



Legislative Assembly of Alberta

The 29th Legislature
Fourth Session

Standing Committee
on
Resource Stewardship

Alberta Recycling Management Authority
Independent Power Producers Society of Alberta

Tuesday, September 25, 2018
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Fourth Session**

Standing Committee on Resource Stewardship

Loyola, Rod, Edmonton-Ellerslie (NDP), Chair
Drysdale, Wayne, Grande Prairie-Wapiti (UCP), Deputy Chair

Babcock, Erin D., Stony Plain (NDP)
Clark, Greg, Calgary-Elbow (AP)
Dang, Thomas, Edmonton-South West (NDP)
Fildebrandt, Derek Gerhard, Strathmore-Brooks (FCP)
Hanson, David B., Lac La Biche-St. Paul-Two Hills (UCP)
Horne, Trevor A. R., Spruce Grove-St. Albert (NDP)*
Kazim, Anam, Calgary-Glenmore (NDP)
Kleinstauber, Jamie, Calgary-Northern Hills (NDP)
Loewen, Todd, Grande Prairie-Smoky (UCP)
Malkinson, Hon. Brian, Calgary-Currie (NDP)
Nielsen, Christian E., Edmonton-Decore (NDP)
Nixon, Jason, Rimbey-Rocky Mountain House-Sundre (UCP)**
Panda, Prasad, Calgary-Foothills (UCP)
Payne, Brandy, Calgary-Acadia (NDP)***
Rosendahl, Eric, West Yellowhead (NDP)
Schreiner, Kim, Red Deer-North (NDP)

* substitution for Erin Babcock

** substitution for Prasad Panda

*** substitution for Brian Malkinson

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Jeanette Dotimas	Communications Consultant
Tracey Sales	Communications Consultant
Janet Schwegel	Managing Editor of <i>Alberta Hansard</i>

Standing Committee on Resource Stewardship

Participants

Alberta Recycling Management AuthorityRS-896
Doug Wright, Chief Executive Officer

Independent Power Producers Society of AlbertaRS-900
Evan Bahry, Executive Director
Daniel Jurijew, Chair

9:30 a.m.

Tuesday, September 25, 2018

[Loyola in the chair]

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

My name is Rod Loyola, MLA for Edmonton-Ellerslie and chair of the committee. I would ask that members and those joining the committee at the table introduce themselves for the record, and then I'll call on those joining via teleconference. I'll start here on my right.

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

Mr. Nixon: Good morning. Jason Nixon, MLA for Rimbey-Rocky Mountain House-Sundre.

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

Mr. Hanson: Dave Hanson, MLA, Lac La Biche-St. Paul-Two Hills.

Mr. Clark: Morning, everyone. Greg Clark, Calgary-Elbow.

Mr. Dang: Good morning. Thomas Dang, MLA, Edmonton-South West.

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

Mr. Horne: Good morning. Trevor Horne, MLA for Spruce Grove-St. Albert.

Mr. Rosendahl: Morning. Eric Rosendahl, MLA, West Yellowhead.

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

Mr. Koenig: Good morning. I'm Trafton Koenig with the Parliamentary Counsel office.

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

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

The Chair: I will now go to those joining us on the phone. I understand that we have . . .

Ms Kazim: Anam Kazim.

The Chair: Okay. Thank you, Ms Kazim.

I understand we also have Ms Payne. Ms Payne, can you please introduce yourself for the record?

Ms Payne: Hi there. Yeah. It's Brandy Payne, MLA, Calgary-Acadia.

The Chair: And also Mrs. Schreiner.

Mrs. Schreiner: Good morning. Kim Schreiner, MLA for Red Deer-North.

The Chair: Okay. I'd like to note for the record the following substitutions. Mr. Nixon is an official substitute for Mr. Panda, Mr.

Horne is substituting for Ms Babcock, and Ms Payne is substituting for the Hon. Mr. Brian Malkinson.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard*. Committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

A draft agenda for this meeting was distributed. Does anyone want to or wish to propose amendments? Please go ahead, Mr. Drysdale.

Mr. Drysdale: Yes, Mr. Chair. I'd like to add an item in number 5, other business, if I get the chance.

The Chair: Okay. And what would you like to add there, sir?

Mr. Drysdale: A Trans Mountain pipeline discussion.

The Chair: Okay. Just for clarification for all members, Mr. Drysdale has proposed adding the topic of the Trans Mountain pipeline to section 5, under other business.

Anybody else have any proposals to change the agenda?

Mr. Nixon: Mr. Chair.

The Chair: Yes, Mr. Nixon. Go ahead.

Mr. Nixon: I do, too. I have a motion I would like to discuss in other business as well in regard to an economic impact study.

The Chair: And you say that you have a motion?

Mr. Nixon: Yes.

The Chair: Okay. Since we have amendments to the agenda, would anybody like to . . .

Mr. Hanson: Chair.

The Chair: Oh. Sorry.

Mr. Hanson: I'd also like to get on the list, sir, for a motion.

The Chair: What would you – what's the topic of the motion?

Mr. Hanson: To discuss other pipeline routes.

The Chair: Any other changes to the agenda?

Mr. Loewen: Yeah. I would like to bring forward a motion to invite some other groups to come to the table to see us here at Resource Stewardship.

Mr. Dang: Mr. Chair.

The Chair: Yes. Go ahead, Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. I was just wondering. It sounds like a few of these items might be related. Can we just get some elaboration on what they may be about, if we don't have to address three different items, maybe? It sounds like they may all have similar topics.

Mr. Nixon: On behalf of my caucus colleagues, they're not. Maybe one motion may be related to another – it would depend on what the committee decided – but the other ones are not related at all. I'm happy to discuss if we want to move to other business now, but I think we have some stakeholders that are waiting. I mean, we're

trying not to interfere with the first part of the agenda, Mr. Chair, but we're happy to discuss the content, obviously, when we get to that opportunity.

The Chair: Okay. Any other changes to the agenda?

Seeing none, would someone like to move the agenda as amended? Mr. Nixon. Okay. Just a reminder: I like to call for all in favour and then all opposed, and I consider the people on the phone as well. So if you're on the phone and you're in favour, please just say so at that time when I ask. All in favour? Opposed? Okay. That motion is carried. Thank you.

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

Mr. Rosendahl: So moved.

The Chair: Thank you. All in favour? Any opposed? Okay. Thank you. That motion is carried.

The next item on our agenda today is presentations. Both the Alberta Recycling Management Authority and the Independent Power Producers Society of Alberta have accepted our invitation to attend today and provide us with information about their organizations and mandates. Although these presentations do not form part of an inquiry, I am confident that a lot of information will be shared on the record today for the benefit of the committee and all Albertans.

I would now like to invite our first group of presenters, representing the Alberta Recycling Management Authority, to join us at the table today. While they are getting set up, I would note for committee members that 10 minutes have been set aside for each presentation, which will be followed by questions from committee members.

Do we have everyone from your team, sir?

Mr. Wright: Oddly enough, yes.

The Chair: Okay. Just wanted to make sure.

Mr. Wright: No. That's fine. I appreciate that very much.

The Chair: Please introduce yourself. You have 10 minutes, sir.

Alberta Recycling Management Authority

Mr. Wright: Thank you very kindly. I will endeavour to stick to that 10 minutes because I appreciate your very busy schedule and appreciate the opportunity to come here. Certainly, first explanation is apologies on behalf of our chair, Caroline McAuley, who's also the mayor of the town of Vermilion. As life would have it, today we have not only a board meeting, which is under way right now, but our annual general meeting this afternoon, and she would not allow in any way for this opportunity to be passed up. That's why I'm here alone and will endeavour to provide the information that she would have done a better job of providing. That's it. I'm Doug Wright, CEO of Alberta Recycling.

I will be brief. We have the three programs we manage. Normally this is quite a bit more of an extensive presentation, but we wanted to first just come and introduce ourselves. The organization is unique. There are three of these organizations called delegated administrative organizations, where we're, in effect, independent of government. We're set up as a not-for-profit under the Societies Act, but our mandate comes out of legislation and regulation. The base of it all is to have recycling paid for through user fees, not through the tax base. That's, in a very brief summary, how we came

into being. There are ourselves, the Beverage Container Management Board, and the used oil board, which is being transferred or the program is being transferred to our organization effective October 1 as a result of the government's agencies, boards, and commissions review.

Here we go. Thanks. Very briefly, here is how we operate this organization. What we do is to manage money. We have no regulatory authority. We have the authority to collect the environmental fees and manage them in fulfillment of the recycling programs. So we are not a regulatory agency in any way, and that originates in the act, section 9. The regulations actually designate the materials – tires, electronics, paint – and designate the fee that can be collected or must be collected on the sale of those products. It also prescribes very broadly how the management of our organization can use those funds, where they can spend them, all the way from, of course, core activities like collection and recycling to research and development in support of it, market development, public information and communications. We're given a pretty broad mandate in terms of how that money can be spent.

9:40

I'll say right now that right from the beginning our lifeblood has been accountability and transparency. We endeavour at every turn to provide solutions, not create problems, and in the 25 years plus we have been in business, I don't think we've ever really created – knock on wood – a problem for the government. So I think we work very, very hard to fulfill the environmental mandate of the government in our little corner of that world.

We have an environmental mandate. The board has captured it. It simplifies down quite a bit. The fundamental purpose is to recover all the program materials once they hit end of life anywhere in Alberta – that's a key element – and ensure that the program is cost-effective and financially sustainable.

We also have a core goal dealing with public awareness, and really that's what drives it. If our programs are going to be successful in recovering all the electronics and paint and tires, Albertans have to support it, they have to be aware of it, and they have to have a place to take this material to. It's very nuts and bolts, but what drives our programs' success – and this is pointed to often when compared to programs in other provinces of a similar nature – is the strong relationship we have built with municipalities to serve the public and to provide them an effective way that's accessible, convenient, well run, that they can know they can get rid of their materials for recycling and be confident of that.

This is a brief history. You can see tire recycling in '92, electronics in 2004. That was quite a transition, to go to what we now call multimaterial stewardship from just a tire program. It changed our board structure and everything, but I'll save that detail. Paint we took over in 2008. Used oil, which started in 1997: as I said, the transfer is nearing completion, effective October 1.

If this was one of our lengthier presentations, I'd now dive into something on each of the programs that, both in terms of information and pictures, would show how this whole process works, from collection through processing to recycling, and how those products can come back into the community. That's what the 10 minutes spares you. I know I did bring along another slide, another chip, which, of course, isn't going to be used, with a lot of the pictorial things. There are some very effective relationships and projects with municipalities that we like to demonstrate.

Our mandate really distills down to simplicity. There are four things in Alberta that I think make our program successful, and it starts with – there's going to be a bit of terminology, a buzzword – what we call stakeholder stewardship. Nowadays, more recently, in programs across the country it's called EPR, extended producer

responsibility, and the programs are run totally by industry. Our board – and I'll show you in a minute – has municipalities, environmental groups, industry, so we have a broad base of expertise fuelling our decisions, and I think that's very key.

Again, multifaceted municipal partnership: there are different elements of that, and it truly is one of the foundations of our success. Public support and participation, in brackets: that's use of the program and the collection at work. I've touched on that. And our effective government oversight, which starts with our legislated mandate.

I won't go into a history. Our regulations are a little different than these more recent ones because we started before some of these trends coming out of Europe. Our regulations are more prescriptive. They set the fees. A lot of what happens now in other programs is that that's done through a management report, a business plan, working with the department. That's one of the elements we'll get here. Nonetheless, Alberta's legislative regulatory framework around these programs is tighter, requires more accountability, and is, on that basis, better. You probably don't hear an awful lot where people say that regulation is good, but if you get it right, it makes these things work because you've got money that starts in regulation that doesn't flow directly through the government decision-making process, and that's critical. Well, it's very unusual, and you don't want it abused.

Here are our board members. You can see on the left the organizations they represent, and on the right you can see, actually, the regional distribution throughout Alberta. I won't go through it in detail. This is different in Alberta, and there's a move to change away from this. With longer time I would give you more arguments about why I think that's not a good idea, but we'll get to that.

Here's sort of a characterization of the municipal relationship. You can see: 450 collection sites. Municipal projects: we've put about a million dollars a year into projects where recycled products come back into community projects, again trying to build a relationship with municipalities. I just saw that on our board and on what we call our industry councils they really are part of our recycling champions and make us work.

Here's some of the public awareness and support we engender through these projects.

This is why I'm here, in a nutshell. As I mentioned, our legislative mandate, our regulatory framework, is a foundation for our success. But as fate would have it, it's also creating a barrier to future success because I think it's overly restrictive. All four of the programs, including the used oil one we're adopting, need to change things about the programs to keep them flexible, to allow them to adapt to changing market conditions and things like that. They require regulatory change because, as I say, with these regulations in Alberta, we were the first out of the box in tires, we were the first out of the box in electronics in Alberta and across the country, and our regulations are tighter. We need them, hopefully, to be changed.

There are eight different regulations that have evolved over time. A couple of years ago Alberta Environment started a very good initiative to look at consolidating and streamlining and simplifying those into one. That sort of got derailed with other pressures, so we really want, working co-operatively with Alberta Environment, who we have a very good relationship with – they have a member on our board – and our stakeholders, to revisit this regulatory framework review.

We think we're falling behind. Like I say, we were the leaders in electronics, and now we are, by far, the laggards because our regulation restricts how that program can be expanded. We're not looking for excess responsibility or authority but just something that's a bit more flexible and can be done, if I may say directly, outside of the cabinet

decision process. This is where our regulations have to be changed now, of course all regulations, and we think some of this can be addressed differently, primarily through the minister and through the department providing oversight.

I think that's pretty well it. Those are just the specifics on each of the four programs. I won't walk through that because of the time.

The Chair: You are at your 10 minutes, Mr. Wright.

Mr. Wright: Thank you.

The Chair: Did you want to wrap up quickly with anything?

Mr. Wright: I think that is basically it. We are going to start coming to government again with our stakeholders on constructive, positive discussions about revisiting the regulatory framework. I think that's really the message we came to share with you so that you would be aware of it in your deliberations and work. There may be ways you can help that along. I don't know.

The Chair: Perfect. Thank you, Mr. Wright.

I'm now going to open it up to questions, and I'll start over here with Mr. Rosendahl.

Mr. Rosendahl: Thank you. Thank you for the presentation. It's great.

Mr. Wright: You're welcome.

Mr. Rosendahl: I've been pushing recycling in West Yellowhead for many years, and it's great to see movement on some of these things. I guess the question that I'm wondering about is on the fees, the fees that we charge on new electronics and that kind of thing. How does the fee structure compare to the rest of Canada, I guess? If you could elaborate on that a little bit in comparison. If you're looking at Samsung or Apple and you're looking at the kind of fees that exist around the marketplace, is Alberta in a good position on that issue itself? Can you elaborate on that a little bit further?

Mr. Wright: Yes. Certainly, we are very comparable in terms of fees. Because of circumstances, our electronics fees are significantly lower, on average, than the rest across Canada. Tires are about the same. Paint was a little higher, but now others have increased theirs, so we are probably lower there. We do have that kind of comparison available.

9:50

If I can add something to that, though. We're now starting to do performance measuring with key performance indicators, so we can compare better province to province. The two key things in line with getting all the materials: one is kgs recovered per capita, and the other one, cost-effective, is total program cost per kg recovered. We are consistently above the interprovincial average. We usually are number 1 or number 2. On the revenue side, the cost side, the money we get is expended. Not only is it comparable in terms of amount, but it's expended as effectively or more effectively than most other programs. Now, that's a bit off on a tangent there, but it's how the money gets used in addition to the fee level.

Mr. Rosendahl: Right. Then I was also looking at slide 7, I think it was, with the map listing all the recycling locations in Alberta. Yeah, that one there. It shows 450 collection sites but 492 municipal community projects. Can you clarify exactly what the difference in this is and talk a little bit more about how the Recycling Management Authority, I guess, is involved with the municipalities fulfilling the mandate of the recycling program?

Mr. Wright: Very good. It's a bit over minimized, but there are two different elements of the program. The 450 collection sites are actually municipally run. The municipalities set up or approve these collection sites, and our program pays the processors, the recyclers, to pick all those up. So that's a key element – lots for Albertans to discard to – and those 450 get well serviced under the program. They're not really our collection sites, but that's part of the partnership.

The other one, the 492, is actually the cumulative total of these municipal projects that we fund. Municipalities, community groups can get up to \$30,000 in matching money to use recycled products in their parks and things like that. We've been doing that for over 10 years, and I think that about \$6 million, in total, has gone into it. That's what that one slide was. These are parks that have used poured-in-place. That's rubber crumb surfacing there. This is the kind of thing. There are 492 of those that have been done across the province over time with that funding. It's tremendous communication for us at the local level. Incrementally it really does create a good relationship with the community and awareness of the program.

Mr. Rosendahl: Okay. Thank you.

The Chair: Before we continue, I'm just going to read out who I have on the speakers list. I have Clark, Loewen, Hanson, and Kleinsteuber.

I want to connect with those on the phone. Does anybody on the phone wish to be on the speakers list?

Ms Kazim: Yes.

The Chair: Okay. Thank you, Ms Kazim.

We're going to go to Mr. Clark.

Mr. Clark: Thank you, Mr. Chair. Thank you, Mr. Wright, for being here. I want to talk about extended producer responsibility. You made sort of a passing reference to it in terms of the structure that B.C. has, and I guess I'd like to try to uncouple a few things. One of the things I find compelling – and this is consistent, I think, with a motion that was passed by the AUMA calling for more extended producer responsibility. My perhaps too simplistic understanding of it or the example, I guess, that I think of is that in the Amazon era we seem to be drowning in cardboard. That's a tremendous cost; there's an environmental impact. But in other jurisdictions I understand that it is the producer of that giant 60-inch television screen worth of cardboard that is ultimately responsible for ensuring that it is seen through its full life cycle.

I guess I'm just interested in your comments or thoughts on a similar model, whether you think that should apply to Alberta, if there are opportunities there, and if that can be done or should be done in a way that mimics what other provinces do. Or is there a way that we can create a made-in-Alberta, kind of hybrid approach, with some of the governance elements that you seem to think are appropriate to maintain in Alberta? Can that be uncoupled from that basic principle of extended producer responsibility?

Mr. Wright: Yeah. Your last sentence is the answer, ultimately. That is what I believe and what I think my board believes. You can have these kinds of programs. An EPR program can either be industry only on the board or, like used oil, a majority of industry, but it has municipalities and environmental groups also on there to have that extra opinion, that extra expertise.

I'll try and go back to the start of the question. There is a considerable push now for PPP, packaging and printed paper. The box around the TV isn't actually going with the TV; it's going into

the municipal stream, and that's the target of the program. In Alberta the government, Alberta Environment, has been considering trying to do their packaging program using industry-only EPR. There is no driving reason to have EPR. You still need a regulation. It's still fee based. Sometimes you'll hear a discussion that the fees are hidden and they're internalized. But – I have to watch this – EPR is something that came out of European academia, and its primary purpose was designed for environment: if you make industry pay, they will make better products. It didn't work there. It's happening anyway because of market forces.

So the primary purpose for EPR doesn't exist and doesn't relate in Canada. We know you can take that model and modify it. It's all based on how the government writes the regulation. There's just a simple bit of phrasing difference, and that opens the door to at least a board like the used oil board, where you have both. The beverage container board is also a stakeholder board. I think Alberta Environment is under pressure because generally everybody is embracing EPR, and they seem to be the odd man out, but as they say, the performance numbers our programs generate are equal or superior. You know, if it ain't broke, don't fix it. I don't want to simplify things.

The only other thing I'll say about triple-P packaging, the cardboard and everything: municipalities are right in the middle of it. It's ubiquitous; it's everywhere. It just seems to me the worst place to start an industry-only thing. You want those key stakeholders on that board, not making presentations to the board. Actually, my chair has just started what we call position papers, and they're really for board education. We are developing a stakeholder-stewardship comparison position paper, if you will, that hopefully will help. I don't want to rain on the EPR parade. It's just an answer for another purpose that should be modified, I think, when applied in Alberta. With industry majority, fine, if there's solid reason for that, but have the other stakeholders on there, hence your closing remark.

Mr. Clark: Thank you.

The Chair: Thank you.

We'll go to Mr. Loewen next.

Mr. Loewen: Okay. Thank you very much. Thanks for being here and presenting to us today. It was good to hear some of the things you've had to say. I want to apologize for the long time it took to get you here. On this side we worked pretty hard to try to get you here as soon as possible, but we ran into some roadblocks. I also want to apologize for the short time that we have with you here today. Obviously, it's an important issue and needs to be discussed.

What I would like to ask about, I guess: you talk a lot about the regulations in your presentation and that things need to move forward and that changes need to be made and that as things kind of evolve, you know, regulations need to evolve with them. I just wondered if you've had any chance to work with government on that work on updating regulations, and have you had a chance to meet with government yet?

Mr. Wright: Yes. Actually, Alberta Environment started quite an extensive process I'm going to say three years ago, and they went out and had public consultations on this designated material recycling regulation, where the idea was to take these disparate, inconsistent eight regulations and put them into a streamlined package. I just found out recently – and I'm not trying to stir the pot here – that it had sort of fallen off the priority list, I think for two reasons. I think other things came along, the ABC decision regarding the used oil program transferring. The focus was more

that there's serious pressure on used oil, so let's look at that, and that there's serious, growing pressure on paint, so we were sort of encouraging that. We seem to have pulled away from it. My sense is that they tried to combine eight instead of just sort of pushing them aside and starting with a fresh paper. That's just me talking in nuance. Like I said, I'm not trying to stir it up.

That's what we want to follow up with Alberta Environment on. We have an excellent relationship and talk regularly, so it's not like we just have a meeting quarterly or anything like that. We're working all the time, so I'm viewing it very positively, but it's something that we wanted the light to go back on. It certainly does relate in a way to Mr. Clark's questions, too. Yeah.

10:00

Mr. Loewen: Okay. That sounds good. I guess maybe just two things. Have you had a chance to meet with the minister yet, and then if you had one ask of government today, what would it be?

Mr. Wright: We have met with the minister once. We also endeavour to keep a close relationship with the deputy and, in our case, ADM Ronda Goulden, who is excellent. So, yeah, we have met with the minister.

The one ask would be to revisit that streamlining process that they started and understand, if I may, why it got derailed or lower priority. The programs work. There have been problems with other provinces. They say: why does your program work so well? We say: our municipal relationship and stakeholder. We say that when there's been a problem with these programs, it has either been at the governance level – if you don't have good governance, you probably don't have good management – and government oversight. Some of the EPR confusion is governments off-loading their – you know, they're not responsible anymore. If there's a regulation there, no matter how simple – I'm sure the Auditor General thinks the government is responsible. Where there are problems, I think it's been in those two areas. The mechanics tend to be fairly similar whether they're EPR programs or not and it's set up right. We don't provide money up front; you pay on results. Things like that.

Accountability, transparency. Accountability, transparency. The programs are good, but they could be better and evolving. Electronics is stuck at computers and TVs. You talk to most municipalities; their residents are bringing hair dryers, toasters, power tools, and there's quite a bit of friction as this stuff is getting landfilled. There's an expectation or an understanding by Albertans generally that this will happen or already has happened. I know this is easy to say when you're not an elected official: we don't see push-back from Albertans. When we brought in electronics the first time at TV rates that are double what they are right now: no push-back. Yeah. I think that Albertans seem to understand. If they don't know the specifics, they seem to understand that these things work and that they're not a slush fund or anything like that.

I kind of went around in circles there a bit on you.

Mr. Loewen: Well, thank you very much. Thank you for those comments.

The Chair: Yes. Thank you, Mr. Wright.

I just want to remind committee members that we do have another presenter here. I still have three people on the speakers list, so I'm going to ask people to be as concise as possible.

Now I'm going to go to the phones. Ms Kazim, can you please ask your question?

Ms Kazim: Thank you, Mr. Chair. Thank you for the presentations and the good work. I'm glad to hear in terms of what initiatives have

been taking place. The presentation has some great photos there of some of your public outreach work. I was wondering if you could talk a little bit more about any campaigns you currently have going on and maybe what you were hoping to achieve through those campaigns.

Mr. Wright: Okay. I'll also try to be brief. The municipal demonstration or community demonstration project: that's an annual program, and the board approves a budget each year. We have a current year's budget. We actually approve it a year in advance, so for municipalities it fits better with their scheduling and fundraising things. That's an annual thing. It's on our website. Each year we do send a notice out to CAOs, senior administrators, and municipalities so that they're aware of it. We are increasingly trying to do more to keep constituency offices aware. I don't know that we include them in the distribution. Anyway, that's an annual program, and it has an application deadline and a vetting process and everything else. It's pretty straightforward once people know where to look.

We have other ones that are more project based. We help fund municipal roundups, especially a lot of smaller centres. They don't use their transfer stations, so they'll have a roundup. We provide funding in that. That is ad hoc, if you will, although a lot of the funding is required local advertising. Again, it's there, but it's primarily through municipalities. Contacting our office or our website is the best thing to do there in terms of awareness.

Ms Kazim: Okay. Thank you very much.

The Chair: Good.

I'm going to go to Mr. Hanson now.

Mr. Hanson: Thank you, Chair. Just quickly, kind of a two-part question. What economic factors are creating challenges for your industry? You could consider carbon tax, minimum wage, for example. And is the recycling industry sustainable as it exists today?

Mr. Wright: Okay. I'm probably going to go a little broader on the first one. The swings of the economy directly affect our programs. If the economy is going down, sales are going down. Our surcharge revenues are on sales. They will go down, but volumes will still be coming in, so we have quite a bit to manage as the economy itself goes up and down. Our recyclers are generally I'd call them small to medium sized. I think the largest has a hundred employees. We don't hear from them. We thought we'd hear more from them on the carbon tax although we have brought in a fuel offset to help them through higher costs and that, generally on fuel prices.

Sorry. The second one was . . .

Mr. Hanson: The minimum wage as well. And, in your opinion, is the recycling industry sustainable?

Mr. Wright: The hesitation and the smile: we have these fees for two reasons. It's not profitable start to finish. Running around Alberta collecting tires from High Level to Milk River is not easy to make profitable, so that part of it will never be profitable. I think there will always be a fee. In terms of when they process it into products, there are different value-added types of processing. We do provide funding for those levels although, for example, the highest level one, manufactured product: we don't fund that anymore because they're able to exist on their own revenues. So if it's an integrated company, part of it is profitable; part of it is not. The basic reason for these fees is, one, that it wasn't profitable, and, two, to provide a flywheel effect. But I don't think on that first part,

collection, it'll ever pay for itself. We're probably in this game for long after my retirement.

Mr. Hanson: Thank you.

The Chair: I'm going to go to Mr. Kleinsteuber.

Mr. Kleinsteuber: Thanks again, Mr. Wright, for joining us here today. I'll just keep my questions brief, then. I'm aware of some of the sites that we have in our riding, for example, where there are collections of a lot of these items, but is there a site or something that we can go to in general to find some of these locations across the province?

Mr. Wright: Oh, yes. We have collection sites, for sure. We have what's called a collection site finder on our website, and you can type in a community and whatever else. It'll give you a choice which of the programs you want to check. It should give you, I believe, contact information. You know, sometimes they don't take commercial paint. Well, you can find out ahead of time. I think it's pretty user friendly.

Mr. Kleinsteuber: All right. And just a supplement to that, too: there were some pretty impressive numbers in terms of how much is being recovered and recycled here, like 9 million electronic units, 22 million litres of paint, and stuff like that. How do we rank in terms of other provinces in terms of recycling programs? Do you have some statistics on that?

Mr. Wright: Well, in terms of how much is recycled, it seems overly simplistic, but that kgs recovered per capita is really a good one. At the AGM we'll be showing all the bar charts and line graphs and trends and everything over time about that and how we compare and how we compare also on rates, that question. I struggle a little bit because – we set this thing up, this KPI analysis. We did it last year for the years 2011 to 2015, and then we added '16, and then we had '17, and then we added '18. Those are all three downturns, and the downturns hit Alberta and probably Saskatchewan harder than the other provinces. We're promoting these things, and we've got this downward slope going on. That's the economy. I'm quite sure we can do the analysis. But even with that downward slope in the last three years we're still well above average in terms of the amount we recover. Most of the time we're one or two. Electronics is a challenge because we don't do toasters yet, so it's not apples to apples.

Sorry. I'm going on too long.

10:10

Mr. Kleinsteuber: Well, thanks a lot.

The Chair: Thank you very much. On behalf of the committee, Mr. Wright, I'd like to thank you for being here today and coming to do your presentation. We appreciate it greatly. Thank you very much for your time.

Mr. Wright: Thank you. I appreciate very much the opportunity. Again, our chair's sincere apologies. She wanted very much to be here. Busy times.

Thank you.

The Chair: I would now like to invite our next group of presenters, who are joining us today from the Independent Power Producers Society of Alberta. I would ask our guests to take a moment to introduce themselves and then proceed with the presentation. We have 10 minutes set aside for this agenda item, which will be followed by an opportunity for questions from committee members.

Welcome, gentlemen.

Independent Power Producers Society of Alberta

Mr. Bahry: Good morning. Thank you very much for the opportunity to present. We'll be describing how Alberta's power market has worked from the perspective of Alberta's power producers. The presentation will describe IPPSA at the outset and then talk about some power market statistics.

My name is Evan Bahry. I am the executive director of IPPSA. Joining me is Daniel Jurijew, IPPSA's chair.

Our vision simply is for an industry framework that enables generation investors the opportunity to earn a fair return on their investments. The framework is guided by policy and entails legislation, regulation, rules, standards, decisions, guidelines, and agency behaviour.

IPPSA's members compete to serve Alberta's power consumers at the wholesale level. Our members have invested some \$20 billion in Alberta's power supply over the last 20 years, ensuring our province has met continent-leading load growth with downward pressure on power costs. We have about 100 members representing all of Alberta's major power producers and supporting industries. Our board includes leading power producers, as you can see and as you'd expect, that would be involved in our association.

Those are my contact details. Should you have any questions about the presentation or about the power market, we'd be happy to answer them for you.

This slide speaks about some of the principles we have been advocating for within policy and within the agency rules. As you'd appreciate in any industry, investor confidence is a subjective test. Each company has to decide for itself if a market achieves its risk-reward tolerance before it will invest, and you're familiar with that in any industry you're close with. Key elements of that investor confidence include a level playing field among market participants; the need for agency coherence with each other and alignment with market principles; meaningful consultation in the development of market rules; and finally, legislation, policy, and behaviour that supports the pursuit of healthy competition, not any given price outcome. That's what market competition should do.

In our view, competition has worked. Alberta's open market has attracted sufficient supply to meet one of the fastest growing demands for power in North America. From three utilities 20 years ago, the market now has 40-plus competitive suppliers and 200 market participants. We call that a liquid, competitive market with good depth. An important note is that investors, not ratepayers, have borne the risk of generation investment decisions: the timing, the size, and the type of fuel they build, including the risk of oversupply. That investor risk drives efficiency. If you're on the hook for what you built, you've got to make sure that it is efficient, operated efficiently, and is price competitive, or you're at risk of not recovering your costs.

Consumers at all levels in Alberta have choice. They can contract for power; they can construct, add their own facilities; and industrials can curtail in real time. Just like our members would watch the spot market price, there are industrial consumers who watch the power price. If that's a key input cost for them, they will in fact curtail their production, be it a pulp and paper mill or what have you, in response to real-time market prices, and they can save a great deal off the average annual price by watching those few hours of a year where the market is tight. That's how they participate and manage their costs. Over the long term prices have cleared or prices have averaged at levels reflecting the cost of new entry, and we'll get into that now as we go through a few graphs.

This graph is the history of Alberta's wholesale power prices on a monthly basis since 2001 and through to just May of this year. As you can see near the tail end of this graph, the market has just gone

through a three-year significant price trough that reflected the overbuild we have in the market and the fact that we had a softening economy. You'd expect in an economy that if demand softens and supply is there, the price should be soft. The price did, in fact, fall to reflect that.

You'll see the average price in 2001 to 2017 has been about \$65 a megawatt hour. The price has been volatile. As you can appreciate, the demand for power changes hourly. It changes from day to night. It changes with seasons. This constant motion of demand coupled with the fact that power cannot be stored requires and has led to some movement in price.

Natural gas prices have also been a key influencer in power prices. We've seen in the last period of time that prices have been as low as \$1 per GJ to as high as \$15 and everything in between over the last 15, 20 years. That has affected the market price.

As a further context for what price means, this graph shows what the cost is to build the power plant against the average price. Again, if the average price was \$65 per megawatt hour over the market's history and the recent price this year is cleared at \$50, you will see a series of types of fuel that members have built.

The REP 1 is a renewable electricity program. That's the very successful wind program that has added significant megawatts. The first REP resulted in a price of \$37 a megawatt hour on average. The second type of fuel there, the cogen, a very efficient production of power and steam for industrial developers, is very popular in Alberta. Historical wind bubbles around \$75 a megawatt hour. Coal-to-gas conversion is around \$50. Natural gas combined cycle, which is like the Shepard project in Calgary, the recent one that was built, is at over \$55 a megawatt hour, \$60. The simple cycle, the SC, that's the peaker facility, kind of the bellwether unit for incremental supply additions, and that is looking at being roughly economic under historical market prices.

Any market that's delivering prices at or below replacement cost is a market that's very beneficial and healthy for consumers. This, hopefully, gives the price history some context against the actual cost of building supply.

Just to wrap up, going forward, we believe that the market approach to electricity has served Albertans well. The market is undergoing significant change with the advent of the capacity market. That market is being developed well with the system operator. We're involved heavily with them. It's a measured and well-ordered process to change.

Finally, we'd point out that our ask here is that policy, the agency behaviour promote investor confidence and enable the opportunity for investors to earn a fair return on their investments.

We had 10 minutes, so there's the power market for you in 10 minutes. I'm happy to take any questions that the committee may have.

Thank you for the opportunity.

The Chair: Thank you very much.

I already have a speakers list going. I have Mr. Nixon, followed by Mr. Dang.

I just want to check in with those on the phone. Does anybody on the phone have questions? Okay.

I have been signalled by Mr. Clark, so he's been added, and Mr. Loewen.

We will start with you, Mr. Nixon. Please go ahead.

10:20

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

Thank you for the presentation and trying to sum up the entire power industry in 10 minutes. That's not an easy task. We have calculated, we being the Official Opposition, that since 2016

electricity prices have on average risen by 269 per cent according to our math, specifically from \$18.27 per megawatt hour to \$49.15 per megawatt hour. Now, it's our opinion that the current NDP government has done a fairly good job of hiding this increase from the public with their \$69-per-megawatt-hour price cap, which, of course, is still subsidized by those same ratepayers through their taxes.

My question. I'm curious if you could provide some input on how much of a percentage of that increase could be attributed to the following five areas: the first is the power purchase agreement mess; the second would be the coal phase-out; third, the carbon tax; fourth, forced renewables; and lastly, of course, the pending capacity market.

Mr. Bahry: Great. Thank you for that question. You've chosen a period of time, I believe 2016, which reflected the lowest ebb of historical market prices, so those prices were nowhere near the cost of new supply. That was a function of overbuild and a shrinking economy. In an open market, as I mentioned earlier, when you have sufficient surplus of capacity and demand falls, price should fall accordingly. The reverse happens in regulated jurisdictions where when you have a very significant cost and demand shrinks, the rates rise. So we were able to, I think, cushion a bit of the blow for Alberta consumers reflecting that supply overhang. It's also fair to say that we've seen a protracted period of softened natural gas prices around the same time that you quoted, the 2016 prices. We've had prices of gas in the \$1 per GJ range in the last number of years.

But turning to the five-point question you asked me – the implication of the PPAs, coal retirement, carbon tax, renewable additions, and the capacity market – I think some of the price increases have been attributed to, again, the overhang of supply being absorbed somewhat by load growth. There had been some units that had been mothballed due to the economics currently, and that's affected supply-demand balance.

The carbon tax is showing up as a cost being borne by thermal generators. On natural gas and coal I think in the slides at some point I mentioned that it's roughly an \$18-per-megawatt-hour charge facing coal, so with this year's \$50 price, we have to consider that \$18 of that is the cost of the carbon tax impacting coal units. The renewable additions haven't come on yet. I wouldn't say that they are a factor impacting price. The capacity market is in evolution and to start in the years to come.

I think that if you're using a frame of reference of market price, I would look to this chart, which is the cost of supply, and then consider market prices against that cost, if that helps. The average price is \$50 a megawatt hour, again, and that is making current supply challenging even then.

The reality is that in any market you want to build, whether it's energy only or capacity market wise, you need a price of around \$75 a megawatt hour to signal new build. We have to, I believe, collectively help consumers understand where price has been and where price needs to go to reflect both the costs of new build and the new carbon tax reality.

Hopefully, that answered your question.

Mr. Nixon: Yeah, it did. Thank you.

The Chair: Thank you.

Mr. Dang.

Mr. Dang: Thank you, Mr. Chair, and thank you for the presentation. It's very impressive that you tried to sum up the entire electricity market in 10 minutes. I have a few questions. I think some of them stem from some of those answers there, so if the chair

will indulge me – I’ll wait if there are other members – I’ll start slowly.

First off, I guess, looking at the graph you showed for the average market price over 2001 to 2018 here, I’m wondering: is it your opinion that an energy-only market was going to continue to serve Albertans well?

Mr. Bahry: Well, it was proceeding for 20 years. The challenge that occurred with the energy market was the interest in accelerating the retirement of coal and accelerating the addition of renewables. Those were central planning decisions that would have impacted the natural evolution of the marketplace to achieve, again, the objectives of the climate leadership plan. The system operator, the AESO, looked at those changes and recommended that the province adopt a capacity market to accommodate those goals and to ensure a reliable, dispatchable supply. We call it dispatchable power that you can bring on predictably. The need for a reliable, dispatchable supply and accepting the climate leadership plan objectives, in their opinion, necessitated the move to a capacity market.

Mr. Dang: Mr. Chair, if I may.

The Chair: Please go ahead.

Mr. Dang: So you’d agree that a transition to a capacity market is going to help ensure investment and be beneficial to consumers?

Mr. Bahry: Yeah. Given also the policy objectives of adding significant renewables and removing coal by 2030, yes. It’s all one package.

Mr. Dang: Okay. Perfect. Thank you.

I have another question around the \$18-per-megawatt-hour carbon pricing that you were mentioning in your presentation. It correlates, I guess, a little bit to the increase in prices in that 2016-17 range. I’m wondering. In your opinion, then, would prices have stayed around \$20 per megawatt hour in the absence of a change in the carbon price?

Mr. Bahry: No. The prices would have risen. Members were responding to the price trough by mothballing units. They were uneconomic. Therefore, supply would have responded. In any marketplace supply responds to price. A high price incents new investment; a low price is an exit signal. The market would have found an equilibrium, again, bubbling around, we would imagine, the \$75 range, as we said earlier. It would have needed to have gotten there to attract that new supply.

You know, what would happen was that incumbent investors wouldn’t have added more supply necessarily as the price was still soft. You wouldn’t. Why would you build in a market where you can’t recover your investment? It requires the market price to rise, and then a new entrant comes in expecting the ability to recover the cost of that build. So it would have taken some time for the market to have risen to that level, but it would have attracted new supply at some point. Prices would have risen above that price trough eventually.

Mr. Jurijew: Maybe just to expand a bit on the \$18, that’s just an average of the impact of the new carbon-pricing framework for the average coal unit. For every thermal unit the impact of the carbon levy will be different depending on how they compare to the standard under the carbon competitiveness incentive regulation. You know, the amount of the carbon price that’s reflected in any hourly price will depend on which unit is on the margin, so it’s not like a flat \$18 across the board.

Mr. Dang: Just a quick follow-up again? Thank you.

I guess what you’re saying is that facilities like Shepard are actually probably paying less under CCIR than they would have under SGER or some other program.

Mr. Jurijew: No. SGER was different in terms of each facility being assessed against its own baseline. I think it’s fair to say that Shepard would pay less under CCIR than a less efficient gas unit or coal unit, but I’d have to go back and check. You know, the SGER to CCIR for every unit is different.

Mr. Bahry: We’d need 10 more minutes for climate change, carbon tax policy.

The Chair: Thank you, Mr. Dang.

We’ll now go to Mr. Clark.

Mr. Clark: Thank you very much. I’d like to focus on the challenges – that would be maybe a gentle term – of the power purchase arrangements situation and issue. As you know, I believe it was in late August that the MSA found that the Balancing Pool broke the rules under what I think most reasonable people would say is pretty likely some very intense political pressure from the NDP and from the government. Where exactly that came from I don’t know, and I’m not going to ask you to comment specifically on that. I know there is some further action that is under way to adjudicate some of the issues around that, and I know you’re involved in that.

What I’d like to ask you is: in your opinion, is there another way to phase out coal-fired power in a responsible way while increasing renewables, that would have cost Alberta taxpayers and ratepayers less, and while maintaining those principles of FEOC, of fair, efficient, and open competition? Again, it appears to me to be very clear that some pretty intense political pressure caused the Balancing Pool to not follow those principles. So is there another way of achieving that, of reducing coal-fired power, increasing renewables, which would have just simply cost less money?

10:30

Mr. Bahry: Well, one, I think that to answer your question, we’ll begin with an understanding of Alberta’s power fleet. I wouldn’t say we are unique in Canada, but we are a thermal market. We have to burn something to make power for the bulk of our supply, gas or coal. We’re not blessed with the topography of other jurisdictions like B.C., Manitoba, Quebec, elsewhere where they have hydro power. We are a thermal power market and will be for the foreseeable future. That means that we also emit a lot of GHGs, more so than other jurisdictions do, because we are thermal. That makes the challenge of reducing GHGs in a thermal market an acute one.

It’s not easy to do this simply and painlessly, especially, in particular, if you understand our history, which was to create a commoditized market. Our members were to compete and produce low-cost power. That was the sum total goal of policy for the last 20 years. Policies now brought in new aspirations. The fleet was getting more efficient anyway, but the recognition of the fact that we’re a thermal market is important.

Then we look at the climate leadership plan which sent a price signal. It said: we’re going to create a price signal of \$30 a tonne that will incent behaviour across the province. Industrials would try to reduce their emissions. Power supply would try to shift over. The reality is that to achieve quick change in a thermal market where we have assets that are in place for 20, 30, 40, 60 years would require a significantly high carbon tax. That would be one way to have effected the transition in a different manner. The other

question, though, is: how high would that price have gone? No government in the country, I don't think, is comfortable putting a \$100 carbon tax on Canadians because of the impact that would have on the economy, and Dr. Leach in the climate leadership plan acknowledged that.

In our jurisdiction, in our industry we had two impacts. We had the carbon tax, and we had decisions to remove coal and add renewables at the same time, so we're dealing with quite a degree of change. But the question becomes: how fast did you want to do that, and what levers did you want to use? The carbon tax was one. The coal transition with the compensation was another. Those are choices. We are responding to the choices. Again, in our view, we just want the market principles for those who invested in good faith to be respected, and that was the case in the coal transition, where the coal units which were truncated were provided some compensation that was appropriate.

But the choices around how fast you want to move to a greener grid is a policy decision that we're responding to. I can't tell you what dollar change in the carbon tax would have made a difference, how it could have saved on some other end of the marketplace.

Hopefully, that gives you some sense of the challenges of greening a thermal grid.

Mr. Clark: A quick follow-up?

The Chair: Sure. Go ahead, Mr. Clark.

Mr. Clark: You know, when you said that we have to burn something, that we're a thermal market, the Member for West Yellowhead, Mr. Rosendahl, scoffed at that. I guess what I'd really appreciate just an opinion on from you is: if we had a pure renewables market in Alberta, if all we did was renewables, one, is that even feasible? Can we keep the lights on in the province? Two, what would it cost?

Mr. Bahry: Yeah. I've got an appendix for you. This gives you a sense of the current fleet. We've got 16,000 megawatts of supply, and 14,000 of that is thermal. Wind comprises 1,400 megawatts. We have 5,000 coming in. At this point a pure renewables grid for Alberta would be a long, long way away. We would need massive improvement in storage, the ability to store massive amounts of power, some 16,000 megawatts, and then dispatch that power when it was needed.

In Alberta we have a unique challenge also of a very significant industrial consumption base. Two-thirds of our consumption is industrial. Industrial consumers require power 24/7. That's why they built cogens for on-site steam and power needs. Renewables like wind and solar have a role in the fleet, but they're not dispatchable. At this point they cannot be relied upon to serve an industrial load of this size. You would need backfilling supply. The most predictable, scalable backfilling supply we have is natural gas simple cycle or natural gas combined cycle. To get to 100 per cent of your power needs, 100 per cent reliability, you add your 45 per cent capacity factor of renewables and 55 per cent of something else. That will likely be gas. The two work together to meet demand. There is a role for all fuel types.

The Chair: Thank you.

We'll go now to Mr. Loewen.

Mr. Loewen: Thank you very much for coming and presenting to us today. You talked about the capacity market, and you talked about how it basically became a necessity because of the government accelerating the coal shutdown and forcing renewables onto the market and that sort of thing. The capacity market basically

became, you know, retired. But what I'd like to ask you is: what do you project for challenges with the capacity market going forward based on how things are going at this point?

Mr. Bahry: Sure. Well, it's a design that's being worked on at present. The rules the system operator is working on are heading towards the Alberta Utilities Commission for a very significant hearing in the new year. Our members will be involved in that to get all the granularity of the rules right and achieve the goals of ensuring reliability and attracting investor confidence. Our interests are around all the pieces of the market, ensuring, as you've heard in the presentation, the idea that policy needs to support market fundamentals, that agency behaviour needs to be coherent.

We have a number of agencies. We have the system operator; we have the Alberta Utilities Commission; we have the Balancing Pool; we have the Market Surveillance Administrator. Each has its own mandate in law. Each needs to be on the same page to ensure that we have the opportunity to earn a return, that there isn't any cross-threading. One key interest of ours at present, in addition to the minutiae of the capacity market design, is at a high level ensuring that all the entities involved in and around the power market are on the same page. Yes, we need rules that ensure reliability. Yes, we need rules and behaviour that allow us the opportunity to earn a return. We shouldn't be fixated on any kind of price outcome but rather on the health of competition.

Mr. Loewen: By that are you suggesting that the price caps on electricity and stuff like that wouldn't be necessary if we had that open market?

Mr. Bahry: Yeah. First and foremost, we would think that the RRO cap wasn't necessary in light of the degree of competition being provided in the marketplace for residential consumers. You can contract with a number of different parties, a number of term deals, a number of price arrangements. You can do power and gas and green stuff. There are discounts for seniors. You name it. There's a very robust, competitive marketplace for residential consumers.

Then the second part of the answer would be: yeah, we would not support a policy that sets a price outcome. That's what markets should do. The policy should enable the opportunity for competition and support the health of competition but should not direct a given price outcome.

Mr. Loewen: You talked about some of the supply being mothballed because of economic dynamics. Of course, some of it had to do with, you know, the economy dropping and stuff like that, but how much maybe had to do with things like the carbon tax and what the government was doing, changing regulations and impacting the electricity market?

Mr. Bahry: Well, there is a host of decisions that individual companies have made about their assets. You'd have to ask them for details. Much of it is in their corporate announcements when they make these decision as to why. But, fundamentally, if your asset is challenged to recover its costs and you're losing money every hour, you wouldn't run the plant or any kind of business. That's a response to market price signals.

The carbon tax is a signal in particular to coal. It's intended to shut coal down. It's intended to impact the economics of coal for that very reason, by design. So that is a factor that goes into investment decisions, the market price and any other costs that you face.

Mr. Loewen: Okay. As far as the capacity market, if it wasn't to go ahead and be implemented, what kinds of effects would you see or

what kinds of things would have to be changed in order to balance that out? If the capacity market didn't go ahead, what sort of things could you see happening, of course, with the industry as far as effects on the industry but also what may have to happen in order for that to work, to not use the capacity market going forward?

10:40

Mr. Bahry: You're also assuming the capacity market and – like, if we take as a given the renewables program and coal retirement, then I think we would need something like the capacity market, but if you're looking at changing it all, that's a lot of speculation as to what the market would need. If you're saying that you'd keep the coal units going and you'd change the renewables program, that's a lot for us to kind of weigh and consider.

The bottom line, as was mentioned in the presentation, is: is the environment conducive? Can an investor look at this jurisdiction and say: "Can I recover the cost of my billions of dollars of investment in a single plant" – one plant, Shepard, is a \$1.4 billion investment – "and can I see clear to recover the cost of that investment over the life of that asset in this jurisdiction with all the variables in place?" So government and agencies need to create that environment.

You can create the policy objectives that you so choose. We'd like them done in a stable and predictable manner and in a nice, orderly transition with a period of time to respond to that, and then we can navigate around that. So if you're going to move, we'd prefer you move slowly and simply and telegraph those policy objectives. Also, keep in mind the fact that investments were made in good faith and need to recover their costs and that there needs to be that stability and commitment from policy-makers to do so.

Mr. Loewen: Thank you.

The Chair: We're going to go back to Mr. Dang.

Mr. Dang: Thank you, Mr. Chair. A few things, I guess, riffing off what some of my colleagues have been asking about here. As you know, the majority of Alberta's generation will still continue to be thermally generated even after transition, and that's in the form of natural gas. I think I'm going back a little bit to the CCIR. My understanding is that the CCIR operates as a benchmark intensity standard for electricity, which is basically set at best gas, which in Alberta I believe is Shepard. Is that correct?

Mr. Jurijew: Correct.

Mr. Dang: So, basically, Shepard pays a carbon price of zero.

Mr. Jurijew: Well, Shepard is the best gas facility in Alberta, but the .37 that was established in the regulation is kind of at the extreme end of its design specs. So, yeah, Shepard is around zero.

Mr. Bahry: And it's escalating.

Mr. Jurijew: And it ratchets down as well.

Mr. Bahry: So Shepard – all units will be paying a function of the carbon tax.

Mr. Dang: Yeah, right. I guess that if we were to cancel CCIR along with the capacity market, you would actually expect Shepard to be paying more in a carbon price, so you would be punishing the high-efficiency natural gas producers as compared to a high-polluting coal endeavour.

Mr. Jurijew: Sorry. What's the alternative for the carbon price in this framework?

Mr. Dang: Like, if we didn't have CCIR and went back to SGER, you'd be punishing somebody like Shepard.

Mr. Jurijew: Potentially you'd have to – it kind of depends on the baseline. Just to kind of follow up on the earlier comment, I guess, just a broader point, and this gets to the IPPSA principle on the third slide, the need for investor confidence and certainty. We have come through a two-year period where there has been an orderly process to design, come up with a very complicated new market and trying to do that while minimizing the disruption and uncertainty for investors, so to hear you talk about, you know, going back and doing something different, that introduces its own element of uncertainty, that isn't necessarily helpful. At some point the market will need new investment to meet future load growth.

Mr. Dang: Absolutely. I agree that now that we have a plan that I think it seems facilities like Shepard are committed to, we should be following through on committing to these policy decisions.

I guess I have one other quick question, Mr. Chair. It's around some of what Mr. Clark was talking about, around the cost of generation. You have a chart. It's this one here with the bars. I guess I'm just curious. Could you explain to me the discrepancy between historical wind and REP 1? I mean, REP 1 is what we actually got as a bid, right?

Mr. Bahry: Yes. Well, there are a lot of factors.

You can speak to that if you'd like.

Mr. Jurijew: I think you could, and maybe I'll supplement.

Mr. Bahry: Okay. I'll try. The dynamics were a bit different. The historical wind you see here – the costs of wind have come down. The historical wind would include anything built in the last 15 years, and the costs of wind generation and solar generation have fallen precipitously. The REP auction captured that with incredibly low prices. In fact, of interest, Ontario had a renewables auction last year, a year before REP 1, and they were achieving, I think, \$85 pricing. Alberta has a very good wind regime, and if you run your plant more, the economics of it are better than a plant that runs less. So our wind regime helps the economics of renewables. For one, this also came at a time when the cost of renewables technology has fallen dramatically per unit basis. Very attractive offers came in in REP 1.

Also, the models were a bit different. REP 1 offered a 20-year contract with the developer. All of its costs and its return were covered in that contract price whereas in historical wind, in addition to the other variables, they had merchant price exposure. They had to recover the cost from the market. They didn't have, necessarily, a 20-year, all-in contract to help increase their ability to loan money, to capitalize that at a lower cost to debt, for example, when you have a power purchase arrangement, like with the REP 1.

So there's a bit of a difference, apples to oranges, both in terms of how they came into the market and how they were financed: one under 20 years, one under its own wits, I would describe it as. Also, historical wind didn't have the benefit of the falling cost of renewables, that we've seen REP 1 had captured.

Mr. Dang: Okay. I guess it sounds to me like the government designed a program that really attracted investors in a low-cost financing sort of way. Is that correct?

Mr. Bahry: Yeah. Yeah. I mean, it was remarkable in the prices that came out of REP 1. Again, they're, like, a fraction of what the recent Ontario call for power did on REP 1. Now, whether that can be repeated again, we don't know, but we'll see.

Mr. Dang: Thank you.

The Chair: Okay. Wonderful. Thank you very much.

Gentlemen, I'd like to thank you for your time today. We really appreciate it. Thanks for being here and doing your presentation.

We'll now move on with our agenda. Having received these presentations, we are now in a position to report to the Assembly on the information that we received today. This will be the first time this committee has prepared a report of this nature, so, Dr. Massolin, would you please give us an overview of the process?

Dr. Massolin: Thank you, Mr. Chair. I'd be happy to. Just by way of background, meetings such as the one that this committee is actually undertaking currently, that is pursuant to Standing Order 52.08(1), have taken place most recently during the 27th Legislature, and that occurred between 2008 and 2012. During that period there were four meetings of this type in what were then called the policy field committees. After those meetings, in each case the committee directed research services to prepare a report that basically summarized what the presenters presented, so a summary of the presentations, and there were no substantive recommendations made in that report. The report itself was then conveyed to the Assembly either through a deposit or a tabling in the Assembly.

Thank you, Mr. Chair.

The Chair: Thank you, Dr. Massolin.

I see that Mr. Rosendahl would like to speak. Please go ahead, sir.

Mr. Rosendahl: I would like to put a motion on the floor, then, that the Standing Committee on Resource Stewardship direct research services to prepare a draft report summarizing the presentations heard by the committee on September 25, 2018, for tabling in the Legislative Assembly and distribution to the relevant government of Alberta ministries.

The Chair: Thank you, Mr. Rosendahl.

Any discussion on the motion? Mr. Nixon, please go ahead.

Mr. Nixon: Yeah. I'd like to speak to the motion. First, just real quick, Mr. Chair, I'm subbing for a member of this committee, but I'm a little bit shocked to learn that this is the first stakeholder that this committee has spoken to during the 29th Legislature. But I digress on that.

I think Mr. Rosendahl's motion is probably the right way to go procedurewise, but I would like clarification from Parliamentary Counsel as the opposition members will probably want to submit a minority report. I do not sense that there will be agreement on a couple of issues that would be in that report. So how would we go about that?

The Chair: Dr. Massolin.

Dr. Massolin: Thank you, Mr. Chair. Well, the report, I think, as is being directed in the proposed motion, would simply be a summary – through you, Mr. Chair, to Mr. Nixon – of what the stakeholders have said during the meeting. I'll leave it at that.

Mr. Nixon: So what would happen if a portion of this committee did not agree with that summary?

10:50

Dr. Massolin: Thank you, Mr. Chair. Well, as the committee knows – I guess we're late in this particular Legislature – research services works on a nonpartisan, neutral basis, so we will do our

utmost to present the information in an unbiased way. Having said that, of course, it's the committee's report; we just draft it. My sense is that the committee will have a chance, as it almost invariably does, to have a look at the report, and then there's an approval process.

Mr. Nixon: At which point we could request a minority report?

Dr. Massolin: Mr. Chair, there is the opportunity, actually, for the committee to request changes. I would think that that would be the first step.

The Chair: Thank you, Dr. Massolin.

Mr. Nixon: I will support Mr. Rosendahl's motion.

The Chair: Any more discussion on the motion put forward by Mr. Rosendahl? Checking in with those on the phone? Okay.

We'll now move to a vote. All in favour of the motion? Anybody opposed? Thank you.

That motion is carried.

We also need to consider the approval process, as has been discussed already. We do not have a set timeline for reporting, so we could meet again closer to session to review a draft report. Alternatively, the committee could authorize the chair and the deputy chair to approve the final report after a copy has been distributed to committee members for comment. Does anyone have any thoughts regarding the approval process? Mr. Horne, please go ahead.

Mr. Horne: Yeah. Thank you. I am unsure if Mr. Nixon is going to agree with me on this, but I think it would be fitting, given that everybody is getting ready for the upcoming session, to authorize the chair and the deputy chair to approve the report. Of course, that gives members of the UCP caucus as well an opportunity to have some input through Mr. Drysdale.

I have a motion ready.

The Chair: Please go ahead, sir.

Mr. Horne: Yeah. I move that

the Standing Committee on Resource Stewardship authorize the chair and deputy chair to approve the committee's final report regarding the presentations received on September 25, 2018.

The Chair: Okay. Any discussion on the motion put forward by Mr. Horne?

Mr. Nixon: No question.

The Chair: No question.

I will now call for a vote. All in favour of the motion, please say aye. Any opposed, please say no. Thank you.

That motion is carried.

Okay. We are now on to other business, of which we have a long list. I believe that the first item was having to do with the Trans Mountain pipeline. Mr. Nixon.

Mr. Nixon: I believe Mr. Drysdale's was the first item, actually.

The Chair: Sorry.

Mr. Nixon: It's okay.

The Chair: Please go ahead, Mr. Drysdale.

Mr. Drysdale: Thank you, Mr. Chair. I would like to move that

the Standing Committee on Resource Stewardship invite the Minister of Energy and senior ministry officials to appear before the committee to inform members of the government of Alberta's plan to ensure that the Trans Mountain expansion project is completed following the decision of the Federal Court of Appeal on August 30, 2018, to quash the order in council approving the project.

The Chair: Okay. Our wonderful committee clerk is going to attempt to get these motions up on the screen so that we can all read them, but how about you take this opportunity, Mr. Drysdale, to speak to your motion.

Mr. Drysdale: Well, I mean, I think everybody knows how important this pipeline is to Alberta. I don't think anybody has to be convinced of that. This latest decision leaves a lot of questions. You know, this committee, the Resource Stewardship Committee, I think is the perfect forum for us to discuss this in Alberta so that Albertans can see what's being discussed and also to look at options like B and C and D. If this one does get squashed by the federal government and doesn't get to move forward, what's plan B? I think we need to be having a proper discussion, and I think maybe this committee is the exact place to do it.

You know, Albertans are confused about what's going on. After this announcement we're not hearing a whole lot, and they're asking us, so I think it would be pertinent for this committee to ask the minister to come in and explain what the plan is going forward. I think we'd be naive to say: oh, it's all good. Like, let's have plans B and C in case the federal government does allow the B.C. government to block this important pipeline for Alberta's future.

The Chair: Thank you, Mr. Drysdale.

Before we carry on with the speakers list, I just want to let the people who are joining us by phone know that if you're on the internal website, you can see the motion put forward by Mr. Drysdale right now. If you're already on, you'd have to refresh the page, but it is there, so I welcome you to view it there. Here in the room we see it up on the screens. I just wanted to let those on the phone know.

We're now going to go to Mr. Nixon, followed by Mr. Loewen.

Mr. Nixon: Thank you, Mr. Chair. I appreciate Mr. Drysdale bringing forward this motion. I will of course support it, and I hope all of the committee does. Clearly, the court decision that happened a few short weeks ago has a significant impact on the pipeline, something that I would point out that all members of the Assembly have unanimously voted on several times, making it clear that this is one of the most important issues facing our province.

You know, Mr. Chair, you look at the *Calgary Herald* article, that I have here, from May 29 of this year, just a few short months ago:

"We said we would get the pipeline built and we are getting it built," [the Premier] said, flanked by her celebratory caucus at a Tuesday news conference overlooking the Alberta Legislature.

Then she goes on to say:

"We said we would meet the deadline. We met the deadline."

[Mr. Drysdale in the chair]

Now, I remember that day, Mr. Chair. I was sitting in a boardroom in the Federal Building with my caucus colleagues, preparing for question period, and we could hear the celebratory cheers and screaming, et cetera, going on outside the Legislature, including members of this committee, I assume, who participated in that press conference as they spiked a football. And we now know that, unfortunately, that was premature.

Further to that, we have, you know, the Premier, who said again, November 24, 2017: "We have kept the pressure on the federal government . . . As a result we are closer than ever – [we are on] the one-yard line." Well, Mr. Chair, we are no longer on the one-yard line. In fact, I would submit that we were never on the one-yard line.

When things appeared to be going well and the NDP government was spiking the football, they were happy to talk about this, but now that it's not going well, it's gone completely silent, and my constituents are concerned about this. I think Alberta as a whole is concerned about it. We have a responsibility in this committee as private members of the Legislative Assembly – nobody around this table is part of the government – to hold the government to account, and you do, too, my colleagues that are part of the NDP caucus. We should be alarmed about this.

I would submit one other thing to the committee as they consider this motion. Two years ago Minister Mason in his capacity as the Government House Leader, after being questioned about the pipeline and when it would be built, promised the following: "We're going to talk about [the pipeline], and we're going to talk about it from here to the next election." Now that we see that it didn't go the Premier's way – and I wish it did because it would have been better for our province – we hear nothing but silence.

Given the importance of this issue, I think that it's incumbent on us to pass this motion and to begin some work to be able to try to figure out what is going on and get some clarity and see if we can come up with, as Mr. Drysdale said, some other plans. Certainly, the opponents of this pipeline are looking at plans B, C, D, E, F, G, and on and on. We can't trust to just leave this to the Premier and her cabinet because they continue just to spike the football and not come forward with a clear plan.

[Loyola in the chair]

The Chair: Mr. Loewen.

Mr. Loewen: Thank you very much. Yes, I think this is a great motion. I think we're probably past the point of having the opportunity to have the Energy minister here to talk to us and inform us what a plan would be to take care of this issue with the pipeline.

I just want to read a couple of quotes from the Energy minister in *Hansard* from November 30.

Mr. Speaker, you know, within a week of us announcing the climate leadership plan, I started hearing from our stakeholders that the conversation was changing, and it has continued to change throughout the year. The results of that climate leadership plan and talking about it were proven yesterday, when we got two pipelines approved.

11:00

Well, Mr. Chair, I think we have to wonder what they call approved when we're still sitting here and looking forward at nothing, really. Nothing has changed on the pipeline portfolio since this government has been elected, and nothing has changed since they brought in the carbon tax, which was supposed to get us social licence.

I'll just read again from the November 30 *Hansard*, from the Energy minister: "In past conversations with Ian Anderson of Kinder Morgan I understood that the shovels will be in the ground within the year." Here we are two years later almost, and there are no shovels in the ground. I think it's time we get the Energy minister here to respond to some of these issues so we can have a clear direction on what this government has planned to get this pipeline

built and on what the plans will be as we run into these roadblocks that their friends in Ottawa keep putting up.

I could go on to the environment minister, to a quote from her:

In addition, we are making sure that we're moving forward with a thoughtful plan to reinvest in technology and so on to make our oil and gas industry resilient for the carbon-constrained future, and all the while that whole climate leadership plan is getting us two pipelines.

Again, no pipelines, and we have a climate leadership plan that is taxing Albertans and with no results. We're no farther ahead than we were before.

Then the Premier from December 7:

Do you know what Albertans are really in favour of? Pipelines. You know what the Prime Minister said last week? It would not have happened without our climate change plan. Would the members opposite like us to go backwards to the point where we do not have those two pipelines approved?

Well, I don't see where we are right now. This government has been spiking the football and claiming victory on the pipelines for so long, and we're no farther ahead. I think it's time that we bring the Energy minister into this Resource Stewardship Committee so that we can ask the questions and find out what the plan is that this government has.

The Chair: Thank you, Mr. Loewen.

We're going to go over to Mr. Nielsen.

Mr. Nielsen: Well, thank you, Mr. Chair. You know, I think it's been very, very clear. I certainly haven't stopped talking to my constituents about this pipeline. I think the Premier has been quite clear, not only with Albertans but I think with the federal government as well, about what needs to be done. I guess that if we want to stick with the football analogies, sometimes you get pulled back in the play. Of course, I've never seen a team yet that just stops there and heads to the locker room.

That process continues to move forward: consultations, the NEB. I think that has all been made very, very clear through the Premier and the plan. I think it would be prudent to absolutely be sure that Albertans understand what the plan is moving forward.

I think that if it would be all right, I'd like to propose a friendly amendment to this motion, that right after the words "invite the" we delete "Minister of Energy" and insert "Ministry of Energy" and delete "and senior ministry officials." That way, we're not pigeonholing ourselves into any kind of calendar. I think that at the end of the day, for any plan that is presented to us – it doesn't necessarily matter who's the one that's delivering it – it would need to be the proper plan, and, you know, anybody, obviously, if they weren't presenting the proper plan, would find themselves in a little bit of hot water.

I would propose that friendly amendment, and let's get the ministry in here and hear what they have to say. I think I could probably urge my colleagues on this side to support that as well and to get this done in a timely manner.

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

We now have an amendment on the floor. I see, Mr. Nixon, that you'd like to speak to the amendment.

Mr. Nixon: To the amendment, yes, Mr. Chair.

The Chair: Go ahead.

Mr. Nixon: Well, I'm glad that there's some indication that members of the government caucus on this committee will support the motion in principle. I'm a little bit concerned about the

comments about getting pigeonholed in the calendar. I mean, this is the most important issue facing our province. I can give the hon. member quote after quote after quote from this government making that very, very clear.

The Minister of Energy clearly has a leadership role in this. Why would you try to amend the motion to not have her come? Is it because you don't think that she could make time for this committee to be able to speak to Albertans? I mean, there's a big concern here. What is happening with this NDP government is that they continue to focus on maintaining their relationship with their close personal friend and ally Justin Trudeau. They will not stand up to the federal government on this issue.

In fact, a member of this committee, Mr. Rosendahl, quoted in the *Hinton Parklander*, which I assume is the Hinton newspaper, in his constituency, goes on to say, "The Notley government is urging area residents to pressure the federal government for immediate action." He then says, "We're asking our email subscribers to urge the federal government to provide a national plan that minimizes delays to this vital project" and to please write a "message to your elected officials in Ottawa." Here's a problem. It's fine that we get our constituents to do that. He is an elected official, and so is the Energy minister. We have a responsibility to our constituents to have those answers happen.

Your Premier, sir, went from saying, "Pick up those tools, folks, we have a pipeline to build" on May 29 of this year to now saying, "We still remain a little bit skeptical" and that "as a result, we [are] watching very closely." Albertans don't have time anymore for this government to watch very closely. They need this government to take action. The Minister of Energy is the leader of that department and should come to this committee.

So I will vote against that amendment. It certainly is not friendly. Now, you do have the majority, so you could force that through, but why does the NDP continue to not want to answer questions but just stand in the Legislature and spike a football for something that has not been accomplished? It's pretty clear.

The Chair: Mr. Clark, do you wish to speak to the amendment?

Mr. Clark: I do, yes.

The Chair: I do have you on the list for speaking to the motion as a whole.

Mr. Clark: I'd love to speak to the amendment and perhaps speak also to the motion as a whole once we're back on that.

The Chair: Okay. Well, let's take care of the amendment first.

Mr. Clark: Let's. Absolutely.

The Chair: Thank you.

Mr. Clark: I will speak against the amendment. I think it's very important that the Minister of Energy herself come and present to this committee and that Albertans hear directly from her. You know, one of the things I'm very interested in knowing is what the Minister of Energy herself as a minister of the Crown has done specifically to urge the federal government to move forward.

I'd also like to know what she did to enlist ministry experts, regulatory experts. You know, when I read the Trans Mountain Federal Court decision, it is actually fairly simple what two-way consultation means. It's very well defined by the Supreme Court of Canada. It was reinforced in a finding on the Northern Gateway decision that two-way consultation is a dialogue with indigenous peoples. The federal government under Prime Minister Trudeau

failed miserably in that, as the courts found. But this province is not short of regulatory experts. This province is not short of lawyers and regulatory experts who could and should be looking over the shoulder of the federal government.

It is the accountability of the provincial government to be doing that, so I would like very much to know from the Minister of Energy herself what she did or clearly didn't do to ensure that the federal government was following very well-established case law on what two-way consultation means. It's not just the federal government that's at fault here for ensuring and seeing that Trans Mountain to date has failed. It is very much on the provincial government as well.

So I'll speak against the amendment. I'd like very much and I think Albertans deserve to hear from the Minister of Energy herself on what has happened in the past but also what the plans are presently and in the future to ensure this pipeline actually gets built.

The Chair: Thank you, Mr. Clark.

On the amendment itself I have no further speakers, so I'm going to ask our committee clerk to read out the amendment as proposed by Mr. Nielsen.

Ms Rempel: Thank you, Mr. Chair. Mr. Nielsen, please correct me if I don't have the proper wording. Moved by Mr. Nielsen that the motion be amended by striking out "the Minister of Energy and senior ministry officials" and substituting "officials of the Ministry of Energy."

The Chair: Are you in agreement, Mr. Nielsen?

Mr. Nielsen: Yes, I am, Mr. Chair.

The Chair: Thank you.

I will now call for the vote. All those in favour of the amendment, please say aye. All those opposed to the amendment, please say no.

11:10

Mr. Nixon: Can we record it, please, Mr. Chair?

The Chair: A recorded vote has been requested.

I'm going to say that that motion was carried, but a request for a recorded vote has been made. We'll start here to my right. If you could just state your name.

Mr. Drysdale: Wayne Drysdale. No.

Mr. Nixon: Jason Nixon. No.

Mr. Loewen: Todd Loewen. No.

Mr. Hanson: David Hanson. No.

Mr. Clark: Greg Clark. No.

Mr. Dang: Thomas Dang. Yes.

Mr. Kleinsteuber: Jamie Kleinsteuber. In favour.

Mr. Horne: Trevor Horne. In favour.

Mr. Rosendahl: Eric Rosendahl. In favour.

Mr. Nielsen: Chris Nielsen. Yes.

The Chair: I'm going to go to the phones.

Ms Payne: Ms Payne. Yes.

Mrs. Schreiner: MLA Schreiner. Yes.

Ms Kazim: MLA Anam Kazim. Yes.

The Chair: Thank you very much.

The amendment is carried.

Okay. We are now back on the motion as a whole as amended. Mr. Clark, I still have you on the list to speak to the motion as a whole. Do you still wish to speak?

Mr. Clark: Yeah, just briefly. I'll just add to my comments briefly.

The Chair: Please go ahead.

Mr. Clark: You know, the pipeline issue is one I hear at the doors every single day: every time I go door-knocking, every time someone comes to visit my constituency office, in the grocery store, everywhere. I think there has been an acknowledgement amongst all members – although I'll correct my hon. colleague from Rimbey-Rocky Mountain House-Sundre that not every vote on this was unanimous. One Liberal member did actually vote against it, which is unfortunate. Notwithstanding that, I think the vast, vast majority of Albertans are very much in favour of the Trans Mountain pipeline moving ahead and are finding themselves incredibly frustrated as to where we are.

I think that it's important, now that the motion is amended, that we do hear from someone, anyone somewhere within government. I would like to hear from ministers of the Crown, I think as we said in the amendment. But here we are. I think it's important that we hear from somebody what the provincial government has done to actually move this forward. Clearly, it's not sufficient.

If I can stretch this already stretched football analogy, the government found itself on the one-yard line doing what a football player should never do, and that's celebrating early, just as the defence came along and smacked the ball out of their hand, took it away, and started running in the other direction. Something Albertans don't like is hubris. I think it's very important that we have an opportunity, at the earliest opportunity, for this committee to have an open hearing so that Albertans can hear from this government, so that the opposition will have the opportunity to present questions. Perhaps even private members on the government side have some questions of their own. If they're listening to their constituents, I suspect they're going to hear some pretty strong opinions about where we find ourselves, because it really is a crisis. There's no other word for it.

Thank you, Mr. Chair.

The Chair: Thank you.

Mr. Loewen.

Mr. Loewen: Yes. Thank you. Obviously, this is a very important issue. We can't even stress how important this is to Alberta and our future. I guess that as we go forward and plan this meeting with the ministry, I would suggest that we make sure that the minister is invited and can commit to some time to be here. I guess we'll find out how much she really cares about this issue in whether she shows up or not.

Thanks.

The Chair: Okay. Mr. Nielsen.

Mr. Nielsen: Thanks, Mr. Chair. You know, we have the amended motion now, and again I'm certainly going to urge all of my colleagues to support this. We'll get ministry officials in there, and we'll hopefully be able to alleviate some concerns about what the plan by the province of Alberta is, moving forward, on Trans Mountain to get this done in a timely manner and to get it built.

I'm happy to support this, and I will urge my colleagues to support it as well.

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

Mr. Hanson: Just quickly if I could. I know that the minister would be the first to take credit if the pipeline was being built right now, so I would hope that she would take an opportunity to come and address the committee and not just send her bureaucrats.
Thanks.

The Chair: Thank you.
That being said, I'm going to ask our committee clerk to read the motion as amended into the record, and then I will call the vote.

Ms Rempel: Thank you, Mr. Chair. With the amendment, the motion now reads that the Standing Committee on Resource Stewardship invite officials from the Ministry of Energy to appear before the committee to inform members of the government of Alberta's plan to ensure that the Trans Mountain expansion project is completed following the decision of the Federal Court of Appeal on August 30, 2018, to quash the order in council approving the project.

The Chair: Thank you.
I will now call the question. All those in favour, please say aye. All those opposed, please say no. Thank you.
That motion is carried.
We will now move on to the topic of an economic impact study.

Mr. Nixon: That's me, Mr. Chair.

The Chair: Thank you, Mr. Nixon. Go ahead.

Mr. Nixon: Mr. Chair, I will move the following motion, that the Standing Committee on Resource Stewardship study the economic impact of the delay in construction of the Trans Mountain expansion project and any resulting fiscal impacts on the revenues of the government of Alberta.
I believe the deputy chair may have a written copy of this that he could provide the clerk with.

The Chair: We do indeed have it. Thank you, Mr. Nixon.

Mr. Nixon: Okay. Perfect. I will await your permission to speak to my motion.

The Chair: Please go ahead.

Mr. Nixon: Thank you very much, Mr. Chair. I'd point out a couple of things. First, my understanding is that there's nothing else that's before this committee right now. In fact, this committee is in the position where they need to choose a new initiative that will address resource stewardship in Alberta. I also understand – and I was quite shocked to learn this – that since 2015 the NDP majority on the committee has not let the Resource Stewardship Committee deal with any resource issues.

It does seem to me that it would be fitting, again, to pick something that is such an urgent matter for our province. The fiscal side of this issue in particular, Mr. Chair, I think is important to look at for a couple of reasons, the biggest of which is the fact that Minister Ceci, the Minister of Finance of the province of Alberta – and I'm actually going to use a quote of his from *Hansard* from November 30, 2016. He says:

If we're seeing that happen and we're seeing two pipelines approved, we're going to see even more investment come back

to this province. When we see more investment, we'll see a smaller deficit, and we'll get back to the plan of balancing.

It's clear that the minister's plan – there are several other quotes. To expedite the process, I won't use them, but it's clear that the minister has been clear that the NDP's plan to get our province back on an appropriate fiscal track has a lot to do with Kinder Morgan. They have repeatedly said that in the Assembly and elsewhere. Shockingly enough, Mr. Chair, even though the NDP have put forward in the last budget a clear path to bring us to a hundred billion dollars in debt, that plan, with that hundred billion dollars in debt, includes Kinder Morgan being built, and now we know that we're in danger of that possibly not happening. I do hope that it does happen, but it changes the fiscal projections, certainly, that the Finance minister has brought forward.

The Minister of Energy has said:

Once [Kinder Morgan is] completed, there'll be at least \$3 a barrel more to Albertans, and without this additional pipeline access, the companies would be losing between \$8 billion to \$13 billion annually in revenue by 2022. Without additional pipelines we would lose \$1 billion annually in revenue to the government. Scotiabank, on February 20, 2018, in an analysis said that it's equivalent to a loss of \$40 million a day.

Minister Ceci's path to balance, which counts, as I said, Mr. Chair, on TMX revenues to the tune of \$2 billion: again, it's counting on that revenue at the same time that this government continues to march to a hundred billion dollars in debt. It's quite scary what the consequences could be to the province of Alberta and to the impact of Mr. Ceci's projections, all this at a time when – and I don't need to remind everybody on this committee – we've seen six credit downgrades under this government. I mean, it's not unreasonable to think that a seventh may be on its way because of the uncertainty that has been created around this pipeline issue. Particularly, you've got a government that continues to say that the deal is done and that it's being built, and then we find out through the news or court decisions that it's not.

It's clear that this changes what has been already presented to the Legislature, and it's time for the current government to come and answer to the Legislature, i.e. a standing committee, on what this will do so that we can begin to study those impacts.

I hope everybody will support this motion.

The Chair: Thank you, Mr. Nixon.

I'm going to open it for discussion. I have Mr. Hanson, followed by Mr. Nielsen.

11:20

Mr. Hanson: Thank you, Chair, and thank you to the member for the motion. I'd just like to put a personal face to this. This issue is clearly affecting my area. Northeastern Alberta is a huge producer of oil and gas. Particularly, the differential is affecting us. The average I think right now is floating around \$35 a barrel. I've seen estimates of \$40 million a day that we're losing, and that \$40 million can go a long way to paying people to come up here and protest our pipeline expansion. I think that's a real concern.

On a personal note, like I said, companies are closing their doors up in our area, everywhere from oil field service companies to restaurants that are affected by this downturn. We're not seeing the recovery that's talked about in the media, and I would just like to say that as a committee we should look at the economic impact and the effect that it's had on Albertans, especially up in northeastern Alberta.

Thanks.

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

Mr. Nielsen: Thank you, Mr. Chair. Maybe just on a quick side note, as even you have stated before this committee, we have standing orders in place that require us to attend to business that is directed to us by the Assembly first, which, of course, we've done, hence why we're even here today. Hopefully, there are no suggestions that we should just circumvent rules on that.

Anyway, getting back to the motion here around the economic impact study, I saw that members were quoting numbers. They were probably grabbing it from the third quarter 2017-18 fiscal report from the minister, which included the impact of pipeline constraints. Of course, that's publicly available for anybody that wishes to go look at that. As I'm currently aware, Treasury Board and Finance are studying this on a continual basis. They're always getting updates, I'm sure. Those analyses are shared with the public. Again I'll reference back to Q3, where I've even heard some numbers that were thrown out. I'm sure that's where they got them from.

For this committee to duplicate work that's already been done, that's already even been referenced, I think we could probably better focus our time in meeting, because I understand that there's possibly even another group that wants to meet with us. We could attend to getting to those meetings. So at this time I'm not prepared to support this motion, and I would urge folks on the committee to not support this as well.

Let's get to our guests here that might be coming before us.

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

We're going to go to Mr. Nixon.

Mr. Nixon: To be clear in response to Mr. Nielsen's comments, Minister Ceci's Path to Balance document counts on TMX revenues to the tune of \$2 billion in that document. It's extremely clear that it counts on that revenue. If something has changed, certainly it would be incumbent on the minister to inform the Legislature as a whole.

I find it disappointing that you would suggest that that would be a waste of time or a duplication of work. There are other members of the Assembly, not just a select, private group associated with the government that likes to come to the Assembly and stand up and say that the pipeline will be built in the next year when it won't, that continues to avoid questions from the opposition repeatedly, in fact, Mr. Chair, spend a considerable amount of time making fun of the opposition for asking the questions.

The reality is this. We continue to see, from my perspective – and certainly my constituents bring this up quite often – that government members are just continually focused on playing politics on this issue. We need to get away from that. We need a government who – I know the Hon. Jason Kenney continues to live in their head rent free, I guess, and they want to focus on that instead of standing up to Justin Trudeau. Instead of acknowledging the problem to Albertans, they want to continue to keep it secret, give the federal government and the B.C. government a free pass over and over, and not answer to the Legislature as a whole.

Mr. Nielsen's comments about just keeping it to Treasury Board: I think he should elaborate on why he thinks that the rest of the Legislature does not have a right to know on behalf of Albertans, that we represent, how the government is going to fix the fact that they're counting on revenue from TMX that isn't there right now.

The Chair: Thank you.

I'm going to go to Mr. Loewen next.

Mr. Loewen: Okay. Thank you. Yes. Obviously, I think that it's somewhat critical to know what these effects are. The government's

budget relies on that, and we need to find out what the effects to the budget will be going ahead.

We also need to know – I mean, this lost investment: people with billions of dollars that might want to come into Alberta and do business and have wanted to come into Alberta and do business are looking at this situation with the pipeline and realizing that maybe it's just not the place to invest. We need to get that confidence back.

Alberta needs to be the place that investors want to come and invest. These fiscal impacts: even though we look at it as far as, you know, how it's going to affect the budget and how it's going to affect the government and where it gets its money and how much money it has to borrow, this affects individuals, this affects people, and this affects families. All these fiscal impacts trickle down to the people of Alberta, and I think the people of Alberta have a right to know what the effects are of this delay. These things could be publicized, and we could hopefully get some people across this country to have a little more support and maybe get this government on track, too, as far as giving some strong support and standing up against Ottawa in fighting for this pipeline.

The Chair: Thank you, Mr. Loewen.

I'm now going to ask the committee clerk to read the motion.

Ms Rempel: Thank you, Mr. Chair. Moved by Mr. Nixon that the Standing Committee on Resource Stewardship study the economic impact of the delay in constructing the Trans Mountain expansion project and any resulting fiscal impacts on the revenues of the government of Alberta.

The Chair: All those in favour of the motion, please say aye. All those opposed to the motion, please say no.

That motion is defeated.

Mr. Nixon: A recorded vote.

The Chair: We're asked for a recorded vote. I'll start here to my right.

Mr. Drysdale: Yes.

Mr. Nixon: Yes.

Mr. Loewen: Yes.

Mr. Hanson: Yes.

Mr. Dang: No.

Mr. Kleinsteuber: No.

Mr. Horne: No.

Mr. Rosendahl: No.

Mr. Nielsen: No.

Ms Payne: No.

Mrs. Schreiner: No.

Ms Kazim: No.

The Chair: Okay.

The motion is defeated.

We are now going to move on to other pipeline routes, proposed by Mr. Hanson.

Please go ahead.

Mr. Hanson: Thank you very much, Mr. Chair. I would propose that the Standing Committee on Resource Stewardship invite representatives of Eagle Spirit Energy Holdings Ltd. to make an oral presentation to the committee regarding the proposed Eagle Spirit pipeline corridor project between Fort McMurray, Alberta, and Grassy Point, British Columbia.

The Chair: Thank you, Mr. Hanson. We're going to get that up on the screen here shortly, but please go ahead and speak to your motion.

Mr. Hanson: Well, one of the most important things that's come up with the Trans Mountain issue is consultation. This is a First Nations proposed route, and they are very, very important stakeholders. They see the economic opportunities for their communities, especially in northern B.C. and northern Alberta, and at this point I think that they deserve to be heard.

Again, at this point we need to explore all options and not just put all our eggs in one basket with the Trans Mountain. I think it's a great proposal. We've sat and listened to the folks, and I think that they've got some great ideas and they've got the backing of the First Nations in northern Alberta and northern B.C., to my understanding, and I think we need to explore that.

The Chair: Thank you, Mr. Hanson.

Would anybody else like to speak to this motion? Mr. Nixon, go ahead.

Mr. Nixon: Again, I thank the member for bringing forward the motion. I will speak in favour of it.

I had the privilege of meeting with some of these groups just a couple of weeks ago. It's quite interesting some of the work that they're doing, and of course I think all of us would agree that the area around indigenous consultation has played a significant role in this conversation.

I would note that Premier Notley tweeted on September 6 of this year, so just a few short weeks ago, the following:

As I said again today, we remain committed to robust and meaningful Indigenous consultation and accommodation. And we remain committed to marine safety. But we are trapped on a regulatory merry-go-round. Ottawa has the tools and authority to bring it to a permanent stop.

11:30

My concern, though, is that a few short days ago, on September 21, the Premier then said: "It's premature to hand down a deadline to Ottawa for construction to start again. We're still waiting to see what the federal government is planning on doing around indigenous consultation. February is when the NEB will issue its certificate, so then the question becomes: how much longer is required with respect to indigenous consultation?"

While I do agree that the federal government certainly has a significant role in handling this issue, I have big concerns with the idea that, again, you have the Premier and the NDP government at the beginning of September saying, "Hey, we're going to get in here; we're going to get to work on this issue" and then a few short days ago just saying, "Well, we're going to leave it up to Justin Trudeau; we'll trust him."

The reality is that we've heard that from this government repeatedly in the Assembly. I know that in responses to questions that I've asked the government, they get up and they just say that it's going to be okay. And I've warned them, Mr. Chair. I know you've watched me warn them in the Assembly that paper approval from Justin Trudeau means nothing, and that's now been proven.

So it is incumbent on us as Alberta's representatives to get to work, to show some leadership on this issue. It would be a great start, you know, towards that consultation goal, bringing to this committee some of the groups that are trying to help get pipelines built to be able to get their input on it.

I can't see why the government would not support this motion. I certainly hope that they would.

The Chair: Mr. Nielsen, go ahead.

Mr. Nielsen: Thanks, Mr. Chair. Just a quick clarifying question for whoever wants. An oral presentation: you're talking about what they're proposing around the entire project, where it goes, all around?

Mr. Hanson: Absolutely.

Mr. Nielsen: Okay.

Mr. Hanson: Yeah. Absolutely. I'd like them to come forward and share the work that they've done. They've done a pile of work over the last year and a half, and I think they deserve to be heard. Any support that they can get from the Alberta government, both the government and opposition, would be, I think, much appreciated.

Mr. Nielsen: Okay.

The Chair: Mr. Nielsen, would you like to carry on?

Mr. Nielsen: I guess, again, maybe another question for folks. I mean, if we're already starting to schedule another meeting here around visitors, would it be something where maybe we'd want to have those folks come in at the same time rather than in multiple meetings? What are you thinking?

Mr. Nixon: I don't see why we wouldn't do it on the same day.

Mr. Nielsen: Make a day of it?

Mr. Nixon: Yeah, make a day of it. I think that would make sense. They theme together quite well.

Mr. Nielsen: Okay.

The Chair: You'd like to respond to the question?

Mr. Hanson: Yeah. I would appreciate if the committee could give them more than 10 minutes for their proposal, seeing as they've done all that work.

Mr. Nielsen: I guess, the only thing I have to say, you know, I mean, is that I'd love to hear more about what they're saying and what they're doing. Honestly, I'm not as up on that project, as you can imagine, like, say, for instance, Trans Mountain, so maybe I could urge other committee members to entertain this as well.

The Chair: Thank you, Mr. Nielsen.

Mr. Drysdale, you wanted to make a comment?

Mr. Drysdale: Yes. This motion is similar to the next one. You know, we've had presentations from these groups where there are alternatives to the Trans Mountain pipeline. You know, they come to us frustrated that the government won't listen to them. They're trying to meet with them. So I think even if this committee could listen to them. Like has been said, we don't want all our eggs in one basket. God forbid Trans Mountain does get stopped. I hope it doesn't, but let's have some alternatives down the road.

I think even showing the B.C. government or the federal government that they don't have us over a barrel, that there are other options to get our product to market. We have to get a second market for our oil, or we're going to suffer forever. So I don't know why we wouldn't listen to groups like this. If they can't get to the government, maybe they can come to this committee and present. I think you'll be quite interested and surprised with what they've got to say.

It is under the mandate of the Resource Stewardship Committee. We're stewards of the resource, and it's a pretty important resource to this province, and we should take all these presentations seriously.

Thank you.

The Chair: Thank you, Mr. Drysdale.

I'm going to call the question after our committee clerk has read the motion into the record.

Ms Rempel: Thank you, Mr. Chair. Moved by Mr. Hanson that the Standing Committee on Resource Stewardship invite representatives of Eagle Spirit Energy Holdings Ltd. to make an oral presentation to the committee regarding the proposed Eagle Spirit pipeline corridor project between Fort McMurray, Alberta, and Grassy Point, British Columbia.

The Chair: All those in favour of the motion, please say aye. All those opposed to the motion, please say no. Okay.

That motion is carried. Thank you.

We are now going to go . . .

Mr. Dang: If I may, I see that we're currently at 11:35, and this meeting was scheduled to end at 11 a.m., actually. I think we're quite a bit over time now. I know that some members in this room have committees this afternoon they have to attend. Frankly, I had a lunch appointment that I'm not sure I'm going to make anymore. I wonder. I'm just looking for some guidance on what the policy is for these committees going quite a bit over. The opposition had the opportunity to submit these motions in advance. They didn't, so they weren't on the agenda, and now we're hashing out things that could have been done in advance, I think. I think they're very important issues that we should be discussing, but I would have liked more than the notice of sitting right here.

The Chair: Okay.

Mr. Nixon: I think the issues that are being discussed by this committee are certainly more important than the hon. member's lunch. We are moving through at a fairly rapid pace. There has been no attempt to drag it. We've let you call the question after making simple comments. I believe there's only one more motion left. Again, these issues are important to Albertans, and I certainly wouldn't want to go back and look at my constituents and say that we adjourned so the hon. member could go for lunch. It's such a ludicrous comment.

Mr. Loewen: And we did pass that this would be on the agenda, so it is on the agenda to deal with today.

The Chair: Thank you.

Yes, I know that we have gone over time. I apologize for that, but since the agenda was agreed upon, we're just trying to get through the agenda as quickly as possible, Mr. Dang.

Mr. Dang: Yeah, Mr. Chair. I'd just appreciate it next time if perhaps the hon. members, seeing as they had these preprepared, could submit them in advance so members would know that we may have some time to take.

Mr. Nixon: In the interest of your lunch I'll make the comments brief, but I really would appreciate it if you would inform your government to inform us of legislation well in advance. I doubt that will happen. So, instead, why don't we debate the next motion?

The Chair: Okay. Let's move on, people. We have invitation to other groups. Mr. Loewen, I believe that's your issue. Would you like to continue?

Mr. Loewen: Yes. I'll keep it as simple as I can.

I'd like to make a motion that

the Standing Committee on Resource Stewardship invite representatives of G Seven Generations Ltd. and Alberta-Alaska Railway Development Corporation to make oral presentations to the committee regarding their proposals to build a railway from Alberta to Alaska.

The Chair: Thank you very much, Mr. Loewen. May I ask you to speak to the motion briefly?

Mr. Loewen: Sure. Obviously, we've been losing pipelines. We've lost Energy East. We've lost Northern Gateway. We've lost or at least greatly delayed the pipeline to the U.S. Now, of course, we're sitting here looking at the latest pipeline that's been delayed, and who knows what the future is with that.

We are the Resource Stewardship Committee. These projects, these people we are discussing are about getting our resources to market and, in particular, to a coast, so I think it would behoove us to take the time to meet with these two groups and have them present to us, too. Of course, like the last one, I think if we give them more than 10 minutes, that'd be respectful for them, too.

The Chair: Any other comments, questions, concerns regarding the motion as proposed by Mr. Loewen? Hearing none, I'll ask the committee clerk to read the motion into the record, please.

Ms Rempel: Thank you, Mr. Chair.

Moved by Mr. Loewen that the Standing Committee on Resource Stewardship invite representatives of G Seven Generations Ltd. and Alberta-Alaska Railway Development Corporation to make oral presentations to the committee regarding their proposals to build a railway from Alberta to Alaska.

The Chair: Having heard the motion, all those in favour, please say aye. All those opposed, please say no. Okay.

That motion is carried.

Is there any other business that people would like to comment on or introduce at this time?

Okay. Hearing none, the date of the next meeting will be at the call of the chair.

I will now ask for a motion to adjourn, please. Thank you very much. All in favour? All those opposed? This meeting is adjourned. Thank you, everyone.

[The committee adjourned at 11:39 a.m.]

