



Legislative Assembly of Alberta

The 31st Legislature
Second Session

Standing Committee
on
Resource Stewardship

Ministry of Affordability and Utilities
Consideration of Main Estimates

Wednesday, March 18, 2026
9 a.m.

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Second Session**

Standing Committee on Resource Stewardship

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Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair
Schmidt, Marlin, Edmonton-Gold Bar (NDP),*Acting Deputy Chair

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Standing Committee on Resource Stewardship

Participants

Ministry of Affordability and Utilities

Hon. Nathan Neudorf, Minister

David James, Deputy Minister

Alberta Electric System Operator

Aaron Engen, President and Chief Executive Officer

9 a.m.

Wednesday, March 18, 2026

[Mr. Dyck in the chair]

**Ministry of Affordability and Utilities
Consideration of Main Estimates**

The Chair: Well, good morning, everyone. Welcome to this committee. I would like to call the meeting to order and welcome everyone in attendance here today. The committee has under consideration the estimates of the Ministry of Affordability and Utilities for the fiscal year ending March 31, 2027.

We will go around the table and have members introduce themselves for the record. Minister, please introduce yourself and your officials at the table who are joining you. My name is Nolan Dyck. I am the MLA for Grande Prairie as well as the chair of this committee. We'll start to my right.

Mr. Cyr: Scott Cyr, MLA for Bonnyville-Cold Lake-St. Paul.

Mr. Yao: Tany Yao, Fort McMurray-Wood Buffalo.

Mrs. Petrovic: Chelsae Petrovic, Livingstone-Macleod.

Mr. Rowswell: Garth Rowswell, Vermilion-Lloydminster-Wainwright.

Mr. Neudorf: Nathan Neudorf, MLA of Lethbridge-East, Minister of Affordability and Utilities. With me at the table, starting to my left, is Andrew Buffin, ADM; John Barbour, acting assistant DM; David James, DM; and Neil Kjelland, ADM.

Mr. Kasawski: Good morning. My name is Kyle Kasawski. I'm the MLA for Sherwood Park and the shadow minister for Affordability and Utilities.

Ms Al-Guneid: Nagwan Al-Guneid, Calgary-Glenmore.

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

Ms Chapman: Amanda Chapman, Calgary-Beddington.

The Chair: Excellent. Thank you so very much.

We do have a member online here today, so we go to her. Member Armstrong-Homeniuk, can you please turn your camera on, if you will, and please introduce yourself for the record.

Ms Armstrong-Homeniuk: Good morning. Jackie Armstrong-Homeniuk, MLA, Fort Saskatchewan-Vegreville.

The Chair: Excellent. Thank you so very much, Member. A substitution for the record: hon. Mr. Schmidt for Ms. Sweet as deputy chair.

We have a few housekeeping items to address before we turn to our committee meeting. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet as well as broadcast on Alberta Assembly TV. The audio- and videostreams and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to turn your camera on while speaking and mute your microphone when not speaking. Remote participants who wish to be placed on the speakers list are asked to e-mail or message the committee clerk, and members in the room should signal to the chair. Please set your cellphones and other devices to silent for the duration of the meeting. As per other meetings, if they go off I will issue a small donation for you to make to your favourite charity.

Speaker rotation and time limits. The main estimates for the Ministry of Affordability and Utilities shall be considered for three hours of time. Standing Order 59.01 sets out the process for consideration of the main estimates for our legislative policy committees. Suborder 59.01(6) sets up the speaking rotation of the meeting. This is available, printed. If you would like to have a printed copy, you can message the chair, or they are available on our internal website as well.

For each segment of the meeting we will have blocks of time, where we'll either be back and forth between the minister and the member or block time, where a member will be able to ask questions for a period of time and then turn it back over for a block of speaking time to the minister.

Should anybody have any questions, you can signal myself or chat with the committee clerk right here. He would love to chat with you about these things in this three-hour-long meeting.

Now, I would like to just make – I need unanimous consent for this. I would like a break halfway through this meeting. I would like to call a five-minute break, but the clock will continue to run. Does anybody oppose having a break? Hearing none, we will have a short break in between for about five minutes.

Ministry officials both at the table as well as in the gallery here today may address the committee at the direction of the minister. Ministry officials sitting in the gallery: if called upon, please come to the mic up here, state your name, and then continue to speak. We will need you to introduce yourselves for the record with your title.

Now, for anybody passing notes from the table and back and forth to the gallery, we have pages here who are doing a great job. They've been doing a fantastic job during estimates. Thank you for your service. You cannot pass notes, and anybody in the gallery cannot approach the table, so please utilize the pages. They do a great job and are here to serve. So thank you for that.

Points of order will be dealt with as they arise. Obviously, we're a great committee. There will be none, I hope.

Any written materials provided in response to questions raised during the main estimates will be tabled by the minister in the Assembly for the benefit of all members.

Finally, the committee should have the opportunity to hear both questions and answers without interruption during estimate debate. Debate flows through myself as the chair at all times, including instances when speaking time is shared between a member and the minister.

Minister, we're here to talk about you and your ministry. I would love to give you 10 minutes of time for opening remarks, and then we will carry on from there.

Mr. Neudorf: Thank you very much, Mr. Chair, and thank you to the committee for having us here this morning. I'm pleased to be here to present you the highlights from Budget 2026 from the Ministry of Affordability and Utilities. I'm joined today by David James, my deputy minister; Andrew Buffin, assistant deputy minister of utilities; John Barbour, acting assistant deputy minister of corporate services and senior financial officer; and Neil Kjelland, assistant deputy minister of affordability. There are other members of the ministry in the gallery as well as the CEO and executive director from the Alberta Electric System Operator.

To provide context for these estimates, I will begin with a brief overview of the department and its priorities heading into the 2026-2027 fiscal year. Affordability and Utilities has three main areas of focus: managing and developing policy and programming for the province's electricity and natural gas systems, including rural utilities; supporting and collaborating with partner ministries to improve affordability for Albertans; and overseeing the work of the

Utilities Consumer Advocate, or the UCA, in educating and supporting electricity and natural gas consumers.

For utilities this includes developing policy and legislative frameworks and administering programs to ensure Albertans have access to affordable, reliable electricity and natural gas no matter where they live. In the fall of 2024 the ministry also assumed responsibility for exploring and developing legislative, regulatory, and policy frameworks for nuclear energy, reflecting the growing interest in nuclear as part of Alberta's future electricity mix. For affordability this includes working with and across ministries to ensure strong targeted supports are in place for those who need them most as well as lowering costs for all Albertans on everyday essentials so they can keep more of their hard-earned dollars and use them when and where they are needed the most.

The ministry's organizational structure also includes five arm's-length agencies, boards and commissions, or ABCs. Four of these play important roles in the long-term planning and regulatory oversight of Alberta's electricity market, electricity and natural gas systems, and retail. These are the Alberta Utilities Commission, the AUC; the Balancing Pool; the Market Surveillance Administrator, which is also the MSA; and, finally, the Alberta Electric System Operator, the AESO. The fifth, the Power and Natural Gas Consumers' Panel, provides guidance and advice on utilities issues affecting farms, residential homes, and small-business consumers.

Mr. Chair, Affordability and Utilities may have one of the smallest budgets within government, but rising demand for electricity, a growing population, and recent geopolitical events highlight just how vital our work is for Albertans. Budget 2026 reflects the reality of navigating these challenges with responsible fiscal management, helping build a strong foundation for Alberta's energy future while staying focused on what matters now for Albertans. In this ministry that includes ensuring Albertans have access to affordable, reliable electricity by driving down electricity prices and protecting ratepayers from unexpected price spikes on their utility bills. It includes safeguarding Alberta's future while continuing to invest in the core programs and priorities that matter most to families, farmers, and small businesses, like rural utility grants, consumer protection, and regulatory oversight. It includes keeping more money in the pockets of Albertans. It includes advancing a modern utility system that supports job creation, economic growth, and prosperity throughout our province. This ministry's expense budget for the upcoming fiscal year is \$153.3 million, representing a 9 per cent decrease from last year. We've achieved these savings through internal efficiencies and disciplined spending.

The largest component of the ministry's expenses continues to be the renewable electricity program, or the REP. In 2026-2027 \$67.7 million is allocated to the REP, which is nearly half or 44 per cent of the ministry's budget. To refresh the committee's memory, Mr. Chair, this program was brought in under the former NDP government. It was set up so that it only generates revenue when power prices are higher than the contracted strike price. However, if the wholesale electricity prices are below that strike price, the government pays the difference. Our government has been working hard to bring down electricity prices, and over the last few years we have succeeded. Lower electricity prices are good news for Albertans. Unfortunately, the structure of these legacy contracts means that taxpayers will continue to shoulder these costs through these contracts.

9:10

The ministry's remaining expenses of Budget 2026 total \$85.6 million. This includes \$35.5 million for the Alberta Utilities Commission, an increase of \$469,000 from Budget 2025, which

was in the amount of \$35.1 million. The AUC is an independent regulator that ensures utilities operate in the public interest and rates remain fair and reasonable. This funding allows the AUC to fulfill its responsibility to protect the interests of Albertans, ensuring access to safe and reliable utilities at fair and reasonable rates.

Budget 2026 also includes \$8.1 million for the Utilities Consumer Advocate, which ensures consumers have a voice in regulatory proceedings and access to trusted information when making decisions about their utility services; \$2.7 million of that is for continued outreach and education for Albertans enrolled on the rate of last resort or at the default rate within Alberta. It's to ensure they know that there may be more affordable electricity options available to them, and we've seen tremendous success in this over the past year. In fact, as a result of the changes we've made and an ongoing ad campaign, residential competitive contract market share has grown significantly in recent years, reaching 78 per cent of the market within 2025.

Additionally, Budget 2026 will continue to grant funding to address specific affordability and utilities challenges in remote and rural communities. We are providing \$8 million in capital and operating grants to help Albertans living in rural and remote areas access reliable and affordable utility services. This funding includes \$5.3 million for the rural gas program, supporting safe and affordable home heating, strengthening rural utility infrastructure, and advancing local economic development; \$700,000 for the rural electric program, helping reduce the cost of new electrical service connections for farmers; \$450,000 for the rural water program to provide rural Albertans with safe, reliable, and modern water treatment and distribution systems; and \$1.5 million for the remote area heating allowance, which helps offset the high costs of heating fuel when Albertans are unable to access our extensive natural gas system.

These rural utility grant programs ensure critical infrastructure is available when and where it's needed. They help prevent costly emergencies, support rural economic diversification, and reinforce our commitment that no community is to be left behind.

Budget 2026 also provides \$530,000 in new funding to support nuclear energy engagement and education initiatives. As demand for electricity grows, we need to look to the future and explore solutions that can reliably meet demand many years down the road. Engagement is currently under way, and the feedback being gathered will help inform the development of a nuclear energy road map.

Finally, Budget 2026 provides \$20 million to support core ministry operations, including policy development, regulatory oversight, and program administration.

Turning now to revenue. We estimate that it will be \$114.7 million for Budget 2026. This includes \$65.7 million net income from the Balancing Pool; \$35.5 million for the AUC, mainly from industry levies and licences and investment income; \$2.7 million from the ROLR revenue; and \$600,000 in fines issued by the market surveillance administrator. Eight point one million dollars of funding is collected from the Balancing Pool and natural gas distributors for the Utilities Consumer Advocate, which is a credit-recovery initiative. We are also introducing a new revenue stream for Budget 2026: \$2.3 million for the sale of renewable energy credits.

In closing, Mr. Chair, as you've heard from many ministries already, it is a challenging time for Alberta. We're not alone as global uncertainty continues to create economic pressures for individuals, families, and communities across the country. Budget 2026 positions Alberta to meet those challenges with strength and stability. Our government has already cut taxes to help Albertans keep more of their hard-earned dollars so they can make the best

financial decisions for their families. This ministry will continue working across government to support affordability through housing, insurance, and utilities policy to address the cost-of-living challenges.

Alberta also has one of the most reliable power grids in the country, and we're ensuring that we'll continue by advancing the modernization of our electricity system. We are also positioning Alberta to be a key pillar in strengthening energy security for our entire country . . .

The Chair: Excellent. Thank you, Minister, for your opening remarks. I greatly appreciate those.

We will be turning it over to the Official Opposition now for a 60-minute block. This is a caucus block, so you can cede time during this period. No member can talk for more than 10 minutes at a time.

I will ask, Minister – sorry. I'm not sure who's going first. All right. Mr. Kasawski. I'm going to get it. All right. Minister and Member, would you like back and forth, or would you like block time?

Mr. Neudorf: I'm happy to go back and forth.

The Chair: Back and forth.

Mr. Kasawski: I'm always happy to go back and forth.

The Chair: Perfect. Let's do back and forth. Let's put 60 minutes on the clock, please, sir.

Mr. Kasawski: Just in the interest of sharing, Minister, did you finish your opening statement?

Mr. Neudorf: I didn't, but I think there's sufficient there. The rest were just closing remarks, so happy to get to your questions.

Mr. Kasawski: Okay. Well, the rising price of gas, as I was driving in today, \$1 63.9, I think, at the pump, reminds us that there is a war going on in the Middle East and how grateful I am to be here on Treaty 6 in this territory and reminds us that Alberta is a part of treaties 4, 6, 7, 8, and 10. That treaty was made between Canada and the sovereign nations of this land, whose ancestors have been here since time immemorial. We're all treaty people, and I'm grateful for the opportunity that treaty has given us to live on this land as long as the sun shines and the river flows in this wonderful province of Alberta.

Before we get to the main discussion of the budget estimates for Affordability and Utilities, I find these meetings often end unceremoniously with the second sound of the clock, and we don't get a chance to thank the public service and the regulatory bodies that I know have put a lot of work into preparing this budget. So to all the members of the government of Alberta team that have put this budget together, in advance of the closing bell: thank you for the work you've put into creating our budget.

Minister, let's get going. On page 7 of the fiscal plan you say that the Alberta fiscal situation "continues to be impacted by global economic uncertainties and revenue volatility." In fact, the fiscal plan includes the word "uncertainty" in 30 places. Now, as a price taker in global markets and as an open economy that trades in world markets, it's perhaps inevitable that we are exposed to some risks that we can't do much to control, and I get that, but I can't understand all of the damaging uncertainties in our fiscal situation and in the economic situation, more generally, that are, frankly, our own goals or self-inflicted. On page 92 of the fiscal plan it's noted

that "work to reform Alberta's utilities sector continues, including implementation of the Restructured Energy Market."

Let me share with you what this government's own consultant, Morrison Park, reported last year about investment sentiment in the power sector.

Financial institutions emphasized that their prior willingness to support Alberta's energy-only market was based on a longstanding perception of the province as a stable and predictable jurisdiction. That perception has been significantly undermined in recent years due to the sheer volume and pace of regulatory and policy changes. Institutions cited a long list of developments – carbon pricing shifts, the previously proposed capacity market, federal Clean Electricity Regulations, the 2023 pause on renewable approvals, evolving interim market power mitigation offer caps, reclamation security proposals, shifting away from congestion-free transmission planning, and the [current electricity restructuring] process itself – as evidence of a trend toward regulatory instability.

This climate of uncertainty has increased the cost of capital, reduced appetite for new investments, and led to delayed or cancelled projects.

Minister, I think that you and I would agree that the electricity sector will be crucial to Alberta's economic growth in the future. Yet here we are having a scathing indictment by the investment community of the latest central plank of this government's electricity policy. The investors who spoke to the government's advisers aren't the only business voices out there who are less than impressed with the government policy in the power sector. At the end of last month Canadian Utilities, a subsidiary of ATCO, announced that it was writing off nearly half a billion dollars in connection with its generation portfolio. What they said about this writeoff was that it was – and I'm going to quote their report: "mainly related to the Alberta Renewables Portfolio . . . that was primarily driven by elevated curtailment from inadequate transmission infrastructure and electricity grid deficiencies," which are expected to worsen under the Alberta Electric System Operator's new optimal transmission planning and restructured energy market regulatory reforms.

Let's be clear about what this means. By writing off nearly half of its \$1 billion investment in renewable energy in Alberta, Canadian Utilities is telling its investors that the value of that investment stream of future profits will now be just over half of what it had anticipated. Other investors will have taken note, and it's difficult to imagine any business case whose final investment decisions would survive a 50 per cent cut in expected profits, and there's more. ATCO is now talking about taking legal recourse around the energy market restructuring it describes as creating uncertainty for large infrastructure investment and detrimental to the government of Alberta's stated objectives to promote investment in the province of Alberta.

9:20

To the minister through the chair: does the minister concede that the project to modernize Alberta's electricity grid market design to enhance the grid reliability and efficiency, as part of maintaining Alberta's advantage as set out under the heading of priority 1 on page 8 of the strategic plan, is in serious disarray? What steps will he take to ensure that Alberta taxpayers are not exposed to further potential liabilities on top of the \$15 billion or so of exposure that arose from the chaotic approach to the issue of coal mining on the eastern slopes? Finally, will he advise his cabinet colleagues that the current chaos in our electricity sector is risking the prospects for growth in a wide range of electricity-dependent sectors of the Alberta economy?

Mr. Neudorf: Well, there's a lot in there. Thank you very much for that. I appreciate how you began your remarks in thanking the public service for their work. Well done. In short, to a short answer: no. I don't agree. Actually, a lot of unfortunate misinformation is in there. The fact remains that that project: the root cause of it is the overbuilding of the renewables sector because of lack of regulatory constraints to manage that growth appropriately. Congestion: that's a word you'll hear a lot today, I suspect. Congestion is the single, number one cause of that writedown; that is, building on lines that couldn't handle it because there was no constraint. In the past, particularly when the renewable energy program was introduced by the NDP government: no change of rules for that. Ratepayers bore the cost to correct that; 100 per cent of that cost was always passed on to ratepayers. In fact, under the NDP's term over \$5 billion of transmission were built, all of those costs added to ratepayers, unchecked in any way whatsoever.

If you truly dig into the story and talk to ATCO, they acknowledge that fact, that it was new builds of renewables that put congestion and devalued their investment. It is not the rules of the AESO. In fact, those rules are called the RAS. I don't know if one of my deputies or minister can say what RAS stands for. David?

Mr. James: Remedial action scheme, Minister.

Mr. Neudorf: Those rules have not changed. They existed from the very beginning. This is completely consistent with the rules that have been there for a long time. Again, another piece of misinformation is about the optimal transmission plan, or OTP. It is not what was characterized about not building transmission; it is actually about building transmission. It is about building the appropriate transmission when and where it's needed in the most efficient and effective way possible, increasing optimization so that the lowest reasonable costs can be passed on to ratepayers. If any Albertans are paying attention and you look at your utility bill, you'll realize that the single largest cost on your utility bill is transmission. We do need to build transmission. We just need to do so more carefully and wisely. We are continuing to do that work, and we are continuing to remodel the electricity system to bring affordability and reliability to the forefront for Albertans to protect them.

One of the things that I was glad that you mentioned in there, that is included, are the CERs, or the clean electricity regulations from the federal government. That has created the financial cliff for most dispatchable generation within the province of Alberta. If that was to continue under any scheme, it would add roughly \$30 billion of cost to replace for Albertans, whether it's taxpayer or ratepayer. It would increase utility bills by 35 per cent at least, and it would make our grid 100 times less reliable. Really, when we're looking at the root causes, it's congestion, overbuild of an industry without regulation. It is inefficient and unoptimized transmission planning, and it was the clean electricity regulations that are the cause.

We are addressing all of those in various ways. We are working with proponents. We have had hundreds and hundreds of hours of extensive engagement with industry to make sure that we're doing this appropriately, correctly, and at pace. Ontario is comparable within Canada, where they made market changes that took them over 12 years. So far we've been working with industry, and we're about three years into this process and seeing tremendous results. In fact, in renewables alone, over the last three years Alberta has led the country in renewables growth. Nearly 85 per cent of all renewables in the entire country were built in Alberta. We think that we balance that well, and supply and demand will dictate continued growth or not, and being in a surplus generation position within Alberta has driven prices down, which is a natural market signal to

stop investing in more generation until load is attracted or export is achieved.

This is a very natural market system that every participant at the beginning of the restructured electricity market said they wanted to do, keep the market; unlike the NDP who proceeded to try to pursue a capacity market, which is really just a code word for expensive insurance. That was rejected by industry and rejected by Albertans.

We're very proud of the work that we've done on the renewable energy program.

Mr. Kasawski: Thanks, Minister. I just will bring up a couple of things you brought up. You've been three years into the process, but if we go back seven years, in 2019 I can recall a very famous press conference where Premier Kenney and Minister Savage went to the mic and explained to everybody that a capacity market was not going to be what we're building. The NDP at the time recognized, heading before the election, that it was time to address some of the congestion issues in the market and some of the vulnerabilities. They signalled very strongly that we were an energy-only market back seven years ago.

Time went by, and I recognize that three years ago your ministry acknowledged that. But seven years ago we sent a signal, three years ago we sent another signal, so the market is saying that there is some confusion, and it feels unreliable in Alberta; whereas, in the 20 years previous it felt like a pretty reliable market to invest in.

Outcome 2 of your ministry business plan includes objective 2.1: "a modern, competitive, and reliable electricity system for Albertans." Objective 2.2 highlights the importance of long-term planning in that system. Yesterday in the House I tabled a report titled Path of Most Resistance. The November 2025 memorandum of understanding, the MOU, on climate and energy, signed by the government of Alberta and the government of Canada, has you in active negotiations with regard to Alberta's electricity sector emissions. Alberta wishes to forge its own regulatory path to achieve its commitment of a net-zero grid by 2050.

On the first page of the ministry business plan, it states that the Ministry of Affordability and Utilities' intention is to "advance the transition to a net-zero electricity grid by 2050." To do so, it must demonstrate during the MOU talks that it has a credible alternate plan to achieve the same emissions outcomes of the federal government's clean electricity regulations, including detailed measures and timelines with a realistic chance of success. I'd like to ask you questions about how your ministry business plan will impact the MOU negotiations with the government of Alberta and the government of Canada. The opportunity for Alberta to access an additional pipeline to a coastal port depends on the work this ministry is doing and your ability to advance in good faith the transition to a net-zero electricity grid by 2050.

Alberta's plan relies almost entirely on late-stage deployment of carbon capture and nuclear, with minimum reductions before 2050. Can the minister explain what fiscal modelling the ministry used to determine that delaying emissions reductions until the 2040s is cost-effective for ratepayers and taxpayers?

Mr. Neudorf: I appreciate that. Thank you very much. I will note, through the chair, that the energy-only market, that we were so adamant on back in 2019, we still have. We are still on that path. We are adding additional responsibilities to ensure reliability within our grid, but we still have the only energy-only market in Canada and the only free market that is not mostly influenced by a public utility. So we have kept that. We have heard that from industry consistently, and we continue to work in that direction.

9:30

We also have one of the most reliable grids within the entire country. In fact, the first six months of 2025 we had zero energy alerts. Any alerts before that were due to the uncertainty caused by an overbuild of renewables without system management and constraints, things like storage, so we're very thrilled that the reliability measures that we've taken continue to strengthen our grid and move us in the right direction.

Long-term planning. You're absolutely correct that we have long-term planning. We're working very closely with the federal government through the MOU to address these issues. It's one of the reasons why we're very proud that nearly 40 per cent of our grid is renewable within Alberta. Many people don't know that, many people don't expect that, but we have nearly 40 per cent wind, solar, and storage on our grid. It is why we are proceeding through our AESO, the Alberta Electric Systems Operator, to add products like the fast frequency response, FFR-plus, which adds further storage. It firms that renewables, increases the ability for it to be stable and reliable and affordable through times when wind and solar are not generating.

We are, as you mentioned, pursuing actively areas where we can use carbon capture, utilization, and storage, CCUS, to further reduce those emissions, and we are exploring through our nuclear engagement the potential of adding nuclear within the province in the future. All of these play their part, and all of these help incrementally reduce the emissions all the way down. I'm happy to report that in the last 20 years we have reduced emissions within our electricity sector by nearly 60 per cent, so we've gone a long way to making sure that we are closer to hitting those targets than any federal government has in the last decade. We'll continue to work with that.

The key point that I'd like to recommend is that, in talks with the federal government, the clean electricity regulations are actually counterproductive. They don't allow for incremental emissions reduction because those companies with the financial cliff of 2035 didn't invest at all. They continue to run old, inefficient units, where they could be reducing their emissions, and they can be increasing their efficiency if they wanted to invest, but if they weren't allowed to operate those past 2035, they weren't going to invest in the first place. That's what I mean that the CER are counterproductive.

Rather than getting the best-in-class technology built today, they weren't building at all, so we're continuing to stay stagnant, and that's not helpful. The federal government has admitted as much to me, that we need to continue to make incremental steps to get better. It would be far better, though somewhat more challenging, for those old units to be retired and replaced with new, higher efficiency units. They need the runway because these kind of investments are typically 50 and 60 years and, of course, 2035 is less than 10 years away. That's why it froze the investment in that area.

We are seeking an all-of-the-above approach. We are seeking every type of generation possible. What we're seeking is balance, reliability and balance. We have found out over the past decade or so that affordability is absolutely top of mind, but reliability within your electricity system is also needed. That's what allows us to attract further industry. It allows us to attract further population. It allows us to continue to build our economy and diversify our economy, and that, along with our low tax structure, makes us one of the most affordable places in all of Canada and, in fact, all of North America, to live, work, and raise a family. We are seeing all of those things happening. That's why objective 2.1 is in place, and we continue to work with our regulators to see further development.

Mr. Kasawski: Thanks, Minister. You focus on reliability and balance, which are good values. The question was about cost effectiveness for ratepayers and taxpayers and if there's been any modelling and if you were going to maybe even hire a consultant. I think back to the consultant Morrison Park, who you mentioned earlier. When we were asking about their – which was kind of a scathing report. I think your response was that there was a lot of misinformation out there, and that was your own consultant that put out that report. It is interesting that you may be challenging your own consultant's observations about the restructured energy market. Just to highlight again, it was flagged that ATCO is basically publicly saying they are considering litigation, and so your public statements that you believe they're wrong is an interesting thing considering the potential litigation that we're facing as a government.

Mr. Neudorf: Yeah. Well, lots of people say lots of things all the time, and they may or may not proceed. It's questions for them to do. Again, it's our opinion that the rules that have caused congestion have not been changed, will not be changed. They're there to protect the ratepayers. They can say all kinds of things. In fact, they have also said to me that they don't plan on pursuing legal action. They made a financial decision. Congestion by further development of renewables without controls or regulatory structure: we've addressed that. We are addressing their financial transmission rights. We've been doing extensive engagement on incumbency. OTP is the development of the transmission system to alleviate congestion in a capital and physical sense. We'll be advancing that later this year, which is exactly in the same time frame as if under the zero-congestion policy.

To the ratepayers and protecting ratepayers. That's exactly why we're doing the work that we are. That stability of supply and demand is what's seen the cost of electricity generation come down 63 percent from its peak. Those are stabilizing factors. As I mentioned earlier, transmission is the single-highest cost within the system. Many of our reforms have to do with making sure that we build the appropriate transmission lines where they're needed, when they're needed, to save ratepayers from rampant cost increases without purpose that benefits them directly.

For further system development and some of the work that's been ongoing there, I would like to ask our executive director of the AESO, Aaron Engen, to come and speak, if you don't mind. If Aaron would come to the podium and share a few thoughts on this point of discussion, that'd be helpful for the committee.

Mr. Engen: Thank you, Minister. My name is Aaron Engen. I'm the president and CEO of the AESO. With respect to the Morrison Park report, we should be clear that it was actually the AESO that engaged Morrison Park to do that, not the government. We collaborated, in fact, with many former colleagues. The report isn't a scathing report at all. I understand why some might think that in terms of language. In fact, they're just making very clear observations that while we're going through this transition, in particular CER, it's very difficult for investors to make decisions to invest in capital or projects in the province.

But even more importantly, the message came through that we have to get this transition done more quickly. Generally speaking, the message from them and from the banks that were interviewed: a pause doesn't have an impact in the long term. Most kinds of pauses around builds in renewable generation or generation at all happen frequently across North America. You get back to investing when you're done. Then the second thing, of course, is that when you're going through market restructuring, people wait for that

restructuring to complete in order to be able to get back to the work of investing.

That's really what that was about around Morrison Park. The feedback is that we're all waiting. The biggest concern right now remains around CER. It doesn't really much matter what we do in the province. If CER remains the way it is, we're going to have real challenges around investing in electricity in the province.

Mr. Kasawski: Okay. Thank you.

You mentioned nuclear. In the budget there is support of the key objectives under outcome 2 of the ministry's business plan. It includes \$530,000 to support nuclear energy engagement activities and education initiatives to advance broader public engagement and awareness. To the minister through the chair: why are you using taxpayer money to support nuclear energy engagement activities and education initiatives to advance broader public engagement? Have you ever done the same for any other technologies? It just occurred to me that before the renewable energy moratorium it might have been helpful to put some investment into a similar activity with other technologies like wind and solar. Similarly, I think there are some concerns around hydrogen gas, and I wonder if there's something that would be done there. I'm just concerned and interested in how it came to be decided that nuclear deserved this investment and some other technologies didn't.

Mr. Neudorf: Well, the nature of the engagement is slightly different than the engagement we did on wind and solar and storage and a little bit different than what we've done on hydrogen as well. Given that the nuclear outreach was within my mandate letter to pursue, and 15 years ago roughly another initiative was put forward at the time to reach out to Albertans. Given the magnitude of this potential consideration, we deemed it appropriate. In fact, legislation required it in some cases with our First Nations, to engage and discuss with them before any decisions were made. It is without any prejudice. It's without any preconceived initiative on there.

9:40

This reduction through Treasury Board was reduced by approximately half to make sure that Albertans had clear information from a trusted source, which is why our engagement panel was bipartisan. It was not political in nature. We wanted to make sure that Albertans could be asking Canadian and international leaders some of these questions. We've engaged many regulators across Canada to come and help share, help answer some of the questions that were raised. We think it was the most appropriate way on a large scale to get that information in Albertans' hands.

Nuclear has many benefits and potentially many challenges. We have predecessors within Canada, in Ontario, New Brunswick, and Saskatchewan, that have pursued this for decades ahead of Alberta. We want to make sure that we have balance and we understand the concerns, questions that would have to be answered, that Albertans would have prior to moving on anything in this space. But, again, given that we have made commitments in the MOU with the federal government within our mandate, within our governance platform to approach net zero and reduce our emissions within the electricity sector, it was prudent to ask these questions of a nonexistent industry within the province, which is nuclear.

Wind, solar, storage and hydrogen are existing within Alberta, so we continually engage with those key stakeholders, but they would be different in the sense that they already exist here where nuclear does not. That's why we would have a slightly different approach to that, because it didn't exist. We couldn't just point to somebody

else to talk to within the province. We had to do that in an appropriate way to make sure Albertans had direct contact with those experts across Canada and around the world.

Mr. Kasawski: Thanks, Minister.

Through the chair to you, the federal government holds exclusive authority over the regulation of research and development of nuclear energy and materials, from my understanding. Will we receive any transfer from the federal government for the nuclear energy engagement that the provincial government is undertaking?

Mr. Neudorf: Like, financial transfer? Not for the engagement although should we hear from Albertans that they want to pursue this and bring in a legislative and regulatory framework, the federal government has already shown a fairly strong desire to make these investments. They've invested, I believe, \$3 billion into Ontario for them to expand their nuclear program. They're making additional investment in New Brunswick. They have made some agreements and are, I believe, negotiating with Saskatchewan for further investment and development of that pursuit within Saskatchewan.

At such time that Alberta makes a decision to pursue nuclear, I believe there would be many avenues available for the federal government to help us all achieve what we both want, which is more dispatchable, reliable power that is less emitting. In fact, it is clearly mentioned within the MOU between Alberta and the federal government to pursue those possibilities.

Mr. Kasawski: Will the minister give an undertaking that any deployment of nuclear generating technology in Alberta will not be paid for by Alberta taxpayers, that any power purchase agreement offered to a nuclear developer will reflect comparable costs per megawatt hour to alternative sources of power, and that Alberta's taxpayers will not be exposed to the risk of cost overruns on nuclear projects or into backstopping loans or other financial underpinnings of such a project?

Mr. Neudorf: Well, it would be impossible for me to project what future governments may or may not do. I can tell you that our current market, as a private market with private investment, does not provide an avenue to do so. It has been our clear intent to continue in an energy-only market that is dominated by private industry and private industry investment. There are many areas within the market structure that new development is either directed by the Alberta Electric Systems Operator to maintain reliability or system security. The nature of different investments, including potentially federal government investment in our interties and transmission system, makes that a very difficult question to answer, not for any reason of transparency; just because I can't predict the future. I wish I could. It would definitely take some stress out of my life. But I can't.

Mr. Kasawski: Very good. Very good. Well, back to the MOU and just reminding us that ATCO made good-faith investments in their renewable energy portfolio given the regulations of the time. The good-faith steps in the federal negotiations of the MOU: Alberta needs to demonstrate good faith in these negotiations, so which of these steps in the ministry are funded by the budget, and what's the timeline for implementation in terms of the steps that we need to take to have the equivalency of the CER?

Mr. Neudorf: I appreciate the question. As you know, some of those details are still being negotiated in the MOU, and I am not directly part of that negotiating team. The date for some of that to be made public is April 1. I would leave it to the Premier's office

and the negotiating team to bring that forward at the time when it's concluded. It would be inappropriate to circumvent that.

In terms of ATCO and other investments we have absolutely continued in good faith. It is why we are talking about pretty key components of our restructured electricity market, financial transmission rights, which addresses incumbency, and optimal transmission planning, which physically addresses congestion. Again, for the benefit of the millions of people watching this committee meeting online, congestion is when there is an oversupply of power for the size of electrical wire to transmit that. You put too much on that; it literally gets extremely hot. It could potentially melt and start a fire. Because of congestion concerns generation limits would have to be constrained to match the voltage ability of that wire. When ATCO built that initially, they were unconstrained because there was a limited amount of renewables on that particular line. Over a period of time more and more renewables were built on that line till, during high-generation periods, it exceeded the rate of transmission, and then curtailment began. Those rules have not changed.

We can only address that in two ways, curtailment, as is done, and through other fiscal measures, potentially reimburse them for lost time of generating, or rebuild those lines to be able to handle a larger capacity. If we did not change any of the rules under the restructured electricity market – and what has been occurring for the last five to seven years in Alberta is that every time renewables were built and those transmission lines were replaced to handle the new voltage, more renewables were built. It was a never-ending loop, and ratepayers bore the brunt of that. In fact, in the last decade nearly \$8 billion of transmission line costs were added to the ratepayers' bills, and congestion was still occurring. Without a change of rules the definition of insanity was taking place: change nothing and expect a different result.

So we made a change to say that we were going to reverse that order and locate properly and be more optimized within our transmission planning so that the next time that that congestion line is upgraded to handle the amount of generation on there, it won't be immediately congested again by new development unless it is deemed that population growth, industrial growth, and cost-causation principles are adhered to, and the appropriate bill would be handed either to ratepayers or developers, depending on the process going forward. It protects Albertans and it protects ratepayers, a protection that didn't exist previously, and that's why the growth of transmission bills was unchecked.

We continue to work with all industry partners in good faith to find out the best path of transition from the old unconstrained no-ratepayer-protected market to the new ratepayer-protected market and appropriate responsible development in the future.

Mr. Kasawski: Thanks, Minister.

To you through the chair: in terms of the MOU and the equivalency of the CER, will you be doing anything to accelerate near-term renewable deployment, removing provincial barriers to wind, solar, and storage, publishing any transparent modelling on our cumulative emissions? Will you be committing to any interim emissions-reduction milestones on our way to that net-zero 2050 goal?

9:50

Mr. Neudorf: Great question. We'll be working very closely with the federal counterparts to make sure that the goals contained within the MOU are achieved. Given that we are in a current state of surplus generation and supply and demand would dictate that very naturally, additional generation is not likely to be built until there is load to utilize it. We can do that in two ways, attracting more

industry within the province, which we are, including some of the requirements for data centres to provide their own power, which they plan on doing. Some of that would be wind and solar and storage. But in general supply and demand have to be balanced. The other way that we're looking at utilizing that excess supply is by increasing our transmission output to other markets. Other jurisdictions that surround us are all in energy deficit positions and are actually requesting access to more Alberta generation. British Columbia is in an energy deficit. Yukon is in an energy deficit. Northwest Territories is in an energy deficit. Saskatchewan: we have an MOU to work with them. They're not currently in a deficit, but given the growth over the next few years they may be. So we're continuing to work on them.

What we do expect to see, through actions taken by the Alberta Electric System Operator, is a significant increase in storage. It increases the utilization ability of wind and solar by being able to shift their generation to areas where there's less congestion and still high demand. They can receive better prices given the existing market signals, and they can match that. One of the challenges of renewables is that you cannot predict when it's going to be sunny, when it's going to be windy, and in what measure, but storage certainly allows for more firming and more ability to do that.

Mr. Kasawski: Thank you, Minister. They're getting pretty good at predicting when the sun shines and the wind blows, though, so I think that's a part of it. But storage is an important part. We've seen, really, the market globally grow in renewables with storage because it is the lowest and competitive priced energy source.

Minister, I wouldn't mind talking about the rate of last resort. Page 12 of the business plan mentions the rate of last resort. Price stability has been achieved for customers of the rate of last resort, but it is not affordable. If you can get a contract with an unregulated retailer – as you mentioned, about 78 per cent of residential customers have moved over to something that's not the default regulated rate option in Alberta. I know that there's not an electrical meter for every person in Alberta, but 78 per cent of residential customers being off the regulated rate means that 22 per cent of Albertans are paying too much for electricity. That's probably about a million Albertans. Right now Enmax is charging 12 cents a kilowatt hour for the rate of last resort. The variable rate for the past year for most customers that are off the default regulated option is about 6.6 cents a kilowatt hour, so a million Albertans are paying almost double for electricity in our province.

There will be inertia that keeps some customers on the regulated rate of last resort, but there are many new Albertans to Alberta that don't have any credit history in Canada that have no choice but to get their electricity from the rate of last resort. These Albertans are stranded at a high price of electricity. In your observation are immigrants and other people new to the province paying more for their electricity in Alberta? Would you agree that the premium that customers are paying for regulated electricity is out of whack with affordability?

Mr. Neudorf: No. I would ask anybody who is on the rate of last resort to contact the Utilities Consumer Advocate. They can work to help to find you competitive rates.

I'm very proud of the private retail market within the province of Alberta. Over 50 competitive retailers exist in the province. Many of them actually offer significantly reduced contract choices to those without credit or credit history. So there is almost always an ability for someone to find different rates. In fact, we've talked to many people who choose to be on the rate of last resort. They like the stability that it was set up for. This wasn't something negotiated by government. It was negotiated between the Utilities Consumer

Advocate and retailers under the supervision of the Alberta Utilities Commission to provide a stable two-year rate. It's why we've seen a huge increase in people choosing private contracts. Most of those who are left on the rate of last resort have chosen to be there for their own personal reasons. In fact, they've asked us to reduce the number of times they're contacted to make sure they know they're on that rate. They said: "Listen, we know we're on it. We want to be on it. Stop calling us to offer us different choices." So we have sought to listen to them and allow them the choice that they have.

The ROLR rate will be continually renegotiated every two years to adjust that market price. As you said in your early statements, it was set for stability rather than volatility. Most individuals who are on that and may not have chosen to remain on it, who don't have other choices: it's typically where they are located within the grid. That's why we continue to work on affordability on every other part of the system as well as just the generation. The generation portion of an individual's bill is actually one of the smaller parts of the bill. As I've said earlier, transmission, distribution fees, and other costs are the vast majority of the bill. We've tried to address all of those other areas, and we continue to work with our stakeholders in the market to do more work.

Mr. Kasawski: Thanks, Minister. Through the chair, it is noted that Albertans do have the highest bills for electricity of any Canadian province, so we need to be looking at this.

Page 53 of the fiscal plan, revenue outlook, and key objective 1.1 in the business plan. The largest portion of the province's revenue comes from income tax, both personal and corporate. Clearly, based on the revenue outlook, the government is not generating enough revenue for the province. We don't want to raise taxes. The indication is that Alberta businesses and Albertans are not earning enough. We all know that Albertans are having difficulty with affording life in our province. The cost of living is high. Minister, through the chair, do you know why Albertans are not earning more money – or perhaps I'll rephrase it. Do you know why many Albertans cannot afford life in our province? Why do we not see any affordability measures in this budget to help Albertans?

Mr. Neudorf: Just very quickly, most of the stats that show Alberta has the highest utility rates in the country are not comparing apples to apples. Every other province and territory uses taxpayer-funded allocation to off-set costs within their utility system. In Ontario, for instance, \$7.5 billion a year of taxpayers' money is used to subsidize the utility rates. When you include taxation, Alberta in fact has the lowest utility rates and taxation rates combined in the country. We also carry the least amount of debt within the country.

To affordability and other issues like that. Our government has taken an all-ministry approach, making sure that we're working with every ministry to address the needs.

To your specific questions. You'd have to ask the Minister of Finance on more of the taxation policies, but I will support his tremendous work to reduce income tax for Albertans. Every single income earner can reduce their income tax bill by nearly \$750 a year, and typical households and couples would reduce their income tax bill by \$1,500 a year.

I can go on about how Albertans have the lowest overall taxes in all of Canada, including lower income taxes, no PST, no payroll tax, or health premium. We didn't plan on hiking the corporate tax, which I believe the NDP campaigned on last election.

Mr. Kasawski: Thank you, Minister. I will just note that if you can't catch it on the income, I guess it's on property where we are catching the tax in this province.

I tabled a report in the House yesterday, Minister, MNP Consumer Debt Index Shows Albertans Are Bracing for a Challenging 2026. On page 9 of the business plan we see that it is the responsibility of this ministry to improve affordability for Albertans. Cost-of-living pressure and household economic stability – MNP reports that 75 per cent of Albertans expect their cost of living to worsen in the year ahead in 2026. Back to that question I just was asking: can the minister explain why this budget introduces no new affordability measures despite clear evidence of deteriorating household purchasing power and declining real disposable income across the province?

10:00

Mr. Neudorf: Like I said, we have introduced affordability measures within this budget. We've sustained the lower income tax of 8 per cent, saving individuals \$750 and two-income families \$1,500. We expanded the Alberta Taxpayer Protection Act, making the Alberta competitive small-business tax rate of 2 per cent. We've done a youth hiring incentive. We are continuing to work towards a lower care-first model of auto insurance. We have reduced utility costs. We continue to invest in the natural gas rebate program, the remote area heating allowance, which saves more than 2,000 homes savings of \$500 to \$600 a year. Our government has provided \$2.5 million to build a natural gas pipeline in Nordegg, which is expected to save residents there up to 25 per cent on their utility bills. We've lowered access fees within the city of Calgary in particular, saving them 35 per cent on their power bill, or Calgarians as a total more than \$32 million in 2025.

I can go forward through ministry by ministry. Every single ministry is working on the affordability of Albertans. We continue to do that. We continue to put Albertans first, and we continue to make sure that they have the best services available, balancing times of revenue strain with stable spending. When we have surpluses, we've paid \$15 billion down on the debt, and we've increased the heritage savings trust fund by more than \$16 billion, so they have a stable future to look forward to.

Mr. Kasawski: You're good? Yeah. Okay. Thank you, Minister.

Insolvency risk and financial vulnerability seem to be a problem in our province. MNP finds that 38 per cent of Albertans are within \$200 of insolvency, and 41 per cent are near bankruptcy if interest rates are to rise. What economic modelling has the ministry done to assess how rising insolvency risk interacts with utility bill affordability, and where is that analysis reflected in the budget's program expenditures?

Mr. Neudorf: I would say that most of those analyses are done within the Ministry of Treasury Board and Finance. In terms of utilities we are doing everything on utility bills, looking at every part of the system to make sure we drive those costs down. Like I said before, we've seen the generation part of the bill come down 63 per cent from its peak. We continue to work on cost savings, protecting Albertans today and into the future on transmission, distribution, and other rates and fees that are on those structures. We will continue to do that.

In fact, that's partly why we're handling the development and interest of new industry like data centres to come into the province. By sending the appropriate locational signals, should those large investments develop as we expect them to, it is one of the only ways to lower that capital cost of transmission, maintaining the size of the pie but having more pay for that. The significant size of a data centre, a hyperscaler in particular, which uses as much electricity as a city the size of Edmonton – if they pay their appropriate transmission costs, we could potentially see a reduction in

transmission bills for every single ratepayer of 8 to 10 per cent, and that's just for one data centre.

We continue to work on that. We continue to work on affordability. We continue to put measures that protect Albertans, protect ratepayers. This is the modelling that we've been doing. This has informed us in terms of our legislation on data centres and new large load and bring-your-own-power policy. We're putting Albertans first and protecting them every single day across every single ministry.

Mr. Kasawski: Okay. Thank you, Minister.

Is there, like, a crossministry economic strategy that creates a framework for affordability in this province?

Mr. Neudorf: I would say that it is included within the mandate letters of many ministries. We've been asked by the Premier through a mandate letter to work with Treasury Board and Finance on personal income taxes and car insurance as well as potentially house insurance.

We've been asked to work on housing affordability through the ministry of assisted living and senior services. I hope that you would have asked him more about that, but I believe that in the tremendous work that they've done in supportive housing and temporary rent assistance benefit and the rent supplemental program, we've seen tremendous success. Six out of 10 of the most affordable Canadian cities to rent are now in Alberta, including all four of the top slots. The average asking rent in Alberta is \$400 less than the national average, and that is due to a lot of the policies that we've brought in on affordability through that ministry. Very happy to support them.

We do this mostly in an unofficial way by working ministry to ministry on key priorities and issues as well as through committee. When we talk and debate these issues and have debate, I provide a supporting role. Then on Treasury Board, again, as we make these financial decisions through every ministry, we make sure we're putting Albertans first.

Mr. Kasawski: In terms of affordability what targeted affordability interventions for low-income Albertans are funded in this budget, and how has the ministry assessed the distributional impacts of these policy choices on the most economically vulnerable households? MNP identifies the low-income households as the most financially fragile entering 2026.

Mr. Neudorf: Thank you. Again, most of those supports are housed in other ministries. Our ministry is a functional ministry to provide services. We don't provide very many of those programs.

Just a short list that I have here. Government spending on affordability within the budget 2026-2027 is approximately \$4.5 billion. Seniors' financial assistance supports and services is \$567 million; community-based mental health services for children and youth, \$156 million. Alberta Social Housing Corporation operating rental assistance is \$126 million. Recovery community facilities in Mental Health and Addiction is \$73 million; specialized mental health and addiction facilities, another \$43 million; opioid treatment programs, \$42 million; CASA House facilities in Mental Health and Addiction, \$22 million; Mental Health and Addiction digital restructuring, \$20.3 million; low-income transit pass through assisted living and senior services, \$16 million; seniors' registry discounts through Service Alberta and Red Tape Reduction, another \$16.6 million; 10-year strategy to end gender-based violence, \$15.7 million; common payment platforms through Tech and Innovation, \$12 million; mainframe modernization and disability income assistance, \$9.7 million.

I could go on for quite some time. Again, supporting vulnerable populations is \$1.27 billion of the \$4.5 billion within the total budget. Very proud to be part of a government that puts those needs ahead.

Mr. Kasawski: Thank you, Minister.

Back to regulatory reforms to enable renewables, Alberta kind of has a litany of obstacles to renewable development in Budget 2026. It includes no funding for regulatory reforms. Which regulatory barriers is the ministry planning to remove in '26-27, and where is that funded in the budget?

Mr. Neudorf: Again, we are continuing to do the work through our regulators: our Alberta Electric System Operator, the Alberta Utilities Commission, the Market Surveillance Administrator. All of them have tasks and a regulatory framework to provide reasonable and fair rates to the ratepayers within Alberta to make sure that we manage and protect Albertans both through the ratepayers, where they pay for system upgrades in that sense, and through the taxpayers, which is the government's objective through the budget to make sure that we maintain.

We continue to build our system. Again, I would ask the CEO of the Alberta Electric System Operator to take the mic and share some of the work that they're doing, specifically around programs, to provide stability within our grid, the FFR-plus, the FTR work on incumbency, and other things that we're doing to strengthen system reliability and maintain strength within our grid. Mr. Engen, if you wouldn't mind sharing a little bit about the work that you're doing through the AESO on that.

Mr. Engen: Again, thank you, Minister. My name is Aaron Engen. I'm the president and CEO from the AESO. I see some thumbs-up there. I have been conditioned to remind people who I am whenever I stand up here. It takes a bit, but I do get there eventually.

There are a number of things that we're doing, that the minister has talked about, with respect to both restoring grid reliability in Alberta and to be able to manage in the longer term a different kind of investment that's going on in the province. We have a great deal of need for dispatchable generation in the province. When wind and solar – and the member here talked about that we're getting better at predicting when wind and solar will and won't be here. We are getting better at that, of course. But at the same time we have to have the mechanisms to be able to support that wind and generation when it's not here.

The REM market redesign will do that. It's restructuring how generators get paid in the province, ensuring that those people that bring more than just the electrons that come along with wind and solar can support generation and support supply in the province.

10:10

The biggest problem we have with the province today is that when wind and solar aren't here, we run into and can run into energy scarcity issues in the province. Batteries can help, but we need to see more thermal generation as well. In the longer term wind and solar should be able to benefit through the market redesign as well. There'll be pricing that will be more attractive to them as well.

One of the other challenges we face in the province at this point in time as well is that because wind and solar have been growing in the province, they tend to come online at about the same time, and as a result we see very low prices. It makes it very difficult for generators who are investing in those kinds of assets in the province to be able to make investment decisions because the returns are extraordinarily low.

Over the past few years wind and solar both used to get a premium to the average price of electricity in the marketplace. That premium has disappeared in the province just simply because they're all on at the same time, and they're all competing with each other. Longer term I expect that that will resolve itself. OTP will help as well. We'll only be building generation when there's a need for reliability or when the generation is economic; in other words, when it makes sense to be able to build a generation.

From a reliability perspective and from a cost perspective also, as a matter of public policy now we're pursuing, along with the government, a structure where those who cause costs on the grid bear the costs of those expenses. Historically what's happened is in our province load bears all the costs. It's been a really interesting dynamic in the province in that generators could build and then impose costs. That'll change under the new regime.

Mr. Kasawski: Mr. Chair, if I might just interject, I think you said something – you said energy scarcity is a problem in this province. I wonder if you want to clarify that. I feel like we have an abundance of energy in this province. Maybe it's the energy that's connected to the grid?

Mr. Engen: No, what I really mean, Member – I don't want to mispronounce your last name – Kasawski.

Mr. Kasawski: Nailed it.

Mr. Engen: There we go. Kasawski.

No, the issue is in the province – and this is typical across North America; it isn't just in Alberta – that in the evening, when wind and solar are often not around, or in the morning, when it's not around and we have a lot of load, especially when it's cold, we can't count on batteries, we can't count on wind, and we can't count on solar. We only can count on thermal generation, dispatchable generation. In fact, the entire North American grid, NERC – it's the North American Electric Reliability Corporation who sets all the reliability standards across North America – is going through a process where they evaluate all of their various supplies of energy and say: what do we have that we can rely on when demand is high and it's cold or it's particularly hot? In those circumstances, wind and solar are out of the equation, and there's even discounting around thermal generation to the extent that if it's very cold outside, thermal: there you go. There you go. Exactly.

Mr. Kasawski: Appreciate it. Thank you very much.

I only have two minutes left, so Minister, if I just could jump in. I appreciate the answers from the representative from the AESO. I see your farm fuel and rural utility programs page. The remote area heating allowance program is currently scheduled to expire March 31, so – tick-tock – we're coming up on that. To ensure that the regulation and the RAHA program continues to be relevant and necessary, they are reviewed prior to their expiry date and may be renewed in their present or amended forms following review. I assume the decision to renew it has been taken. That's the question.

Mr. Neudorf: Yes, it has. In fact, I just signed that off I think it was a week or two ago. Yes, you're right. That is a common occurrence given these timelines, and they coincide with the fiscal year-end, which is March 31. We have extended that for a five-year term.

Just one thing to answer your question a little more precisely. You were asking where in the budget the line item was for some of these costs. Most of that policy work is done within the Department of Affordability and Utilities, and because it is that staff, it would be included in that departmental line item cost. I will, again, just rounding out the CEO of AESO's answer – just so you know, in

2025 the AEC approved 32 new generation projects totalling over 2,700 megawatts. Sixteen of those were new renewable projects totalling over 2,100 megawatts, four were new storage projects totalling over 540 megawatts, and the rest would have been distributed generation natural gas.

Mr. Kasawski: Okay. Thank you, Minister, through the chair to you. So that's ministry support services. I think that's gone from \$5 million to \$7 million, so a 40 per cent bump in work on regulatory by the ministry, it sounds like.

But a last question will be – for 25 seconds. Do I even have time to ask it, Minister? We'll find out.

The Chair: You get more.

Mr. Kasawski: Yeah, it just feels like I want to use so much here, Chair.

Minister, I guess we're at 15 seconds. I'll thank you and the member from AESO and all the members from the ministry for your answers to our questions, and we'll go on to the next stage.

The Chair: Excellent. Thank you very much.

We now move towards a 20-minute block of caucus time on the government side. No member can speak for more than 10 minutes. I see Member Rowsell looking to go. I'm just going to ask the question because I have to, back and forth, because that seems to be the theme here today. Minister and Member, you want to do back and forth?

Mr. Rowsell: Yep. Back and forth is great.

Mr. Neudorf: Yes. Back and forth.

The Chair: Excellent. Perfect.

Member, 20 minutes on the clock. You can kick us off.

Mr. Rowsell: Thank you very much.

Yeah. Some of my questions are similar I guess to what you've just answered, but I will ask them because some parts of it might be different and you might be able to expand more on your answer relative to what you weren't able to say before. I'll start with the MOU with the federal government. In November, of course, Alberta and the federal government signed an MOU to strengthen co-operation on energy infrastructure, grid reliability, and competitiveness. As electricity demands through population growth and industry and, of course, you've mentioned data centres as well and the big deal that they are, ensuring a reliable and affordable system is critical.

Referencing key objective 2.6 on page 13 of the business plan, the ministry is exploring inertia development to strengthen Alberta's grid. Now, you did mention it, but if you can talk about the overall MOU and how that will support reliable and affordable electricity, what investment opportunities it could create, and just the inertia: like, people hear that but they don't understand it and how it can go back and forth. If you can kind of explain how that works, I think that would be useful for everyone that's listening.

Mr. Neudorf: Yeah. I appreciate it very much, the question. You're right. For those listening or are those interested and don't understand, each province and territory within Canada under the Constitution has the authority to deal with their electricity generation and their electricity system, which means most jurisdictions are actually islanded. They don't have very many connections east-west within the country. In fact, most of our large transmission lines are north-south, to serve the needs of each province, and most provinces have an inertia connection with the

United States. Given that there's such a large market, many of our provinces and territories have utilized this as an economic driver for export. British Columbia, Manitoba, Quebec, and Ontario historically have been the largest four, and Alberta has three interconnections.

We have one south through Montana into the U.S. grid. It's relatively small in nature, about 360 megawatts. Yeah. Something like that, 310 megawatts. We have a very small one east with Saskatchewan, about 152 megawatts, McNeill. It is currently at end of life and needs refurbishment to grow. We are in conversation with Saskatchewan on what that size and nature of that should be. Then our largest intertie is with British Columbia. It's 1,000 megawatts. They have the geographical and geological benefit of having large hydrogeneration, but hydrogeneration is actually, in effect, an extremely large battery. It complements our wind and solar resources in the south very, very well.

However, what's happened given that they have a public utility market and we have a private market, given the market prices, what they have typically done over the last 30 years is purchase lots of excess power. When we have excess power, it drives the price down, and people may have heard of zero-dollar hours. Quite often over the last 30 years most of that generation capacity VCs purchase electricity at zero dollars. It costs them nothing. They fill up their dam, a very large battery, and then they can sell it or utilize it at their discretion when they release water out of the dam to create generation capacity to meet the needs at the time.

The reason why this is in the MOU, the reason why all provinces and territories are having this conversation – in fact, Alberta has joined every other province and territory with the exception to date of Quebec and signed an agreement to strengthen our interties – is that current geopolitical realities mean that our largest secure trading partner to the south, the United States of America, is not quite as friendly as we have known in the past.

10:20

To make Canada stronger and to make Canada an energy superpower means that we have to learn how to help each other out east-west and north in a greater way to be able to share supply when we have it with others when they don't and vice versa for sudden outages, which happen in every electrical system given storms or accidents or sometimes even, rarely but sometimes, material failure. It would not only strengthen the security and reliability of our electricity grid, but it could potentially be cost saving to have that there where we're not building internal redundancy. We can lean on others. It strengthens our energy security, which leads to strengthened economic security.

That's the conversation that's being undertaken under the MOU and under the agreement of provinces and territories. We believe this will truly lead to nation building, something that Canadians from every territory and province are strongly in support of, being a stronger nation, more economically resilient.

Like I said earlier, currently Alberta does have a surplus of generation. We have a nameplate of nearly 24,000 megawatts of capacity. Our standard average daily use of electricity is 10 and a half thousand, peaking out at about 12,700 megawatts. We have a tremendous capacity, especially as we continue to add storage and firm that generation power, to share that with our neighbours.

The supply/demand market that we have says that either we attract load – which we are through data centres and other industry moving to Alberta, Dow and De Havilland. Population growth utilizes more electricity. The continual electrification of our society drives our electricity uses, so we're doing that on the home front, but we still have capacity to export it to other regions to help them, especially if they're in a deficit position.

British Columbia has experienced the building of the site C hydroelectric dam. It took nearly 30 years to complete, \$20 billion, and the rate of demand growth far exceeds them doing that again. They are trying to procure some wind as well to augment that system but in very limited capacity, and it's challenging to do that in every region. We expect them to be successful, but they have demands of even greater electricity usage, and they need the dispatchability-reliability portion that the natural gas generation in Alberta could provide. We're in conversations with them so that we can find win-win solutions, that British Columbia can benefit from the MOU of Alberta and the federal government and that Alberta, obviously, can benefit. Ottawa's goal is that they see Canada benefit, so we think that helps.

To add some further context to that, Yukon has previously asked and received some funding from the federal government to connect their grid to British Columbia. The problem with that is that British Columbia doesn't have any power to provide them through that transmission line. Alberta does.

The Northwest Territories is looking to seek a connection between their multiple isolated grids for, again, the same thing, resiliency and strength. They have tremendous – tremendous – natural resources they would seek to develop. They don't have the electricity to meet that growing demand and need, and they have asked potentially the federal government to help them connect to Alberta's grid as well.

We think this drives economy. It drives diversity. It drives reliability. It drives co-operation amongst Canadian provinces and territories, and it builds a better future. Those are the reasons why that's in the MOU. Those are the reasons why all provinces and territories are looking to make those connections, and we're seeking to do so in a way that is the most fair to taxpayers and ratepayers, led by the federal government.

No one jurisdiction can afford to have their ratepayers pay for something like that where it's a shared benefit. That's where we're asking the federal government to take leadership and build this nation and build Alberta, because a strong Alberta means a strong Canada, and that's what we're looking towards.

Mr. Rowswell: Just to build on that a little bit, you mentioned Yukon and the Northwest Territories. Through PNWER I was up in Alaska in January, and they would like access to our power as well as part of an economic corridor for all sorts of things, but power on railroad was one of the big issues that they identified and would love to work with us on that.

Mr. Neudorf: To your point, it is a global issue. Every nation in the world is continuing to try to find avenues to strengthen their economic stability through their energy solutions, and electricity is something that we can't export off of our shores. Electricity and water don't mix very well, so making sure that we work with the resources that are available to us on this continent means that, despite sometimes geopolitical situations being what they are, there still is a need that our largest trading partner can be again and can continue to be our best friend. We want to work through these issues. Largely they've been exempted from recent developments in tariffs, and we hope that would continue. Again, we believe absolutely that there are economic arguments for a mutually beneficial agreement to be realized in this in this sector.

Mr. Rowswell: We'll move on to: you have talked about the restructured energy market to some degree. Again, I'll read this question, and you can expand on what you said or fill in where maybe parts were missed. Referencing key objective 2.1 on page 13 of the business plan, it was spoken about the restructured energy

market to modernize Alberta's electricity system. You know, through past decisions there have been impacts on grid reliability, and the phase-out of coal without fully accounting for the loss of dispatchable baseload capacity is costing us money today. To the minister through the chair, can you provide an update on the electricity market redesign and its impact on Albertans in '26-27? How will the restructured energy market improve grid reliability as demand increases, and what steps is the government taking to ensure long-term investment attraction for all the things that you've spoken about?

Mr. Neudorf: Great question. Appreciate that.

In simplest terms our existing market, the old market that we're seeking to address, was based on affordability alone. The lowest cost was purchased first. What we've seen with the increase of renewables – and they are a tremendous resource; we're very happy to have them as part of the grid – is they have one challenging characteristic, and that's their intermittency. When you rely on that and there is a fluctuation in generation, particularly when it retracts, there's a large demand that comes on to dispatchable. That is what created the need for reliability to be part of the bidding process within an open market.

Now we're asking generators to bring two attributes to their lowest price: lowest priced, most reliable. That allows for every generator to play in the market should they seek to through a number of different avenues provide reliability. Wind and solar can do that through batteries. That we've had much discussion about. They can also do it through peaker plants. They can also do it through limiting their bid to certain times of the day or when they have certainty of generation. It is an open market, but we are asking for those two attributes, reliability and affordability, not just one or the other.

Our Alberta Electric System Operator and all of our stakeholders within the generating community in Alberta have spent considerable time working through this, building the policies, building the decisions to make sure that we have a reliable market. Now the AESO has moved towards implementation. We are now targeting the first quarter of 2027 to begin the implementation of the restructured electricity market, making sure that it's stable, making sure that stakeholders have time to understand the characteristics and the new bidding qualities that they will have to provide to do that. Then, at some point beyond that, we'll shift over to all of that. But in that year 2027 we're going to begin that journey. There are many investments required – software, hardware, communications – for that market transition. We are very proud of our stakeholders working with us and engaging with us to make sure that we continue to adapt our policies and adjust to get the best fit, the best transition possible.

10:30

The top of mind is that we're protecting Alberta ratepayers. Alberta ratepayers, previous to these changes, had to bear all of these system costs all the time without anyone to protect them, without anyone to say: "Hang on. Is this really best value for money? Albertans are paying for venture capital with no one to protect them." So we've introduced those protections for ratepayers so they know the system will provide them affordability and reliability, two things that they need, and we've set up rules that say that location matters, system optimization matters, and cost causation matters.

If it's population growth, then, yes. The population should pay for that, for their house to be connected to the grid. Everybody accepts that and agrees with that. If it's commercial or industrial growth, then, yes, again, those commercial businesses, those

industrial businesses realize they need to pay for that power and that system upgrade. But if it's development, because we're in a free-market system and there's freedom of choice, and they are seeking to find a rate of return as they develop into a venture market, they can still do so. If there are significant system upgrades beyond the normal capacity for the system to grow, then they have that choice, to bear that cost so it's not untoward and inappropriately placed on ratepayers. And they can still develop their business given that their product has it.

That's why the conversation is centred largely around supply and demand. That's what a market is meant to do. If there is a lack of supply and prices are high, it will attract more investment for generating to meet that demand. That's how it works. It's called a zipper curve because they go up and down and one grows. It's not even and balanced all the time. It can step. If you have swings where demand is high and supply is low, well, then you're going to have high prices to attract that, and we want to attract that.

Currently, thankfully and targetedly, we are now in a high-supply, low-cost cycle of the system, which allows us to make these changes in the system without adding any negative cost to those generators. They are all still operating under the existing market. We are working with them for the future market and we're working with them for tools to allow them financial stability and line of sight to transition from the current market to the future market.

We've talked about many of those financial transmission rights to protect incumbents. Not to be pedantic, but incumbent means they've already invested in Alberta with physical assets and not just a contemplation, hypothetical development; a real development. We think those who have already spent capital in the province deserve to have those assets considered in that transition, so we're seeking to find financial support to help them to the new market as well as optimal transmission planning, which is a plan to build transmission.

It's not, as has often been portrayed, unfortunately, in the media through misinformation, a plan not to build; it is a plan to build. It's a plan to build through proper prioritization where the cost-benefit analysis favours growth and protects ratepayers, not just indiscriminate growth based on overdevelopment in certain regions.

I'm very proud of the work the AESO has done on that. They are proceeding through that process, making sure that they fulfill all of their obligations to the requirements within their regulatory statute, and I expect to see them later this year apply for that growth, which will address existing congestion and alleviate much of the angst and problems within stakeholders that built under the former regime without those protections and controls in place.

Mr. Rowswell: I guess what we're doing is incentivizing location. You know, it's not necessarily where the wind blows or the sun shines or where the gas is but where the transmission lines have more capacity to accept it. It's a locational signal that we're trying to send to investors as well.

Mr. Neudorf: It is. Absolutely. And it is acknowledging what's always existed but sometimes gets lost in the conversation, that it's not just generation. It is also transmission. It is also distribution. That's why we're so supportive of solar on your rooftop, whether that be your home or business or in an industrial capacity or a municipal capacity. That means the generation and the load are typically at the same place. There is very little to no cost for transmission or distribution. It's a net benefit for everyone. As well, they lower their overall consumption from the grid, meaning that we don't have to continue overbuilding the grid. We can be more

optimized and more efficient, and now we're setting rules in place that allow that.

This is common sense for many individuals. Look at the many thousands of Albertans and Canadians who have put solar on the roof because they understand that: if I have solar on my roof, I don't pay extra transmission. I don't pay extra distribution. I do have somewhat of a system upgrade to make sure that my metering and my electronics work to accommodate this. Then I reduce my overall consumption off the grid, which means that that bill goes down. They do, in the short run, have to pay for the capital costs of including those solar panels on the roof, but it is a win-win scenario. Again, we're doing this system-wide, so it makes sense on an intuitive level for many Albertans, and many of them ask: well, why didn't we always do this? Well, the system wasn't designed like that.

The Chair: Thank you, Minister. Thank you, members, for your questions.

We're now going to go to individual blocks. We're transitioning to the individual blocks or 10-minute blocks. Nobody can speak for more than five minutes at a time. Even if going back and forth, nobody can speak for more than five minutes at a time. After this block we will take a five-minute break.

Member Schmidt. All right. You are up. You have 10 minutes.

Mr. Schmidt: Thank you. I just want to clarify . . .

The Chair: Sorry. I apologize. Back and forth or block time?

Mr. Neudorf: I'm happy to go back and forth.

Mr. Schmidt: Thank you, Minister, for sharing time with us today.

I want to talk about performance indicator 1(b) in the ministry business plan that deals with annual inflation rates. I note that in 2025 the food inflation rate was 3.1 per cent. Does the ministry have a target for food inflation that it wants to achieve in a given year? Yes or no?

Mr. Neudorf: Well, yes. We want to be lower than the national average, and we continue to work with the federal government, and all costs . . .

Mr. Schmidt: Thank you very much, Minister. You want to be lower than the national average. What is the strategy, then, for making sure that food inflation in Alberta in the upcoming fiscal year will be lower than the national average?

Mr. Neudorf: Again, working with the federal government to reduce all the root costs that they layer into the system which cause our farmers to have to include those costs in food. We also seek to reduce the utility costs so that the companies that sell the food, store the food, use natural gas to dry or cool their food don't have to add those costs in there.

Mr. Schmidt: I appreciate the minister's answer, that he's blaming the federal government for a bunch of the food inflation. However, what is this ministry's responsibility with respect to lowering food inflation within Alberta? What specific actions is the ministry taking, aside from what the federal government is supposed to do or not do, to lower food inflation?

Mr. Neudorf: Well, through the chair, I was trying to answer that before you interrupted me by saying that we are working on utility costs within the province of Alberta because every stage of food production, food transportation . . . [interjection] You're interrupting me again, so I can't answer the question?

Mr. Schmidt: You've answered my question, Minister, so I'd like to . . .

Mr. Neudorf: I actually didn't, but . . .

Mr. Schmidt: Well, I'd like to move on.

Mr. Yao: Point of order.

Chair, quite honestly, the member across the way, under 23(h), (i), and (j), is making allegations against the minister, imputing false or unavowed motives, and using abusive, insulting language in his tone. If he's going to ask questions, he needs to give the courtesy for the minister to answer those questions. He has demonstrated in the first 90 seconds of his . . . [interjection] Yeah. I appreciate his heckling, but this is a civil process. It's in the public. Everyone's watching. Yeah. Your behaviour is being noted by all Albertans who are watching this, quite honestly. I think you need to be respectful and allow the minister to answer his questions. If you're going to keep cutting him off and if you're going to try to . . .

Ms Chapman: Through the chair, please.

Mr. Yao: Oh, that's rich coming from you guys.

Yes, through the chair, I ask that you ask the member to behave in a fashion that's appropriate for this scenario.

The Chair: Thank you, Member. I appreciate it.

Ms Chapman: Mr. Chair, may I please have a moment?

The Chair: Yes, Member Chapman.

Ms Chapman: Thank you so much, Mr. Chair. I believe that what I heard was 23(h), (i), and (j). Now, I didn't hear allegations against the member. Time is quite tight when we're in here. I do appreciate the very fulsome answers that the minister has provided on the previous questioning, but I know that we're always wanting to get to more questions to get more great answers from the minister. You know, the member is trying to speed it up a little bit, certainly, but I don't believe that there was a point of order here. I wasn't hearing any allegations against the minister.

10:40

The Chair: I appreciate the perspective of both sides. I think at this one – Member, if you can allow the minister to give a full response, I think that's appropriate in this circumstance. I think it warrants some decorum in order for him to finish speaking, in order to finish his thoughts, so I would appreciate that. Yeah. And please speak through the chair. I will not call this a point of order, but I would appreciate the opportunity for the minister. We are here to get your questions answered, but we are also here as professionals to speak with decorum in this location. So I would appreciate also the opportunity to hear a fulsome answer from the minister as well. Thank you, Member. Your time will continue.

Mr. Schmidt: Thank you, Mr. Chair and, of course, to the minister. I mean no disrespect. I'm just moving on because we have a limited amount of time and I got the answer that I was looking for to that question.

Now, with respect to the cause of food inflation, you know, prior to the scrapping of the consumer carbon tax, members of the government have long claimed that the consumer carbon tax was driving up the cost of food. Since the carbon tax was scrapped a year ago, the cost of food has risen much faster than the overall rate of inflation. Now the minister is maintaining that there are other things that the federal government is responsible for that are driving

the cost of food. It looks like maybe their excuse for the carbon tax didn't hold water, so now they're trying to blame the federal government for something else. What work has the Affordability and Utilities ministry done to actually investigate what's causing food inflation to rise higher than the overall rate of inflation? And if it's actually federal government policies, has the minister done any work to quantify the impacts of those federal policies so that Albertans can understand what's driving actual food costs?

Mr. Neudorf: Certainly. Food inflation is shaped by global supply conditions, trade and transportation challenges, high input costs, labour shortages, high demand for population growth, and a strong international demand for Alberta beef. Many steps along the way, from farmers and all their usage, still pay the federal carbon tax. It is embedded in almost every single stage of food development and production. We continue to stand up to the federal government to acknowledge that and not hide it by removing the consumer carbon tax but leave it there for all the producers when they still pass it on through all of their work, including transportation, grain and food drying, and cooling and storage for shipment as well as at point of sale. So it still exists. Many of those factors are outside of provincial control, and like I said earlier, we continue to work on the things that we do control within the province as well.

Mr. Schmidt: And what are those things that you control, that the minister controls? What work is his department doing to lower the cost of inflation?

Mr. Neudorf: Again, we are seeking to lower the cost of utilities all across the board.

Mr. Schmidt: So it's just utilities?

Mr. Neudorf: That's this ministry's literal title and work, yes.

Mr. Schmidt: Thank you very much.

You know, the price of beef has increased significantly faster than many other grocery items in recent years, and the beef-packing industry in Canada is dominated by two large companies, JBS and Cargill. They control 70 per cent of the beef market in Canada. Now, those companies are facing multiple lawsuits and investigations in the United States over price-fixing, market rigging, and, in fact, President Donald Trump has ordered his Department of Justice to investigate anticompetitive behaviour in the beef-packing industry in that country. I'm wondering: has the ministry conducted any investigation into anticompetitive behaviour by beef packers affecting Alberta consumers?

Mr. Neudorf: That would be a question best directed to the Ministry of Justice, the minister of jobs, economy, trade and innovation, the Ministry of Ag and Irrigation; any of the ministries that have direct oversight over those ideals.

Mr. Schmidt: Forgive me if I'm wrong. The minister in his opening statement said that consumer protection is part of his mandate. Is that correct?

Mr. Neudorf: No. Service Alberta is in charge of consumer protection.

Mr. Schmidt: Oh, okay. So when it comes to affordability, then, you have no mechanisms at all for investigating affordability or any of these other kinds of anticompetitive measures that would lead to more affordable prices. Is that correct?

Mr. Neudorf: Only with those industries that you discussed. If they happen to be generators, distributors, transmission companies, or purveyors within the realm of authority of this ministry, yes, we could. That was not the question. The question was about private companies within the beef industry.

Mr. Schmidt: Okay. Thank you very much.

The Chair: Member, through the chair please, as well.

Mr. Schmidt: Yeah. Absolutely. All of my questions have been through the chair, Mr. Chair, and I appreciate the reminder.

Furthermore, the frozen potato industry is also the subject of multiple lawsuits in the United States for price-fixing in that industry. We see companies such as McCain and Cavendish Farms operating in Alberta that are subject to lawsuits. The minister has no power whatsoever to investigate anticompetitive behaviour in that industry: is that true?

Mr. Neudorf: That's correct.

Mr. Schmidt: Okay.

Now, Manitoba is investigating predatory pricing practices by online grocery platforms such as Instacart, particularly the use of consumer data to charge different prices.

Mr. Cyr: Point of order.

The Chair: Yeah. Point of order.

Mr. Cyr: While these are very valid questions, I believe our minister has answered these questions, that it is outside of his mandate. Repeating this over and over and over again and getting the same answer, that's 23(c), the issue at hand here. I believe that this is a point of order. He needs to move on to another line of questioning, not just going after every lawsuit throughout the world. Let's stick to the business plan, the budget, and the strategic plan. It looks like he's so far afield from it.

Thank you.

The Chair: The member.

Ms Chapman: Thank you, Mr. Chair. Standing Order 23(c), "persists in needless repetition." I don't believe that what my member is doing right now can be categorized as needless repetition. Anyone who spends any time in their community, whether it be knocking on doors, chatting with people in the grocery aisle, knows that the price of groceries is absolutely the number one concern for Albertans right now. This is somewhere where Albertans are looking for information. They're looking for relief. They want to know what their government is doing for them. It's a 10-minute question block that we're in. I don't feel that this line of questioning is inappropriate for just one short question block.

The Chair: I appreciate that.

I'll just offer a caution here right now. Estimates are for the future. We are here for the conversation around estimates and the business plan, the budget. I think the member is a well-versed member of this Assembly with lots of experience and is well known for asking good questions. While I don't think this specific item is a point of order, we are getting close to a point of order on repetition. So I would encourage the member to maybe get to your point, and if we can move on to a different subject matter as well. Thank you, Member.

We'll continue the clock.

Mr. Schmidt: Well, thank you, Mr. Chair.

Just to complete that question. Is the ministry examining similar issues related to predatory pricing practices by online platforms here in Alberta?

Mr. Neudorf: Again, the member would be better served to ask Service Alberta and Red Tape Reduction and their consumer protection program.

Mr. Schmidt: Thank you very much.

On page 160 of the fiscal plan I note that there are 129 full-time equivalents working in the Department of Affordability and Utilities. How many of those have responsibility for food affordability specifically?

Mr. Neudorf: I would have to go to my deputy minister to see if he could answer that question.

Mr. James: The affordability team inside the ministry has responsibility to look across government at what's happening, so there's no specific number ascribed to that.

Mr. Schmidt: So there are no employees in the Department of Affordability and Utilities that have responsibility for food affordability.

Mr. Neudorf: Actually, I think he said the opposite. I think he said that every single employee within . . .

Mr. Schmidt: I appreciate the interjections, but I heard the answer that I wanted to get.

Mr. Neudorf: Yeah. Of course you heard the answer that you wanted to, by twisting the words of my deputy minister.

Mr. Schmidt: No, no, no.

Mr. Neudorf: He said literally every member of the department is working on affordability.

The Chair: Member. Member.

Mr. Schmidt: I got an answer from the minister. I need to move on.

The Chair: I understand. Thank you.

We're no longer giving the minister an opportunity to have a fulsome answer. I think there's an opportunity here as well for us to be – while I understand estimates are an opportunity to ask questions, it is not a back and forth argument. It is an opportunity for questions. I think some decorum on this side has . . . [interjection] Member, please. I do believe we need to let the minister respond. I appreciate your interjections, but I don't think that supports decorum when we're not able to have a few sentences out of the minister's mouth either.

Please, if you would like to go back to your question, happy to hear it, but also I would love for the minister to finish his response.

10:50

Mr. Schmidt: Thank you, Mr. Chair. I got the answer from the minister that I was looking for, and I'd like to move on because I only have 30 seconds.

Is the ministry looking at addressing restrictive covenants or other barriers that limit competition in Alberta's grocery retail market?

Mr. Neudorf: Again, questions best asked of Service Alberta and Red Tape Reduction, the ministry in charge of these issues.

Mr. Schmidt: What does your ministry do for food affordability? Give me somebody doing something to address the cost of food in this province in your ministry.

Mr. Neudorf: Again, every single member of our ministry works on affordability from food affordability to every other layer of affordability, supporting the ministry in charge of these questions, which is Service Alberta and Red Tape Reduction.

The Chair: Excellent. All right. We are going to take a five-minute break now at this point. Thank you, members as well as Minister, for your questions and answers. We'll start the timer now.

[The committee adjourned from 10:51 a.m. to 10:56 a.m.]

The Chair: Well, welcome back to the committee. We are back for our second half of this meeting. We will now turn it back over to the government side for 10 minutes of questions. No member can speak for longer than five minutes.

I'll once again ask: block time or shared time?

Mr. Cyr: I would prefer shared time, Minister, if you'd be open to that.

Mr. Neudorf: It's approved.

The Chair: Perfect. Member, you have 10 minutes.

Mr. Cyr: Well, Minister, I would like to thank you for being here today as well as your team. I will say that for myself, I know that I've sat many times in your office discussing some of the affordability concerns that come along with rural Alberta. This is where some of my concerns always are: ensuring that whether you live in the big cities or in the small rural municipalities like Bonnyville, Cold Lake, or St. Paul, you're able to be in an affordable environment if you will.

Minister, I'd like to talk about the rural utilities grant program if you would. According to page 11 of the ministry's business plan under initiatives supporting key objectives \$8 million is allocated towards utility rebate and grant programs to strengthen rural utility infrastructure and make sure home heating is more affordable across rural Alberta. Minister, can you give us some insights on how this funding is being spent and how it is benefiting my good people of Bonnyville-Cold Lake-St. Paul?

Mr. Neudorf: Yeah. I appreciate the question. As you said, Budget 2026 allocates approximately \$8 million in total, including \$5.3 million for the rural gas program, \$700,000 for the rural electric program, and \$450,000 for the rural water program. The remaining \$1.5 million is for the remote heating.

Ms Ganley: Point of order. Mr. Chair, I think it's pretty inappropriate for members to be coming in and making disparaging comments about my colleagues directly to me and trying to direct my interaction with my colleagues. I would ask that you direct the member to keep his comments to himself.

Mr. Yao: I saw the New Democrats – well, it was a member of theirs – come in to manage the situation. I gave her some advice that she should ask her members to – perhaps my language to her was a bit off.

Ms Ganley: Deeply inappropriate.

Mr. Yao: Well, I think the fact remains that, you know, we have a respectful workplace here. All your members need to abide by that as well and not be so aggressive.

Ms Ganley: I don't really think it's my members' behaviour that's at issue here, Member.

The Chair: Members . . .

Mr. Yao: Maybe we're referring to a member that . . .

The Chair: Member, we've had our back and forth. Thank you, Member, for bringing this up. I personally didn't hear this. I will ask that for the rest of the meeting we have some good decorum on both sides of the House and be able to move forward through asking. We are here for estimates. We are here to ask questions of the minister, so we will ask and focus upon the work at hand, the task at hand.

We have this paused, so thank you, Member, for attending as well for estimates. I will ask that you just introduce yourself for the record. I apologize. I missed that prior.

Ms Ganley: I apologize as well, Mr. Chair. I came in very briefly and was not expecting to have that happen. Kathleen Ganley, Calgary-Mountain View.

The Chair: Thank you. I appreciate that. I will not rule this a point of order, but thank you for bringing it up, Member. We will turn it back to the conversation at hand, Member Cyr, and we'll go from there. Thank you.

Mr. Cyr: I believe, Minister, you were in the middle of answering the question that I had asked, so if you wouldn't mind continuing, sir.

Mr. Neudorf: Thank you, MLA Cyr. I appreciate that. The last one and a half million dollars is for the remote area heating allowance. Delivery is often through sector federations to ensure efficient intake, safety compliance, and the cost sharing that stretches public funds while improving rural service affordability. This helps get support to those who don't have access to many of the conveniences that we have in larger centres, as you alluded to, where we have our natural gas system, where we have our electricity distribution system, and we have the efficiencies of higher technology and technology reach. We want to make sure that Albertans receive the highest benefits of our advanced society wherever they might live, and this helps them support that.

Some of these grants end up in extending and developing natural gas and electricity lines so new services are provided to those who didn't previously have them. Some are provided through support payments where, if they have to use, like, home heating oil, for instance, because they have no other fuel source for heating their homes, they receive a supplemental benefit to reduce the cost and further affordability. We continue to manage that. Obviously, as we're able to build out our natural gas line or electricity system line and they're able to transition away from higher cost, higher emitting fuels to lower cost, lower emitting fuels, then we can repurpose those dollars either in savings or addressing others who have been unable to receive help in the past. We continue to work on that. It's one of the programs that we're most protective of and proud of because it serves so many Albertans in our fine province.

Mr. Cyr: Well, thank you for that response, Minister. Now, again, when we're talking a program like this, it's always nice to hear of specific examples, if you would, of the funding that has gone out to some of these smaller communities. Would you be able to give us some examples of what the impacts to those little communities were?

Mr. Neudorf: Certainly. I do have to read this one. I wish I could memorize every single detail within my ministry, but there's a couple I need help on.

The rural gas program has built more than 142,000 kilometres of low-pressure pipelines and provided natural gas service for over 230,000 consumers, which reduces reliance on higher cost fuels such as propane and heating oil, although they serve a very needed segment of our population. This is where, when they get the natural gas line, they're moved onto other supports, and that money is repurposed in other areas. That's the gas program.

The rural electric program receives about 143 farm applications per year, which provides average grants from approximately \$3,866 with a maximum of \$5,250 per service. It supports modernization and safe, reliable farm power, which they utilize for so much of their food production.

Then the rural water program supports approximately 170 water utility co-operatives by funding mapping, best practice templates, and training that strengthens governance and technical capacity.

In 2024-2025 the remote area heating allowance supported more than 1,500 households.

Again, these numbers in some aspects, compared to our major centres, may appear small, but each one of these is a family. Each one of these is a proud Albertan, and we're very proud to support them because they do so much for supporting the economy within our rural communities and our economy within Alberta.

Mr. Cyr: Well, I know that I can speak for my area. I'm very thankful for this program being rolled out the way it has been. Now, you've been talking about what's going on in the last few years. What's your future thoughts on how this program is going to be rolled out, just to ensure that we continue on with this important grant?

11:05

Mr. Neudorf: A great question. The policy that's guided this ministry thus far is to maintain a demand-driven intake. Again, as I've mentioned a number of times, as we provide lower cost, lower emitting, longer term stable supports, be that natural gas or electricity, then those individuals and farms and families receive the support that way and we can repurpose those existing dollars to those that are now rising up the priority listing. Where previously they weren't in the highest need so they didn't receive that support, they can now receive that.

It's two-fold, making sure that it prioritizes those that need it most and that we prioritize such things as end-of-life replacement, making sure that we put a high priority on safety. We seek out underserved remote areas. Oftentimes land development is divided and new properties arise. Where there was one large one before, now there are multiple smaller ones. This is the natural ebb and flow of population growth and reconfiguration. We continually track the annual uptakes and outcomes through the administration of the federations that serve gas, electricity, and water, and we continue to work with them to optimize the service that we provide Albertans in rural areas.

Mr. Cyr: Thank you, Mr. Chair, and thank you for that answer, Minister. Building onto that, what are some of the challenges that rural Albertans face when it comes to utilities for '26-27? You've talked about the grants. What are you hearing through your ministry when it comes to utilities, sir?

Mr. Neudorf: Yeah. Another great question. Many rural gas, electric, and water assets are approaching end of life, and again these sometimes are buried assets. They network the vast frontier of Alberta, and replacement can be costly because they have to

make sure they locate all of these lines, make sure they dig them up safely, dispose of the old end-of-life lines, replace them with new, higher, and more advanced technology, and then refill those trenches for safety. Many other jurisdictions in Canada use power lines in particular that are above ground, but given some of our high winds and even some natural disasters like forest fires and wildfires, burying them provides us security and a lower cost of ongoing maintenance. We're pursuing efficiency and safety, and these things place pressure on these systems, so we continue to prioritize that to make sure that these lines are functional when they're needed and when demand is placed upon them.

And then low customer density can sometimes result in more line per customer and therefore higher per-site costs, and some communities still lack economic access to natural gas to provide stability. These are the areas that we focus on. We make sure that they have access to them because not only does it provide secure, safe, and healthy living for individuals and families and farms but also the potential to grow businesses. As we saw with the Nordegg pipeline, that expansion and the \$2.5 million that we spent on that in this last year will help that community seek out further economic drivers like tourism and support, definitely, heat during the winter and air conditioning and other benefits during the peak of summer as well.

That's how we utilize the prioritization and work through our different federations that monitor each of these significant areas. Those are some of the costs, and costs today are much higher than they were 50, 60, 70 years ago, when some of these lines were first put in the ground. We continue to work with our communities so they can provide the best services possible for their constituents.

Mr. Cyr: Thank you for that response. Thank you so much.

The Chair: Excellent. Thank you so much.

Member Al-Guneid, you have 10 minutes. Minister, Member: back and forth, block time?

Mr. Neudorf: I think we're going to go with block time at this point.

The Chair: Okay. Block time it is. Thank you, Member. Go ahead. You have 10 minutes.

Ms Al-Guneid: Okay.

The Chair: Sorry. Five minutes of speaking ; 10 minutes total.

Ms Al-Guneid: Okay. I'd like to start with the restructured energy market, or the REM, objective 2.1. The minister is authorizing the AESO to spend hundreds of millions of ratepayer – that's taxpayer – dollars to fund the REM. The REM's budget increased from \$36 million in 2025 to \$85 million in 2026. The strategic related initiatives increased from \$9.6 million in 2024 to \$103 million in 2026. The enabling of transformation increased from \$6.8 million in 2024 to \$100 million in 2026.

Oscar Wilde once said that bureaucracy is expanding to meet the needs of the expanding bureaucracy, Mr. Chair. That's a lot of money, so let's go to the basics on the REM. Through the Chair: does the minister believe this new market design will actually work? This is a yes or no. How confident is the minister?

The government cancelled plans for a financial day-ahead market in the REM. That might be the most baffling decision in the whole process. A standard day-ahead market would have created a predictable, reliable way for planning around the variability of

renewables and dispatchable generation. That's gas, demand response, and batteries. These are all performance indicators in the business plan on page 14. Instead, we get something industry has called again and again "bespoke," a more administratively complicated R30, and go with the reliability unit commitment. The AESO's own consultant, that's E3, described cancelling a day-ahead market as regrettable, given how it would address many of the reliability challenges facing Alberta with a proven concept. It sounds like a pattern here to pay expensive consultants through taxpayer money, and then ignore expert advice.

Through the Chair: does the minister believe the REM will work from a reliability perspective to achieve outcome 2 of the business plan? Does the minister believe that the market design is not too expensive? Does it deliver affordable energy for Albertans to achieve outcome 1 of the business plan? Can the minister actually confirm how much the customized software that will enable the REM will cost? Can he confirm if it's \$400 million? This number continues to circulate. How confident is the minister that the REM implementation will start early 2028 as per the AESO CEO, his announcement yesterday at IPPSA?

Through the Chair: does the minister believe that the REM is actually an investable market? We know that without revenue certainty over a long time to attract financing and with companies having weaker balancing sheets – are the minister and the AESO confident that lenders and equity investors are prepared to underwrite long-term power projects in Alberta? Yes or no? How confident is the minister and the AESO CEO? Who I believe is an investment banker, as well.

Mr. Chair, the fact that government Bill 8 that passed the last session makes a provision for a quick reversion to the old market rules in the event that the new REM does not work says a lot about the confidence that the minister and the government have in the REM. This provision does not inspire confidence. Maybe, after all, the government actually needs an insurance policy, and maybe that's why we have the provision once it defaults. Maybe.

The minister accurately mentioned that there is supply right now. Sure, thanks to Suncor's Base plant and Cascade, that had nothing to do with the current policy. Thanks to renewables: thank you, Rachel Notley, for the climate leadership plan that launched the renewables program, that's the REP program, and its contracts for difference, Minister, through the chair. That's how it works. You know, sometimes you make money and sometimes you don't, but we cannot miss the forest for the trees. It is supply that has saved us right now, and we've seen the near-blackout experience two years ago. It was thermal plants going down, too. Of course, breaking news: the sun doesn't shine at night and wind doesn't blow when it's -40. Like, there's nothing shocking here, It's about preparing the grid to handle supply . . .

The Chair: Excellent. Thank you. Member.

Minister you have five minutes in order to reply to her questions.

Mr. Neudorf: Thank you very much. Thank you very much for the questions.

I believe we talked about: do we believe that the REM design will work? Absolutely. Yes. That's why we're doing all this work. Then the member talked about the day-ahead market being cancelled. That's from direct feedback from the renewables industry who asked us not to proceed with that, but we are still proceeding with the day-ahead commitment market. I will ask at some point for the CEO of the Alberta Electric System Operator to come and speak to that.

11:15

In fact, we've got quite a number of quotes from industry that support the REM work. In fact, Mark Poweska, president and CEO of Enmax, has this to say.

The consultation process was open, collaborative, and constructive, ensuring that a broad range of perspectives were considered. We look forward to reviewing the details of the REM and to continued engagement with the AESO as the focus shifts to rule development and implementation of the new market.

The REM is modernizing Alberta's electricity market by unlocking signals for energy storage resources by bringing best practices from other electricity markets such as LMP, ramping reserves, and stronger price fidelity for flexible supply and demand; the qualities of energy storage will be more efficiently leveraged to help Alberta produce affordable and reliable electricity. That's Justin Rangooni, president and CEO of Energy Storage Canada.

Andrew Plaunt, the CEO of Kinetikor, says that it supports the government of Alberta's continued efforts to restructure the province's energy market, ensuring reliable, affordable power for Albertans. So we have tremendous support from industry.

The question was about: does REM provide reliability? Yes. Is it too expensive? No. It does couple, as I've said before, affordability and reliability as factors for the market.

Confirm customized software: I can't speak to that. That is AESO. I don't peddle in rumours. You'd have to ask AESO about their budgets.

REM begins implementation in 2027 through the transition phase and the switchover in 2028: yes, that is correct.

Is REM an investable market? Yes, I believe it is. We've talked to many investment industries across Canada, some of the largest in North America. They have all said yes. I will ask the AESO to speak to that as well. He is an investment banker.

The minister and AESO to underwrite our system: yes. How confident? We are extremely confident. That's why we're doing this work with industry.

The Bill 8 provision to revert: again, you always have to have two plans as we're working through the transition. This is just contingency planning, nothing beyond that. We have all the confidence that things will move forward.

You mentioned the renewable energy program contracts and differences in how it works and that it was a failure of two natural gas: yeah, that's true. But the whole basis of the industry was banking on 900 megawatts of wind that also didn't turn up. So that's the problem with that. You have to have a reliable supply. That is exactly why we're doing the REM, to balance intermittent supply, which we have a vast amount of, with reliability.

Why would you build battery storage if you don't need to have it to get your offer price? That's why we're adding the requirement that your bid is lowest price and most reliable, two factors that every generator in the market has the ability to meet, and they will continue to do so. This puts the investment strategy to require both of those attributes being brought to market, and that's to strengthen and firm the market. It will help renewables compete with reliability, and it will continue to keep dispatchable generation having to compete on price because they have a reliability inherent in their process. We'll continue to work with that. We'll continue to work with our investors.

A couple more comments, and then I'll ask Aaron Engen to come to the mic. On transmission, Gary Hart, president and CEO of AltaLink, says that "the updated direction sets a clear path for responsible transmission growth while prioritizing reliable and affordable service to our customers."

Aaron, if you wouldn't mind sharing a few of your thoughts on these questions as well.

Mr. Engen: Thank you, Minister. My name is Aaron Engen. I'm the president and CEO of the AESO. A couple of quick thoughts on the software platforms that we're engaging on. This platform that we're using: the most important one that will be driving the system is called a market management system. It's used all across North America and indeed more and more in Europe as well.

Every system has to accommodate the particular market it's in. In this case, unfortunately, it's not like a Microsoft 365 where we just pull it off the shelf. Every one of those has to reflect the transmission system, the asset mix in the province, so we're driving forward with that with the vendor on those. We engaged them 18 months ago, and we're limiting the scope of the work that needs to be done to ensure that we have . . . [Mr. Engen's speaking time expired] Should I cut it short here?

The Chair: Yeah. Unfortunately, we need to cut it short here and turn back.

Mr. Engen: That's fine.

The Chair: Thank you very much for coming to the mic. Greatly appreciate it.

MLA Yao.

Mr. Yao: I could allow AESO . . .

The Chair: Okay. I just need to know whether or not we're doing shared first, and then we can bring him back up to finish his answer.

Mr. Neudorf: We'll do shared time.

The Chair: Shared, then. Okay. Perfect.

If you want to come back and finish your answer.

Mr. Neudorf: I would invite the CEO of AESO to come back and continue to share his final comments.

The Chair: Excellent.

Mr. Engen: Thanks again. It's Aaron Engen – see, I'm getting better at this – President and CEO of the AESO. These software platforms are very, very large pieces, very complex algorithms and programs, and they have to be designed for each individual jurisdiction. To be able to get this to up and run properly when we go live with the marketplace, we did what's called minimum viable product. We shrink this down to make it the bare minimum we need to be able to run the system. We are confident that we'll be able to get to where we need to be to have the system running properly.

I also want to remind people as well when we think about the market that we're moving into, it is the common market across North America. We're actually modernizing the system. We're part of the Alberta system as it is today, and the way we run it is really out of sync with the rest of the world. It only pays people for one thing, electrons, and it is critical that the system pay people that can bring along support and reliability as well.

In terms of attracting long-term financing, having been in investment banking for 25 years and then having worked in energy infrastructure for that period of time, I am confident that investors will come. I have met with equity over the past couple of years, in particular institutional equity investors and debt investors across Canada and many from the U.S. as well. They're anxious to come to Alberta because it is an open market. It is an open access market, and people are able to invest without having to have a Crown corporation say "thou shalt invest" kind of model. The key thing here is getting finished with the REM redesign and getting finished with OTP as well. The two of those will be very helpful.

With respect to other advisers we've had with respect to investability in the marketplace, I think one of the entities, E3 – I'll just use their name – who we've spoken with as well and gotten advice from, is comfortable we'll be able to get there as well. There are many different paths to getting there, although we did drop the day-ahead commitment product along through the process. Again, that was through a lot of consultation with industry participants, in particular renewables folks who were unhappy about the prospect that they may have to pay for that.

Ultimately, end of the day, I think it's important we all remember as well that there isn't one particular perfect path. We have just to pick the best thing for the province and go with that, and it's a highly collaborative process. There are things that I would have liked to have seen happen, but ultimately, you're dealing with stakeholders, including generators, consumers, retail, commercial, industrial load, and battery operators. This is the best system that we can put together for the province. I'm comfortable it'll work. It'll do the job it's supposed to do.

Mr. Yao: Thank you so much for that. We all greatly appreciate that. Minister, again, that's certainly a reflection of you and your entire team in being efficient and effective and really trying to work as hard as you can for Albertans, so we greatly appreciate that.

My questions are just surrounding consumer protection, and if we have some time I might dive into the rate of last resort. Minister, again, consumer protection remains a vital part of Alberta's utility system, especially within the competitive electricity market that we have with so many retailers. Key objective 1.2 on page 11 of the 2026-29 Affordability and Utilities business plan highlights the role of the Utilities Consumer Advocate in helping residential consumers, farms, and small businesses understand their bills, resolve disputes, and participate in regulatory processes. As new technologies and pricing options emerge, keeping consumers informed is increasingly important. To the minister, through the chair of course: how is the ministry ensuring that the Utilities Consumer Advocate continues to provide strong protection education? What kind of oversight do you have on this office, how closely do you work with them, and what role do they exactly provide?

Mr. Neudorf: Great question. Thank you for that. Members of the ministry are directors within the Utilities Consumer Advocate to make sure that meetings take place and that they have the resources needed to speak to different rulings by the Alberta Utilities Commission. It is made up of members of the community at large to provide different perspectives from that community on how different rate considerations by the Alberta Utilities Commission could impact consumers of that product. We support them through some ministry to provide the funding and the ability to meet and provide that feedback. They work closely on many measures and many decisions, and they represent, like I said, a broad range of consumer interests across the market structure.

11:25

The rate of last resort within that was meant to stabilize against the volatility in the market that we were seeing in recent history. It set a two-year term that allowed for rate certainty, and then it provided those consumers the basis from which they could move at any time, with understanding of what they were purchasing, to other competitive contracts. What we saw at that time was many, many consumers who were on the regulated rate option, the RRO as it was previously named, did not understand what that rate was, that it was a volatile, fluctuating rate. They assumed incorrectly and

unfortunately that the "regulated" in the regulated rate option was a protection mechanism. It was not. So the new name, through industry feedback and contribution from the Utilities Consumer Advocate, was to raise consumer awareness and attention that they were on a volatile rate. That's why that was renamed the rate of last resort, which was intended to create some awareness and alarm that maybe there were better options.

The Utilities Consumer Advocate is the branch that is the contact point for any consumers who are concerned about the rate that they're on or have questions about the rate that they're on or don't understand what it means to be on that rate. The Utilities Consumer Advocate does tens of thousands of interactions every year helping customers talk about the options that they have, and that's why we've seen a tremendous amount of work of the UCA resulting in nearly 25 per cent of Albertans, or above that, switch from the rate of last resort to a more competitive rate that suits them. These individuals are from every jurisdiction across Alberta, every demographic and every income threshold, knowing that they have choice.

As was stated earlier, the rate of competitive retailers has fluctuated but averaging between 6 and a half cents and 8 and a half cents a kilowatt hour. The rate of last resort is slightly higher than that at just over 12 cents a kilowatt hour.

Mr. Yao: Fantastic. Thank you so much for that, Minister. I have to tell you that personally I appreciate the terminology that's used now, the rate of last resort. It really educated me, and quite honestly, many of my friends and acquaintances also mentioned that they appreciate that simple language, understanding the concerns around the different utility billing charges.

To that effect, when we look at performance indicator 1(c) of the business plan, it mentions that 56 per cent of residential households were on competitive contracts in 2021, but in 2025 that number had grown to 78 per cent of residential households. I guess from that we can decipher a bunch of numbers. Like, I'm assuming there must be still a lot of residences that continue to be on the rate of last resort, but what stirred this increase in people choosing competitive contracts? Was it something as simple as using that terminology? Can you explain what your ministry has discovered and how more people have addressed their contracts with their electrical providers?

Mr. Neudorf: Yeah. Appreciate that. At the time many, many Albertans, nearly 750,000 Albertans, were on the regulated rate option, and they were subject to, because it was a floating rate, the price spike in August of 2023 where the cost of electricity generation went up to 33 cents a kilowatt hour, and then many of them saw their bills triple or quadruple due to that. They had, like I said earlier, incorrectly or unknowingly assumed that the regulated rate was a protection mechanism when it really wasn't. Many individuals just due to longevity, having been on this rate for a long period of time, did not know that they were at risk of that volatile pricing. So we worked with many of them. Obviously, the consumption of power and the bill comes later. They had no option but to pay that bill because they had utilized that electricity, and they didn't know they were vulnerable. The priority at that point in time was protecting Albertans, helping them understand the rate that they were on, and providing them options to provide stability against that volatile nature.

The Chair: Excellent. Thank you so very much, Minister and Member, for those questions.

Member Al-Guneid, you're up. Excellent. Minister and Member, back and forth or block time?

Mr. Neudorf: Block time, please.

The Chair: Block time. Perfect.

Member, go ahead. You have five minutes of your 10-minute block.

Ms Al-Guneid: Yeah. Thank you, Mr. Chair, and thanks to the minister for sharing the quotes. I also invite him to look at, still on the restructured energy market, the ARC Resources report, Bennett Jones law firm, that's calling it needlessly complex and expensive. I would love still a number from Mr. Engen on the software. I'm sure there are some quotes right now.

I want to be clear. You know, the REM includes locational marginal pricing, LMP. LMP has been implemented successfully in larger, more liquid, and bigger markets, Mr. Chair. However, Alberta's market is relatively small. Our market is a bit of an island. It's a small market. Too much noise right now. Expert reports have warned that "implementing LMP in a market of Alberta's size could create significant basis risk and liquidity issues, which would deter non-recourse project financing and drive up the cost of capital." Can the minister confirm if he's confident that LMP will work in Alberta's market? Yes or no?

The LMP raises critical questions around financeability, particularly for renewable and single asset developers. The transition from that single clearing price to LMP has been identified as a challenge for renewables. I appreciate that other features have been adjusted. You know, this is performance indicator on page 14.

For the record it's not like I have a problem with LMP, Mr. Chair, as a solution. It is a feature that other markets use successfully. The problem here is the compounded effect of this along with targeted policies by the UCP government against renewables: the moratorium, the pristine viewscapes, the 35-kilometre buffer, the 30 per cent upfront security requirement that no other sector has, the proposal of \$15 per module on recycling fee. I appreciate that the minister supports roof solar, but this is not going to happen with this amount of expense up front from developers.

Does the minister know that the corporate renewables market is almost nonexistent in the last three years? Can he share with us how many power purchase agreements have been signed? Have offtake agreements been signed for any new generation from any technology, including gas generation, since 2023? I appreciate we have supply right now, but we need to think long term, 2030, 2035. The decisions need to happen right now. Turbines and gas plants need minimum five years for them to happen. With the uncertainty in the market it's very hard for companies to make these decisions.

I want to touch on carbon intensity in the REM, Mr. Chair. The concept of emissions reduction seems glaringly missing. The word "emissions reduction" is not even mentioned once in the business plan. However, I do see that performance metric 2(b) in environment is all about GHG emissions in Alberta's electricity system. In 2025 the average carbon emissions intensity was .39 tonne carbon dioxide equivalent per megawatt hour. That's a decline of 5 per cent compared to 2024 and 52 per cent lower than in 2015. The carbon emissions from electricity generation have fallen significantly in recent years as coal assets have been retired or converted to gas. Of course, renewables generation increased, again, thanks to Rachel Notley's government's climate leadership plan for the 52 per cent reduction in carbon intensity off the 2015 base.

Can the minister explain: how does the REM help the government achieve the Premier's aspirational goal of carbon neutrality by 2050, especially since the REM does not include decarbonization objectives anymore? Does carbon intensity even matter in this REM design mentioned in objective 2.1?

11:35

Through the chair, what are the minister's specific steps to actually reduce emissions from the grid? Are there staff on this? Are they working with other departments? What are the actual quantifiable steps that will help reduce emissions from the grid, especially as we saw that CCUS hasn't been implemented in electricity? We've seen the cancellation of the Capital Power project a couple of years ago. So, yeah, carbon intensity seems to be glaringly missing. It wasn't even in the minister's opening remarks, so I'm curious: why is this objective missing completely from the REM and from the business plan?

Thank you.

Mr. Neudorf: Thank you for the questions. I will again, towards the end, have the CEO from the AESO come and speak to further technical details, particularly about the LMP.

I appreciate that the member does acknowledge that these LMP have been successfully implemented in other markets all around the world, particularly in North America. We believe that we can also successfully implement it here. Locational signals are significant in that. It is one of the tools that the market participants made us aware of when we first came into the ministry, that the locational signals meant within our energy-only market were not working. How they were not working is that it adds tremendous cost to the ratepayer because it's inefficient in design. We get overbilled in certain areas, and we get congestion, and the only way out of that is further investment through transmission at extremely high rates.

That is why we are working on many of the signals, the transmission regulations, and other market structures, including LMP, to make sure that location does matter and that we save the cost from the ratepayer in every case that we can and that we're doing the most effective, most efficient, most optimized planning in areas that we can. Yes, again, we have talked to many investors across North America, and they agree that if we do it correctly – granted, it does have to meet the Alberta market and the Alberta context – with industry participation, which we're engaging with them in hundreds and hundreds if not thousands of hours, we will get it right, and we'll be able to successfully implement it and have locational signals that serve Albertans, Alberta businesses, and Alberta ratepayers to the best benefit.

Financeability: again, it is an added challenge to add LMP, but, again, location matters, and it should matter. That's how you develop a system. That's how you optimize builds and make sure that you get the best bang for the buck. Every investment platform is also looking for that. They're looking for an ROI. Why invest in an area where there is no return to that? That's why a locational signal that is aligned with the market will help them invest in areas where they can realize the greatest rate of return by producing the greatest benefit to the ratepayers in that area, and that's what we're continuing to do.

Some of the other comments were more comments than questions. Questions about viewscapes: I will note that California, one of the most progressive markets in North America, also has viewcape bans. They do not want offshore wind turbines within five miles of their shore because it would detract from their tourist industry and the beautiful viewscapes that they share there. Other regions around the world also consider those to protect significant areas of heritage, culture, and beauty, and we do that for Alberta. There are many, many, many other regions where they can fully utilize the system within Alberta without impacting tourism and trade, and they can continue to do that.

The question about corporate renewable markets and purchase agreements or contract agreements: that's private information that

they have no requirement to provide to us. We don't have that information.

Ms Al-Guneid: It's public.

Mr. Neudorf: If it's public, then you have the answer, so I'm not sure why you're asking here.

Carbon intensity emission reduction. Again, we continue to work towards that. I spoke to it earlier about the incremental improvements as we allow for old technology come offline and new, higher efficiency technology come online. It is one of the greatest failings of the clean electricity regulations of the federal government brought in, and they acknowledge that it is counterproductive to their end goal, which is reducing emissions, because it does not allow for major investment with long lifetimes to begin. Many of our industry representatives from natural gas generation would support that. Our government continues the TIER program, the technology innovation and emissions reduction, under the Ministry of Environment and Protected Areas.

While the member likes to praise the former Premier under the NDP for all of their renewable energy program, they continually misrepresent the actual cost to Albertans, \$2 billion for off coal. We still pay nearly \$100 million a year to pay for that. We are quite literally paying not to generate thousands of megawatts. It also led directly to the lack of reliability. We are thankful that supply came on in the last few years by private industry. Neither your government nor ours were responsible for that. Your government was responsible for the dearth, for the lack, of that reliable electricity by removing coal without an appropriate response, and it didn't allow for the time to build that response, which is why we saw those prices spike.

Albertan taxpayers had to pay, and then Alberta ratepayers had to pay. They . . .

The Chair: Thank you, Member. Thank you, Minister, for those.

Member Petrovic, I believe you are up. Back and forth or block time?

Mrs. Petrovic: I'm hoping to share time if the minister is okay with that.

Mr. Neudorf: I'm happy to do that.

The Chair: Shared time. Excellent. Ten minutes on the clock. Nobody can speak longer than five minutes.

Mrs. Petrovic: Thank you, Chair. Minister, I understand that you are in the middle of kind of answering a question, but before you go on and finish that, I think it ties into some of the things that I'd like to ask you about today. As you know, in southern Alberta, especially in Livingstone-Macleod, we do have a significant number of what I like to call intermittent energy installations. I know the members opposite said that the wind doesn't blow when it's minus 40. I welcome you to southern Alberta in March during a snowstorm. The wind does blow when it's minus 30, minus 40 down south. We can predict when the sun is going to shine and when the wind is going to blow; however, we can't make the sun shine and we can't make the wind blow. Just want to put that on record there.

Noting that, I was with a few of my rural municipal councils last night, and they just wanted to say that they are extremely happy with the direction that your ministry is going when it comes to, quote, unquote, renewable energies and the moratorium, the viewscapes, and the setbacks along with it. We have a lot of farmers and ranchers down in that area, and I know that they get really upset

when you call them wind and solar farms because they're not really raising anything except for the price of electricity when it comes to transmission.

That being said, I note on page 35 of the government estimates that on line item 4.1 it allocates \$67.65 million to the renewable electricity program. Through the chair to the minister: can you explain the purpose of this program, how it operates, and why it represents such a significant cost to Albertans this fiscal year?

Mr. Neudorf: Thank you. Thank you, Member. I appreciate that. I very much appreciate your advocacy and many of your stakeholders being involved in this. They should have the ability to share what they want to see in the community where they live, and making sure that they have that right before regulators that govern is something I'm very proud of, that we increased their ability to have standing before that regulator.

You're correct. The renewable energy program came into effect in January 2016, and it was jointly implemented by Energy and Minerals and AESO under the time and had three successful rounds of procurement before being discontinued due to meeting the objectives of demonstrating renewable electricity was financially viable in Alberta without government subsidies, but those projects still remain. There are eight of them, and they are operational under that renewable energy program.

Budget 2026 provides \$67.7 million for the REP, representing approximately 44 per cent of the ministry's total budget. The REP has generated more than \$217 million in government revenue and incurred \$63.6 million in expenses since the beginning of the program up to March 31. The challenge is that it's inverted to many of the objectives that we have here now, which is low affordable electricity that's also reliable. When we drive those prices down through a market that is working, it is beneath the strike price of those contracts, and therefore the taxpayer has to pay the difference between the low price and the price they contracted with through the AESO for the government of Alberta at the time.

Future costs and revenues associated with the REP projects are highly dependent on the wholesale electricity market, but given that we have been so successful in supply at this point through the private investment within the market, it is projected that those low prices will result in taxpayer payments for many years to come. It is only when electricity prices go above that contract price that those generators would remit into the province. In some ways some could characterize that renewable energy program as both creating the problem and trying to solve the problem but leaving a remaining problem nonetheless as it continues to either cost ratepayers through high costs or taxpayers through low costs. It's not something that we're able to break. Those contracts are long and binding, and breaking them would likely result in hundreds of millions of payments by taxpayers, which is not efficient use of their dollars at this time.

11:45

Mrs. Petrovic: Perfect. Well, thank you for that. You answered my question about the potential of cancelling those.

Moving on, just when I was chatting with a lot of my councillors last night, they wanted to talk about, I guess, reliable and not intermittent energy. The topic of nuclear energy came up, and one individual became extremely excited about it. He worked in oil and gas for a long time and now works in, I think, one of the most beautiful ridings in the province, so I know that he balances kind of both of those areas. To hear him talk and have that excitement about nuclear energy: I just wanted to bring that up with you today. We know that the electricity demand is rising and we have to find a way to meet that rising demand for years to come.

I'm pleased to see that you've kicked off the public engagement on nuclear energy last summer because I think it's an incredibly timely conversation for our province to have. That being said, I see on page 13 of the business plan key objective 2.3 says the ministry's goal is to implement a nuclear road map for our province. To the minister through the chair: what role will nuclear energy play in Alberta's future energy mix?

Mr. Neudorf: Again, thank you for that. It is one of my favourite topics as well, but I will say at the outset that the very first thing that we want to do and are doing through the engagement panel is listening to Albertans. We want to make sure Albertans want us to pursue this, and they do have very many legitimate concerns and questions about nuclear safety. We're very fortunate within Canada to have a nuclear industry that began over six decades ago in Ontario with no significant accidents having occurred in that entire time frame. They've been able to provide reliable, non-emitting, sustainable electricity at a relatively low cost for decades. It is the workhorse in Ontario. We have tremendous, world-class regulators operating to govern that sector. The federal government has the jurisdiction to govern the nuclear generation industry and Alberta would come under their purview, so this isn't Alberta going on their own. This is working with the federal government to make sure that we have sustainability and correct procedures. You have to do protection around waste. You have to do protections around access to fuel sources.

There are many other exciting possibilities about nuclear technology that I'll get to in a moment, but you're absolutely correct. With demand for electricity continuing to increase – and even the opposition was just questioning about emissions reduction and the plan for that – nuclear, at this point in time globally, fills many of those requirements. As one part of the energy mix balance that we're looking for we think it can accomplish much of that. It is marginally more expensive than wind and solar or natural gas or any other source, but again, it is dispatchable, it is reliable, it is dependable, and when the costs are amortized over 100 years, which is typically their life expectancy, that cost is relatively competitive.

On top of that they are able to provide many jobs. In Ontario they have now been considered an economic factor as well as an energy provider. A typical nuclear generation facility in Ontario would employ somewhere between 2,500 and 3,500 individuals during daily operations. That's a significant number of jobs for some of our areas. They do so in a way that is responsible and predictable and makes lives better for Ontarians as well as Canadians.

One of the most exciting potential benefits of nuclear is medical isotopes. The Ontario government, through their nuclear generators, have worked with many First Nations in joint ventures to pursue medical isotopes that are used for sterilizing single-use surgical equipment, treating different forms of cancer to extremely high success rates, and this provides additional jobs and additional benefit that many of the First Nations in Canada and Ontario appreciate because they have energy security, economic security, jobs, and they're helping save lives globally as well as minimizing the impact to the environment.

We look forward to that. We look forward to talking to Albertans and them having provided us feedback so we can build a road map to see when, where, and how nuclear might be able to fit that blended energy mix in Alberta's future.

Mrs. Petrovic: It's great. I appreciate that it's a little bit more complex than a bad episode of *The Simpsons*, so thank you for that explanation to know the amount of jobs that it can provide. I really appreciate that. I know we're getting short on time, but to the

minister through the chair, when can Alberta begin to see nuclear energy investments?

Mr. Neudorf: Yeah. That's again a great question. We'll continue to work. The engagement panel will come back with a report in the next month or two, and that will advise us on our next step. We hope that we would be able to provide a nuclear road map for the province of Alberta maybe before the end of the calendar year, and we continue to collaborate, listen to Albertans. We put them first and their priorities and needs first. Then from there we'll see where private investments come to our province. We can open the door, and then we can wait for someone to walk through it, but very excited for that future.

The Chair: Excellent. Thank you very much, members, for that. Excellent.

Member Schmidt, you're up. Minister and Member: back and forth, or block time?

Mr. Neudorf: Block time, please.

The Chair: Excellent. Block time it is.

Mr. Schmidt: Shocking. I just want to correct the minister on the cost of nuclear energy. He said that it was marginally more expensive than other sources of energy. What he meant to say was that it's massively more expensive, at least three times as much as any other source of electricity, so if the minister thinks that renewable energy program was expensive, wait till he inflicts nuclear power on the ratepayers of Alberta.

I noticed that the minister avoided answering the questions around carbon intensity that my colleague asked, and it's really important that we get a clear answer from the minister on this because the memorandum of understanding is built on a pathway to net-zero emissions in the electricity sector by 2050. So what work is the ministry doing on TIER specifically for the electricity sector, and what is the pathway to net zero by 2050 for the electricity sector? If it's not nuclear, if it's not carbon capture and storage, if it's not renewable energy, how are we going to get to net zero by 2050? If we can't, does that put the memorandum of understanding for a new pipeline at risk?

I want to go now on to this issue of the ministry's work that supposedly supports food affordability in the province. Can the minister specifically explain what full-time positions have done how many hours of work doing what specifically looking at the issue of food affordability? All we've heard the minister say today and in their annual reports in the past is that the work that the ministry does is to support the work of other ministries. I'm curious to know in detail what that means. Does "support" mean moral support? Are you offering thoughts and prayers to other ministries who are actually doing the work of trying to make life affordable? Are you doing data analysis? Are you preparing briefs for other ministers? Are you looking at cross-jurisdictional comparisons? What specifically on the issue of food affordability, aside from looking at the cost of utilities, has this department done in this fiscal year or will it do in the upcoming fiscal year specifically related to food affordability?

Now, housing affordability is another key issue. I'm also curious if the ministry could elaborate on what specifically it's done to collaborate with the ministry of seniors, community, and social services on the creation of affordable and attainable housing. The minister has talked about the cost of housing and the great work, apparently, that that ministry has done. How do we know that the work that the Affordability and Utilities department has done has contributed in any way to that?

And then an easy one to wrap this up. I noticed that the ministry reports on the total number of visits to something it calls the affordable advice for life website, and it had a shocking 5,341 visits in 2024-25. Can the ministry provide an update on the number of visitors it's had to date in this fiscal year? Are there any metrics for visits that it hopes to achieve in the upcoming fiscal year? Is the ministry satisfied with the number of visits to the affordable advice for life website? If not, what has the ministry done to increase engagement with that website?

Could the ministry clarify exactly how it measures engagement with that website? For instance, is that 5,341 unique users, or is that repeat users compared to new users? Can the ministry tell us what the cost was to develop and the ongoing costs to maintain that website? What additional measures has the ministry implemented to help educate people on ways that they can make their life more affordable aside from the Utilities Consumer Advocate? I would put to the minister that 5,000 visits to a website that talks vaguely about affordability: probably not the most effective way to enhance affordability here in the province of Alberta.

11:55

Now I do want to go on to some specific policy issues. He's continued to point to other ministries like service Alberta and agriculture. What specific data analysis has this ministry done on any kind of potential policies to make food more affordable in this province aside from utility costs? If the minister has any reports or data analysis, can he share that with the committee? I'm looking forward to something more detailed than collaboration, supporting, these vague statements that indicate that people are busy at work. Show us your actual work.

The Chair: Excellent.

Minister, we have three and a half minutes left in the meeting, and you have the last three and a half minutes.

Mr. Neudorf: Thank you very much. I will do so by saying something I absolutely believe. The most effective measure that we can do for affordability of Albertans is ensure that the NDP never get elected again. That member was part of a failed government.

Mr. Kasawski: Point of order.

The Chair: Sure.

Mr. Kasawski: Chair, I've noticed through this budget deliberation that we're trying to ask questions from the budget, and whenever it comes up, the minister takes a shot to bring in partisan or ideological perspective on something where we're talking about the qualities of electricity and utility system, which is reliability, affordability, being carbon neutral by 2050. I just ask, through you, that the minister stay on track.

The Chair: Member Cyr.

Mr. Cyr: Thank you. Well, this is a matter of debate. Clearly, I would say that when we're in this meeting, we've heard repeated, I guess, references to our government in negative ways. Fair enough.

There's criticism, and that criticism goes both ways. They don't like it when the minister is responding back with equal criticism, and it's a shame that they can't take it. Like, our government is willing to own up to our mistakes. They're not willing to on theirs.

Thank you, Mr. Chair.

Mr. Yao: If I could just add, Chair, the members across the way are invoking the memory of Rachel Notley repeatedly and all the great things that happened under her government. If there's anyone who's invoking partisan politics in this, it is the New Democrats across the way. It's not a point of order. It's a matter of debate. Yeah.

Ms Chapman: Sorry, Mr. Chair. Is this a story hour now, where all of us are going to get to chime in?

The Chair: We'll turn it back over. I gave you two opportunities. Member, you can quickly wrap up.

Ms Chapman: I actually would like to hear the minister's answer to the question if we could wrap this up.

The Chair: I appreciate that.

We are going to call this not a point of order. I think it's a matter of debate right now.

Minister, you've got another minute to wrap up your questions, and then we're out of here.

Mr. Neudorf: Thank you. Appreciate that, Chair. This member is an experienced member, and he knows that mandate letters set the direction of government. They set the direction of ministries. Continually questioning how my ministry somehow subverts the authority of all other ministries or doesn't support the other ministries is just categorically untrue. Our ministry works with every other ministry to make sure that they achieve their objectives. It is clearly stated in the mandate letter that they are to take the lead. We provide that support through all of our ministry's incredible workers. I would like to thank the department for all of the public service staff, just as the initial member from the opposition did. They do a tremendous amount of work.

I'd also like to do something the NDP didn't do: respect the private industry of all investment within the sector across Alberta. They're what makes Alberta great, those businesses, not government direction or failed policies like the NDP, which drove out business, drove out investment, and practically destroyed the economy of Alberta.

The Chair: Well, that wraps up our committee meeting and the allotment for consideration of the ministry's estimates. That is concluded.

I would like to remind committee members that we are scheduled to meet this afternoon at 3:30 p.m. to consider the Ministry of Environment and Protected Areas.

Thank you, everyone. The meeting is adjourned.

[The committee adjourned at 12 p.m.]

