



Legislative Assembly of Alberta

The 30th Legislature
Fourth Session

Standing Committee
on
Resource Stewardship

Ministry of Affordability and Utilities
Consideration of Main Estimates

Tuesday, March 14, 2023
3:30 p.m.

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Fourth Session**

Standing Committee on Resource Stewardship

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Feehan, Richard, Edmonton-Rutherford (NDP), Deputy Chair

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Standing Committee on Resource Stewardship

Participants

Ministry of Affordability and Utilities

Hon. Matt Jones, Minister

Matt Grossman, Assistant Deputy Minister and Senior Financial Officer, Financial Services

Office of the Utilities Consumer Advocate

Chris Hunt, Executive Director

3:30 p.m.

Tuesday, March 14, 2023

[Mr. Hanson in the chair]

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

The Chair: Welcome, everybody. I'd like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the main estimates of the Ministry of Affordability and Utilities for the fiscal year ending March 31, 2024.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials you have joining you at the table when we get to you. My name is David Hanson. I'm the MLA for Bonnyville-Cold Lake-St. Paul and chair of this committee. We'll begin, starting on my right.

Mr. Feehan: I'm Richard Feehan, the MLA for Edmonton-Rutherford. Good afternoon.

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

Ms Pon: Josephine Pon for Calgary-Beddington.

Mr. Orr: Ron Orr, MLA for Lacombe-Ponoka.

Mr. Turton: Good afternoon, everyone. Searle Turton, MLA for Spruce Grove-Stony Plain.

Mr. Sigurdson: Good afternoon. R.J. Sigurdson, MLA for Highwood.

Mr. Singh: Good afternoon, everyone. Peter Singh, MLA, Calgary-East.

Mr. Jones: Good evening. Matt Jones, MLA for Calgary-South East and Minister of Affordability and Utilities. I'm joined by my deputy minister, Stephanie Clarke; Matt Grossman, my assistant deputy minister of financial services and senior financial officer; David Stanford, assistant deputy minister of affordability; and Andrew Buffin, assistant deputy minister of utilities. I'm also joined by Chris Hunt, the Utilities Consumer Advocate, who is seated in the gallery.

Ms Ganley: Kathleen Ganley, Calgary-Mountain View.

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

Mr. Barnes: Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: We have nobody joining online, so we'll move on.

A few housekeeping items to note for the record: hon. Member Pon for hon. Member Issik for substitutions. Please note the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Members participating remotely are encouraged to turn on your camera while speaking and to mute your microphone when not speaking. Remote participants who wish to be placed on the speakers list are asked to e-mail or message the committee clerk, and members in the room should signal to the chair. Please set your cellphones and other devices to silent for the duration of the meeting.

Hon. members, the standing orders set out the process for consideration of the main estimates. A total of six hours has been scheduled for consideration of the estimates for the Ministry of Affordability and Utilities. This meeting is the first three hours for consideration of the ministry's estimates. Standing Order 59.01(6) establishes the speaking rotation and speaking times. In brief, the minister or member of Executive Council acting on the minister's behalf will have 10 minutes to address the committee. At the conclusion of the minister's comments a 60-minute speaking block for the Official Opposition begins, followed by a 20-minute speaking block for independent members, if any, and then a 20-minute speaking block for the government caucus. Individuals may only speak for up to 10 minutes at a time, but speaking times may be combined between the member and the minister.

After this, speaking times will follow the same rotation of the Official Opposition, independent members, and the government caucus. The member and the minister may each speak once for a maximum of five minutes, or these times may be combined, making it a 10-minute block. If members have any questions regarding speaking times or the rotation, please send an e-mail or message the committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of the meeting; however, the three-hour clock will continue to run. Does anyone oppose taking a break? Seeing none, we will make that announcement shortly.

Ministry officials may be present and, at the direction of the minister, may address the committee. Ministry officials seated in the gallery, if called upon, have access to microphones in the gallery area and are asked to please introduce themselves for the record prior to commenting.

Pages are available to deliver notes or other materials between the gallery and the table. Attendees in the gallery may not approach the table. Space permitting, opposition caucus staff may sit at the table to assist their members; however, members have priority to sit at the table at all times.

If debate is exhausted prior to six hours, the ministry's estimates are deemed to have been considered for the time allotted in the schedule, and the committee will adjourn.

Points of order will be dealt with as they arise, and individual speaking times will be paused; however, the speaking block time and the overall three-hour meeting clock for the first segment of the six hours allotted will continue to run.

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

The vote on the estimates and any amendments will occur in Committee of Supply on March 16, 2023. Amendments must be in writing and approved by Parliamentary Counsel prior to the meeting at which they are to be moved. The original amendment is to be deposited with the committee clerk with 20 hard copies. An electronic version of the signed original should be provided to the committee clerk for distribution to committee members.

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

I would now invite the Minister of Affordability and Utilities to begin with your opening remarks. You have 10 minutes, sir.

Mr. Jones: Thank you, and good evening. I'm pleased to present highlights of the 2023-2024 budget for the Ministry of Affordability and Utilities. Again, I'm joined by my deputy minister, Stephanie Clarke; Matt Grossman, assistant deputy minister of financial services and senior financial officer; David Stanford, assistant

deputy minister of affordability; and Andrew Buffin, assistant deputy minister of utilities. We also have Chris Hunt, the Utilities Consumer Advocate, seated in the gallery.

Before I dive into the budget, I'd like to give a brief overview of the ministry's mandate. The Ministry of Affordability and Utilities was established to deliver immediate cost-of-living and inflation relief while also working across government and with utilities to support long-term affordability. On the affordability side, this includes leading and co-ordinating the government's affordability action plan. As the lead we are working with other ministries to implement a package of affordability measures, including Treasury Board and Finance; Children's Services; Seniors, Community and Social Services; Technology and Innovation; Service Alberta and Red Tape Reduction; and other ministries as required.

Our affordability action plan includes both broad-based measures supporting all Albertans and targeted supports for those most impacted by inflation, including families, seniors with fixed incomes, and vulnerable Albertans. These measures include electricity rebates; suspending the fuel tax; direct payments to those most affected by high inflation; reindexing financial benefit rates for AISH, income support, the Alberta seniors' benefit, and the Alberta child and family benefits; new targeted affordability supports for postsecondary students; funding support to food banks and other community groups; and more funding for low-income transit pass programs.

On the utilities side, the ministry works to advance a modern, safe, and reliable system that meets the everyday needs of all Albertans and attracts investment and supports job creation. Through Budget 2023 the ministry will continue to work towards the outcomes outlined in our business plan, which I will address shortly.

At this point I will move on to our budget highlights. For the Alberta government overall, Budget 2023 continues to provide relief through the affordability action plan, which will see Albertans continue to benefit from ongoing programs such as our fuel tax relief program; electricity rebates; natural gas rebates; and monthly \$100 affordability payments for seniors, families, and Albertans on core support programs. The government is planning \$2.3 billion in affordability supports for the 2023-24 fiscal year, with the total cost-of-living supports for Albertans since 2021 to 2022 amounting to \$8.7 billion through to '25-26. This spending represents one of the most comprehensive packages to support citizens with the cost of living of any province or territory in Canada.

For affordability and utilities specifically in 2023-24, the ministry has budgeted \$139.8 million in expense. Included in this amount are the following major items: \$47.6 million for the utility rebate in '23-24. The funding will follow through on our commitment to provide a total of up to \$500 in electricity rebates to over 1.9 million homes, farms, and small businesses as part of our affordability action plan. The 2022-23 third-quarter forecast for the utility rebate and grant programs was \$647.8 million.

The next major item is \$33.5 million to support the operating costs of the Alberta Utilities Commission, which tracks customer service quality in its regulated utilities and regulates electricity distribution rates. This is up from \$30.7 million in Budget 2022. The total budgeted funding amount for the AUC includes a \$2.8 million increase in 2023-24, then increasing another \$765,000 in '24-25 and \$788,000 in '25-26, primarily for salary expenses and to align compensation with market rates; and a \$0.8 million increase to the AUC's supplies and services beginning in 2023-24 as it transitions to cloud-based IT solutions.

3:40

Budget 2023 also includes \$31.5 million consisting of \$19.1 million of nonvoted interest expense related to the annual payments for the coal phase-out agreements and \$12.4 million voted operating expense for the renewable energy program. The coal phase-out expense for Budget 2022 was \$21.4 million, and the renewable energy program expense for Budget 2022 was \$12.4 million.

The final major item is \$27.2 million to support ongoing department operations and programs. This is up from \$21.4 million in Budget 2022. Just a reminder here that Budget 2023 includes funding for the UCA, the Utilities Consumer Advocate, a critical resource for utility consumers that has demonstrated its impact in supporting affordability for Albertans.

Notable changes for Budget 2023 include a \$500,000 increase beginning in '23-24 for the rural gas program to support rural gas across the province over the next 10 years and \$250,000 in one-time funding in 2023-24 for a review of the current state of water associations across Alberta and to identify the path forward.

I will now touch on the department's one item in its revenue forecast. For 2023-24, we estimate that the ministry's revenue will be about \$149 million, primarily from Balancing Pool income and industry levies and licences.

Now, with my remaining time I will give you a brief overview of the department's two outcomes that make up the 2023-2026 business plan. The first outcome is making everyday life more affordable for Albertans. To achieve this, we are committed to the following three key objectives: to continue leading and co-ordinating the government's ongoing efforts to identify and advance opportunities to address affordability and cost-of-living concerns of Albertans – we have already made considerable headway towards this objective given the ambitious package of supports, both short term and ongoing, to support affordability for all Albertans – to provide financial relief to Albertans through programs such as the natural gas rebate program, the electricity rebate program, and the remote area heating allowance program; to educate, mediate, and advocate for Alberta's small business, farm, and residential electricity, natural gas, and water consumers through the Utilities Consumer Advocate.

The second outcome in the business plan is to ensure Albertans benefit from a safe, reliable, and affordable utility system. To achieve this, we are committed to five objectives: one, to enable a modern, competitive, and adaptive electricity system for Albertans to support job creation, attract investment, and support the adoption of lower carbon energy in the province; two, to address the cost of utility payments for Albertans by ensuring regulated rates for electricity and natural gas are formulated to best serve Albertans and reviewing transmission distribution and other costs; three, to support the expansion and upgrading of rural utility infrastructure to encourage socioeconomic growth and rural job creation. The fourth key objective is to ensure the safe, reliable, efficient, and environmentally responsible development and operation of the electric and natural gas systems to protect the public interest of Albertans. And the fifth key objective is to ensure Albertans benefit from a safe, reliable, and affordable utility system.

To conclude my remarks today, I will restate that the ministry is keenly focused on providing both short-term relief while also doing the long-term work to ensure we keep Alberta affordable for the years to come. We have acted swiftly and decisively to help individuals and families get through this time of high inflation, and we will continue to build on that success going forward.

I look forward to the questions of this committee. Thank you very much.

The Chair: Thank you, Minister.

Just before we get going, we do have six hours here, but I just encourage all committee members: let's make the best use of our time and keep our questions relevant to the ministry. I know that there's a bit of crossover that we can expect, but if you do persist in a line of questioning that's off topic, I will call you to order.

For the hour that follows, members of the Official Opposition and the minister may speak. Hon. members, you will be able to see the timer for the speaking block both in the committee room and on Microsoft Teams.

Members, would you like to combine your time with the minister?

Ms Ganley: I'll certainly try, Mr. Chair.

The Chair: And if that's amenable with the minister?

Mr. Jones: Block time.

The Chair: Block time. All right.

You have 10 minutes.

Ms Ganley: Thank you very much, Mr. Chair. I want to start out by saying that I think the one thing that we can all agree on is that this is an issue that's of critical importance to Albertans at this time. I think inflation is at an all-time high, and wage growth, particularly in Alberta, is much lower than the rest of the country. We have relatively high unemployment compared to the rest of the country, so people are, I think, challenged more so than they have been probably at any time in the last couple of decades. I agree that this is a ministry that is doing some incredibly important work. The cost of everything has gone up: electricity, natural, gas, groceries, tuition, interest on student loans, and insurance. I'd like to know – you know, generally, obviously, we've created a new ministerial office. That comes with political staff. That's a cost to the people of Alberta. I'm curious: what other actions are we taking? Are we examining things that affect affordability generally, like tuition or groceries? I think we called for an investigation. That was never taken up, so I'd love to know what's going on with those.

I think as well, you know, the minister mentioned several times the natural gas rebate. This thing was originally announced almost a year ago now, I think. At the time we called it a fake, mostly because it wasn't expected to come in for quite a while. I don't actually see it reflected in the budget, so I'm just curious – because it was our position at the time that that was a fake rebate, that there was not going to be actually any money there. So I'd love to know how much was spent last year on that natural gas rebate. I'd also love to know, because I don't see it in a line item here in your budget, how much you expect to spend this year on the natural gas rebate, because it continues to be our position that this is a program that's essentially lip service. It was floated at a price that rates were not really projected to hit. So, yeah, I would love to know how much has been spent and how much we expect will be spent. I'd love, Minister, also your opinion on whether you think that is sufficient to help the people of this province. I mean, we don't have actuals for some reason, but we do have forecasts, so we can get some, I would hope, estimation of how much was spent last year.

I think on that note as well, the electricity rebate. Now, certainly one of the things that we have heard from people across the province is that a lot of multiresidential buildings were excluded. Those are buildings that have, like, one meter for everyone because, obviously, the power for the whole building will be much higher than the threshold. I'm just a little curious as to why that decision was taken and what the explanation to people living in those buildings – they're for the most part suffering from the affordability

crisis just as much as anyone else. So, yeah, I would love to hear, you know, for those people – we've heard extensively from groups like the condo owners' association that they feel this creates a real unfairness. I'd love to hear if there are any plans to address that going forward, to sort of fix that problem and that particular exclusion, and if not, why not and, I guess, why the problem hasn't been solved yet. It seems like there are possible solves or at least, I can imagine, possible solves. We also heard from a lot of people that \$50 relative to the actual increase in price was insufficient, so I would like to hear, yeah, a little more about the minister's opinion on whether that was, in fact, enough.

Another electricity program is the electricity loan deferral program that the UCP brought in, so I would love to know: as of right now what is the total owed by Albertans on the RRO as a result of this loan deferral program? You know, we can obviously estimate because the ceiling is at 13.5, so everything above that, up to I think it's – yeah. It would be sort of going into this loan, and we're almost – well, I guess we're still in March. We're almost to the end of the period. So that would give us sort of a snapshot, I guess, of how much Albertans are going to owe.

3:50

I'm also curious because, I mean, personally, I don't think the program design is particularly good. I don't think that more debt is the thing that Albertans need right now. It begins to pay back in April, so essentially once you have the total amount, what I'd like to know is how much total debt we have so far and how that would spread over our RRO customers, so about how much, roughly, each individual person owes.

I'd also be really interested to know what we expect prices to do in, like, July and August, because, obviously, we have this ceiling right now and everything is being pushed into this loan, but July and August will be months in which the loan is being paid back by Albertans. At the same time, their prices may be higher. Like, last summer we saw certainly not the spikes we saw this winter, but we saw – at the time those were record-high power prices. So I'd be interested to know what the ministry's estimate is on what the prices will be in July and August, when people are having to pay back. I mean, essentially, they're potentially paying whatever the going rate is; plus, they're paying off this loan that the government has foisted upon them. Yes.

To sum up, what is the total amount owed by RRO customers as a result of a loan deferral program? On average, how much do you think that will be for each person? Like, how much do we expect that to add to each person's bill over the repayment period or on a month-to-month basis? Either/or is fine. How much are we expecting, roughly, power prices to be in July and August while people are having to also pay off this loan? Yeah. So those are the questions on that sort of set there. Those are those programs, I guess.

I think I'll also move on to another program that's reflected in here, and I'm pretty confused about why it's reflected as a cost and not a revenue. The University of Calgary has done – and I'm citing here. It's called Energy & Environmental Policy Trends – it's October 2022 – An Alberta Wind Energy Windfall by Sara Hastings-Simon, Andrew Leach, Blake Shaffer, and Tim Weis. They cite that the total gain to the government of Alberta is expected to be about \$160 million from the renewable energy electricity program. I'm just curious where that revenue is reflected in the budget, because it's showing up as a cost, but certainly this would suggest that it's not a cost. I mean, these calculations can be made as the strike price was public at the time. Surely, the government would be able to, I guess, calculate what the expected

revenue is, but I can't find it in the budget, so I would love to know where that is located.

I think, you know, people deserve to know what the outcome of that project was, and the way it's reflected in this budget now would suggest that the government is not in fact making money from it, which I think – I mean, these numbers may be imperfect, because obviously we don't know which strike price applies to which contract and therefore sort of the size of the whole thing, but these are estimates and they're estimates made on the most sort of conservative assignment of those contracts to solar and wind projects. Yeah. I would be interested to know where that revenue is reflected because I think it's pretty clear that it exists.

The next set of questions I have focus a little bit on the business plan, the business plan performance metrics under the 1(b) performance indicator, Alberta annual inflation rate compared to national levels. I'm just sort of looking for an explanation of how those numbers are calculated, sort of, like, whether it's based on Statistics Canada data or where we're getting those percentages from.

I have three seconds, so I just will . . .

The Chair: Thank you very much, Member.

Minister, you now have 10 minutes to respond.

Mr. Jones: Thank you very much for the questions, and there are many questions. I'll try to get through as many as I can, and of course we can address them the next block as well. I fully agree that affordability is the number one issue facing Albertans and indeed Canadians, and that is the result of record inflation. That's why our government came forward with our affordability action plan, which includes significant broad-based and targeted inflation relief. I just want to go through some of those measures so everybody understands the programs that we're talking about today.

We, of course, fully suspended the fuel tax, so from January to June 2023 Albertans will save 13.6 cents per litre, including GST, on every litre of gasoline and diesel. In addition, since July 2022 we've been providing electricity rebates to upwards of 2 million homes, small businesses, and farms across Alberta, up to \$500 over the course of the program, an average of \$50 a month, although the January and February 2023 rebates are \$75 each in recognition of the higher demand and colder winter months.

We also implemented a natural gas price protection program. We were concerned about the price spikes seen in other countries around the world. We were concerned about geopolitical events, supply and demand imbalances, and we wanted Albertans to be protected and benefit from their own resource. What that program does is if the Alberta price of natural gas exceeds \$6.50 a gigajoule, Albertans will receive a dollar-for-dollar rebate on the natural gas portion of their bill. And I want to highlight that this program is now a permanent feature of Alberta.

Like our fuel tax relief, these are two ways that Albertans will continue to be protected and save money from their own resource. We should be proud of our oil and gas sector, our responsible oil and gas sector.

In addition to those programs, we also indexed core support programs. Those include AISH, income support, the Alberta seniors' benefit, and the Alberta child and family benefit, which increased 6 per cent this year and will continue to increase annually with the cost of living. We also retroactively indexed income taxes to January of last year. This means that come tax time – and people are already working on their taxes – they're going to see higher refunds, lower taxes owed. It also provides ongoing relief because, of course, it's also indexed. So, going forward, Albertans will have

lower withholdings on their paycheques, another great affordability measure available to all Albertans.

The big one: our affordability payments. We knew that even with these broad-based measures, there were categories of Albertans that were being hit particularly hard by inflation. Those included families with multiple dependants, many mouths to feed. We wanted to provide additional targeted inflation relief, and that is \$600 in affordability payments over six months, from January to June 2023. Seniors on lower and often fixed incomes also have been particularly challenged by the inflation crisis, so they, too – 65-and-up seniors in Alberta are eligible for \$600 in affordability payments over six months.

Then we also automatically enrolled Albertans in our core support programs. So any Albertan receiving AISH, income support, the Alberta seniors' benefit, or the Alberta child and family benefit or receiving services through PDD was automatically enrolled and is receiving up to \$600 over the next six months to help them pay their bills, to take a little pressure off, especially families, who are making tough choices. You know, can they keep their kids in their activities? We certainly didn't want children, after the two years that they experienced in the pandemic, to have to make those choices. A reputable economist has estimated that the additional burden on families due to excess inflation is around \$90 per month per child. So these affordability payments should provide Alberta families significant flexibility and peace of mind and ensure that children don't pay the price of inflation.

4:00

In addition, we've recently announced postsecondary affordability measures. We've all seen the increases in interest rates, the dramatic rise in interest rates, so just a few weeks ago I joined the Minister of Advanced Education, and we announced reductions in student loan interest rates. We also doubled the interest-free deferral period, from six months to 12 months, because we know that students are facing cost-of-living increases just like everybody else. We wanted to give them enough time to find gainful employment. Perhaps they can tap into the 100,000 job vacancies in Alberta, which is booming. I would disagree with the characterization, through you, Chair, to the member opposite. Alberta is booming, but we wanted to provide them additional time, additional peace of mind so they can focus on their studies, focus on employment, and not worry about inflation.

We also paused auto insurance rate increases. I worked with the Minister of Treasury Board and Finance, and we announced that until January of next year auto insurance rate increases will be denied. That should provide, you know, some cost certainty for Albertans at a time of rising costs.

The Minister of Seniors, Community and Social Services recently announced additional support to food banks. We'd heard of a concerning rise in the use of food banks, and we wanted to help, so for the first time we are contributing \$20 million, \$10 million of which is earmarked for matching campaigns. We wanted to ensure that our most vulnerable had access to nutritious meals when and where they need it.

We also have made investments to support low-income transit programs because we know that it's expensive. It has been expensive to get around, and we wanted to make sure that our lowest income Albertans were able to get where they needed to go, whether it's work or school or to get groceries for their family.

Those are quick, high-level overviews of some of the affordability measures that we've been working on. It ties into your question of: what is our ministry doing? Well, to implement these programs, we had to work across government. For the fuel tax relief, we had to work with Treasury Board and Finance; for the

natural gas price protection program, again we had to work with Treasury Board and Finance. On AISH, income support, the Alberta seniors' benefit, we worked with our partners in Seniors, Community and Social Services. On the Alberta child and family benefit, we worked with our partners in Children's Services. Postsecondary: we worked with the Ministry of Advanced Education to bring forward that suite of affordability measures. We will continue to look across government at ways that we can save Albertans money and ways that we can keep Alberta affordable.

This ministry is also responsible for utilities. We share Albertans' concerns about the rising cost of electricity, of transmission and distribution. We also share Albertans' concerns about the record pricing and volatility on the regulated rate option, so we are working within our own ministry, with our agencies to ensure that the path forward is one that is affordable for Albertans.

The member opposite asked some specific questions. On the natural gas rebate, I'm pleased to report that to deliver a billion dollars of electricity rebates – again, that's up to \$500 a household in Alberta, the most significant in the country – to provide a billion dollars in support automatically to these households and to provide permanent, year-round natural gas price protection, the administration costs were minimal. It was around 9 and a half million dollars for both programs. In terms of what the natural gas rebate program will cost, well, we'll have to see how it is utilized because, of course, it's intended to protect Albertans from spikes, from unforeseen, perhaps globally driven events. The cost will of course be reported once we use it.

You asked about the RRO price ceiling and deferral. Again, the RRO electricity price in January and February was hitting some of the highest levels ever. It was extremely volatile, which is challenging for, particularly, seniors in rural Alberta. We wanted to provide them stability on their electricity bills, so we implemented a 13 and a half cent per kilowatt hour price ceiling, which meant that any amounts in January, February, or March 2023 above 13 and a half cents were deferred. They were deferred to lower cost months, starting April 2023, so that Albertans can more easily manage the bills. I want to be clear that the government provided no-interest loans to RRO providers so that this price deferral, this price protection, could be provided at no interest cost to the RRO provider or to the consumer. This mirrors fixed-rate protection. On competitive fixed-rate contracts you pay a little more in the low months in return for price protection in the high months, and that's exactly what we've done through the RRO pricing . . .

The Chair: Thank you very much, hon. minister.

Member, are you going to continue with your questions?

Ms Ganley: Yes.

The Chair: Go ahead, Member.

Ms Ganley: Thank you very much. I must congratulate the minister. I think that's the first time I've seen the minister get through eight minutes without answering a single question. I will restate the questions for the record.

Did you have something to add?

Mr. Jones: It's your turn.

Ms Ganley: I will restate the questions for the record. The first question was: how much has been spent on the natural gas protection so far? The second question was: how much do you anticipate being spent next year? This is a budget. The function of a budget is to project how much things will cost next year, so I think it's pretty well in bounds, especially given that you raised it three

times in your opening remarks, for me to ask: how much will that cost next year? I think that the actual answer is zero, that you know that it's going to cost zero.

I think the next set of questions was around the electricity rebate. Just to restate the question for the minister, because I think you might have missed it, it's, you know: what do you have to say to people in those multi-residential buildings that did not receive a rebate? Have you made attempts to fix it? Do you intend to fix it in the future?

I think those are questions I've certainly been getting from the public, from constituents. I imagine that members on the other side have been getting those same questions, so, yeah, I think that they're worthy of answering.

In terms of the electricity loan deferral program, again, the question was: how much do Albertans on the RRO owe currently? What is the total amount that Albertans on the RRO currently owe? How much do we expect them to be paying back per month? Roughly is good enough.

What are we expecting prices to be in the summer? What are we expecting prices to be in months like July and August? The justification that's been provided for this sort of, like, loan deferral program that's being put on Albertans is that it's in some way like a fixed-term contract – that is, I think, what I heard you say – and that people will pay, you know, more in some months and less in other months. Obviously, in order to make that statement, you must have some sort of belief that in summer the costs will be lower, and significantly lower, enough to off-set the loan repayment. You obviously must be anticipating that they'll be lower than 13 and a half cents. I'm just wondering sort of what the projections say about how much that is going to be.

Those were – oh, yes. The other question was about where the revenue from the renewable electricity program is reflected in the budget and how much, in total, you are expecting that to be.

Those are the ones from the last set. There are a couple that I have arising.

One comment, which is to say: you reindexed benefits and taxes because you're the ones who deindexed them.

The other one is to say: I'd like to know a little bit more about this pausing of auto insurance rates, because it wasn't in this budget. I hadn't realized it, but luckily the minister has raised it and therefore put it in play.

I'm just curious, because the information we have shows a 16 per cent increase at Aviva, 13 per cent at Traders General. It's showing auto insurance going up significantly, like, 16, 13 per cent. These are significant increases in people's auto insurance this year. I'm a little curious. What's going to happen there? Does the government have some sort of enforcement mechanism that you intend to use against these folks? Obviously, if there's a cap and they've raised insurance rates, that would be in violation of some sort of law, I would presume, so, yeah, I'm just curious what the outcome on that is going to be.

4:10

Oh. The regulated rate option. This is just arising although I have heard it before. Is it the intention of the government to get rid of the regulated rate option? I would be interested. I think that's an interesting question, a complicated question but an interesting one. Yeah, I would like to know kind of what the intention with that is, because this isn't the first time it's been implied that that might be on its way out. I think that's important information for Albertans.

Then the final question was on the calculation of the performance indicators in 1(b). Yeah. I don't need a complex calculation but just

sort of generally where the data was drawn from or whether it's, like, an average of several sources.

Also, in the business plan, key objective 2.1 – sorry; I have so many documents open here. Key objective 2.1 states that one of the key objectives is to “enable a modern, competitive and adaptive electricity system for Albertans to support job creation, attract investment and support the adoption of lower carbon energy in the province,” which I think is a good objective. I’m just curious with respect to that. One of the things that would obviously do that – and I think this government must agree because you passed a bill to this effect – is the adoption of energy storage. A bill that would enable storage was introduced and then died on the Order Paper. It was introduced again and then passed, but at this point the sort of ongoing problem is with the way storage acts in the market. It's charged as essentially a generator and a load currently, and that affects the economics significantly. A lot of folks would argue and have argued to me that that is a fairly major hindrance in terms of adoption of storage on the grid, in fact probably the major hindrance at this point.

Now, I know that this is work that is done with the AESO, You know, in light of the fact that storage increases reliability, it defers transmission costs, it's likely to bring down prices, and it sort of increases the ability of the grid to provide dispatchable power, I'm just curious when we expect that work to be completed, because I think it's pretty important. The ideal time would have been two years ago, but no time quite like the present. When are we expecting that to come forward so that Albertans can see that start to happen? What's the holdup? Are there ongoing consultations? Is there some sort of difficulty? I feel like the act was passed a while ago now. I have been getting many questions from folks in the industry about when we expect to see that, so I think that would be important. I think it's important to Albertans as well because it affects the prices in the long term. I think the minister at the time said that in introducing the bill. I would imagine that the government position is one that agrees that that's important and will in fact bring down those prices.

The next question I have on the business plan. Under key objective 2.2 it refers to “ensuring regulated rates for natural gas and electricity are formulated to best serve Albertans.” I'm just curious what that means, whether you're sort of reviewing the way that's done, because it's typically done by independent bodies. Yeah. I'm just curious about what impact the government has or what impact the government intends to have or how you're going to ensure that formulation. I mean, my take had been that the existence of independent review was one of those things, so I'm just curious.

The next metric talks about reviewing transmission, distribution, and other costs. I'm just curious what that means. Will it be a public review? Will there be stakeholder input? Will it be a Legislative Assembly committee? Who will be doing the reviewing, and will that be public? I think the public has a fairly keen interest in this. I know mostly it's done by the AESO with the exception of the previous Conservative government, that passed a bill to build some extra transmission lines. I'm just curious how that review is going to take place and whether you anticipate anything changing as a result of that.

I think that at that point – okay; we've got 12 seconds. Maybe I'll just give up those 12 seconds and look forward to the answers.

The Chair: Thank you very much.

Minister, you have 10 minutes to respond.

Mr. Jones: Thank you very much. Our government is helping combat the rising cost of living by providing protection from high

natural gas prices. We implemented the natural gas rebate program to ensure that customers would not be subject to high winter heating costs as seen elsewhere. As part of the affordability action plan we announced that the natural gas rebate would become a year-round price protection program to ensure Albertans are protected from price spikes in heating costs. The rebate will provide critical price protection for more than 1.6 million Albertan homes, farms, and businesses using both natural gas and other heating fuels.

The natural gas rebate, again, will be triggered if the monthly natural gas rate charged by any of Alberta's regulated utility providers – that could be Apex, ATCO north or south – is above \$650 per gigajoule. Eligible consumers connected to the natural gas system will receive the rebate automatically on their bill as a credit during the rebate periods. Albertans will automatically receive the rebate on their bill if they are a connected natural gas consumer who is either on a regulated monthly gas rate or competitive plan and uses less than 2,500 gigajoules of natural gas annually. Rebates will cover the difference between \$650 a gigajoule and the highest regulated rate for that calendar month. For example, if the highest monthly rate is \$750 per gigajoule, all eligible consumers would get a rebate on their bill covering \$1 for every gigajoule consumed.

Albertans who use other heating fuels and nonconnected natural gas for purposes of heating are also eligible for the natural gas rebate program. Their rebate is triggered by the same criteria, but there are limits based on the number of litres of propane, heating oil, and kerosene utilized.

Combined with nearly \$1 billion in supports through the electricity rebate and our fuel tax pause, this program is certainly helping Albertans by shielding them from high energy prices. But I want to be clear that it was never intended to pay day-to-day utility bills. This program was put in place to shield Albertans from exceptional price increases in natural gas as seen in other parts of the world, because Albertans should benefit, and be protected, from their own resource.

The electricity rebates for single-metered and submetered units: this is certainly an issue that we've heard about. A reminder that we are providing electricity rebates up to \$500 per household to 2 million households, farms, and small businesses across Alberta, and that's applied directly to electricity bills. The challenge for us in terms of single- and submetered is that we do not see individual customers, individual Albertans, or their units behind the single- or submeter.

We have been exploring solutions because we know that they've been facing high energy costs just like every other Albertan, and we certainly would like to provide them these rebates as well. There is ongoing work to explore ways that we can provide this relief, but I want to be clear. We have to do it in a way that's nontaxable. We have to do it in a way that does not jeopardize or threaten the not-for-profit status of some of these condos, so we're working with condo boards, we're working with condo associations to find the best way to do that.

The RRO ceiling deferral: you asked about how much has been deferred. It's approximately \$250 million that we expect to defer over the January, February, and March months. This is real relief for Albertans because these bills, I can tell you, would not have been manageable, particularly for those on low and fixed incomes. The recovery period is 21 months. We expect the recovery amount to be around 2 cents a kilowatt hour, extremely manageable, mirroring fixed-rate protection, paying a little bit more in the lower months, beginning in April, in return for protection from some of the highest electricity months ever in Alberta's history. Again, the government provided no-interest loans so that RRO providers could provide this protection at no interest expense to the RRO provider or to Albertans.

4:20

I think it's also worth mentioning that Albertans have choice when it comes to their electricity. They can choose to remain on the regulated rate option, or they can explore competitive plans. Those plans can be fixed, guaranteeing a price over a term, or they can be variable if an Albertan chooses. The Utilities Consumer Advocate is a great resource to evaluate the options that are available to you.

The member opposite had inquired about prices in July and August. I can just tell you that we expect them to be lower, certainly, than the price ceiling months. The intent was to take the extreme volatility, the extreme shock of the January, February, and March bills away and to provide stability for Albertans, and the deferral months will be lower than those. That's why we did it that way. So we expect July and August to be lower, certainly, than January and February.

I'm going to get Matt to comment on your question on the REP program, as it is in our books here, and the performance measures you inquired about.

Mr. Grossman: Thank you, Minister. You asked about the renewable electricity program and where that's included. The REP is highly dependent on the wholesale electricity price, which is very volatile and difficult to predict. We don't anticipate the current high pool prices to continue in the long term and are taking steps to address these costs to make electricity more affordable going forward. For example, we are reviewing aspects of Alberta's distribution and transmission policies and how we can maximize the efficiency of our existing system. We've also passed the Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act to enable the integration of new technologies into the system to meet the evolving needs of consumers and industry.

As a result of this volatile program and the steps we're taking, we've taken a conservative and consistent approach by budgeting expenses of \$12 million per year from '22-23 to '25-26. We do recognize that the revenue that's been generated to date has been \$136 million since the inception of the program, and that's up to December 31, 2022. This revenue goes into the government's general revenue fund, and it is reported under other revenue in our annual report. The ministry is reviewing our forecasting of this volatile program and, if needed, will update our expense and revenue forecasts in the 2023-24 first-quarter fiscal update.

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

Your next question was on automobile insurance. I'll provide some commentary, but I would encourage you to direct questions on insurance to Treasury Board and Finance. We know that many Albertans are struggling with rising costs of living, and that certainly includes automobile insurance costs. AIRB data shows that the 12-month average of approved private passenger vehicle rate changes was 3.17 per cent in 2022, well below the inflation rate. But we heard concerns from Albertans over the potential for auto insurance rate increases, especially given the other affordability challenges that they're facing. As of January 25, 2023, our government paused private passenger vehicle insurance rate increases through to the end of this year, until January 2024. Insurance companies also must now offer payment plan options to ensure that Albertans don't have to pay the full year's premium up front while these rate increases are paused.

People drove less during the COVID-19 pandemic, leading to reduced claims and increased industry profits. Inflation and the return to more normal driving patterns are expected to stabilize premiums further. These are temporary measures to give Albertans some breathing room while we explore longer term solutions. Our goal is to steady auto insurance rates in the province and ultimately

lower them for Albertans. Again, further automobile insurance rate increase requests will be denied until, at the earliest, January 2024.

Your next question was on the future of the RRO, and I believe it relates to key objective 2.2. I've only got a minute here, but we can touch on it in the next block. We've seen record pricing, record-high costs, and record volatility in the regulated rate option for electricity. What's also become clear from the feedback from our constituents and certainly the feedback I've heard is that Albertans may not understand the volatility inherent in the regulated rate option. It's essentially a price taker with a few months' delay.

We've put together a working group of RRO providers to explore the future of the RRO. The question is: does the RRO make sense given the potential volatility inherent in its design? Do we need to change it? Do we need to wind it down? It was never meant to be a permanent feature of our electricity market.

The Chair: Thank you, Minister.

Member Ganley, do you wish to continue? You have 10 minutes.

Ms Ganley: Thank you very much, Mr. Chair. Thank you. Those were helpful. I am just going to return briefly to the natural gas rebate because, like, the budget includes that which has occurred in the past but also that which occurs in the future necessarily. I mean, the main thing that we're here to discuss tends to be the estimates. The estimates are for next year. What I'm not seeing is an estimate for the natural gas rebate. That would suggest to me that you are estimating that it will be zero dollars or you would have put it in the budget. I'm just trying to confirm whether your projections would suggest it'll be zero dollars or not.

The questions around the electricity deferral program I think have mostly been answered. The only remaining one is that you said that you expected prices in July and August to be lower than they were during the months in which you created the loan. Do you expect them to be lower than 13 and a half cents? Otherwise, even if they're at 13 cents, when you add 2 cents on, now they're at 15 cents, so they're higher. I mean, they could be lower and still considerably higher than 13 cents, like, say, 25 cents. I'm just curious about that. I mean, obviously, I think it's a weird program.

Some of the other questions, the RRO working group – right. We were on reviewing of transmission, distribution, and other costs. I think you probably caught those the first time, so I'll just leave them to be gone back to at a later point.

In terms of the actual – sorry; well, I guess they are in the business plan, too, but we get them in the estimates anyway. In the government main estimates, line 1.1, the minister's office is up 48 per cent, which seems like quite a lot. Inflation is high, but it's not 48 per cent. I mean, that's just political staff. Now, I had wondered whether it was because it was split off from Energy, but the Minister of Energy's office also jumped from 667 to – sorry. Well, the number shown, because they're in hundreds of thousands – anyway, it jumped up almost a similar percentage, so almost 48 per cent as well. Oh, no – sorry – a little bit less but still a very large percentage. It went from \$667,000 to \$1,048,000. Yeah, I'm not expecting you to answer for that, just that it wasn't that they split the two ministries. Like, they've both gone up, so, yeah, I think I'd like an explanation as to why it was that 48 per cent more political staff was necessary in the minister's office.

The other questions I had: line 2.1, affordability and utilities. The budget for 2020-23 was about \$5 million. We're now up to \$12 million. I guess if you rounded up, it was almost \$6 million, but still it's almost doubled. I'm just a little bit curious: what underlies that particular change? Those aren't the actual payments because they're under line 3. I assume that that's just, like,

government staff that support the payments. I'm just curious why it doubled.

Utility rebate and grant programs: we have a forecast \$348,547,000. I'm assuming that that number is the number for the utility payments that have gone out to consumers. I just want to confirm that that's the only thing that's in the line. Then there's \$47 million yet to go next year.

4:30

I'm curious, then, also about a couple of things that we're not seeing in here. Because it is the Ministry of Affordability and Utilities, I'm curious where the affordability payments are. This is just the utility rebating grant program, so I'm guessing they're not in that estimates line. I'm just curious what line they're in. I understand, because of the amount of reorganization that has occurred, that actuals haven't been provided, which I think is not a thing that has happened in my memory of a government budget. I'm just curious if we know whether that is, in fact, the actual or how close it's going to be to the actual.

I'm also curious as to where the cost of the fuel tax rebate would be reflected. I'm assuming it's just in revenue or lack thereof and that you can back calculate it from there. I think, actually, Minister, you probably said.

Additional questions. Oh, yes, we missed this at the beginning. I'm also curious whether the government intends to do any sort of further investigation in terms of grocery prices. I know we tried to sort of launch a committee, and that was voted down by government members. I'm curious, in light of the fact that that is or tends to be for a lot of people I hear from a pretty significant pinch point, whether there's any plan to look into that. I think that people, at least the people I hear from, tend to relay a certain level of skepticism, and the reason for that skepticism is that we're seeing sort of record profits posted by those companies at the same time. We know from producers that it's not the cost. Like, they're not making more money on their end. It tends to be somewhere else in the system. So I'm just curious if there's a plan to look into that, because I know it is a real big stress point for a lot of people. I mean, maybe there's an explanation. There's just no way to know at the current time, and that's why we had been hoping to set something up to examine it. Obviously, that was voted down, but perhaps there is another way.

Apologies. I know I had one more arising, and I don't want to miss it because I think my block is almost over here. Oh, yes: the natural gas prices. I think we got that one. Apologies. I've got a lot of notes.

Oh, sorry. Just to return to the insurance issue, that was the thing I wanted to go back to. I think I just perhaps misunderstood a little bit. My understanding was that it was frozen until the end of this year, which is 2023, so until the beginning of 2024, but we are seeing these large increases from several. I've just cited 16 and 13 per cent from two particular places. I'm just curious, I guess, how we reconcile that. You know, this was announced, and then these costs went up. I'm just curious. Like, was it announced for a future time, so they sort of raised their rates in anticipation of later being locked down? That kind of looks like what happened, like the government sort of told them, "We're going to freeze it in the future," so they raised them quickly before that happened. I'm just curious why those would go up at this point.

I did ask about the cost of the fuel tax relief. Oh, I was wondering, too. Minister, when you were speaking about how much the government was providing in utility relief, you included the number for the AUC. I mean, I think that organization has been around for a while, so I'm just curious if you could break out that \$2.3 billion number into its component parts.

I will let those four seconds go.

The Chair: Thank you.

Minister, you have the remaining 10 minutes. Go ahead.

Mr. Jones: Thank you for the questions. I'm going to start back on the RRO because I think it's a very important topic. The regulated rate option was never meant to be a permanent fixture of our market. I've met with Albertans who believe, just based on its name, that there is some inherent protection in the regulated rate option for electricity when, in actual fact, that would be a description that would be more suitable for a fixed-rate, competitive electricity contract.

We are doing a review of the regulated rate option because we want to ensure that if it continues, it is meeting the needs of Albertans. I would say that it would have to have stability, less volatility in pricing for Albertans to be a suitable mechanism. If not, then there are, of course, variable options available in the competitive market for electricity pricing. We're going to work with RRO providers, stakeholders, and, of course, Albertans on that review to make sure that we get it right.

I'm going to turn it over to Matt to comment on the increases that you asked about in the minister's office as it transitioned to being a ministry and also on your specific line items request related to electricity rebates.

Mr. Grossman: Thank you, Minister. As you referenced the percentage increase, it's a little over \$200,000 that was increased in the minister's office budget. That is primarily due to the Department of Energy. They did transfer two FTEs – so that is not net new – for a total of six FTEs sitting in the minister's office. As well, the minister's office is delivering on the ministry's mandate, which includes setting up the ministerial office similar to those of other government ministries.

As this is a newly created ministry, a staff complement is required to oversee the activities of the programs of this ministry as well as the ministries that it's co-ordinating. The budget allocated to the minister's office represents a lean office size of six FTEs for that cost that you referenced there. The minister's office will continue to monitor its costs to ensure all spending is essential and nondiscretionary.

Now, you also asked about the utility rebate grant programs. I believe you referenced the \$348.5 million. What it's missing, though, or what you also have to tie in is the contingency fund. There was \$286.8 million that was funded for the utility rebate program out of the contingency. Together with that \$348 million, the total was \$635 million for the utility rebates that was funded from the vote as well as from the contingency.

Mr. Jones: Thank you very much.

That ties into the natural gas price protection program, which the member opposite has been inquiring about. It is intended to provide protection from exceptional price increases in natural gas due to events – unpredictable events, largely – beyond anybody's control, like the situation we've seen in Europe. But we have a contingency. Should the natural gas rebates be triggered, we'll, of course, make sure Albertans receive that support, and those amounts would come out of contingency.

The member opposite inquired about the affordability payments. Just to recap, our government put forward targeted relief in addition to the broad-based relief of the electricity rebates, up to \$500 a household, the fuel tax suspension, and the natural gas price protection program, which is estimated to be \$900 in benefit to households not receiving affordability payments. We also came forward with targeted affordability payments for seniors 65 and up, families with dependent children under 18 years of age, and for

Albertans who are receiving Alberta's core support programs, which includes AISH, income support, receiving services through PDD, the Alberta seniors' benefit, and the Alberta child and family benefit.

We launched that in January, and my hat is off to the professionals at Technology and Innovation because they stood up the portal, which enabled us to provide the support months earlier than would be possible through, for example, the Canada Revenue Agency. They stood that up, and within three weeks, certainly in less than a month, we had 1 million Albertans enrolled to receive or were already receiving affordability payments. Around 300,000 of those, our most vulnerable, automatically were enrolled. They didn't have to do anything, but their affordability payments started rolling in at the end of January.

4:40

The specific question was: where are these? The affordability payments can be found in the Seniors, Community and Social Services ministry for seniors and for Albertans on most of the core support programs, and then in Children's Services you'll find the amounts for dependent children and also for the Alberta child and family benefit recipients.

I should also note that we extended the affordability payments to foster and kinship caregivers because of, like anyone else caring for children, more mouths to feed, and inflation was hitting them particularly hard. That was another category that we automatically enrolled in our affordability program, which I think is working very well. I've certainly heard fantastic reviews on the average six-minute onboarding time. We did have some Albertans who entered incorrect banking information, as always happens with some programs. That was around or less than 1 per cent. We've since launched an edit functionality so that they can simply update their banking information.

The program is designed to provide Albertans all the payments that they're eligible for no matter when they apply. So between now and June 30, if an Albertan applies and is eligible, they will receive that month's amount and any retroactive amounts that they were eligible for had they applied earlier. Again, we're confident that we're going to get all that money to the Albertans who need it, and they need it.

The member opposite had inquired about the fuel tax relief. Of course, we're not paying this. We are simply not collecting a tax, and that can be found in Treasury Board and Finance. But this is not just an affordability measure; this is a competitive measure. This makes Alberta a destination to live and do business. We have the lowest fuel costs in the country and by a huge margin. The last time I looked, it ranged from 20 to 40 cents per litre, and we've certainly heard that that's helping families. To give some perspective, an average driver driving a car from January to June 30 could save as much as \$200. I know I have constituents driving trucks who are going to save about \$600 over that same period. This is significant relief, and again I'm pleased to enable Albertans to benefit from their own resource.

There were also some questions on: are these prices being passed on? Well, our government has certainly been monitoring the situation, and so have third parties, including leading economists, and they've concluded that, yes, the fuel tax relief is being passed on. The significant proof point is comparing Alberta's fuel costs to neighbouring jurisdictions. Again, Alberta has by far the lowest fuel prices in the country by significant margins. Just look at B.C., look at Saskatchewan, and then come back and fill up in Alberta, because it's cheaper here.

The member opposite had also inquired about insurance. Again, I would encourage you, for specifics on those questions, to go to

Treasury Board and Finance. The direction to the AIRB to not approve any further rate increases came into effect in January, and it is effective until the end of this year. There were some rate increases that were approved before the pause period, and of course those are carrying on. Also, if somebody gets tickets or circumstances change – they move; they switch vehicles – those can also cause insurance rates to change.

But I want to be clear. We heard from Albertans that they were concerned about the rising cost of fuel. We addressed fuel tax relief. We heard them on electricity: electricity rebates, RRO ceiling and deferral, and we're reviewing the whole system for affordability. We heard that they were concerned about automobile insurance rates, so we have prevented further increases in auto insurance. All of our programs are in response to the needs of Albertans, and we're working to keep Alberta affordable for them.

The last question, I believe – and the member can clarify. You had a question about either the AUC or the UCA. I was unclear which organization you wanted me to comment on.

The Chair: We're in block time, so you actually can't go back and forth, but you can use up your 23 seconds.

Mr. Jones: Okay. My apologies there. Actually, we've got Chris Hunt here from the UCA. Oh, he's only got a minute. I don't want to put him up here for 15 seconds. I'll be happy to comment on the UCA, if that's the organization that you were referring to, in my next block.

Thank you very much.

The Chair: Thank you, Minister. That concludes the portion of questions for the Official Opposition.

We'll now move on to an independent member – Mr. Barnes, I see, is here – for 20 minutes of questions. Would you like to – you can ask if you can go back and forth with the minister or block time.

Mr. Barnes: No. I'd like to keep it block as well.

The Chair: Block time? Okay. Go ahead. You have 20 minutes, sir.

Mr. Barnes: Okay. Thank you, Mr. Chair. First of all, thank you to the minister, and thanks to all your staff for all the work you do for Cypress-Medicine Hat and Albertans. It is greatly appreciated.

Page 11, outcome 1: but the inflation and affordability crisis is the primary challenge facing Albertans today. Absolutely, it is. The number of phone calls to my constituency office concerned about inflation, affordability, and utilities: it's disturbing, it's voluminous, so I want to spend lots of time talking about that, particularly insurance. There are a lot of concerns about insurance as well, not only automobile; also property, harder and harder to get, and costs have skyrocketed. I wonder, Minister Jones, if that's on your radar as well.

It's absolutely crystal clear that the wage growth, especially after hard-working Albertans pay their income tax, has not kept up with the cost of living. I want to start by asking: has your ministry ever done any freedom of information requests to see exactly where Albertans are at? I, disturbingly, heard a year ago that possibly 30-35 per cent of Albertans were behind in their utility bills. I wondered if you have ever done any checks on that.

Of course, we know that food bank usage has gone through the roof. I'm wondering about municipalities and their property tax collection just from everyday Albertans. I'm wondering if you've done any measuring of that.

Fuel tax relief: I want to take my hat off to your government for doing that. Absolutely, that has helped Alberta families.

Absolutely. I was in Saskatchewan a week ago when it was \$1.47 compared to \$1.15 in Medicine Hat. You know what I like about it? Like retroactively restoring the indexation for inflation on the tax brackets, it's there for all Albertans to take advantage of.

Minister Jones, I agree with the MLA for Calgary-Mountain View that the condo owners and big complexes like that not being treated equally has caused a problem. I know it's been a year now, and my constituency office has had a number of calls and complaints about the unfairness of this. Of course, a lot of the people in condos are semiretired or retired people, where affordability is a concern especially with this high inflation. I appreciate you saying that you're working on it and you've looked into it, but I would suggest to you that it's fairly important to get that solution soon.

I was a little concerned when I saw on performance metric 1(b) that your ministry has: Alberta's annual inflation rate, including its components – food, energy, and shelter – while out of Alberta's control, demonstrates the nature and extent of affordability challenges facing Albertans. The phrase “while out of Alberta's control” kind of concerned me a bit.

I have a couple of quotes from November, when some of the money to households was advanced. Travis Shaw, the senior vice-president of public finance at DBRS Morningstar, said that giving money to households is likely to contribute to the problem – the problem being inflation – as opposed to solving it. Desjardins' principal economist Marc Desormeaux said that there's a risk that households that receive the money simply spend it, and that contributes to demand and exacerbates inflation. Again, my concern: like, when the fuel tax cut was so broadly successful and especially with the fuel tax cut, where – I understand that in Ottawa the inquiry on grocery profits: a big part of the defence is that the number one cost increase is the carbon tax on transportation, is the fact that we're a just-in-time distribution system. Again, I so advocate for lower taxes, you know, as opposed to that.

4:50

Minister Jones, you need to know that I've received a lot of complaints, too, about those that weren't included in the affordability because of their family status as opposed to their income status. You know, picking winners and losers always hurts our culture, I think.

I think what is in Alberta's control is increasing competition. I appreciate that you're one ministry of many, one ministry in a big government, but I also understand that in the insurance industry there's been quite a bit of consolidation recently where one or two insurance companies, automobile and property, have bought out several of their smaller competitors. Well, that would only lead to higher prices; that would only lead to fewer options for Albertans. I wonder what your industry can do to actually enhance competition. It's one of the reasons that I've been a main advocate for ending the 2 per cent small-business tax, which I know is Finance and Treasury Board. It seems to have paid dividends in Saskatchewan.

Minister, I wonder, when it comes to what is in your control – and I know that the red tape and regulation reduction is a crossministry thing – if you can identify for me one, two, or three areas where reducing red tape has actually made life more affordable. My goodness. We're facing a housing crisis where because of inflation, because of rising interest rates homes are less affordable than ever. I still believe that land titles could be as many as four months in arrears of getting things done. The cost of title insurance is, you know, a huge detriment to Albertans. I heard the other day that annual reviews for our small companies are actually more cumbersome now than they were before the red tape and

regulation reduction. If you could just give me one, two, or three instances where reducing red tape and regulation has worked and made life more affordable for Albertans, I would appreciate it.

Utilities. I get a lot of calls about utilities. Breaks my heart. A lady called me the other day, and her utility bill was triple what it normally is. Large parts of that were transmission, generation, and carbon tax, and she's about to close her business. I wonder. When it comes to transmission, we know that the PC government from 10 years ago put in – I think it was bill 10, actually – two transmission lines that all Albertans are now paying for on our utility bills. I believe they were guaranteed a 9 or a 9 and a half per cent return for that, and that was set at the time when interest rates in the competitive market were 3 or 4 per cent. Now that interest rates are considerably higher, I'm wondering if Albertans are going to face even more hardship. I wonder if there's a mechanism where that will go higher. Can you assure us that at the very least that won't get any worse?

When it comes to transmission costs and the carbon tax that our industries pay in tier 1 carbon tax and we all pay with our irrigated farmers and our small businesses, I wonder if there's a way that that carbon tax can be actually redistributed to reduce that transmission cost in some way to truly make life more affordable for Alberta families. Again, you know, the number of calls I've got, the number of people that have brought their utility bills into my office where the ancillary charges, the distribution, the extra fees are more than the generation costs – I believe at this point that part of Alberta's utilities for generation is working well, but the rest of it isn't and is unaffordable for Albertans.

Okay. In the last seconds that I've got left, again, on page 14 of your business plan under statement of operations, revenue, investment income I see it has increased from \$50,000 to now \$400,000, and your other revenues: there's an increase from \$13 million in Budget 2023 . . .

The Chair: Thank you, Member.

Minister, you now have 10 minutes to respond to the independent member, and then we'll be taking a quick five-minute break right after that. Go ahead, sir.

Mr. Jones: Understood. Thank you for the questions. Once again, I fully agree that affordability is the number one challenge facing Albertans, and that's why we've come forward with what I believe is such a comprehensive suite of measures designed to immediately and over the long term provide affordability supports to Albertans.

Again, insurance: the best avenue for you to get the answers related to insurance would be Treasury Board and Finance, but I can tell you that we are looking at both auto and property, for example. We want to ensure that Albertans have access to affordable insurance that meets their needs.

You had touched on food bank usage. Those stats would be best found in Seniors, Community and Social Services, but I can tell you that when we were working on the food bank supports, every food bank that we met with reported that they were seeing substantial increases in utilization, whether it be 20, 30, 50 per cent. They also indicated to me that they were seeing a higher proportion of families, which, again, is one of the reasons that we ensured that families were included in the additional targeted relief, so that families with dependent children could have access to nutritious food.

You asked a question about FOIP requests. No. The answer is no to that one.

Then the member opposite had asked about how many Albertans are behind on their bills. What I'd like to do here is just invite Chris Hunt from the Utilities Consumer Advocate, who plays in the space, to just come and comment on the role and mandate of the

Utilities Consumer Advocate. Because the Utilities Consumer Advocate does work with consumers and providers to reconnect disconnected customers, I'm hoping that Chris would have some insight into that particular question.

Mr. Hunt: Thank you, Minister. I'm Chris Hunt. I'm executive director of the office of the Utilities Consumer Advocate. We run a program each year called the winter utilities reconnection program. In October we'll have each of the utility retailers send us a list of files. The last few years that's typically been around 2,000, 2,500 files where the retailers themselves have been unable to connect with those customers via mail or phone to come up with a payment plan. What we'll do is that we'll reach out to each of those customers because, quite frequently, when the customer sees it is a organization that they owe money to, they don't want to answer the phone. When they see it's from Utilities Consumer Advocate, they're more likely to respond.

In particular, we'll mail out letters to each of these customers based off the address information provided by retailers, and we'll get responses back from them, because we have our contact information, and offer to connect them with a mediation officer, who can work with them and act as a go-between with the utility company to work out a payment plan to help get them reconnected and to confirm what their status is.

Out of those 2,000 to 2,500 files that we'll typically receive, quite often there are only a few hundred that are actually in a state of outright disconnection. We have a lot of people that have moved and didn't update their account information with utility companies. We have other people that may have a rural recreational property and are disconnected during the winter and are fine with that. But typically over the last few years we've been able to help over – I don't know – 100 customers each year.

The team is really that last safety net to ensure that if a customer is disconnected and doesn't know what to do, there are services there that can help them out. So once we've worked with that customer, we'll also connect them to other community organizations and social supports in government that can help them access emergency funding that will allow them to pay a utility bill up to the point of allowing them to be reconnected.

5:00

Mr. Jones: Thank you very much.

The member also commented on our fuel tax relief program, and I just wanted to add – because there's been some information to the contrary, I want to confirm that the fuel tax relief program is permanent. After June it will return. It will be phased in based on oil price triggers. Essentially, in Alberta when oil prices are high, the fuel tax will be low, starting at \$80 and fully phasing out the 13 cent per litre fuel tax when oil is above \$90. I agree with the member that this is providing significant affordability relief to Albertans.

I also agree with the member on the impact of retroactively indexing income tax. That is, again, one of our broad-based measures available to all Albertans. In fact, 40 per cent of Albertans do not pay Alberta income tax. It's one of the many ways that we are keeping Alberta affordable for low-income Albertans, and these are all things that we had to factor in when we were designing our affordability action plan.

It's important to note that these measures are just that. They are a suite of affordability measures to combat an inflationary crisis. The existing supports are all still available, the supports that Alberta had in place like the temporary rent benefit, the Alberta adult health benefit. Most government support programs federally and provincially are for low-income Albertans. We saw very few supports for middle-income Albertans, so we wanted to ensure that

the affordability payments, in particular, were available to all low- and the middle-class Albertans. And at the current threshold, which is the same as the federal-provincial child care threshold, we included 80 per cent of Alberta families. We excluded the top 20 per cent earning families. Other provinces provided their affordability payments to everybody, including the top 20 per cent, most wealthy. We did not do that here. We felt that we should target it to all low- and middle-income Alberta families.

Again, our broad-based relief is significant. It is more significant than what most provinces offered in their whole affordability programs. An average household in Alberta, just from the electricity rebates, the fuel tax relief, and some of the other measures that I mentioned earlier, is estimated to benefit to the degree of \$900 or more. So significant relief on the electricity rebates.

The member had asked about submetering and single-metered customers not receiving the rebates. Again, the rebates were applied directly to Albertans' bills, and in cases of submetering or single metering we do not have a bill to an Albertan to apply it to, but we are exploring options and ways to get electricity rebates to Albertans behind sub- and single meters. There are some complexities to that, which we are working to overcome. Again, I don't want to jeopardize the not-for-profit tax status of condo associations. I don't want to provide a benefit that is taxable for one Albertan and nontaxable to another. Certainly, we provided the most significant affordability supports in the country, and I would like to get electricity rebates to as many Albertans as possible. My department is still working on that.

The member had commented on, and rightly so, government spending and how it may or may not impact inflation. Leading economists have looked at this, including in Alberta, and Alberta's spending is not significant enough to materially impact inflation. In fact, inflation has eased more in Alberta than neighbouring jurisdictions, other provinces, and economists have pointed out that it's actually attributable to our affordability measures; namely, we have made electricity less expensive, and our fuel tax relief has also had an impact. Certainly, I agree with the member on the fuel tax relief program being an ideal way to help Albertans because you're removing a tax and thus not contributing to inflation through excess government spending.

I already touched on this, but the member commented on people not eligible for affordability payments. That goes back to the broad-based relief. There's more that I didn't include, but you've got electricity rebates, natural gas price protection. You know, we've frozen auto insurance rates. We've provided broad postsecondary affordability measures. Again, an average household in Alberta who is not receiving the targeted supports – so a household without seniors, without dependent children, without Albertans on core support programs – is estimated to benefit up to \$900 or more over this period. That is significant relief.

The Chair: Thank you very much, Minister.

We will now take a quick five-minute break, followed by a 20-minute block for the government caucus.

[The committee adjourned from 5:05 p.m. to 5:10 p.m.]

The Chair: Thank you very much, members.

We'll now move on to a 20-minute block for the government caucus. Mr. Getson, you have the floor. Going back and forth or block time?

Mr. Getson: I'll leave it to the discretion of the minister, but I'd love to go back and forth if we could.

Mr. Jones: Yes.

Mr. Getson: Perfect. Thank you, Minister. First of all, thank you very much for such outstanding work on this file. The questions that I'm going to have for you today, sir, are predominantly around page 11 and page 12. I know that out in my constituency, you know, I use some phraseology as simple as: what matters to you? I know that you do a similar approach in your area. I think what we're talking about, the affordability file here – and hats off again to your department working across ministries, because it resonates not only with the folks in my area, that say that they're rural predominantly, but also for the folks that are more urban setting as well.

The other thing that I get comments back on is that it wasn't just a throw spaghetti at the wall type function. It was timely, strategic, and updating folks in a manner that really mattered and helped them. The other thing that came back, too, is that a lot of folks were cognizant of the other challenges and the issues out in the area. Again, MLA Smith and I share the two big power-generating plants out here, so folks in our area understand where the driving costs of the electricity were and some of the phase-out and the carbon tax and everything else and how it hits and on the distribution file as well as the transmission files, and the REAs, of course, are no novices when it comes to the pool itself and how it's being affected.

With that, I really appreciate all the work that you guys have done. I also appreciate the extra time that you've taken in your department over the last little bit to help us unravel some of the complexities of this file. The way I kind of put it to my constituents was that your team is way smarter at this than I could ever hope to be, because when I looked at the original file, it was kind of like old Clark Griswold out there trying to do his electrical wiring for his Christmas tree lights. It's pretty complex. You came up with an elegant solution that was very tactical to be able to get it out in hand, so credit to you and your team.

Minister, I'd like to kick off, if I could, on the topic that's going to address the affordability. Key objective 1.1 on page 11 of the business plan states that the ministry will lead, facilitate, and coordinate the government's effort to address Albertans' cost-of-living concerns. I know that affordability is, obviously, top of mind right now. So the first part of the question, sir, is: how does your ministry provide this leadership within the government of Alberta, and what are some of your key areas of focus in '23-24?

Mr. Jones: Thank you to the member for the question. My ministry has led Alberta's response to affordability by developing and coordinating the implementation of Alberta's affordability action plan. Our plan provides both broad-based and targeted supports to help Albertans with inflation and the associated rising cost of living. Initiatives that form part of our plan are included in Budget 2023, which forecasts \$2.3 billion in affordability-related expenditures in 2023-24.

Programs to reduce energy and utility costs have directly contributed to a lower rate of inflation in Alberta compared to other provinces and have broad benefits to consumers and businesses. Fuel tax relief has lowered input costs for businesses, who can then pass these lower costs on to consumers. Further, this relief ensures that Albertans struggling with cost of living do not need to worry as much about the cost of commuting or, for example, taking their kids to activities. Similarly, electricity rebates have helped the vast majority of Albertans with higher electricity prices. Resuming the indexation of social programs and the provincial personal income tax system is also assisting all Albertans.

These initiatives are supplemented by supports targeted at particular groups; for example, the total of up to \$600 in affordability payments made available for each senior and each dependent child in households with incomes under \$180,000, who face particular pressure under inflation. The same \$600 payments to recipients of

government supports such as AISH, income support, people receiving services under PDD, the Alberta seniors' benefit, the Alberta child benefit ensure that vulnerable Albertans are not left behind. This is a huge affordability support for families and will ensure that parents can return to the workplace sooner, boosting their income and supporting Alberta's economy.

Low-income transit passes and our support to food banks provide further assistance to vulnerable and low-income Albertans. Grocery prices, we know, have been a major issue for Albertans, and the additional support through the affordability payments, through the savings, through our fuel tax relief program will certainly help. For our most vulnerable our contributions to food banks will ensure that the lowest income Albertans, the most vulnerable, will also have access to food. Low-income transit support ensures that even more Albertans can afford transportation for work and daily living.

Our government has also heard loud and clear that Albertans have concerns with cost increases for specific essential services. We have taken decisive action to control auto insurance rates by limiting rate increases until January 2024. We will continue to monitor affordability challenges this coming year. The budget forecasts inflation to ease, but we still see pressure in particular areas, notably for food. That is why we have ensured that the most significant supports, the affordability payments and the full fuel tax, continue until June 30, giving us time to assess and respond to the inflation and cost-of-living situation at that time.

Albertans will continue to be protected by ongoing protection measures such as the permanent natural gas and fuel tax relief based on oil price triggers. Indexation of provincial income tax and social benefit programs will also provide longer term support to all Albertans and our most vulnerable.

Thank you.

Mr. Getson: Thank you, Minister, for that fulsome answer.

I guess, just to put it in layman's terms here, again with the business plan, if we were looking at a typical family of four – I know you're a family man as well. You know, I think you're an overachiever. You've got more than a typical family of four, similar to myself. Can you outline the affordability supports, how that would impact a typical family of four? How are real, everyday Albertans going to be impacted by this?

Mr. Jones: Yeah. Great question. Taking the current month, we can point to the range of ways a family will benefit. First, for two dependent children the family will receive \$200 per month in affordability supports, for a total of \$1,200 tax free. These payments are tax free. They also don't impact any eligibility for other support programs. They'll receive \$1,200 from January to June.

Second, each time the family fills up their vehicle, they will receive ongoing relief through our fuel tax. For the purposes of this example, let's assume the family fills up their Jeep Grand Cherokee weekly. They'd be saving \$50 a month in fuel taxes alone. That would be \$300 in fuel tax savings from January to June on top of the \$1,200 in tax-free affordability payments. What's more, they are protected from rate increases to the insurance on that vehicle through our pause on auto insurance rate increases.

Assuming both parents work and the children are in full-time daycare, the family may be saving as much as \$1,200 a month through our affordable child care supports. This agreement with the federal government means that Alberta's unique child care system is supported, to provide lower costs and high-quality care to parents.

When the family receives their electricity bill in March, they will find a \$25 rebate to assist with rising power prices. This is in

addition to the \$50 rebates on their bills received from July to December 2022 and the \$75 rebates in January and February 2023.

Finally, when they receive their paycheques, their provincial income tax withheld will be lower as a result of the indexation of our personal income tax. This means more money in their pockets to spend on household essentials. Excluding the changes to auto insurance and the tax indexation, the family would be \$1,475 better off in the month of March than they would have been in the absence of our government supports.

You also asked about the income threshold for affordability payments. This threshold was chosen to mirror the income threshold used to determine eligibility for the child care subsidy. This supports consistency and can be seen as a reasonable benchmark for middle-income Alberta families. Our intention with the program was to support all low- and middle-income Albertan families that had been impacted by inflation. As I mentioned previously, at this threshold this includes 80 per cent of Alberta families, all low- and middle-income. We excluded the top 20 per cent, most wealthy.

Thank you.

5:20

Mr. Getson: With that, Minister, if I may, you kind of transitioned into a bit of the inflationary item there. Again, that's kind of mentioned in the first item on page 11 of the business plan. Would you mind speaking a little bit more about the significant drivers of cost of inflation and what you're doing to address those? In specifics, sir, would the minister provide an overview of the impacts of inflation on the cost-of-living trends facing Albertans? The second part: has any of the work undertaken by this ministry had an impact on reducing inflation? So both how you're going to address it and if we have any metrics on the back end to see if it's effective.

Mr. Jones: Thank you for the question. Overall, consumer inflation has receded somewhat in recent months but remains elevated. In Alberta inflation, which is measured as the year-over-year growth in the consumer price index, or CPI, was 5 per cent in January 2023. While this is a moderation from the 8.4 per cent high we saw in June of last year, it is still elevated compared to historical norms. The 5 per cent rate in January compared to the national rate of 6 per cent – our rate of 5 per cent is lower than what we're seeing across Canada.

Interestingly, a key driver of the lower rate of inflation in Alberta compared to other parts of Canada is our affordability program. Statistics Canada reported that Alberta's inflation rate was down largely in part due to falling energy prices for consumers, which was supported by the electricity rebate program and our fuel tax relief program. Statistics Canada had this to say:

Electricity prices in Alberta fell 45.6% in January compared with December, the largest monthly decline on record. The decline follows a provincial initiative to reduce electricity rates and increase the provincial electricity rebate.

Alberta was the only province with a year-over-year decline in gasoline prices (-6.4%). This reflects the complete suspension of the provincial gas tax starting January 1.

Of course, that runs until June 30 and then returns based on oil price triggers.

In January, among the provinces, Alberta had the lowest rate of inflation in Canada. According to Statistics Canada this was directly attributable, again, to our affordability action plan. Budget 2023 forecasts inflation to continue to ease, averaging 3.3 per cent next year. This is still above the target pursued by the Bank of Canada. Inflation has become more broad based in recent months as many components have seen significant increases.

Food, shelter, and energy are presently the main contributors to Alberta's headline consumer inflation increases in October 2022. Food inflation accounted for over one-quarter of Alberta's overall inflation, followed by shelter inflation, excluding natural gas and electricity, which contributed 27 per cent. Food inflation, I should have mentioned, is 28 per cent of the contribution to inflation. Energy contributed 13.6 per cent. All other goods and services accounted for the remaining 44.3 per cent of inflationary increases. Two areas where we continue to have concerns in the inflation data are food and shelter. Food inflation remained elevated in Alberta in January, seeing a small increase due to prices of beef and chicken, and food inflation accelerated in January to 10.5 per cent, close to a 40-year high.

High interest rates are increasing housing costs for consumers – for example, through increased costs of servicing alone and, in turn, rental costs that are passed on to renters – and also contributing to ongoing price inflation for services. Price inflation in these specific areas are things we will continue to monitor. But some of our responses such as our support for food banks, fuel tax relief, our affordability payments are specifically targeted to support Albertans with these price increases. Ongoing inflation in specific areas means that Albertans, particularly those on low and fixed incomes, are facing challenges and struggling to pay for daily necessities like heat, transportation, and food. However, what is also clear is that our government has taken action that is actually lowering pressure on families and the inflation rate in this province.

Thank you.

Mr. Getson: Minister, we know that in Alberta here, at least, with the last two budgets that came out, they definitely don't balance themselves. We know that. We know that a lot of these inflationary problems that we're having right now were created by others, by ideological-type policies put in place, inclusive of the carbon tax, premature phase-out of coal, the overbuild of the transmission. There are a ton of things that we've inherited, and now, quite frankly, all the chickens have come home to roost on it.

With that, can you talk a little bit about the inflationary pressures as it relates to energy? Performance indicator 1(b) on page 11 of the business plan breaks down the rate of inflation for various goods both in Alberta and across Canada. You have a metric there between 2018, '21, and '22. Inflation in regard to the energy rates grows significantly higher. These rates were higher in Alberta than the rest of Canada. Even in '22, with the energy prices, it still rose at a similar pace.

A two-part question on that, sir. As Alberta is Canada's largest producer of energy, why is that the case? What's going on in Alberta here since we sit on all these assets? And then can we expect the ministry of affordability initiatives to make a meaningful impact in this area?

Mr. Jones: Yeah. Thank you for the questions. The inflation rate for energy for consumers is comprised of some prices which are set in international markets and others that are set in local markets. For example, prices for oil are set in international markets and have seen significant increases, particularly during 2022. This has been fuelled in part by geopolitical uncertainty and the war in Ukraine. The drivers of inflation are quite clearly outside of Alberta's control, all these ones.

Increasing oil prices have enhanced our budget position through increases in royalties but also contributed to higher gasoline prices for Albertans. An improved budget position has enabled us to take actions that have off-set some of the costs for Albertans through our fuel tax relief program. This, in turn, has lowered the measured rate of energy inflation.

Prices of other energy sources that comprise the measure of energy inflation are set at a more local level. Electricity prices can vary depending on supply and demand as well as weather conditions, scheduled or unscheduled maintenance on generators or distribution networks, market behaviour by generators, fuel costs such as natural gas, carbon pricing, and events affecting our imports of electricity. It is important to note that electricity rates are based on market conditions, but consumers have a wide variety of options to shield themselves from volatility in energy prices.

We also recognize the pressures that high natural gas prices can place on Albertans. It is important to note that natural gas rates are based on market fundamentals related to supply and demand. The government does not control natural gas prices. In winter 2022 the increase in natural gas prices reflects the lag between production and increased global demand for energy as economies recovered from COVID-19 and the impacts of Russia's war on Ukraine. There has been a recent decrease, thankfully, in natural gas prices, with the Alberta natural gas price at \$2.85 in March of 2023.

I believe that you also asked about ministry initiatives to impact inflation. Our government's actions to tackle energy inflation have had a meaningful impact, such that in January 2023 we saw the largest monthly fall in electricity prices on record. According to Statistics Canada

electricity prices in Alberta fell 45.6% in January compared with December, the largest monthly decline on record. The decline follows a provincial initiative to reduce electricity rates and increase the provincial electricity rebate.

Alberta was the only province with a year-over-year decline in gasoline prices . . .

Again, that was minus 6.4 per cent.

This reflects the complete suspension of the [13 cent per litre] provincial gas tax starting January 1

and going until June 30.

We can see here the impact of our policies for consumers. It means lower prices, more flexibility in their finances. What it means is that for the period when our policies have been in place, which has also coincided with the highest prices, our policies have had a clear and demonstrable impact on consumer prices.

Further, you mentioned in the first part of your question that we are Canada's largest producer of energy. I would like to point out that it is precisely because we are the largest producer of energy that we have the fiscal room to provide the relief that has directly led to decreased costs for Alberta consumers compared to consumers in other parts of Canada.

Thank you.

Mr. Getson: Minister, if I may – and we're down to a little bit of a timing crunch here, so I'll try to rattle this out a little bit quicker – key objective 2.2 on page 12 of the business plan states your ministry's intention to ensure "regulated rates for electricity and natural gas are formulated to best serve Albertans." What exactly does this entail? You know, what criteria is the ministry going to use to determine what is best for Albertans?

Mr. Jones: Yeah. Great question. In Alberta most electricity consumers have a choice of energy retail service providers. The regulated rate option, or RRO, is the default option for residential, small-business, and farm customers who have chosen not to or are unable to sign a competitive contract. Currently about 39 per cent of residential customers are on the RRO. Some passively stay on it despite the recent high electricity prices, and some are not eligible for competitive contracts due to bad credit or a potential lack of credit history.

5:30

The AUC approves electricity RRO rates for the three major RRO providers in our province: EPCOR, Enmax, and Direct Energy Regulated Services. Municipalities that distribute electricity and rural electrification associations, known as REAs, have their RRO rates approved by the local municipal council or REA board of directors rather than by the AUC. The city of Medicine Hat is exempt in the Electric Utilities Act from providing an RRO rate. Instead, Medicine Hat has chosen to offer . . .

The Chair: Sorry to interrupt, Minister.

We'll now move to a 10-minute block for the Official Opposition. I assume you still want block time.

Mr. Jones: Yes.

The Chair: So it will be five minutes and five minutes.

Go ahead, Member.

Ms Ganley: Thank you very much. I'm just going to start by going back over – actually, I'll go back over questions in a minute. We'll have a few of these, I'm sure. I think the one I want to start with, Minister, is that in response to the Member for Cypress-Medicine Hat, you indicated that your decision to include families in the affordability payments was because of increased food bank usage. I'm curious about that because it's my understanding that there's been significantly increased food bank usage by students as well. Postsecondary students, in particular, have seen an increased need, and I'm hearing this not only from students' unions, who are providing these sorts of information, but my understanding is that food banks on campuses have actually seen increased demand and that that's measurable. I'm interested to know, since you appear to be monitoring that, how much increased usage there is from students.

I mean, it's not a surprise to me. In the last four years, under this government, tuition has absolutely skyrocketed, so it's not at all a surprise to me that students are having these affordability challenges. I'm a bit curious what your justification in that case is for excluding students from these payments. I mean, students tend to be some of the lowest income people. They tend to have some of the biggest challenges. We're certainly hearing regularly, not just from people writing into my office but from their students' union on their behalf, that they are incredibly, incredibly challenged in terms of their ability to make ends meet, to feed themselves, to pay their tuition. I'm really curious why they were excluded from this program.

I think, returning again to the natural gas program, I understand you to be saying that it didn't pay out anything last year and that in this upcoming year, so in the year that we're looking at estimates for, it's built into the contingency fund. I'm assuming that the contingency fund is based on a series of calculations as opposed to just being a giant slush fund. Based on that, I'm just wondering: in that calculation, how much did you project to be spent on the natural gas rebate? Since presumably – I mean, I assume that in the contingency you sort of estimated what the rough cost of things would be and put it in there as opposed to just having a giant government slush fund to spend on whatever programs you wanted, which would be, well, kind of contrary to the idea of public budgeting.

In terms of go-forward, you talked about the fuel tax rebate continuing. In the estimates, the upcoming '23-24 year, what do you project the cost of forgone revenue to be as a result of that fuel tax rebate? Presumably, when you did your calculations on money coming into the government, you calculated how much revenue

would be forgone based on – because you have to project oil prices to project revenue anyway. I'm just wondering what the projected cost of that fuel tax rebate will be to Albertans in the coming year.

I guess the fourth one – I'll go out on this one – is that I asked a couple of times about groceries and sort of what the plan was to convince Albertans that those costs were reasonable or that those increases were reasonable in light of – and, again, I'm assuming that all members around the table receive the same correspondence from their constituents regarding, you know, their concerns about the suddenly surging price of food, especially in light of the fact that those prices aren't generally being passed on or that increased income is not being passed on to producers. I would just be curious, in light of the rejection of the all-party committee to examine that, what the other mechanism is. Like, what public forum do you intend to examine that in?

I think I'll just cede those 15 seconds for the next block.

The Chair: Okay. Thank you.

Minister, you have five minutes to respond.

Mr. Jones: Yeah. Thank you to the member for her questions. I referenced that the rise in food bank usage and the observation from food bank operators that children were also increasingly seen at food banks was concerning. The reason that families with dependent children were targeted with the affordability payments is because families spend more on home shelter, on fuel, on certainly food. I can tell you that the average family of four paid a thousand dollars more for groceries last year and could see another thousand-dollar increase this year. An average family of four in Alberta could pay as much as \$16,000 for groceries this year.

Again, children, in particular: their well-being was certainly impacted by the pandemic. Their education was impacted. We wanted to ensure that families had the flexibility, including the financial flexibility, to provide normalcy for children, to keep them in their activities, to get them food and nutritious food. We saw reports that families were buying less food and less nutritious food. We certainly wanted to ensure that families had the resources to provide the best opportunities for their children. More mouths to feed, higher users of electricity, fuel, and food: that's why they were included in the affordability payments.

Postsecondary. We're committed to ensuring that postsecondary education is accessible and affordable, and we continue to ensure that student aid programs, including repayable student loans, grants, scholarships, awards, and bursaries, exist to support a wide range of learners across all forms of postsecondary education. The government recently announced caps to tuition increases for domestic students at public institutions at 2 per cent at the institution level from the 2024-25 year onwards.

We also reduced the interest rate on student loans, and we extended the student loan grace period – we doubled it from six months to 12 months – to give students more time, more flexibility to find gainful employment and not feel pressured by their student loans. We also increased eligibility for the repayment assistance plan. This plan helps students manage their student loans. We thought that that threshold needed to be higher given the rapid increase in interest rates that students and everybody else was contending with. These measures will ease the impact of inflation so that postsecondary students can focus on their education and worry less about paying their bills.

I'll also point out that students are eligible for electricity rebates. I know students who certainly appreciate the fuel tax relief on their way to and from school. They also benefit from our changes to income tax, our freezing of automobile insurance increases. We've provided broad-based relief and postsecondary affordability

measures to postsecondary students. Under Budget 2023 there's \$1.1 billion in Alberta student loans to help an estimated 131,000 students pursue postsecondary education. We're providing \$112 million in scholarships and awards to approximately 57,000 students and \$69 million in grants to 25,000 students.

The member had also asked about the fuel tax relief and how much that is expected to cost. I'm pleased to report that Albertans are estimated to save \$570 million in fuel tax relief this fiscal year. Again, this program started last year. Albertans have already been saving at the pumps, and they will continue to after June 30 but based on oil price triggers.

5:40

Again, we of course wanted to support Albertans with cost of living during this inflationary period. We wanted to ensure that they benefited from the owned resource. We continue to evaluate additional ways that we can support both students and families and other Albertans with inflation and the high cost of living. That includes evaluating our electricity system to see if we're exploring generation, distribution, transmission all the way down to retail providers to see if we can better use our existing transmission and distribution to prevent further builds. We're also looking at the regulated rate option to see if we can get that reformed so that it has less volatility, more stability, that it's more affordable for Albertans. That may include supporting Albertans to explore competitive rate options.

The Chair: Thank you, Minister.

We'll now move on to a 10-minute block for the independent member. Mr. Barnes, block time: five minutes for you and five minutes for the minister.

Mr. Barnes: Okay. Thank you, Mr. Chair, and thanks again to the minister and your staff. Six questions I'd like to ask. First of all, on page 14 of your business plan 2022-2026, under statement of operations, you have utility rebate and grant programs. It goes this year from the forecast at \$648 million down in 2023-24 to \$47 million. Of course, there was nothing in the budget for it before \$648 million was spent last year. Can you please give me some clarity around why that is and those numbers, please? Thank you.

Secondly, on the Department of Affordability and Utilities, on page 9 of your business plan, bullet 4, manages the policy and programs supporting the expansion and upgrading of rural utility infrastructure. I'm very glad to see that there's some special recognition for the needs of rural utilities from the cost of transmission lines needing to be serviced and those kinds of things. What is your long-term focus with that? Is it to make it more affordable for Alberta's small towns? A lot of them are already burdened by the fact that so many of their deep services and their roads and those kinds of things have to be redone. How can we have our rural electric associations be fully engaged in providing competitive service for all Albertans? I know that in the past there have been some bottlenecks and an unlevel playing field between our bigger utility companies and REAs. Are you doing anything to address that? Are we doing anything to enhance competition for Albertans?

I appreciate your consumer advocate coming down and helping explain the situation. I would suggest, though, that 2,000 to 2,500 bills that finally get to where we can't find the person that owes or the homeowner or the tenant is a small part of the problem. I want to take a bit of my hat off to the people of Medicine Hat, where I hear time and time again that when people can't afford their utilities, it's someone like St. Vincent de Paul or the Salvation Army – and even in Medicine Hat, our city had or has a program

where if you want to be helpful and charitable, you can actually overpay on your utility bill, and the city of Medicine Hat will decide who needs those services. Again, I just think that the answer given doesn't fully explain the full extent of the problem, and I think the hardship for people paying utilities, for Albertans paying utilities out there is extreme now.

I want to touch on housing affordability. Interest rates have gone up by three or four times, and it looks like some of our bigger city markets are still very, very strong. Minister, this is going to make housing affordability for our youth next to impossible. I wonder if there's anything on your radar at all long term? I asked you in the last group of questions: just give me one, two, or three examples of where red tape has been reduced to make life more affordable for Albertans. I know it's not directly your responsibility, but that is a crossministry situation, and I would just like to know where we've actually been effective in reducing red tape.

I also asked last time about the ongoing cost of transmission lines. I understand that the big builders and the big providers of those lines were guaranteed somewhere between a 9 and 9 and a half per cent interest rate. That's when the going bank rate might have been 2 or 3 per cent. Now that the bank rate has doubled or tripled, my goodness, are Albertans going to have to pay more? Is there a way to renegotiate the cost of these lines? I mean, we've seen renewables explode around the province. Of course, they may be the main beneficiary of these lines. It's allowed them to hook into the utility grid with a lot less cost. Maybe there's a way to have some of those companies pay some of this cost rather than that Alberta family raising three kids trying to pay for utilities, food, and send three kids to university or trade school.

I'll just close again with the number of people that have come to my office and talked about shutting down their business, talked about the stress they're feeling because of the federal carbon tax. Is there any way to redirect our tier 1 carbon tax to help these Alberta families? Is there anything we can do to get those extra ancillary and distribution charges off the backs of Alberta families?

Thank you.

The Chair: Thank you.

Minister, you have five minutes to respond.

Mr. Jones: Thank you to the member for the question. Yeah, I wanted to get to red tape reduction. I'm pleased to report that Affordability and Utilities has taken significant action to reduce red tape, and we've already achieved our red tape reduction target. The ministry has reduced its regulatory count by 37.5 per cent, exceeding the government of Alberta target of 33 per cent. The reductions made are already creating cost savings for industry. To date Affordability and Utilities and its agencies have saved industry an estimated \$125 million. We have made substantial progress in addressing industry concerns about regulatory burdens, and we're committed to working together to make further improvements. The government continues to participate in industry panels that provide direct input into red tape reduction initiatives. We appreciate the red tape reduction submissions we've received from both the industry panel and the public.

My favourite red tape reduction initiative was the digitization of Alberta Registries so that Albertans can do drivers' licences and plates online. That was a significant cost savings to government, Albertans, and, more importantly, probably a significant time savings. That's the specific example that I would highlight in addition to the work of the ministry and \$125 million in estimated savings.

I'm going to turn it over to Matt to comment on the business plan and the statement of operations.

Mr. Grossman: Thank you, Minister. You had asked about the \$648 million in the '22-23 forecast and going down to \$47.5 million in the estimates. You're right. That is for the utility rebate and grant programs. The \$648 million represents the six months of payments from October to March period. That's \$635 million for that program, which includes the 9 and a half million dollars for the administration, that the minister had referenced earlier. In addition to this, what's included in that is the 12 and a half million dollars for the forgone interest to the regulated rate option providers that is being saved, being passed on to consumers. So that's what makes up the \$648 million.

What you see for the 47 and a half million dollars is just the final month of electricity rebate payments in the month of April going to the nearly \$2 million to residences, homes, businesses, and farms. It's concluding with that final month in April.

Mr. Jones: Thank you very much.

We administer three programs to support rural Alberta in meeting their utility needs. The first is the rural electric program. That assists individuals in providing electric services to areas with low population densities that are otherwise uneconomical to serve at a level consistent with higher density areas in Alberta. The program grant supports the construction of distribution services and/or the upgrading and modernization of aging infrastructure throughout rural Alberta. Affordability and Utilities is committed to ensuring rural Albertans have access to an efficient and modern utility distribution system that is safe, reliable, resilient, and environmentally responsible.

Annual core funding of \$700,000 for the rural electric grant program is being maintained through to 2025. This grant is administered by the Alberta Federation of Rural Electrification Associations on behalf of the Ministry of Affordability and Utilities. The Alberta Federation of Rural Electrification Associations, or AFREA, and its members continue to have an important role in building and maintaining a strong and prosperous rural Alberta.

The second one, the rural gas program. We are increasing support for the rural gas program grant, which assists distributors or individuals in providing gas services to areas with low population densities that are otherwise uneconomical to serve at a level consistent with higher density areas in Alberta. Program grants support the construction of distribution services and/or the upgrading and the modernization of aging infrastructure throughout rural Alberta.

5:50

Funding for the rural gas program grant is being increased from previous years to assist in addressing the chronic oversubscription of this program, which I'm sure you've heard about, driven by consumer demand. Annual core funding for the rural gas program is \$5.7 million and is being maintained through to 2025. This grant funding supports rural construction by the federation members, ATCO Gas and Pipelines Ltd., and Apex Utilities. We also have the remote area heating allowance, or RAHA, the best acronym in the business. The remote area heating allowance program improves affordability to rural Albertans by reducing the cost of propane and heating oil in locations that cannot be economically served by a local natural gas distributor through the existing natural gas infrastructure. Annually upwards of \$1.5 million in rebates are provided. It looks like we're out of time.

The Chair: Thank you, Minister.

We'll now move on to a 10-minute block for the government caucus. Are you going back and forth or block time?

Mr. Jones: Back and forth is fine.

The Chair: All right. Go ahead, Mr. Turton.

Mr. Turton: Excellent. Well, thank you very much, Minister, for coming out here tonight and providing information to the huge crowd of individuals watching us here online. Also, a huge thanks to all of your staff, the ones here at the table as well as the ones at the back. Thank you very much for the work that you do for Albertans.

A couple of questions. I know you've touched base a little bit about the affordability grants and the supports, but I want to kind of touch base on a couple groups that haven't really been highlighted. You know, as I've said many times, here in my riding of Spruce Grove-Stony Plain it continues to have one of the lowest average age population groups in the entire province. I think in Spruce Grove the average age is about 30, 32, and Stony Plain is about 34. Everywhere you look out throughout my riding, there are kids it seems like everywhere. I know a key part of your package, Minister, was putting forth a package that really helped target those Alberta households with children. I know when I'm out visiting with my constituents here in my area, the financial relief that the government of Alberta has provided to families with kids has been extensive.

First of all, I guess I was just hoping if you could elaborate a little bit specifically on the focus that the government has on families with children and how we've been able to support them.

Mr. Jones: Yeah. Thank you. As part of our affordability action plan the government has provided significant relief, both broad based and targeted, to families. As part of that plan so far, we've extended the fuel tax relief for at least the next six months. We've expanded electricity rebates to provide households a total of up to \$500 in electricity rebates. We've provided better protection against future electricity and natural gas price spikes. We've also resumed the indexation of Alberta's core support programs, including AISH, the assured income for the severely handicapped; income support; the Alberta seniors' benefit; and the Alberta child and family benefit. As the member was alluding to, we've provided additional targeted payments totalling up to \$600 per child to families in Alberta. These are the same affordability payments that seniors 65 and up and Albertans on core support programs are also eligible for. We've also provided additional support in terms of postsecondary. We've frozen auto insurance rate increases.

If you add up the estimated benefit for the broad-based measures for a family, that would be \$900, and that is mainly the electricity rebates, up to \$500, and fuel tax savings: \$200 per car, \$400 mid-sized vehicle, upwards of \$600 for trucks, depending on what you drive and how often. So broad-based measures alone for households for families: up to \$900 or more. And then depending on the number of children they have, that's \$600 per child over the next six months. Again, economists have estimated the additional cost burden that excess inflation places on families, and it was estimated at \$90 a month, so it was our intention to ensure that children didn't pay the price of excess inflation. We wanted to provide families with the flexibility to really support the health and well-being of their children. We wanted kids to focus on being kids, and I think that's really important after the couple of years we saw there during the pandemic.

Overall, our package of measures sought to ensure an appropriate balance of broad-based supports, which are available to the vast majority of Albertans, along with additional targeted supports to groups like families, seniors, and, of course, our most vulnerable.

Thank you.

Mr. Turton: No; thank you very much for that, Minister. I know when I go to the local leisure centre, you know, and chatting with

parents – my wife and I have coached soccer. Always in conversations with families and parents I know the affordability payments constantly come up as a valued type of support for families in our area. So for that, thank you.

Before I kind of continue that line of questions, I do want to ask a couple of questions about an issue that is very focused on my riding and that actually has to do with electricity as well as coal. You know, I guess the first question I have has to do with the phase-out of coal-powered generation in Alberta. I know that there is always this question about carbon intensity, so I guess I was just wondering if you could maybe elaborate, Minister, on other ways that electricity generators are able to reduce that intensity so that it could be better off for the environment.

Mr. Jones: Yeah. Thank you very much. As noted, based on current plans all Alberta coal-fired generation will be phased out by the end of 2023, much sooner than federally mandated in 2030. This is due in part to the powerful economic incentives through our technology innovation and emissions reduction regulation. Carbon pricing and corporate interest in environmental, social, and governance goals have created strong market-based incentives for additional investment in zero and low carbon intensity generation capacity. Alberta has partnered with other provinces to support the development of small modular nuclear reactors, or SMR, technology in Canada, and Albertans will certainly have the opportunity to comment on any potential projects through that engagement process.

But the core of your question is that, like you – sorry; like the member – and all of us, we constantly hear from our constituents about electricity. We constantly hear about the affordability challenges that families and Albertans are facing. Again, that's why we came forward with affordability measures that directly targeted both electricity and also the other areas where Albertans were seeing cost increases. We started off with the fuel tax relief, 13 cents per litre on every litre of gas and diesel, which is in effect until June of this year. We continued our electricity rebate program to provide up to \$500 in electricity relief until April 2023. This month's rebate is \$25.

We've also done other things. We've continued our investment into affordable child care. That's another thing that I'm sure comes up in the member's constituency. This is significant. This is saving families that utilize child care between \$400 and \$650 a month, and the savings are going to continue to increase. The cost of child care is going to continue to decrease towards 2025-26, where we're targeting an average of \$10 a day. We've also made permanent changes to our core support programs so that the Albertans that we constantly discuss their programs with, whether it be AISH or income support – we want to make sure they're calibrated correctly, but I'm pleased to report that they're now indexed. They will continue to increase with inflation to ensure that Albertans who need that support will continue to receive it.

We also retroactively indexed income taxes so that all Albertans would pay less tax come tax time or receive a higher rebate and have lower withholdings on their cheques moving forward, which is critically important at a time of excess inflation and increased cost of living. I am pleased to report, though, that – and the member opposite knows this well – Alberta does have the highest weekly earnings. We have the lowest taxes. We've got a booming job market with 100,000 vacancies. That's probably worthy of an affordability measure mentioned in itself because we know that the best way to enable people to afford the cost of living is for them to have meaningful employment. I'd like to thank the member opposite for his efforts in creating an environment that does just that.

We are back to electricity. I'm very pleased to say that Alberta is projected to be the national leader in future renewable generation. We are the destination, and that's where the majority of future green projects are being built.

Yeah. Thank you.

6:00

Mr. Turton: Thank you. Thank you very much for that description there, Minister.

You know, just to kind of continue on the key objective 2.1 and the performance indicator 2.b, it really talks about the accelerated coal phase-out, that you kind of alluded to, that we're expected to reach by 2030. I'm also pleased to know that many of the workers that you talked about with the highest weekly earnings continues to be the case here in Alberta. I will say, you know, there was for many workers that were put out of work in my riding due to the previous government's accelerated coal phase-out – maybe they were not able to experience those high wages, many of which had to go to B.C. to work, but it's nice to know that, at least for some of them, they've been able to transition into other lines of work.

But I know that economic pain in my riding still continues as Spruce Grove-Stony Plain and Lac Ste. Anne-Parkland continue to probably have the highest source of workers that were displaced when that sector was prematurely shut down a couple of years ago. I guess I was just hoping, in the last couple of seconds, if you could just confirm: what's Alberta's progress to date, and will we actually be able to complete the phase-out of coal by 2030?

Mr. Jones: Yeah. Thank you. As I mentioned previously, we are on track to completely phase off coal this year, and according to the Alberta Utilities Commission the total installed generating . . .

The Chair: Sorry, Minister.

We'll now move on to a 10-minute block for the Official Opposition. I assume we're going to block time again, so five minutes to you, Member.

Ms Ganley: I mean, I'll try for back and forth, but . . .

Mr. Jones: I'll block.

Ms Ganley: Okay. I think just because of the nature of the block time we're sort of running out of time to get answers. I think in this instance I'm just going to ask two questions, then pass it over to the minister, and I'll come back with the rest of my questions in future blocks.

The first question is about – I think that you gave me the numbers for the last fiscal. So the fiscal that we're in currently – well, are we still in it currently? Yes, we are still in it currently. I'm just looking for the foregone fuel tax revenue projected in '23-24. I know, Minister, that you said that that was part of the contingency fund, but obviously that isn't just a random – oh, sorry; that one wasn't part of the contingency fund. My apologies. Sorry. That would be in the revenue projections, obviously. I'm just wondering what we're estimating the foregone fuel tax revenue to be for '23-24. You'll know what the benchmarks are for where it phases in and out, and you know what you projected oil to be, so I assume that someone somewhere has done that calculation.

The second question is on the natural gas program, which you did say was in the contingency fund, which, again, I'm just assuming that, you know, as we all attempt to be wise fiscal managers, you wouldn't just have a giant slush fund sitting around, so you would have made some sort of estimate in the contingency fund of how much certain programs were. I'm just wondering how much of that

was expected to be for the natural gas program. That's the contingency fund for '23-24.

So just to repeat: for both questions it's for '23-24, and I'm just asking how much you expect to forego in revenue on the fuel tax and how much you expect Albertans to benefit from on the natural gas program. I mean, I continue to be of the view and to understand from experts that, in fact, that program still will continue to be a fake program that, in fact, has no money allocated to it. So those are the two questions.

Thanks.

Mr. Jones: Thank you to the member for the questions. Again, the projected costs of foregone fuel tax revenue would be \$570 million for '23-24, and then the program would of course – the cost would be based on oil prices as the program after June 30 is based on oil price triggers.

In terms of the contingency there's \$1.5 billion, I believe, in this budget for contingency, and that would be for disasters, emergencies, unforeseen events, but it could also include affordability measures. But that is a Treasury Board and Finance item and question, so I would encourage you to direct the questions on the contingency to Treasury Board and Finance.

The Chair: Thank you, Minister.

We'll now move over to the government caucus for a 10-minute block. Mr. Orr, you have the floor.

Mr. Orr: Thank you very much, and thank you, Minister, for being here. I want to reference most of my questions to outcome 2, a safe, reliable, affordable utility system, which includes, of course, the concept of being modern, competitive, and adaptive and addressing the costs, of course, to Albertans and a regulatory regime that is formulated to best serve Albertans.

My questions, to start with, are going to address the issue of self-supply, which is part of our regulatory system, part of policy, and I guess I have a couple of questions there. One of the concerns relates to self-supply with export as part of our reality in Alberta. My concern there has to do, though, with the unintended consequence of downloading grid costs onto retail consumers, because in many cases they're able to avoid grid costs when they go behind the fence. I'd appreciate your comments on that particular piece and how you're going to address that. Has anything been done to keep it fair for Albertans?

Mr. Jones: Yeah. Thank you to the member for the question. Enabling self-supply with export will promote investment in generation for self-supply but will also allow the export of excess capacity to the electricity market, and of course that would put downward pressure on the pool price. This allows large industrial consumers to lower their production costs and earn extra revenue through exports to the electricity market.

Interest in self-supply with export is growing. It is currently only permitted in limited circumstances, and these limitations are seen as a barrier to investment and the attraction of new opportunities. The existing exemptions that allow self-supply with export include industrial operations with an industrial system designation, microgenerators, oil and gas facilities using natural gas that would otherwise be flared, and certain municipally owned generators.

We are further enabling self-supply with export through the Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act, 2022, which includes amending legislation of regulation to broadly enable unlimited self-supply with export, requiring that self-supply with export facilities pay their fair share of system costs through the Alberta Electric System Operator's, or AESO's, tariff and ensuring all self-supply with export projects are

aligned with independent system operator rules as any other generating unit. This will provide regulatory clarity to Albertans who are interested in self-supply with export but do not currently qualify for an ISD, or an industrial system designation. These could include pulp and paper processing facilities or greenhouses who wish to off-set their own electricity use and also develop a revenue stream by selling excess power to the grid.

Thank you.

Mr. Orr: Thank you.

I think I heard you saying that you're trying to make it fair, addressing the download costs onto retail consumers. Are you confident that you're going to get there, and if so, when?

Mr. Jones: We're consulting with the industry to make sure that we get that right. Absolutely, everybody should pay their fair share. Everybody who connects to the grid, utilizes the grid should pay their fair share.

Mr. Orr: Okay. A separate question but related: how are you going to address the issue that is sometimes called economic withholding by some of the generators who choose not to deliver power to the grid unless the price is at a threshold that they're happy with and, you could say, somewhat in an attempt to make sure the price stays up there by refusing to deliver power to the grid? How do you address that issue of economic withholding?

Mr. Jones: Well, the primary way that we're going to address power prices is through competition. Economic withholding is a feature of our market. It is an allowable practice, and generators are engaging in it and utilizing it, and at times it does increase the pool price, but it also sends market signals. It sends signals that are resulting in 6,000 to 7,000 megawatts of new generation that are expected to come online in our province in the coming year.

You know, we've created a competitive market for electricity generation. It is attracting new generation, and ultimately that is the best way to provide the lowest cost of electricity to Albertans. We'll continue to evaluate our market. Things like economic withholding, our congestion-free policy, our transmission and distribution regimes: we're going to continue to evaluate it to make sure that it is meeting the needs of Albertans, and we'll, of course, consult with industry participants and Albertans before making any major changes.

Thank you.

6:10

Mr. Orr: Okay. I do think that is a challenge if our goal is to formulate policy that best serves Albertans because – anyway, I'll leave it. I appreciate your answer. I know it's a challenge to work around.

Let's change subjects a little bit: energy storage. You know, if we're really going to use our market-based renewable electricity generation, I think one of the questions that gets raised a lot is with regard to storage. It's one of the key objectives, 2.1, as well. Since it's important, how are you going to encourage energy storage? Can you get any sense of what the impact might be on our electricity system? And can you provide maybe – I don't know – an overview of some existing or proposed energy storage projects that are on the horizon for Alberta?

Mr. Jones: Yeah. Thank you to the member for the question. We passed legislation last spring, the electricity statutes amendment act, which enabled energy storage by incorporating a legal definition of energy storage, allowing distribution and transmission utilities to own and operate energy storage assets as part of their regulated functions within clearly prescribed limits, and by

allowing the use of competitive processes to procure energy storage assets for distribution and transmission services.

This legislation addresses the regulatory uncertainty cited by many developers as the reason for not moving forward with energy storage projects. We're creating new opportunities to store energy at times when prices are low for use later when prices are high, also known as energy arbitrage, and providing nonwires alternatives on the distribution and transmission system for further cost savings.

Enabling storage in legislation combined with our commitment to a competitive market has already encouraged the development of over 3,000 megawatts of energy storage projects that are now in the planning stages. The AESO is currently developing new services that will leverage the unique properties of energy storage resources. It has procured 30 megawatts of energy storage capacity to help it develop technical requirements.

The potential impact: energy storage resources bring many benefits, including helping reduce the long-term cost of electricity in Alberta, enabling the integration of intermittent, renewable energy resources, and optimizing the investment in future transmission and distribution infrastructure.

Energy storage technologies offer proponents and generators a significant degree of flexibility in how they can meet their electricity needs. With the flexibility of both location and scale energy storage has the potential to enhance the efficiency and resilience of the electricity system from both the planning and operational perspectives.

These assets can provide efficient and effective transmission and distribution services that can in some circumstances be more cost-effective and easier to implement than a wire solution requiring costly new infrastructure. Those costs, as you know, are often passed on to ratepayers.

In the energy-only market storage resources can reduce the pool price by promoting the integration of the renewable energy resources through offers in the ancillary market. Energy storage resources can also reduce costs by storing renewable energy output during periods of low demand and discharging during periods of high demand, creating more competitiveness in the market during peak or tight hours, which will help manage pool prices. Again, we've got 3,000 megawatts of energy storage projects that are now in the planning stages, so a number of projects.

Mr. Orr: I've only got a minute left. Maybe you can answer this in the next section, but I want to move on to 2.4. It talks about system reliability. I think the reliability of the system, of course, is extremely important, so I'm just wondering maybe two things. How are you planning or thinking about protecting against system disruptions such as extreme weather events? We saw that a couple of years ago in Texas.

Secondly, I'm wondering where does the retail consumer – how should I say this? The consumer generator distributed generation: how does that fit into system reliability? Are we doing anything to enhance the consumer's contribution to stability in the grid through generation? I think especially in the urban areas, as we get into electric cars and all the rest of it, the demand is going to be massive. We need some local generation, if I can dare call it that. Are you taking that into account in any way as you move forward?

There's only seven seconds left, so you can answer next time.

Mr. Jones: Yeah.

The Chair: Thank you.

We'll now move on to a 10-minute block for the Official Opposition. Member Ganley, you have up to five minutes.

Ms Ganley: Thank you. Okay. I'm actually going to jump in on some of the questions that were just offered by the Member for Lacombe-Ponoka. I thought that was some interesting information.

I know, as was mentioned, that a tariff with respect to this expanded self-supply and export is under development. I'm just wondering when we expect that to be developed. It's been ongoing for a while.

The other question I had – and I think I posed it before, but we probably ran out of time – is around energy storage. I know the act is in, but certainly what I have heard is the fact that if you sort of pair storage with your renewable in its own area, you can bring storage on fairly easily to sell at different times, but if it's sort of stand alone, it's still charged as a generator and a load. I mean, it's my understanding that to encourage the adoption of more storage, you would want to change that. I'm just wondering if work is under way on those rules and regulations to alter that.

You also indicated that there are 3,000 megawatts of energy storage planned. I was wondering if that's stand-alone storage or if it's storage that's sort of paired with renewable kind of behind the fence.

One of the ones I wanted to circle back to was in the estimates, line 2.1, affordability and utilities. That doesn't, as far as I understand, contain any actual payments to Albertans. It went from 5 and a half million dollars, roughly, to just over \$12 million. It sort of doubled. I'm really curious why that one, because it's all in the same year. It's from budget to forecast. I'm just sort of curious why that increased so much.

I also wanted to circle back. I know the original answer said that all six political staff employed in the ministerial office came from Energy. I mean, that's fine. I'm not that interested in who, precisely, the staff are. It's just that presumably, when they split the Ministry of Energy into two, they took the office budget and split it. The Energy office budget went from \$667,000 to \$1.048 million, a 57 per cent increase. Your minister's office budget went from \$572,000 to \$847,000, which is a 48 per cent increase. I'm just curious. Like, I'm not interested in where the actual staff went. I'm just curious, you know, why we need so many extra political staff. This seems to be a throughout-government problem. I'm just curious, at a time when Albertans are struggling so much, why we're spending so much on political staff.

Let's see. Oh, one of the things I wanted to return to was in your business plan, the discussion of reviewing transmission, distribution, and other costs. I'm just trying to get a sense of, like, what that review is. Who's involved in that review? Is the review public? You know, will it be done in a public forum? If so, what is the public forum? What's the mechanism for Albertans to provide their sort of feedback on that? I would be interested in that.

I think that probably the other thing that I wanted to go back to was around the affordability payments. I appreciate the decision to include people with children; I think it's the right decision. That's a great decision. It's just that I think that all of the factors that you cited, like, in terms of increased costs and increased groceries and increased housing costs and those sorts of difficulties, all apply to postsecondary students also. I'm just curious why those folks were excluded. I appreciate you saying that, you know, the percentage on student loans has gone down. Well, it went down because you put it up. It was the UCP government that raised it in the first place, so just reversing your own decision isn't really, I would say, an improvement in the circumstances of students. They have all the same factors about food bank usage being up. I'm just wondering why they were left out.

6:20

The Chair: Thank you, Member.

Minister, you have five minutes to respond.

Mr. Jones: Yeah. Thank you to the member for the questions. Again, we've provided both broad-based and targeted inflation relief affordability supports. The member talked about families and students. Families and students are both eligible, of course, to benefit from our fuel tax relief program, 13.6 cents per litre from January until June on every litre of gas and diesel until at least June 30, at which point the program will revert to oil price triggers. That's providing real support. We've also provided electricity rebates. Again, families and students or families including students will benefit from up to \$500 in electricity rebates from July 2022 to April 2023. We've also made other changes that will benefit both students and families like our changes to income tax.

Affordable child care: let's remember that some students are parents. They're saving between \$400 and \$650 a month in affordable child care. We've made investments and supports related to low-income transit, again, available to families and students. We're committed to ensuring postsecondary education is accessible and affordable, so we announced four measures specific to students. The first was a cap to tuition increases for domestic students at public institutions, which we capped at 2 per cent at the institution level from the 2024-25 year onwards. As the member noted, we reduced the interest rate on student loans, but this was after a period of the most rapid rise in interest rates in recent history.

This is also from a position of fiscal strength. The budget is balanced. It's after three years of fiscal restraint and with a balanced budget that we are in a position to provide these affordability supports, to provide this inflation relief, and to do things like reduce the interest rate on student loans. For students we also extended the student loan grace period from six months to 12 months. We doubled it so that students would have time to find gainful employment. Again, there are 100,000 jobs available in Alberta right now. We have the highest weekly earnings in the country. We have the lowest taxes. We also increased the eligibility for the repayment assistance program.

So four measures specific to postsecondary students in addition to all the broad-based relief that they and families are eligible for. We also provided targeted relief to families, because, again, families spend more on fuel and heat and homes and groceries than individuals. We wanted to ensure that children were held harmless from the impacts of inflation and the high cost of living that comes with it, so we provided all low- and middle-income families in Alberta with up to \$600 over six months, \$100 a month, for each child under 18.

We excluded the top 20 per cent wealthiest families because, again, we wanted to target this additional inflation relief and affordability support to low- and middle-income Alberta families. I hope it's clear that we've provided significant broad-based relief to all Albertans, including students. Then we've provided targeted inflation relief to students through the four measures that I detailed and targeted supports for families through the affordability payments. Again, there are over 1.1 million Albertans enrolled in that program; it's been very successful. Credit to the government and, specifically, Technology and Innovation for rolling that out very quickly for Albertans.

There were other questions that I'd like to get to. For example, there was a question related to estimate line 2.1.

Matt.

Mr. Grossman: Thank you, Minister. Yeah, that expense item went up to \$12.2 million from the \$5.6 million. You're right. It doesn't include any of the actual rebate payments, but it does include developing and implementing the affordability action plan, and that includes a campaign to inform Albertans of how to obtain affordability payments. It also includes the work on the review of

the regulated rate option and additional resources and supplies and services necessary to fulfill the mandate's priorities. That's where a big chunk of our department staff sits as well.

Mr. Jones: Yeah. That's a great point. We, of course, wanted to make every senior in Alberta aware of the various affordability support programs that were available, particularly the affordability payments. We wanted to share with families that there is . . .

The Chair: Sorry, Minister.

We'll now go to the government caucus. Continue with the back and forth?

Mr. Orr: Yeah. Thank you. I'll give the opportunity to respond to the reliability piece, again, just about system disruptions, weather events, and whether or not there is some place in that equation for self-supply at the retail level to generate the electricity where it's used. Would that help alleviate the pressure on the system?

Mr. Jones: Yes. Thank you for the question. Alberta has a robust and reliable system developed to operate effectively in varying conditions, including our province's significant seasonal temperature swings. Generally speaking, there is more than adequate electricity supply in Alberta. The province currently has over 18,000 megawatts of installed capacity in the system to serve a peak demand. We just hit a record recently of around 12,000 megawatts.

The AESO is responsible for the reliable operation of the power grid, and to ensure that the system remains stable, the AESO procures additional power to hold in reserve and can take mitigating actions when the power system is under stress. Last winter the AESO closely monitored the convergence of extreme cold temperatures, tight supply conditions, and increased reliance on natural gas for electricity generation, which had the potential to impact system reliability. The same conditions could be seen next winter.

During tight conditions the AESO first suspends electricity exports, then alerts industry that conditions are tight before finally utilizing reserves. Industry notifications can assist in reducing overall load on the system through reduced consumption and/or greater reliance on self-supply generation. Once the AESO begins using reserves, it issues an energy emergency alert, or grid alert, to the public, where consumers are asked to reduce their electricity consumption to help mitigate the possibility of the AESO needing to undertake more serious emergency measures to balance the system. During a grid alert the AESO may also cancel transmission maintenance to ensure all available electricity is flowing, implement voluntary curtailment programs where participants are asked to reduce their energy use to predetermined levels, and request emergency imports. As the last option to maintain reliability, the AESO can initiate temporary rotating power outages.

Grid alerts typically occur during the peak hours of electricity consumption, which is 4 p.m. to 7 p.m. A grid alert is communicated via AESO's social media accounts and website to help curb some nonessential demand and preserve emergency reserve capacity. The grid alert will remain in place until the power system is back to normal. The AESO has not been required to implement rolling outages due to lack of electricity supply in nine years. The system is working.

So while it might sound concerning, these alerts are actually an indication that the system and the protections it entails are working as intended for Albertans. As I said, last winter the AESO closely monitored the convergence of extreme cold temperatures, tight supply conditions, and increased reliance on natural gas for electricity generation. In December 2022 Alberta set a new all-time hourly peak demand of 12,193 megawatts, and several grid alerts were issued due to a prolonged extreme cold snap coinciding with unplanned generator outages. The alerts were short-lived, and the system conditions returned to normal.

Thank you.

Mr. Orr: A minute left. Let's just touch on the little piece. I appreciate the grid alerts asking consumers not to use power when there's a challenge, but do you see us moving to an era where grid alerts to the retail generator – I'm going to use that language; I don't know what else to call them – could be also alerted to contribute power to the system to back it up?

Mr. Jones: Certainly, the future is the bidirectional flow of electricity and distributed generation. Of course, you've got to have a lot of technology in place for that all to work. Right now we see it as both an opportunity but also a challenge. The grid must evolve to fully utilize distributed generation and to have the biflow of electricity. So the short answer is yes.

Mr. Orr: Well, Mr. Chair, three, two, one.

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this portion of consideration of the ministry's estimates has concluded.

I'd like to remind committee members that we are scheduled to meet in half an hour, at 7 p.m., to continue our consideration of the estimates of the Ministry of Affordability and Utilities. We will be switching rooms to the Rocky Mountain Room, so grab a quick bite to eat and meet us there. Please be reminded there is no food allowed in the committee rooms. We will be starting promptly at 7 o'clock.

Thank you. This meeting is adjourned.

[The committee adjourned at 6:30 p.m.]

