking: "What's taking so long? The First Nations are onboard. We want to make this happen. Why isn't it?" That side of it was the most important to us. That's our values.

Social licence was spoken about earlier. There is social licence that is very important: environmental social licence, community social licence. We have the indigenous licence, the consultation and accommodation. Everybody seems to forget the accommodation part. Everybody says: okay; we have to consult now. Well, First Nations are owning 50 per cent of this railway. We have that set up with all the First Nations, and the ones that are directly affected will be full owners of this project.

Also mentioned was the fact that we're using Valdez as our port of shipment, and that was intentional because, as Mr. Helin said, they have spill prevention, not spill response. The Chugach First Nation had the contract to take care of the port, ship the oil responsibly, guide the tankers in and out. They have over 300 people that are on staff, and twice a year they will have a drill where 600 fishing boats will come and they will pull the berms out, and they will do a practice drill to make sure that they will prevent any opportunity for a disaster again. That is why we picked Valdez, and we will only ship from Valdez. They're capable, they can handle it, they want it, it's a free trade port, and everything is in place.

The other thing about Valdez that was mentioned by previous speakers is that Valdez is two days closer to the Asian market than Prince Rupert and four days closer than Vancouver. Our business plan has our toll charge as cheaper, cheaper than a pipeline to date. That was based on hauling 1 million barrels of oil in one direction, no backhaul, no other commodities. The University of Alaska out of Fairbanks did a study on the known mineral deposits 50 miles on either side of our route. It's full of dots. They chose seven or eight – I can't remember which – that are known and ready to go. The only thing that's stopping them is transportation, and they came up with that it would add a billion dollars to our revenue. That is not included in our business case. We did it specifically on hauling the bitumen, and that is because a study has been done. Alaska has been wanting to join the lower 48 since the mid-1800s. There have been numerous studies of rail. The last one was 2005 to 2007, a two-year study. It was based on minerals alone, and it was not economic, so we need the oil to be our anchor tenant. Once the railway is paid for, then we can go from there.

Talking about the environmentalists, we have met with Ecojustice on several occasions. We've met with Dr. Suzuki. What we are doing different is that we are transitioned. We don't just complain and bring up all the problems. You need to have a solution

as well, and we believe we are the solution. Dr. Suzuki actually said that if we could do what we are proposing to do, which is run this train by wind energy, by electric – we have that all figured out. It's not catenary. It's a different program that we are proprietary to. Dr. Suzuki actually said that he'd love to be there at the ribbon cutting.

We can meet Bill C-69. When it was first put out, we went through it, we looked at it, and we studied it. We were confident that we could meet it. Since then there have been changes – and I'm sure there are going to be changes again – but the changes seem to be making it easier, not harder.

So what we're looking for is government support. That's the only thing we're missing. We have not received government support. I'm on my fifth Premier, my seventh Minister of Energy. We're just looking for someone to realize and believe that this is not just an alternative, but this is a nation-changing project that would change the life of the northern people overnight if we can get them fresh bread, good vegetables. They are welcoming this project and waiting and wanting it.

That's about it. With that, that's our ask. In Cree it's [remarks in Cree]. No money. We're not asking for money. We're just looking for support. Treat us like they do a pipeline. Understand what we're doing, how we're doing it, which as of last Friday we trust and believe that we're in the process of doing that now.

The Chair: Thank you very much, sir.

We're going to open it up to questions. Before we turn it over to committee members, I just want to ask if anybody on the phone would like to be put on the speakers list.

Mr. Kleinstaubert: Jamie for the list. Thanks.

The Chair: Okay. Anybody else in the room? Okay.

We'll go to Mr. Panda, followed by Mr. Kleinstaubert, and then Mr. Dreeshen. Please go ahead, Mr. Panda.

Mr. Panda: Thank you, Chair. Thank you, Len, for taking time to come and meet with us. You said that you're not asking for money; you're just looking for support. Have you had the opportunity to present your project to the government of Alberta and had a specific ask, a nonmoney ask? If you did, when did you ask and what kind of response did you get from them?

Mr. Wilson: Okay. The question is: government of Alberta. I'll go back to the first person I talked to: Mr. Drysdale, within two weeks of when he was first elected. I've been talking to him ever since. With his help we talked to many ministers in the Progressive Conservatives' time. Because of that, we did get the \$1.8 million from the Minister of Energy, Ken Hughes, at that time. Then the study took two years, where everything came to a halt, and then there was an election. From then on we have met with the Minister of Energy, Minister McCuaig-Boyd, and Minister Bilous. Very short meetings, but very appreciative. They do know about the project, and I believe because of that we do have the committee now set up, the technical table it's being called, to talk to us.

Mr. Panda: So there is a committee now talking to you?

Mr. Wilson: Yes. I have a committee.

Mr. Panda: Okay. Can you share any progress on discussions with that committee?

Mr. Wilson: Yes. It was last Friday. That was our first meeting.

Mr. Panda: Okay.

Mr. Wilson: We got to share everything. We walked right through our feasibility study, our business case, our design for propulsion, our railcars. We were able to walk through all of it in a two-hour period, and we are now waiting to see if they're going to digest what they've got so far. We're waiting for them to ask more questions, and then we will be pushing to meet again and continue this on.

11:20

Mr. Panda: My understanding is that you require \$27 billion capital investment for this project. If you require such a high amount of capital, have you been working with any major oil producers in the Fort Mac area? Have they committed any support?

Mr. Wilson: We have. At the very beginning we went to all of the pipelines, the railways, industry players and were not received very well because I think we were disruptive to the business-as-usual model. We actually had one say: there's no way an Indian or a tree hugger is going to tell me how to run my business. So we just backed away because our models and values did not fit at that time.

Since then we have been approached by several industry players. We have not met with them yet because we're still working on the missing piece, and that's the government support. The \$27 billion: I mentioned that the Van Horne Institute inflated our cap ex to around \$35 billion. They inflated it by \$13 billion. It's actually a \$22 billion project if you were to go conventional, single track. We're saying \$27 billion because we're going to go double track right off the bat because of the safety factor. Also, to do it at the beginning of the project instead of later costs you maybe 20 per cent of the project instead of doubling your project when you try to do it after the fact. That's why we say \$27 billion.

Another reason is that we got into the feasibility and found that for every \$3 billion we spend on safety, it only costs \$1 a barrel toll charge. I thought that was a pretty fair trade-off. So, yes, it's \$27 billion. We have talked to several financial institutes and a lot of shysters that have approached us, but we're very confident that we can raise the capital.

Mr. Panda: You know, we have a neighbour in British Columbia. I mean, they're trying to block everything that we want to ship from Alberta, particularly the oil, while they're okay to ship their LNG. You said that you can beat C-69. It won't impact you. How will you deal with those blockades, particularly with those protesters? With the pipeline, you know, once the pipe is built, then there is no issue. They can't do anything other than – unless they actually go and turn the tap off. But with the rails they can physically stop at different locations, so how will you deal with that?

Also, you know, I think Member Drysdale said before that if they're going to stop these trains, that will impact forestry, agriculture, mining, other shippers as well. Have you thought through that, and how would you deal with that given that both provincial and federal governments are not implementing the rule of law? They're not prepared to do it.

Mr. Wilson: Okay. To answer the first question, people stopping the train. This is going to be the First Nations' train. They will be maintaining and operating it, and they'll be living along it, so you will be stopping their train in their territory. So I don't have a lot of concern about that.

As far as the other question . . .

Mr. Panda: But the protesters can come from anywhere.

Mr. Wilson: Pardon me?

Mr. Panda: Those protesters can come from anywhere.

Mr. Wilson: Yes, they can. There's oil being hauled on trains right now, today, that absolutely could be stopped anywhere. I agree with you. We're in the north, and the First Nations are going to be on that train every day, operating it, maintaining it, taking care of it. I guess that's a what-if that you need to be concerned about.

Your other question, that was brought up by Mr. Drysdale, is: why the northern municipalities of Alberta? PREDA and REDA actually held a symposium in High Level specifically to introduce our railway. There was an airplane hired from Alaska, and eight people flew in specifically to show their support at the symposium in High Level. These municipalities have gone so far as to start the Northern Transportation Advocacy Bureau to push our project and to point out how important it is, not only to the north but specifically to the north, because of the agriculture, the forestry, the mineral opportunity that is not being taken care of.

If we were to haul the oil, it would free up the rail in the south for grain, for forestry. A third railway could do nothing but add to the opportunity for everything to get hauled.

Mr. Panda: So even if the Trans Mountain expansion gets built, I know we still need more capacity to ship to tidewater. But will you continue with your business plan?

Mr. Wilson: Absolutely. We've never been for or against any pipeline other than the Enbridge Gateway, because the First Nations were concerned about their headwaters. That's what started the whole thing and got us thinking about it. We are a perfect replacement for Energy East. Everybody said that we needed the Trans Mountain and Energy East. When TransCanada walked away from Energy East, we all lamented and said: but we need it. There were a million barrels right there. That's exactly what we could replace. So even if Trans Mountain goes forward, there still is room and necessity.

Mr. Panda: So can you actually give . . .

The Chair: Mr. Panda, I'm going to circulate back to you, okay?

Mr. Panda: Thank you.

The Chair: You had several opportunities to ask questions.

Mr. Kleinsteuber, we're going to go to you on the phone, and then we'll go to Mr. Dreeshen. Please go ahead, Mr. Kleinsteuber.

Mr. Kleinsteuber: Thank you, Mr. Chair. Can you hear me okay?

The Chair: Yeah. Please go ahead.

Mr. Kleinsteuber: Okay. Yeah. Mr. Wilson, thank you again for the presentation you've brought to us today. I guess maybe a few more clarification questions on some of the specifics, like from the website it details a 2,450-kilometre long railway that would stretch all the way from Fort McMurray to Anchorage and Valdez. I was just wondering. Some of the numbers that we've been given here were about \$27 billion worth of capital to complete this. So if 50 per cent was owned and funded by First Nations, just wondering where some of the sources would be, then, for the other \$13 billion, roughly.

Mr. Wilson: Okay. Thank you for the question. We've had several different financial institutes talk to us. We've talked to pension funds, Caisse de dépôt, Ontario Teachers' fund. They've all showed interest in wanting to invest in this project once it becomes real. We've also been to China, and we met with the state-owned enterprises in China. We came back with a memorandum of understanding, where they would take a small equity position,

which they would turn back. We could repurchase at the end of the construction. They would finance up to 85 per cent of the project. More importantly, they would share their technology with us. We plan to build this railway to China's high-speed rail technology, that they are travelling 400 kilometres an hour on, and we'll be travelling less than a hundred kilometres an hour because safety is by far number one. Those are a couple of opportunities that we've had for financing.

Also, LIUNA, the Laborers' International Union of North America, sat with us at the technical table and reiterated, again, that they have a letter of interest with us to take a 5 per cent equity position. They have about \$10 billion in their trust right now, and they're prepared to spend 5 per cent on this project because it'll create 40,000 jobs during construction and as many as 1,500 to 2,000 permanent jobs after.

11:30

Mr. Kleinsteuber: Okay. Thanks for that.

Just a couple of follow-ups here. Looking at the route map on the website there, I saw that you've got some spur lines spinning off from the main line at Stewart, Haines, Port MacKenzie. You clarified a little bit earlier on why Valdez was the chosen spot. How soon would the other spurs be built, or is the goal to get it to Valdez first and then worry about the spurs later?

Mr. Wilson: Yes. That's the original goal, to get to Valdez and get hauling the product. The spur lines are to be considered. The one down to Valdez has been talked about a lot, and we have First Nations' support to take that project into consideration. Alaska, who has spent \$5 million on this study, Yukon 2.3, spent another \$100,000 to do a feasibility study from Carmacks down to Haines, and they came back saying that that would be an economically feasible spur only if our railway went ahead. But that one's already done. Up in the Northwest Territories we talked to the explorer group that have the oil find up there. They're very, very interested in transportation as well.

So, yes, there are spurs that we've talked about and we're considering, but we've got to get the main line first.

Mr. Kleinsteuber: Okay. Understanding, too, that our own transcontinental railway companies have had, well, I guess, struggles in the past when building through some of the mountain ranges of B.C., there's a similar range, of course, up in the north there. Maybe give a little commentary on some of the challenges that you're expecting with regard to going through some of those passes and what some of the engineers that you've spoken to have suggested or anything around that perhaps.

Mr. Wilson: Yes. One of our mandates with AECOM was to make this the safest railway we possibly can. So all of our curves are extenuated so that we're not dragging the cars around the curves. The grade, the whole distance, is less than 1 per cent. We have two tunnels that we'll be having to construct.

Permafrost is usually the first thing that everybody talks about. The University of Alaska in Fairbanks has done numerous studies on that and confirmed that they are one hundred per cent convinced that there would be no problem using their technology. AECOM has also built railways in permafrost.

But, more importantly, China is very anxious to share their technology with us. A railway the size of what we're proposing: they built three of them in one year. They're on everything you can imagine, and they are confident to share their technology with us.

Mr. Kleinsteuber: Okay. One final one, then. The website states that you have enthusiastic support from the territorial government

of the Yukon and the state government of Alaska. I'm just wondering if you have any comparable support from the federal government or the U.S. state department given the nature of the international boundary that it would be crossing and just some of the binational border lines that would be involved here.

Mr. Wilson: Yes, and thank you. My apologies. I stuck pretty much to Alberta here, and I forgot to mention that. We have met with the federal government, with Minister Garneau, and we met with the Prime Minister's office. We do have a letter of support signed by the Prime Minister for our project. We have been down to Washington, DC. We've met with everyone down there. We've gone through the presidential permitting regulatory process, and then we just kind of put things on hold here until we get the Alberta government.

Mr. Kleinsteuber: Okay. With that, thanks very much, and I'll pass questions to others.

The Chair: Okay. Thank you very much, Mr. Kleinsteuber. We'll go to Mr. Dreeshen.

Mr. Dreeshen: Thank you very much for your time today. I worked for the federal government for a number of years and dealt with the Fair Rail for Grain Farmers Act, which went a long way towards CP and CN trying to increase competition. Ultimately, the greatest increase in competition would be a third rail line. So I'm personally very, very supportive and would be happy to see this proposal go through.

On that, have you had any other interest from agriculture groups to say that they would be interested in being able to haul as well, or is it primarily just an oil focus as of right now?

Mr. Wilson: As of right now we've focused on the oil because that's the biggest hurdle and concern right now, but also we need that as our anchor tenant to pay for it. But we've had potash in Saskatchewan, BHP. We've had grain. We've had forestry. They've all touched base with us, know about us. On minerals specifically, a lot of minerals have talked to us and are encouraging, you know, that we get 'er done.

Mr. Dreeshen: Could you elaborate more on your meetings with the U.S. to see how more Canada-U.S. trade through the north might open up if this were to go through?

Mr. Wilson: Actually, I'm afraid I can't really elaborate too much more. I wasn't there myself personally, and it was just a fact-finding mission. We never got behind closed doors to say: how would this happen other than that Alaska said that it will happen?

Mr. Dreeshen: Right. Just some boring figures. According to the International Energy Agency, transporting oil by rail escalated from 140,000 barrels per day in 2017 to more than 200,000 halfway through 2018, and this agency is predicting it could reach 390,000 for 2019. What are your projections? Is this a growing trend? Do you see it going to that exponential growth?

Mr. Wilson: Yes, out of necessity. If we don't get a pipeline, we've got to haul it somehow. The energy has to get out. We've been sitting around since 2009 with the idea. It's just got to happen. We're expecting that it's going to continue. Our feasibility studies were based on a million barrels a day and 1.5 million barrels a day. It was quite surprising to us at the time but our cost of capital, the volume, how it would change the toll charge: no matter what we did to it, we were under a \$10 a barrel toll charge.

Mr. Dreeshen: Maybe it's more of a personal question, but you were mentioning earlier David Suzuki. Do you find it interesting that David Suzuki and other environmental extremists view that oil being transported by rail is preferred over oil transported by pipelines?

Mr. Wilson: I don't know that they do. I don't think – for some of them, they just don't want oil transported, period.

Mr. Dreeshen: You said that David Suzuki would be happy to go to the ribbon cutting.

Mr. Wilson: Because of the transition program that we're showing. It wasn't the rail; it was the fact that we're going to be running it by wind energy. We would create a bunch of wind farms and transmission lines and have rail going up to the north instead of by truck or by airplanes, so the GHG emissions we're going to be taking care of. Those are the sorts of things where he could see that we have a plan of how we can take care of and meet all of our emissions. We were looking at Bill C-69 – and I can show you a presentation that we gave in 2010 that was all about C-69 – because that's the way it should be done, and that's the way we could do it.

Mr. Dreeshen: A final question. The indigenous involvement in this project sounds immense, and that's incredible. Can you outline kind of the status of the agreements with First Nations and Alaska and the communities along the route? Is it fairly complete, or is it still a work in progress?

Mr. Wilson: It will always be a work in progress. We hope that it will never end. There will be information sharing, and it will continue. At this point in time we have not asked for signed agreements. They have given us letters of support. They've given us resolutions, engagement letters. But we have not started the actual consultation yet.

Mr. Dreeshen: Is it too early, then, to say kind of the multitude of the benefits for these First Nations along the route as of now?

Mr. Wilson: As a dollar figure? I wouldn't be able to put a dollar figure on it, but it's paramount. I mean, we need 5 million concrete ties, and some of the best lodestone is right there in northern B.C. and the Yukon, to put up a concrete plant. There's just lots of opportunity.

Mr. Dreeshen: Thank you.

11:40

The Chair: Thank you, Mr. Dreeshen.

We're going to go over to Dr. Starke, please. Go ahead.

Dr. Starke: Well, thank you, Chair. A few questions. I feel very fortunate to be very familiar with this proposal. I actually attended the symposium, Len, that you mentioned, that was held in High Level last September, and I can share with the committee the level of enthusiasm by northern Albertans for a proposal such as this. In fact, rail proposals to Alaska: this isn't the first one. There have been rail proposals to ship commodities out of northern Alberta to Alaska and to seaports in Alaska for over 30 years, and some have suggested even longer.

Len, I do have a few questions with regard to, you know, what I call some of the boxes we're trying to tick off with any project. The first you sort of addressed, and that was with regard to the rolling stock, the locomotives and the technology involving the rolling stock. I mean, clearly, there are a number of different ways to get the locomotives going. But just to be clear, the proposal that you

have is that the rolling stock, the locomotives, will be powered by batteries, essentially, and that the power for those batteries will come from wind farms that generate the electricity to charge those batteries, from wind turbines or wind energy. Is that correct?

Mr. Wilson: That is correct.

Dr. Starke: Okay. You're also looking at the technology, and I want you to talk a little about this. There's been a great deal of effort to point out that transporting petroleum products by pipeline is safer and more environmentally friendly than transporting by rail. I think part of that argument has been made in order to, you know, move forward the argument on behalf of pipelines, saying that we should be building pipelines, and certainly Albertans agree with that. But given the objection to pipelines and given the delays that that is creating, what specifically are the characteristics of the G7G proposal that address both the safety concerns with regard to oil by rail and the economic concerns of oil by rail?

Mr. Wilson: Thank you. So on the safety aspect, I mentioned earlier that the engineering firm, AECOM, has designed purpose-built safety right into the project, and we will be able to use all of the latest and greatest technologies that are available, not only here in North America but from China, Asia, and we'll be able to implement them. That's virtually impossible for CN and CP to do on the fly. We are a purpose build. We are going from point A to point B, greenfield. We can build it any way we want.

For CN or CP, BNSF, even the Forty Mile, which is some farmers down by Lethbridge that own 40 miles of track, if your car or your train is going to run on their track, you have to get their permission. We're going from point A to point B, so we have an opportunity to do it right. We can design and build a railcar specific to hauling whatever the commodity is, in this case specifically oil. We'll be hauling bitumen, but we can haul diesel fuel. We can haul any commodity. We're capable of hauling it. We're able to build double-walled railcars. We can put in electric, so we don't have air. There is just a lot of opportunity for us to make this in a safe . . .

Dr. Starke: I'm just going to jump in at that point, Len. Just to clarify, the proposal on the \$22 billion or \$27 billion for a double-track proposal, that price includes the cost of rolling stock that would be double-walled, heated rail tank cars that would eliminate the need for shipping diluent. There would be no backhauling of diluent in this proposal.

Mr. Wilson: That is correct.

Dr. Starke: Okay. Then my other question has to do with what I would consider a longer time frame. I will just share with the committee that my first connection with the G7G project was in 2013 when I attended a PNWER conference in Juneau, Alaska. We talked about G7G and the rail proposal to legislators from the state of Alaska, Yukon Territory, Northwest Territories, B.C., Alberta, and Saskatchewan, and the legislators that had the highest or the keenest degree of interest, without doubt, were those from the northern territories and Alaska because of the potential to unlock their mineral resources that are currently every bit as landlocked as our oil is. There is incredible mineral wealth in the form of deposits of copper, zinc, aluminum, and any number of other products in northern Canada that right now simply can't be accessed because there's no way of transporting those minerals out.

With relation to that, a pipeline, of course, can transport liquid products, but if the projections that we've been given are correct, that the world's consumption and demand for petroleum products will peak at some point in the next 30 to 40 years or perhaps a longer

time frame but somewhere around 2050, that by the turn of the next century, by the year 2100, when most of us have passed from this planet, we may in fact be not looking at transporting petroleum products. What will this project then be used for if the original purpose is gone, if there's really no demand to transport oil or oil products?

Mr. Wilson: Yeah. That's what our business case was based on, the fact of hauling oil for 20 years.

Dr. Starke: Twenty years?

Mr. Wilson: Twenty years. It's paid for. It's done. You can shut off the tap if that's what is decided to do.

Dr. Starke: Okay. At that point the commodities are the ones we've discussed already: mineral products, agricultural, forestry, tourism, for that matter.

Mr. Wilson: Tourism. Yeah. A lot have asked about tourism. If you're in Alaska, you're either in the oil business or the tourism business.

Dr. Starke: Okay.
Thank you, Chair.

The Chair: Thank you, sir.
We'll now move on to Mr. Nielsen.

Mr. Nielsen: Well, thank you, Mr. Chair, and thank you, Mr. Wilson, for coming today to present. I know that when you first brought your remarks, you were talking about, you know, why you had chosen the unload location due to the expertise in spills and whatnot. I guess, thinking closer here to home with the rail derailment that we had over at Lake Wabamun and some of the lasting effects that it's had on the community there from that, I'm wondering if you might be able to speak to some of the, I guess, safety concerns and spills in some of the remote areas that this rail will go along and how you're looking at handling those.

Mr. Wilson: Okay. Thank you very much. I could talk about safety as much as we need to because it's paramount. The purpose-built, built-in safety is number one within the track: make it as fail-safe as we possibly can. But there's no such thing, so is it a fail-safe? When we designed the car, we had the luxury of a shut-off valve at the end and the start of every car. We can put baffles inside so that if it does get punctured, you only lose a third of what you've got in there. We're planning on having spill response, cleanup at certain – just like on the highway you see the silo with the gravel in it. Well, we'll be having spill responses along the route at specific, very sensitive areas that we may be concerned about.

The beauty of a railway is that you can get at it from both directions. You know immediately when you've got a problem. With the technology changing as fast as it is – we started out with the idea that we'd have a scout car out front that would be looking for wildlife or any defects in the rail or whatever, but we can use any technology now. You can use a drone out in front of us to be able to take care of that safety aspect of the thing.

Mr. Nielsen: Okay. I notice you started touching upon some of the areas that you would have spill recovery sort of stationed. What kind of accessibility concerns might you have around stationing, obviously, the crews? Would you have crews stationed at these points as well? How would you get them in if not? I'm kind of curious if you could share any of that.

Mr. Wilson: Yes. As you're building the railway, you have to have service roads, so there would be service roads if we needed to get there by vehicle. But, yes. We have crew changes, so we have the home port and we have bunkhouses along the way for the crew change. As Dr. Starke mentioned, our intention would be that when you come in for a crew change, you just pick off your battery and put a new one on and away you go to the next one. So, yeah, they'll be stationed all the way along, as will the First Nation community. We'll be training. We will have trained responders within all the communities.

11:50

Mr. Nielsen: Fantastic. It almost feels like you have some of my notes here because you've set it up nicely for my next question around some of the skilled labour that would be involved in terms of construction, operation. I'm just wondering if you could speak to that. What kind of opportunities are there for people, you know, in the local area? How will you be finding these people? Are there any concerns that maybe you won't have some of the skilled labour that you're going to need in some of the remote locations?

Mr. Wilson: If we had started when we had liked to, it was perfect because everybody was looking for jobs. There is that concern that if the economy kicks up, will we have enough people? But we're breaking it into segments, so we will be able to do the segments. We believe there's enough skilled labour out there to take on the majority. Then we have, which I'm very excited about – both AECOM and LIUNA, LIUNA specifically, have signed an agreement with the Assembly of First Nations for training. They're really looking forward to this. LIUNA has worked on – I think they named five different railways that they've worked on lately. They've trained the First Nations and local communities to work on there, so they've already got that in place. Then AECOM as well is prepared to train for the actual construction but also the maintenance, the operation, and eventual management.

Mr. Nielsen: Mr. Chair, I don't know if there's anybody else on the speakers list, if I could . . .

The Chair: There are indeed, sir, so it would be good if we passed it off.

Mr. Nielsen: Okay. I can wait then.

The Chair: Thank you, sir.
We'll move on to Mr. Drysdale.

Mr. Drysdale: Thank you, Mr. Chair. Thanks, Len, for coming in. I'm happy to see you here to present, finally. Thank you for your persistence and patience, I guess. I think it was 10 years ago that I talked to you. I've always thought this was a great project, and I've been frustrated along with you that it's taken a long time to get it to come to light, for a few reasons. We haven't built a railroad in this country, I think, for over 50 years. I don't know the exact date of the last railroad, but there's been a whole lot of technology change in the last 50 years plus, I'm sure.

You know, at first when you presented, I was more interested in it because of the opportunity to move ag and forestry products, and I know that's not what you were talking about. You were talking about oil. I didn't think that was going to be the issue that it is today, that we see the differential. Who would have ever thought that it would be easier to move our commodities through a U.S. neighbour state than it is to move them through our own Canadian provincial neighbour in B.C.? I never thought of that 10 years ago, that it would come to this today. I'm not glad that we're in that situation,

but I'm glad you've done this work and stuck with it because at least it's a real, true alternative to getting our oil to an Asian market or a different market. All these other options we hear of end up in the U.S. market. Hauling it to Vancouver and putting it on them little boats isn't going to get it to Asia. We need to get it on the big ships that can move it to Asia. So this is a true alternative.

I just want to thank you, and I hope this goes forward. We'll call it a coincidence that you finally got a meeting with this government last week, after this committee asked for a presentation. I don't know. That's probably a coincidence, but I know you've hounded and tried for years to meet with them, and they wouldn't. So that was one of the points of inviting you to this committee and the other opponents. There's some real opportunity there.

But I won't go on with the lecture, and I'll try and come up with a question here.

The Chair: That would be nice, Mr. Drysdale.

Mr. Drysdale: Have you had experience with objections from the other rail companies in Canada, like CN and CP? They're like a major foreign cult that controls the rail in Canada. Any concerns about them being able to stop you in your projects?

Mr. Wilson: We don't have a concern with them being able to stop the project. To this point I don't think they've really paid us much attention. CN was the first one we went and talked to because they had pipeline on rail at the time. We wanted to learn more from them, and we actually offered the project to them, but they told us at the time that they were operators, not builders. I know there's going to be competition and I know there's always a concern, but competition is healthy. We don't expect to have any problems with it because we're up north, where we're not going to be directly competing. They could join – and we want to get to the lower 48 – so it could be advantageous to them. There could be a lot of synergies.

Mr. Drysdale: Okay. Well, I've had the I guess I'll say pleasure of working with CN and CP, and they're not always that easy to work with, so I wouldn't take that for granted. If they think they're going to be threatened by – you know, the technology and the engineering and designing a high-speed rail: it's not a fast track, but compared to the 20-kilometre ones now we see in northern Alberta, because of the corners and the slopes and the condition of the rail, you can't move. To actually see a rail built with the engineer-designed slopes, corners, and taking the dips out of it: it'll be good to see. Don't count out objection from CN or CP, and maybe have that support and talk to the federal government about it, I guess.

The other thing. You've done a pretty good job of outlining the uniqueness of your cars. I think people don't understand moving bitumen in a train. As Dr. Starke and you put out, you only have to move half of it because you don't have diluent in it. But if you have a leak of bitumen up north out of a train when it's 30 below, you know, you can walk on this stuff. You can drive a truck over it. I don't think you have to worry about it leaking or going. I don't think people understand the different magnitude, but you've more than compensated with your cars.

I know you've talked about the double layers. Just explain maybe a little bit more about the details of these new cars that you're designing with dual walls. You've told me lots about how you could shoot them with a bullet and they won't leak. But, I mean, maybe you can explain more to the committee about that.

Mr. Wilson: Okay. Thank you, Mr. Drysdale; Wayne at home. I just want to better address one thing that you brought up, and that is that after the pipeline announcement that the federal government

was going to purchase it, we were asked to come and have a meeting with the Premier's chief of staff the very next week. We have met more than just this, and I missed that.

As for the railcar, we've gone to several different technologies to discuss them, and one of them was High Impact Technology, known as HIT, down in Oregon. Some of the technology that they have we could implement – they've actually designed a safe railcar, but it would mean that all the other railcars aren't safe, so they were not able to put it into practice. But it is there.

You talked about bulletproof. They actually have a technology that they spray on fuel tanks for the military. They gave me a little sample that I took around to every First Nation from Valdez to Fort McMurray. I looked at it because it's a little black dot on this side, and on the other side through the stainless steel there's a big hole like that where they shot the bullet through. It just closes it up immediately. They used that for the military. It's actually the Canadian military that sanctioned them to design it because the snipers were shooting holes in the gas tanks, and then they'd go light the trail on fire. It's very effective.

Also, they've got burnproof fire retardant. There are all kinds of technologies that we will be able to layer onto a car because of our ability to be purpose-built from the start.

Mr. Drysdale: Thank you. As mentioned a few times on commodities, I know that in our area, by Fairview, there's a major iron ore mine there, and they've done a lot of work improving that. Their main stumbling block is that they can produce good-quality iron ore here in Alberta, which will bring diversification to our province and more income, but they can't get it to market. This rail comes not that far from it, so it'll help diversify Alberta and bring different commodities to that. I'm sure you're open to that. That would be another one of them spurs, like you talked about, I would think.

12:00

Mr. Wilson: That is correct. We've had a good conversation with them.

The Chair: Good. Well, I think that's a perfect note to end on.

Mr. Wilson, I want to thank you for coming here. On behalf of the committee I thank you for your time and for answering all of our questions. Thank you once again for being here.

Mr. Wilson: Thank you, Mr. Chair, and thanks to the committee for allowing me this opportunity.

The Chair: Great. Thank you.

Having received these presentations, we are now in a position to report to the Assembly on the information we received today. As noted earlier, this committee has already been through the process of reporting on presentations once before. However, I would still ask Dr. Massolin to give us a quick overview of the process in case committee members have any questions.

Dr. Massolin, over to you.

Dr. Massolin: Yeah. Thank you, Mr. Chair. Just briefly, the report will be very similar to the report that the committee has already prepared and that you are about to table in the Assembly come next week. It is basically a summary of the information that the committee has heard during this meeting today. We will prepare a report for the committee, and it will be circulated to committee members to see if they have any comment on that. Then the approval process happens after that.

Thank you.

The Chair: Thank you, Dr. Massolin.

I will now open it up to questions.

Mr. Nielsen: Mr. Chair, I'm going to take a really wild guess that our fantastic legislative staff might actually have a motion for us that we could use to make that report happen.

The Chair: Sure. Thank you. We'll turn it over to our committee clerk.

Ms Rempel: Well, thank you, Mr. Chair. Perhaps Mr. Nielsen would be interested in moving that

the Standing Committee on Resource Stewardship direct research services to prepare a draft report summarizing the presentations heard by the committee on October 23, 2018, for tabling in the Legislative Assembly and distribution to the relevant government of Alberta ministries.

Mr. Nielsen: I would be happy to move that, Mr. Chair.

Mr. Dreeshen: Chris probably couldn't have said it better himself.

Mr. Nielsen: Oh, I couldn't.

The Chair: Thank you, Mr. Nielsen.

Including those on the phone, all in favour of the motion? Anybody opposed? Hearing none,
that motion is carried.

Thank you.

We also need to consider the approval process. We have the option of reviewing a draft report at our next meeting, or the committee could choose to authorize the chair and deputy chair to approve the final report after a copy has been distributed to committee members for comment. Does anybody have any thoughts regarding the approval process?

Mr. Nielsen, over to you again.

Mr. Nielsen: Well, the chair and deputy chair have done a fantastic job of doing this before. I don't see why you couldn't do it again, and I would move a motion to authorize you both to approve it.

The Chair: Okay. Thank you very much.

So it could potentially read that

the Standing Committee on Resource Stewardship authorize the chair and deputy chair to approve the committee's final report regarding the presentations received on October 23, 2018.

Mr. Nielsen: You took the words right out of my mouth, Mr. Chair.

The Chair: Thank you, sir.

Mr. Nielsen moved. Including those on the phone, all in favour of the motion, please say aye. Anybody opposed, please say no. Okay. Thank you.

That motion is carried.

We are now under other business. Are there any other issues for discussion before we conclude our meeting? Mr. Dreeshen, you have a motion you would like to make?

Mr. Dreeshen: Not under other business, I think.

The Chair: Oh, under committee report? Okay. Thanks.

Mr. Dreeshen: Thanks, Chair. I'm not going to be able to say it as well as Jody, obviously, but I would like to move that the Standing Committee on Resource Stewardship request that the government of Alberta provide information to the committee chair within three months of today's meeting on the actions the government is taking to address Alberta's current oil pipeline

capacity shortage and that this information be provided to all committee members.

We heard from the Energy department officials today about the disastrous financial impact that the oil discount is having on Alberta and that about half of the \$50, the record discount, is due to pipeline capacity issues, so it's a vitally important thing. That's the genesis of making the motion.

The Chair: Thank you. Could I just get you to repeat your motion? Oh, you have a copy of it. Okay.

Having heard the motion from Mr. Dreeshen, we'll open it up for discussion. Yes, go ahead, Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. Just to clarify, are we looking to have this included in the report, that we request these things when we report? Can I just get clarification on what the intent of the motion is?

Mr. Dreeshen: Yeah, just more financial details, a more fulsome response. Not earth-shattering.

Mr. Dang: So it would be appended to the report, I guess, that after we report, we wish that the government reply to the report. Is that what the intent is?

Mr. Dreeshen: Is that typically what would happen?

The Chair: Dr. Massolin, please comment.

Dr. Massolin: Okay. Thank you, Mr. Chair. I would say that typically a committee hasn't included this information in their report. I mean, it could do if it wanted to. I guess the one variable is the timing of all this. It would take a little bit of time, I would imagine, for the ministry, should this motion pass, to get the information back to the committee. So that's a consideration.

Mr. Dreeshen: Three months: is that not a reasonable timeline?

Mr. Loewen: It's Todd again.

The Chair: One second, Mr. Loewen.
Dr. Massolin, please continue.

Dr. Massolin: Yes. It's difficult to answer that one for sure. What I'm saying is that the committee would probably want to issue its report on this particular meeting and then receive that information back and deal with it as it might at a subsequent meeting. I'm sure the information could be provided offline in the meantime.

The Chair: Thank you.
Would you like to comment further?

Ms Rempel: Thank you, Mr. Chair. I think, just to build on what Dr. Massolin is saying, that as far as including this motion in the report, it's not likely that the report will be tabled for a couple of weeks just because of the drafting and approval process, whereas if the committee wishes to just address this motion as its own piece of business, we could draft related correspondence within a few days here to communicate the committee's request to the ministry.

Mr. Dreeshen: So the timeline for the report would be about two, three weeks?

Ms Rempel: That would depend, of course, on the feedback that we receive from the committee.

Mr. Dreeshen: Sure.

Ms Rempel: As far as communicating the request, handling this outside of the reporting process would actually be a faster way, I would anticipate, to make that request.

The Chair: Okay. I'm going to go to Ms Payne on the phone. [interjection] Okay. Right after, Mr. Loewen.

Ms Payne: I think it's more a matter of parliamentary privilege. I find it really difficult when we bring forward motions that are changing the script of what was already agreed to without anything being circulated to committee members who are on the phone. There's quite a number of us participating by phone, so I am just wondering if it might be possible to either have a copy of the motion e-mailed out or perhaps put up on the committee internal website. I know that in the past when I've been on teleconference at committee meetings, we've been able to post those amendments on there so that committee members who are not in the room have an opportunity to see the motion and be able to participate fully in the discussion that we're having.

The Chair: Point well taken, Ms Payne. We weren't set up to do that. A very good point.

I'm going to go to Mr. Loewen now, who wishes to speak.

Mr. Loewen: Yeah. Thank you. I think that maybe we're kind of missing the point of the motion here. This is a motion to request that the government of Alberta provide information to the committee chair within three months of either today's meeting or the presentation of this report in the Assembly on the actions the government is taking to address Alberta's current oil pipeline capacity shortage. They're not going to be getting back to us with information on how they're responding to our report to them. What they are going to be reporting, based on this motion, is what actions the government is doing to address Alberta's current oil pipeline capacity shortage.

I mean, we're talking a lot about this report and how they're going to respond to the report and whatever, but it has little to do with that. It has more to do with the government reporting its actions to this committee on what they're doing about the current oil pipeline capacity shortage.

12:10

The Chair: Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. I think we heard quite fulsomely today from the ministry officials. I understand Mr. Dreeshen's point that he perhaps wants to hear more about it. Perhaps I would suggest that this could be tabled for another day, until after we've seen the report. The report that research services will be putting together will be forthcoming very shortly, and perhaps we should first see what's in the report and what the report will say before we rush to make judgments on whether we should be requesting more information or not.

The Chair: Thank you, Mr. Dang.

Mr. Dreeshen: I think, yeah, as to Todd's point, the intent is more just to kind of use committee as a vehicle, as something where it can kind of get more in-depth information on this. I mean, everybody is aware that in the next three months drastic things are going to change with Trans Mountain or with what was said yesterday about a business case for buying rail locomotives or railcars. There are a lot of moving parts that will happen, and being that this is the resource committee, it would just make sense that the committee is used to its fullest extent possible, that it actually is on

the front line of a lot of these, you know, very significant moving parts.

The Chair: Okay. I next have Mr. Drysdale.

Mr. Drysdale: Yeah. Just to sum it up, Mr. Dreeshen did pretty good, but I think we're talking about two different things. You can do a report on this committee meeting today and maybe in that report add that the committee is waiting for – you know, in the report of this meeting we can say that we're still going to be waiting for a report from the government officials about what was presented today and then wait.

I guess what we're concerned about – we heard some good presentations today. We heard some really, really good alternatives to the situation we've got, and we don't want to just let it go into the air and sit on a dusty shelf somewhere. We want to know that the government is actually looking at it and that they report back to us, that they're taking this stuff seriously and looking at it and hear back from the committee. I think it's kind of two separate things. The initial committee report could include a line that says that we'll be waiting for a report from the government officials on the presentations if you like.

The Chair: Okay. Thank you, Mr. Drysdale.

Please go ahead, Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. I'm just wondering. I know it's been e-mailed to members. Has it been posted on the internal committee website as well, or is that not available at this time?

The Chair: As far as I know, it's just been e-mailed to all the members.

Mr. Dang: Okay.

The Chair: Those on the phone, you should be able to access your e-mail and read the motion.

Please go ahead, Jody.

Ms Rempel: Thank you, Mr. Chair. Yes, I have sent it to those who are not with us in person. I can certainly post it on the internal website. At this time, you know, we're just not set up to have it displayed on the screens as we weren't anticipating the motion, but I can certainly post that if that's useful to any of the members present.

The Chair: Okay. Ms Babcock.

Ms Babcock: Thank you, Mr. Chair. I can see it actually pulled up on my screen here. My issue is that if I'd had time before this committee meeting to consider this motion and to have a fulsome conversation with my colleagues and such, I would probably be more inclined to support the motion. As it stands, because I have not had time to consider this motion, I am not comfortable supporting it.

The Chair: Thank you, Ms Babcock.

Mr. Dreeshen.

Mr. Loewen: It's Todd.

Mr. Dreeshen: If Todd wants to go, Todd can go.

The Chair: Okay. Mr. Dreeshen is allowing you to go first, Mr. Loewen.

Mr. Loewen: Okay. Thank you. I think this is pretty simple. This is about receiving information from the government on what actions they're taking on probably the most important thing that's happening in Alberta right now with government. To need time to think about this and talk to other people about it: I don't understand that reasoning. This is the government updating us in the committee and, as a result, all Albertans about something that's incredibly important. What would be wrong with the government in three months' time giving us an update on what they're doing to solve this current oil pipeline capacity shortage? I don't understand the problem here. This is very simple.

This is something that the government should be doing anyway. Of course, if we ask a question, then they say: yeah, we've got this under control; don't worry. Well, I think Albertans deserve to know a little bit more than just: don't worry; we've got this under control. Obviously, they don't have it under control because we seem to be getting farther from having a pipeline built instead of closer. So this is a simple thing that should be passed. I'm not sure what the government is balking on here, but let's just pass this and move on to the next.

Thanks.

The Chair: Okay. Mr. Dreeshen, you'd like to comment further?

Mr. Dreeshen: Yeah. Just, again, it's fairly innocuous. It's just what the government is doing. They're promoting their actions, ultimately, over the next three months. Again, we're trying to make the case. As Todd pointed out, this is such a critically important issue. We have this committee set up; why not have this as the voice or the vehicle where this type of information can go because that's what we study here? That's why we try to go into a deeper understanding of what happens. We just feel that we might as well. We have the committee structure; why not use it to its fullest extent because the government is just reporting what the government is doing, so they'll be promoting what they're doing. We just think it's a good vessel for this to go through.

The Chair: Okay. I'm going to ask the question if people have new information that they'd like to add to the discussion because if not, I think that I'm just going to push us to a vote. I have Mr. Panda, followed by Mr. Dang, but I would like to stress that it's new information. If you're just going to be repeating the same arguments that have been made, I suggest that we just move to a vote.

Mr. Panda: Okay. Let's call the vote.

The Chair: Is that fair, Mr. Dang?

Mr. Dang: Very quickly, Mr. Chair.

The Chair: Okay. Please go ahead, Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. Just very briefly, I have to say that I know Mr. Dreeshen is new here, but this isn't the first time the opposition has tried to pull one over last minute without giving members considerable time to look at motions. I think it's something that we're talking about issues that are very important to Albertans. We're talking about issues that affect people's livelihoods and affect their lives and jobs, and that's something that I want to be able to say that I considered fairly. The opposition has not given us that time. So at this time I'd have to encourage our members to vote against it because it is something that they aren't giving the chance to say: let's look at all the merit of these ideas. But the opposition wants to continue to play games, and I think that's been very clear.

Mr. Panda: Can I respond to that?

Mr. Loewen: I want to speak, too.

Mr. Dreeshen: A three-month reporting window isn't games.

The Chair: Okay. One second, please, Mr. Dreeshen, okay? When I call upon you, then you speak, please.

Okay. Mr. Panda, you want to respond directly to that?

Mr. Panda: Absolutely, in the interest of time I yielded. I said: I don't have to; let's put it to the vote. But the member took the opportunity to slam the opposition. This is ridiculous. You know, as much as they're concerned, we are concerned. I'm door-knocking in my constituency regularly. That's what people want to know: what is this government doing? This government is so secretive. Even I ask so many questions in the Legislature to the Minister of Energy. We actually requested her to come in front of this committee. It didn't happen.

The Chair: Mr. Panda.

Mr. Panda: So we are using this committee . . .

The Chair: Mr. Panda, please, I'm asking you. When I interject . . .

Mr. Panda: Yeah.

The Chair: . . . you must stop. As chair I have that authority, and I want to remind you that it's parliamentary practice not to discuss if people are here at committee or in the House. It's not parliamentary practice to do so. I just want to remind you of that, okay?

Mr. Panda: Mr. Chair, I respect your authority, but that is not the convention. It is in the Legislature. I'm not talking about her absence. I'm talking about the letter we had written to her. I asked so many questions in the Legislature. I was told: "Don't worry; it's under control. You guys are fearmongering." The same thing is happening here. Member Dang is just using the opportunity to slam us, and as a chair you're allowing him to do it. I'm objecting to it.

The Chair: Mr. Panda.

Okay. I'm pushing us to a vote, okay?

Mr. Panda: Let's do it.

The Chair: Okay. Committee clerk, can you please read . . .

Mr. Loewen: Mr. Chair, it's Todd Loewen.

The Chair: Mr. Loewen, I have already made my call. I am pushing us to a vote. I no longer wish to encourage more debate on this topic.

So, committee clerk, could you please read the motion into the record for us for all to hear?

Ms Rempel: Thank you, Mr. Chair. I hope the member will correct me if there are any errors. I believe that Mr. Dreeshen has moved that

the Standing Committee on Resource Stewardship request that the government of Alberta provide information to the committee chair within three months of today's meeting on the actions the government is taking to address Alberta's current oil pipeline capacity shortage and that this information be provided to all committee members.

The Chair: Does that appropriately reflect the motion that you wanted on the floor?

Mr. Dreeshen: That was correct, yes.

12:20

The Chair: Okay. Thank you.

Including those on the phone, all in favour of the motion, please say yes. Okay. All those opposed to the motion, please say no. I'm going to announce that that's defeated from what I hear, but a recorded vote has been requested, so we'll start here to my right. Your name.

Mr. Drysdale: Wayne Drysdale. Yes.

Mr. Dreeshen: Devin Dreeshen. Yes.

Mr. Panda: Prasad Panda. Yes.

Dr. Turner: Bob Turner. No.

Mr. Rosendahl: Eric Rosendahl. No.

Ms Babcock: Erin Babcock. No.

Mr. Dang: Thomas Dang. No.

Mr. Nielsen: Chris Nielsen. No.

The Chair: Okay. I'm going to go to those members on the phone. I'm going to start with Mr. Kleinsteuber.

Mr. Kleinsteuber: Mr. Kleinsteuber. Against.

Ms Kazim: Anam Kazim. No.

Ms Payne: Brandy Payne. No.

Mr. Clark: Greg Clark. Yes.

Mr. Loewen: Todd Loewen. Yes.

The Chair: Okay.

That motion is defeated.

We'll now move on to other business. Are there any other issues for discussion before we conclude our meeting? Yes, Mr. Panda. Go ahead.

Mr. Panda: Mr. Chair, I have another motion to move in the spirit of the discussions that we've had today. We heard from all the presenters. They said that it's the biggest economic crisis Albertans are facing. It's affecting everyone's livelihoods, like Mr. Dang said. Albertans expect us to do something, the legislators.

The Chair: Can you read your motion into the record for the record, Mr. Panda?

Mr. Panda: I'm just justifying my motion.

The Chair: Yeah. You can speak to your motion after. Please read your motion into the record.

Mr. Panda: Okay. Mr. Chair, I move that the Standing Committee on Resource Stewardship study the economic impact of the critical shortage of oil pipeline capacity from Alberta with particular consideration of the escalating price differential between western Canadian select, WCS crude oil, and the benchmark WTI, west Texas intermediate crude oil.

That's my motion.

The Chair: Okay. Do you wish to speak to your motion now, Mr. Panda?

Mr. Panda: Absolutely. I'll repeat what I said. This is the biggest economic crisis faced by Albertans. Thousands of people are looking for work. The differential, a \$50 discount, which is almost 60 per cent, and that to the United States, Albertans won't appreciate, and they expect this government to do something about it.

I used all my legislative avenues to bring it up with the government for years, and we lost time. Time is money, so we have to do something about this. That's why I'm moving this motion, and I'm asking all my colleagues on the committee to support this. All we're doing as a committee – I mean, the government still has the majority on this committee. You know, it's not a laughing matter. It's affecting the livelihood of people. I ask all of them to support this motion. All I'm saying is: let's study the impact of this and educate the people.

The Chair: Okay. Thank you, Mr. Panda.

I'll now open this motion up for discussion. Ms Babcock.

Ms Babcock: Thank you, Mr. Chair. I'd like to see this in written format, please, before we even discuss it.

The Chair: Sorry. Do you mind repeating that?

Ms Babcock: I said: I'd like to see this in written format before we actually open it to discussion because I . . .

The Chair: Okay. I have been informed that it's been e-mailed to everybody, and it is also on the internal website. Having given people a minute to either look at their e-mail or refresh the internal website, does anybody want to speak to the motion? Mr. Drysdale, please go ahead.

Mr. Drysdale: Yes, Mr. Chair. It's been said a few times that they'd like to see the motion ahead of time. Well, we came here today hoping that the government could tell us what their plan B was and what they're doing and that they're talking about to different alternative companies to get this done, and that's what we were hoping to hear today. Sadly, we didn't hear that. The option was to buy more railcars and send them to the U.S., which to us isn't a good option. We've seen a couple of pretty good, viable options today, and we know there are more. This is serious stuff for Alberta. This is the most important thing we're dealing with, so we would like to see the government actually look seriously at different alternatives of getting a product to market. That's all we're asking for. If the Resource Stewardship Committee isn't the proper committee to do it, I don't know what is.

Thank you, Mr. Chair.

The Chair: Thank you, Mr. Drysdale.

Does anybody else wish to speak to the motion? Mr. Dreeshen, please go ahead.

Mr. Dreeshen: Just as Member Dang had mentioned, this is my very first committee appearance, and apparently beginner's luck for my very first motion didn't work. I would encourage the government side to consider this motion because, as was said in the past, there is a pipeline issue, and Albertans are interested and want to understand this more. The perception that the government is hiding and not wanting to release information – it's urgent to do a report, a three-month report, of what they've been doing – looks bad on the government of Alberta. I would hope that the members consider that, that partisan lines are erased on this as this is such an important issue, and hopefully they would see to approve it.

Thank you.

The Chair: Okay. I'm going to go to Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. I think a lot of the comments that were made earlier around not having ample time to consider this continue to be true. However, I do question whether that was literally what we just heard from the presenters today. The government is aware and concerned about these impacts and is monitoring these impacts. I wonder if it's also necessary. They are certainly things that are ongoing work and, I mean, are certainly important. Definitely, I think we should focus on moving forward.

Perhaps if the opposition had wanted to make these changes at the point of the agenda even, or submitted them to you, the chair, or the deputy chair in advance so that we could see these and have a little bit of time to do more consideration, I could certainly consider this more. Right now I'd have to vote against it.

The Chair: Okay. Thank you, Mr. Dang.

Mr. Panda: Mr. Chair, we heard from the previous presenter that it took three and a half years for this government to meet with an alternate proponent of shipment of oil to tidewater. It took three and a half years. It took three and a half years for me to get any answer from this government in the Legislature on what they are doing. It's such a big crisis, and I'm told every day that it's costing millions of dollars, and in each year the lack of pipeline capacity itself is \$20 billion to our economy. On top of that is this differential. It's a crisis. I don't know what time the member wants. He had all the time for three and a half years to look into these things.

I don't need any credit for moving this motion. If he feels seriously about this, the loss of economy, the loss of jobs and all, I can turn the motion over to him. I'll be happy if he wants to move the motion. But this has to be done. It's not just the government, people are asking us as elected representatives just what we are doing to bridge the gap on the differential, what we are doing to ship the product to market.

Somebody else is taking that capacity. I mean, we were in India two weeks ago talking to them. Currently they're importing 4.2 million barrels, and in every year their forecasts are rising by 4 per cent. Very soon, in 2030 or '40, their forecast demand will be 10 million barrels per day. Here we're talking about building these pipelines and railroads for 30 or 40 years. That's the emergency. We're trying to get that point through to government members, and I don't see any merit in them rejecting this idea.

I would be happy if one of them moved this motion. I would be happy to support that. But just don't blindly reject it. You'll be asked in your ridings why you are opposing this. So I would ask you again. You know, you still have the majority on the committee. You control this process. We're asking to study the economic impact of the critical shortage of the oil pipeline capacity. If that is the priority for the Premier and the Energy minister, the government committee members shouldn't object to this.

That's my take on that. I ask you again to support that.

12:30

Mr. Dreeshen: Again, just quickly, so many Alberta families are looking for answers to this legislative mess, and a report to a legislative committee is not unreasonable, so I hope you consider this motion.

The Chair: Okay. I'm going to call . . .

Mr. Loewen: Todd here. I'd like to speak if I could, please.

The Chair: Okay. Mr. Loewen, please go ahead.

Mr. Loewen: Thank you very much. Yeah. I think this is pretty straightforward. It seems like the government members there want to hide behind this thing, saying that they've never seen it before . . .

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

Mr. Loewen: . . . but I don't ever remember them showing us their motions.

The Chair: Mr. Loewen, please. I'm going to have to ask you to stop for a second. Mr. Loewen, I'm asking you to stop, please.

You have a point of order, Mr. Nielsen.

Mr. Nielsen: I do, Mr. Chair, under 23 – we'll just cover everything – (h), (i), and (j), you know, basically accusing members of their motives, what they're thinking. We just got a sermon from Mr. Panda about some things that he felt were unbecoming towards him, yet now I'm listening to his own caucus member do the exact same thing. So if you're going to ask us to stop, I'm going to ask them to stop.

The Chair: Okay. Mr. Loewen, I'm going to ask you if you have anything new that . . .

Mr. Loewen: Can I speak to that point of order?

The Chair: Please go ahead, Mr. Loewen.

Mr. Loewen: What I was actually responding to was Mr. Dang's accusation that we weren't doing things properly by bringing forward these motions without presenting them to the committee beforehand. It's just bizarre that this would be brought up this way, that this was some sort of point of order, me responding to his insults to us.

Mr. Nielsen: Mr. Chair.

The Chair: Yes, Mr. Nielsen.

Mr. Nielsen: He was saying that the government members were hiding things.

The Chair: Okay. Thank you, Mr. Nielsen.

Mr. Nielsen: Without the benefit of the Blues.

The Chair: Thank you, Mr. Nielsen.

I'm going to encourage members to be mindful of the language that they use and not to impute motives to other members.

Mr. Loewen, I'm going to ask: do you have anything new that you would like to contribute to this discussion? If not, then I'm going to push us to a vote.

Mr. Loewen: This is very simple. Like I say, there's nothing that precludes us from bringing motions to the floor in this committee. This is a motion just like any other motion that we bring forward. It's like the government bringing motions forward in this committee. It's the exact same process. To suggest that this is in some way, you know, out of the ordinary, that only the opposition does this and surprises the government with a motion, is absolutely bizarre. That's their way of avoiding bringing clarity to Albertans, bringing clarity to this committee, and bringing open and transparent government forward.

The Chair: Okay. I am going to ask our committee clerk to read the motion for all to hear.

Ms Rempel: Thank you, Mr. Chair. Moved by Mr. Panda that

the Standing Committee on Resource Stewardship study the economic impact of the critical shortage of oil pipeline capacity from Alberta with particular consideration of the escalating price differential between western Canadian select crude oil and benchmark west Texas intermediate crude oil.

The Chair: Thank you very much, Jody.

I will now call the question. All those in favour of the motion, please say yes, including those on the phone. Okay. All those opposed to the motion, please say no.

Mr. Panda: I would like to request . . .

The Chair: I'm going to say that that's – gentlemen, there's a process that we must follow, right? Correct? Okay.

I'm going to say that that motion was defeated.

Mr. Drysdale: Recorded.

The Chair: Okay. Now they're requesting a recorded vote. Thank you. We will now start to my right.

Mr. Drysdale: Yes.

Mr. Dreesen: Yes.

Mr. Panda: Yes.

Dr. Turner: No.

Mr. Rosendahl: No.

Ms Babcock: No.

Mr. Dang: No.

Mr. Nielsen: No.

Mr. Loewen: Yeah.

Mr. Clark: Yes.

Ms Payne: No.

The Chair: Ms Kazim, are you there? Okay.

Mr. Kleinsteuber: Against.

Ms Kazim: Sorry, Mr. Chair. I was on mute, so it took some time to unmute it.

The Chair: Okay, Ms Kazim. Your vote?

Ms Kazim: No.

The Chair: Okay.

That motion is defeated.

Are there any other items under other business?

Mr. Loewen: I'd like to make a motion, too, please.

The Chair: Okay. Mr. Loewen, please read your motion into the record, and then feel free to comment on the motion you're bringing forward, sir.

Mr. Loewen: Okay. I move that

based on today's meeting with senior officials of the Energy department and given the importance of the pipeline issue they have expressed and given the information we have received today from other groups working on moving Alberta's oil to market,

the Standing Committee on Resource Stewardship invite the Minister of Energy to appear before this committee to inform members of the government of Alberta's plan for the Trans Mountain expansion project and the other pipeline options, along with the other options to move oil to new markets, and that this meeting request be done to accommodate the Minister of Energy's schedule.

The Chair: Okay. I'm going to need you to repeat that, Mr. Loewen. Or is it possible for you to e-mail that to our committee clerk, Jody Rempel?

Mr. Loewen: I'll try to do that right now here. It's just going to take a second.

Mr. Dreeshen: I want to comment.

The Chair: One moment.

Mr. Loewen, knowing that you're e-mailing the draft over to our committee clerk, I still would like for you to be able to comment on the motion that you're bringing forward if you find that feasible.

Mr. Loewen: Yes, I can do that. That should be on its way right now.

The Chair: Okay. Thank you. Please go ahead.

Mr. Loewen: Yes. Obviously, we've heard a lot of really good information today, a lot of different ideas expressed. I think that definitely the ministry, department has expressed their concerns and how important this issue is, of course, of getting our energy to market and the importance of how it affects both the economics and the business of how Alberta runs, you know, as one of the main job providers in Alberta.

Obviously, with this new information I think it's very important that we actually hear from the minister herself on this issue. I think, you know, there was a possibility, I guess, that somehow with a month's warning from the time we asked for a meeting to when this meeting actually took place that maybe there were some scheduling problems, but obviously if we can accommodate the minister's schedule, then we should be able to have her here to speak to this important issue herself. I can't imagine her thinking that any other issue was more important than this, so I can't imagine why she couldn't be here for a meeting, especially if it was done on her schedule and her timing.

So I think this is a good motion. I think it's a timely motion for the issues that we're dealing with here in Alberta, and I think that we would love to hear from the minister. I can't see anybody not wanting to hear from the minister on this very important issue.

The Chair: Okay. I just want to consult with our . . .

Ms Payne: Mr. Chair, may I be on the speakers list to give comments?

The Chair: Yes. Thank you. I will put you on the speakers list.

I just want to clarify with . . . [interjection] Yeah. I do have Mr. Dreeshen first, just so that you're aware. I just wanted to consult with our Parliamentary Counsel. At the last meeting, before this meeting was set, the request was already made to meet with the minister, so I just wanted clarification. We're basically asking for the same motion that the committee requested beforehand. Would any of you like to comment on that?

12:40

Mr. Loewen: I can comment on that.

The Chair: Mr. Loewen, I'll ask you to hold your remarks for right now, please.

Please go ahead.

Mr. Koenig: Thank you, Mr. Chair. What I can confirm for the committee members is that at the September 25 meeting there was a motion to request the Minister of Energy and senior ministry officials to appear before the committee, specifically with respect to the Trans Mountain expansion project following the Court of Appeal's decision to quash the order in council approving that project. So that was the motion that was presented previously.

I believe that the committee clerk is going to be circulating the language being proposed today by Mr. Loewen. Of course, Mr. Chair, as the chair it would be up to you to decide whether it was the same question being asked or whether, in fact, it was different.

The Chair: Okay.

Ms Payne: Mr. Chair, if I may. My comment was actually related to this very question.

The Chair: I see. Okay. I will ask you to make your comments now, Ms Payne.

Ms Payne: Yeah. I was just going to say that the motion that was passed at the last meeting – I know I'm a substitute on this committee, but I was present at that one as well. The motion itself did say: either the minister or senior officials. I'm not sure how governments in the past have done it, but the minister and the deputy minister work incredibly close together, and I'm not sure that there'll be any other information that the minister would be able to provide that isn't already covered by the presentation that was given by the deputy minister today. You know, I agree that this is an incredibly important issue, and I think, especially with the legislative session coming back in next week, we'll have plenty of opportunities to discuss this and hear from the minister directly on this issue.

So I would argue that this is a redundant motion of the one that we had last.

The Chair: Okay. I'm reading over both motions at this moment, so just give me half a minute here.

Okay. I'm going to make the call that this is basically the exact same motion as was passed.

Mr. Dreeshen: I have a point of order on that.

The Chair: Just let me finish my ruling first, and then I'll turn it over to you, Mr. Dreeshen.

Mr. Dreeshen: I was on the speakers list before the previous one, so I just wanted to make sure I got in there.

The Chair: Yeah. Okay. I hear you.

I am going to make the call that this is the exact same motion as was made at a previous meeting; therefore, I'm going to rule it out of order.

You have a point of order, Mr. Dreeshen.

Mr. Dreeshen: Just as a clarification, is there a legislative precedent that if a minister refuses to come to committee, then any other requests for that minister to appear before committee and be held accountable will get a free pass and they'll always be able to say, "Well, we've already had that motion, so no"?

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

Mr. Dreeshen: Sorry. My question was directed to the legislative officials.

The Chair: One second. So do you want to speak to the point of order? Okay. It was more of a question to Parliamentary Counsel, I believe.

Mr. Dang: He's raising a point of order. I believe that's out of order, Mr. Chair. I believe the decision has already been made on that.

The Chair: Okay. I'm going to say that I've already done my ruling on this one and we're just going to move forward.

So I'm going to ask: is there any other business that members would like to bring forward to committee?

Mr. Loewen: Am I going to be allowed to speak to this at all?

The Chair: I've already made my call, Mr. Loewen. I've already made my call. I already ruled. I already ruled on that, Mr. Loewen, okay?

Any other business that members would like to bring forward to committee?

Mr. Dreeshen: Could I actually get a ruling outside of this committee on that?

The Chair: I've already ruled, Mr. Dreeshen.

Mr. Dreeshen: Sorry. Maybe ruling was the wrong – could I have an explanation by the officials later?

The Chair: If you wish, you can ask for an explanation afterwards. I've already ruled, okay?

We're going to move on. Any other business?

Mr. Loewen: Can we call a point of order on this?

The Chair: You can't call a point of order on a point of order, Mr. Loewen.

Okay. Having no other business . . .

Mr. Loewen: Actually, it's not a point of order on a point of order; it's a point of order on your decision.

The Chair: Mr. Loewen.

Having heard no other business, the next meeting shall be at the call of the chair.

I'll now call for a motion to adjourn.

Mr. Nielsen: So moved.

The Chair: Mr. Nielsen. All in favour of the motion, please say yes. All opposed, please say no. That motion is carried.

Thank you very much, everyone.

[The committee adjourned at 12:46 p.m.]

