



Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Resource Stewardship

Ministry of Energy and Minerals
Consideration of Main Estimates

Monday, March 11, 2024
7 p.m.

Transcript No. 31-1-2

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The 31st Legislature
First Session**

Standing Committee on Resource Stewardship

Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Chair
Schmidt, Marlin, Edmonton-Gold Bar (NDP), Deputy Chair

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Sinclair, Scott, Lesser Slave Lake (UC)
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Also in Attendance

Johnson, Jennifer, Lacombe-Ponoka (Ind)
Kasawski, Kyle, Sherwood Park (NDP)

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Standing Committee on Resource Stewardship

Participants

Ministry of Energy and Minerals

Brian Jean, Minister

Larry Kaumeyer, Deputy Minister

7 p.m.

Monday, March 11, 2024

[Mr. Rowswell in the chair]

**Ministry of Energy and Minerals
Consideration of Main Estimates**

The Chair: Okay. I would like to call the meeting to order and welcome everyone in attendance. The committee has under consideration the estimates of the Ministry of Energy and Minerals for the fiscal year ending March 31, 2025.

I'd ask that we go around the table and have members introduce themselves for the record. Minister, please introduce the officials who are joining you. My name is Garth Rowswell. I'm the MLA for Vermilion-Lloydminster-Wainwright and chair of the committee. We will begin, starting to my right.

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

Mr. Dyck: Nolan Dyck, MLA for Grande Prairie.

Mr. Sinclair: Scott Sinclair, MLA for Lesser Slave Lake.

Mr. McDougall: Myles McDougall, MLA for Calgary-Fish Creek.

Mr. Hunter: Grant Hunter, MLA for Taber-Warner.

Mrs. Johnson: Jennifer Johnson, MLA for Lacombe-Ponoka.

Mr. Jean: Brian Jean, Minister of Energy and Minerals. To my right is Larry Kaumeyer, deputy minister, and Roxanne Leblanc, the assistant deputy minister of finance, who are joining me today.

Mr. Kasawski: Kyle Kasawski, MLA for Sherwood Park.

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

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

Mr. Huffman: Warren Huffman, committee clerk.

The Chair: Okay. We would typically go to see who's online, but no one's there, so we don't need any introductions, and there are no substitutions today.

A few housekeeping items to address before we turn to the business at hand. Please note that 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 the meeting can be accessed via the Legislative Assembly website.

Members participating remotely are encouraged to turn on your camera when you're speaking and mute your microphone when you're not. Remote participants who wish to be placed on the speakers list – but there are none, so I'll skip that part. Please set your cellphones and other devices to silent for the duration of the meeting.

Speaking rotation and time limits. Hon. members, the main estimates for the Ministry of Energy and Minerals shall be considered for three hours. Standing Order 59.01 sets out the process for consideration of the main estimates in legislative policy committees. Suborder 59.01(6) sets out the speaking rotations for this meeting. The speaking rotation chart is available on the committee's internal website, and hard copies have been provided to the ministry officials at the table. For each segment of the meeting blocks of speaking time will be combined only if both the minister and the member speaking agree. If debate is exhausted

prior to three hours, the ministry's estimates are deemed to have been considered for the time allotted in the main estimates schedule, and the committee will adjourn. Should members have any questions regarding speaking times or rotation, please 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 having a break? Okay.

Ministry officials who are present may, at the discretion of the minister, address the committee. Ministry officials seated in the gallery, if called upon, have access to the microphone in the gallery area over there 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.

Points of order will be dealt with as they arise. The individual speaking times will be paused. However, the block of speaking time and the overall three-hour meeting clock will continue to run.

Any written materials 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.

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

I would now invite the Minister of Energy and Minerals to begin your opening remarks. You have 10 minutes.

Mr. Jean: Thank you, Mr. Chair. Thank you, members, and thank you to not just the folks at the table but also the folks behind me, which represent a ton of knowledge in the department and are here to answer your questions on the different files.

In my political life as an MP and an MLA and a long-time resident in Fort McMurray I have a deep understanding of the energy industry, its significance to my region, and its importance to many other communities across our great province. Energy development in Alberta is the key driver of the economy. Directly and indirectly it is the single largest contributor to provincial GDP, income, employment, and government revenues. Resource royalties generate the largest share of the Alberta government's revenue stream and help fund important programs like health, education, and social services, the things that are really important to Albertans and that we all rely on.

As a revenue-generating ministry we understand the importance of prudent spending, so I want to provide you with an overview of how my department is wisely spending its 2024 budget allocation to fulfill our mandate and support the responsible development of Alberta's energy and mineral resources. Budget 2024 is a commitment to the future viability of our energy and minerals industries, one that supports diversification as we transition onto a path to carbon neutrality.

I want to draw your attention to the name of the ministry, as it was changed to reflect minerals in June of 2023. This was deliberate, and it reflects the ministry's mandate and the evolving priorities of our province, including critical minerals, which are needed to produce things like batteries for cellphones, energy storage cells for electric vehicles, and other products that are now required for a low-carbon world. This ministry has taken on some very large, new, and complex files like energy transition, the working tables with the federal government, development of the

Alberta carbon capture incentive program, small modular reactors framework, and, of course, critical minerals.

With the \$65 million increase over the last year Energy and Minerals' overall budget increased to \$1.048 billion for '24-25. This will be used to help advance the initiatives that I just spoke about. Funding will also support the creation of a new energy transition division; carbon capture, utilization, and storage initiatives; royalty operations; and grants under the Alberta petrochemicals incentive program that is so popular. The department has also been tasked with taking on more of an ownership-thinking direction that is consistent with my mandate letter to uphold our energy interest with all Albertans.

I really like this approach. I view it as a return to the Lougheed approach to energy. This means ensuring we are assessing our policies and programs to ensure that Albertans are getting the fair owner's share of the value of our resources. I've encouraged the department to look for added opportunities that support our government broadly and our role as owners of our resources.

The ministry's expenditures also cover funding for the Department of Energy and Minerals, including staffing as well as the expenses for the cost of selling oil and for its entities, the ever-popular Canadian Energy Centre and the Alberta Energy Regulator, which is world class. As many of you know, the Alberta Energy Regulator regulates energy and mineral development in the province and is responsible for regulating the life cycle of oil, oil sands, natural gas, coal, geothermal, and brine-hosted mineral projects in Alberta.

This year's budget allocates \$246 million to the AER, compared to \$231 million last year. This funding increase ensures the AER can continue to fulfill their duties on behalf of Albertans. This includes ensuring companies develop our energy and mineral resources responsibly, public safety, and protecting our environment. I would like to note that funding for the AER actually comes from industry levies and fees which are collected as revenue. Taxpayers do not directly fund the ongoing operations of the AER. While the AER regulates industry, we recognize that past governments allowed industry to abandon infrastructure despite requirements to reclaim industrial sites when projects ended their life cycle. Now, Budget 2024-25 includes funding for the Orphan Well Association to continue addressing this problem. We are looking for solutions.

The good news is we've made some great progress. Over the past few years the Orphan Well Association has decommissioned more wells and completed more reclamation projects than any other period in its history. Funds collected from industry under the orphan fund levy, which funds the association, have an allocation of \$135.5 million in this year's budget. Like funding for the AER's operating expenses, this work is also funded by industry.

Reclamation work is helping improve the reputation of the oil and gas industry, especially here in Alberta, but we need to do a better job of telling Alberta's responsible energy development story. In addition to supporting regulation, the ministry will allocate \$27 million for industry advocacy in '24-25. We must be able to help Alberta effectively respond to misinformation about our energy industry to sustain its vitality and highlight sector innovations that are reducing emissions but not cutting production. The livelihoods of the many Albertans who work in this sector, particularly in my region of this province, really depend on us sharing the good things happening in their industry so we can generate new investment and new students to take the new jobs.

7:10

Alberta's story is about building and diversifying the province's energy resource sectors. Budget 2024 will allow us to add more

good news to our story by capitalizing on emerging opportunities such as liquefied natural gas, petrochemicals, manufacturing, hydrogen, geothermal, and critical minerals and carbon capture, utilization, and storage, in which we have very much a competitive advantage. We've had lots of good news to share recently when it comes to carbon capture and storage. Just prior to COP 28 this past fall I was pleased to join our Premier to launch the new Alberta carbon capture incentive program, or ACCIP, similar to the successful Alberta petrochemicals incentive program. My ministry is currently working on program design, with more details to be available later this spring. This will have a huge impact on energy resource production and achieve meaningful emissions reductions in many industries, including oil and gas, power generation, hydrogen, petrochemicals, and cement. We will be world leading.

Through Budget 2024 we continue to support the development of carbon capture, utilization, and storage, or CCUS, technologies to help diversify our energy sector. In Energy and Minerals' budget expenditures we are investing a combined total of more than \$58 million for Quest and Alberta carbon trunk line projects. Both projects have safely captured and stored a total of more than 11.5 million tonnes of carbon dioxide since starting operations, which is equivalent to emissions from 2.5 million cars per year off the road.

I would like to mention that the work of my ministry often intersects with the work of Environment and Protected Areas, whose budget includes a total of \$226 million in existing funding through the TIER fund for ACCIP, a further \$167 million from the TIER fund over the next three fiscal years. This one-government approach for carbon capture is essential in supporting Alberta industry by creating lower carbon products that will be more competitive in the global market as it emerges.

Another win in our energy story is the success of APIP, the Alberta petrochemicals incentive program. Our government will continue to honour commitments for our value-added natural gas strategy through this very important program. Budget 2024-25 allocates approximately \$154 million for APIP, an increase of \$7 million from last year. This includes funding for Rocky Mountain Clean Fuels Inc.'s Carseland gas-to-liquid plant, that will convert natural gas into fuels, and multiyear projects from previous budgets for the Inter Pipeline Heartland Petrochemical Complex and the Dow expansion project, which we're so excited about. These projects represent billions of dollars' worth of investment and reflect the continued growth opportunity in our natural gas system. APIP will help the province become a global leader in petrochemical production by enabling us to aggressively compete with jurisdictions right around the world and bring long-term investments and tens of thousands of jobs to our province.

The Ministry of Energy and Minerals is also responsible for expenses related to the cost of selling oil. The Alberta Petrochemical Marketing Commission, or APMC, continues working to support the government of Alberta with its primary responsibility being marketing oil that the government receives as in-kind royalties. The APMC bears all costs related to marketing and selling Alberta's in-kind royalties on behalf of the government. This year the cost of selling crude oil is budgeted to be \$357 million compared to \$316 million last year.

The Chair: Thank you, Minister. That's the end of your time.

We will now begin the question-and-answer portion of the meeting. For the first 60 minutes 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.

Question to the member that's going to be speaking first: would you like to share time or block time?

Ms Al-Guneid: Yeah. I'd love to share the time if possible.

The Chair: Minister, are you share or block?

Mr. Jean: As much as everybody around me wants shared time, I prefer the block, so I'm going to go with the block.

Thank you.

The Chair: Okay. The block of shared time is 20 minutes. Member, you have up to 10 minutes to ask your questions and make comments to the minister. Once you have done so, the minister will have 10 minutes to respond, and then we'd start the next 20 minutes. Go ahead and ask your first set of questions.

Ms Al-Guneid: Thank you, Mr. Chair. Yeah. I'd like to start by thanking the public service who have worked hard to produce this budget and to provide advice to the minister. So thank you for all the hard work.

My first line of questioning here is around liabilities management in Alberta. In your ministry's business plan on page 46, objective 2.2, it notes:

Collaborate with other ministries within the Integrated Resource Management System to maintain and strengthen a balanced, responsible approach to managing the impacts of resource development activities and continue to implement the Liability Management Framework.

Let's go through recent history first. As recent as a few months ago the government imposed a moratorium on renewable energy development in Alberta in the name of liability management in renewable energy development. For the record I disagree with shutting down our province for business in order to improve regulations. I think you can address liabilities and improve regulations while staying open for business.

For starters, now that the government has supposedly addressed liabilities and renewables, will the government now turn its attention to liabilities in oil and gas? Will the government address liabilities in the oil and gas sector without pausing operations in the sector? Looking at Budget 2024, I'm not convinced that there are real investments to manage liabilities. The orphan well levy appears to be the same as last year. The industry levy, for they are, increases slightly to almost \$7 million or 3.2 per cent. There is not much else in the budget that would increase confidence in the Energy Regulator.

Mr. Chair, the Alberta Energy Regulator has lost the confidence of Albertans because the government has failed to clearly mandate this Energy Regulator to address liabilities. It has failed to address environmental crises, like leaks in the tailings ponds and even properly notifying Indigenous communities impacted. A First Nation in northern Alberta has filed a lawsuit against the Alberta Energy Regulator, alleging negligence and a failure to live up to treaty obligations due to multiple tailings leaks at the Imperial Oil Kearl facility. We saw the Athabasca Chipewyan First Nation claim that the regulator failed to inform the First Nation about the leaks, and the lawsuit alleges "negligence, nuisance, breach of the duty to consult, breach of the honour of the Crown, breach of fiduciary duty and unjustified treaty infringement."

Minister, through you, Mr. Chair, has your ministry looked into this? Have you investigated these allegations? These are very serious allegations. What steps are you actually taking to repair the relationship with this Indigenous community and to reform the Energy Regulator? The regulator, because the government has failed to mandate it, has allowed liabilities to grow dramatically and not hold companies accountable to clean up sites.

In addition to all this there are no consequences for companies who do not pay fees to landowners or taxes to municipalities. A

recent paper published by the School of Public Policy at the U of C on unfunded oil and gas closure liability shows that Alberta is facing an environmental and financial crisis. The paper notes that there are roughly 237,000 drilled wells in Alberta's conventional operations. Oil and gas liabilities are estimated between \$66 billion to \$88 billion. It is unconscionable that the government cannot provide an appropriate estimate to liabilities. So do you plan to provide an actual, real estimate, and how do you plan to report on the actual number of liabilities?

7:20

By the way, it was good to see the government including the Auditor General AER report in the fiscal plan. The Auditor General report between 2018 and 2022 has sounded the alarm on liabilities a few times, and it notes here that while the AER received an annual report and three-year budgets from the Orphan Well Association, the Auditor General "did not see evidence that [the] AER uses [the Orphan Well Association] information to inform AER whether the [Orphan Well Association] is achieving its goals and objectives or is estimating industry's orphan liability." These are quotes from the report.

Then in the government's fiscal plan, pages 176 to 179, I see references to the Auditor General's recommendations, and there are generic responses, like putting additional resources, but no specifics, and it's not even in the budget. So what's your actual plan to address the Auditor General's concerns? Specifically on page 178 of your fiscal plan it says, "the AER will assess potential targets and thresholds by evaluating compliance assurance programs to validate if they are working as intended." What does that mean? Of course it's not working as intended. I'd like to understand: how exactly will the government address this crisis? It is a looming crisis, Minister. If we don't have a clear action plan, it will fall on taxpayer money, and the government owes the public the actual numbers and an actual plan to solve this crisis.

Now, while we're discussing all this specifically on wells, I'd like to understand: are there any changes to the mandatory closure spending target for 2024 as well as from 2025 and 2027? To begin, can you please tell us if the 2023 target was met? I would love that information. The challenge, as you can see, is that the polluter-pay principle has been obstructed by poor policy and even worse implementation by the AER. This is why the government needs to budget and put resources in place and to implement programs to achieve the government objective, actually 2.2 on page 46 of the energy ministry's business plan. I believe, Minister, the government owes the public the actual number and the actual plan for this.

I want to also go back to the Auditor General report where it specifically says prior to 2022 – it notes that "no examples of [the Alberta Energy Regulator] suggesting modifications to the amount or evidence of AER doing an analysis of the proposed levy," from the industry's levy. That's the quote from the AG's report. Yeah. I would love your comments on this one, and if you can maybe start with telling us if the 2023 target for the mandatory closure spending: was it met in 2023 or not?

Thank you.

The Chair: Okay. Minister, go ahead. You have 10 minutes.

Mr. Jean: Well, thank you very much. I took as detailed notes as I could for the first half, and, hopefully, I'll get the general theme of your questions. If I don't answer all of your questions, I certainly invite you to ask me in the House or anywhere else that is necessary, by letter or whatever. But I'd be happy to just talk about, first of all, what you said at the start, which was collaborate. I really like that. I think that's the approach by this government. We're doing that

with industry, with First Nations, and with groups across the province because we think that sitting down at the table and collaborating will get us better results.

You know, I'm not going to take shots even though I was here when the NDP was in government. I was just kind of surprised, to be honest, that the first thing the NDP did, pretty much, was ask billionaires that own coal mines across the world to come and invest in schedule 2 lands in Alberta. I was kind of surprised with that because, of course, that would bother me as an environmentalist. I think that was the wrong approach, and I expected more from the NDP government of the day as far as environmental performance, and I didn't see that. But I do believe that you hit the mark, and I'm glad to see where you're going on the polluter-pays principle, because that's what our government believes in and that's what we're heading towards on all of our files. I would suggest that that's the best way to have accountability going forward and we'll get best results for our burdens, because there's nothing more important than the water and the air that we breathe and the soil that we live on.

You know, in fact, this morning, going to another part of your question, I was with some First Nations chiefs here in Edmonton, and we were talking about getting the federal government to come to the table with \$135 million that they've allocated for cleanup on First Nations reserves to clean up oil and gas assets that the federal government left there. I think that's a good way to collaborate, and sitting down with those First Nations, or other First Nations like Fort McKay, where I was last week announcing a mine project, which we haven't seen in quite a while – you know, the government talking about so many different files with so many First Nations, and the word they used today and last week was the word “trust,” trust for this government.

I think the truth of it is that the very fact that this litigation is happening in northern Alberta, in my own home, which I went and visited the site of, means that our system is working, and that's what I'm really glad of. I'm glad that people have their opportunity to have a day in court or a day before the AER and have an independent third party actually doing proper adjudication.

Now, I know that my friends might laugh at it because it wasn't independent during the days the NDP were in government. It was a mess, a shemuzzle, and other things that I don't want to say about the AER because I think right now it is one of the best, if not the best, regulators in the world because it's independent, it's arm's length from this government, and it's making decisions in the best interests of Albertans and the longevity of our water, air, and earth. I know you, all three NDP members and all the government, agree with me in relation to that. That's the kind of collaboration I like, and, you know, we're seeing a number of initiatives with First Nations in this government because they trust this government, and they trust us to have their back. We will have their back, just like we have Albertans' backs.

I know I have some other things that I wanted to talk about in relation to the AER. Especially I'd like to just say that, you know, as I've gone to different conferences around Canada and talked to people from all over the world, I've learned one thing about the AER, and that is that it is probably the best regulator in the world because everybody comes here and asks how we do things. I had at least three people in the last three months ask me at different conferences if the AER would help them and their country set up a proper regulatory system. That's the kind of reputation I like, especially when you're talking about some of the countries in Africa and elsewhere around the world. That's a regulator to be proud of, and we have to get it back to the point where every single Albertan trusts that regulator.

I do, because, you know, I see some of the things that have happened. Alberta has actually decreased the number of inactive wells from 91,000 to 83,000; a 9 per cent reduction. Companies spent over \$696 million to clean up liabilities last year. That exceeded the closure spending requirement of the AER by 65 per cent. So the Alberta companies, those corporations, they are actually doing the work because our program incents them to do the work.

Now, the file is complex – there's no question of it – but having industry setting aside money for innovative solutions to climate change as well as opportunities to make sure that they are responsible for cleaning up their sites is absolutely essential, and today we talked about that with those First Nations chiefs from all over Alberta, about how we make sure we protect the water, the land, and the air, and they've committed to me to help us with that mandate.

I just have so many things to say here. You know, I think I'm just going to tell you a little bit more about what's going on. The first thing is that we did so well with our target last year that we've now kept that target at \$700 million for 2024, and we think industry can hit that. The AER has taken a more holistic approach to the cleanup, and we are actually working on some innovative projects to accelerate that cleanup and make it advantageous for companies to work in one particular area or have other innovative solutions to have them do more cleanup more quickly.

7:30

Now, we've had some interesting files of late in relation to coal, and I know that you folks wanted to know some information about coal generally and what's going on there. I will tell you, first of all, that we do have litigation, unfortunately, in the situation in Kearn, so I can't go into that in particular, and I can't go into Grassy Mountain in particular and the other coal issues.

But I can tell you this about the Kearn project, and I wanted to bring this forward. I actually went to the site because I was concerned about the environment, and I saw the amount and number and types of safeguards they had around these tailings ponds, and they gave me a lot of comfort at the time, and I mentioned that on Twitter, actually. Although no system is perfect, I believe that the systems I saw and the understanding I have of Kearn was superior to anything that I would have come up with as a nonengineer. But, fortunately, I rely on other people for great ideas, and I will tell you that I think that our industry is doing a great job, and I think that our regulator is doing a great job although it could be better, and they are, I think, improving. This review that we've got right now, that's coming forward, I think will be a review that will move our regulator into a class all to its own and make sure that it is and continues to be responsible to the people of Alberta.

You know, that's why we want to make sure that it's an independent, arm's-length regulator, because that's how we ensure that energy development is safe and reliable and environmentally responsible. Just so you know, the AER conducts regular audits and inspections, and they conducted last year, for instance, 8,128 inspections with a compliance rate of 73 per cent.

Now, what does that mean? It means that they go around the province and they do a lot of inspections, and they do that so they make things better. I think that these are important tools. Those inspections and those officers are important tools to support, and being that the industry supports it themselves and we have a high compliance with the industry, we are doing, I think, a very good job, and things are only looking better.

Now, I had a couple of other questions there. I know I did. Oh, unpaid taxes. Now, I guess on that I can tell you that we understand the file, and although most corporations are diligent to pay their

taxes when due, not every corporation does pay their bills when due. We do have that issue, and we're trying to tighten that belt up a little bit so we get more compliance, but the overwhelming majority of these companies have been paying their taxes. So right now we've put some safeguards in place if there are unpaid taxes. I think \$20,000 is the amount. If there's over \$20,000 that is owing, the AER won't allow them to transfer their licences without paying that. So there are some pretty good safeguards that weren't there, and we're looking at better opportunities there.

Now, are there any other questions that I missed?

The Chair: Great. Thank you, Minister.

Same speaker or different speaker this time?

Ms Al-Guneid: Same.

The Chair: Okay. We'll go for the next 10-minute block. Go ahead.

Ms Al-Guneid: Minister, I didn't get answers to my questions. I think we agree we have good regulations, but our regulations are not enforced at the moment. I hope you understand that the government needs to mandate that they are to address liabilities. Your government needs to mandate that they are to enforce regulations. We do have great regulations. They're not being enforced right now.

My real question here: do you plan to provide an actual estimate to the liabilities? What is going on with liabilities? We have estimates up to \$88 billion. We do not have actuals. It is just unconscionable that the government cannot provide the public a real, actual number on liabilities in Alberta. What is your plan to reform the Energy Regulator?

I want to continue with the theme of liabilities here, Mr. Chair. On budget estimates page 77 line, item 4.1, I'd like some updates on the site rehabilitation program now that this program is completed. Just a reminder that the site rehabilitation program was a \$1 billion economic infusion that the federal government gave Alberta as part of its national economic response to the COVID-19 pandemic in 2020. The program was criticized by the Auditor General because of the provincial government's delays in actioning this money. This morning it was announced that \$135 million is still outstanding and is waiting for the federal government. In the estimates document there is no money budgeted for this program this year and only \$605,000 last year. Does this mean that the province is not expecting this money to be spent this year? That's my question.

In the press conference today as well it was highlighted that the province is waiting for the federal government to make sure this can be spent. However, the program was flagged by the Auditor General for its inefficiencies. As you know, Alberta took much longer to spend the federal money, much longer than B.C. and Saskatchewan, and, as you know, the province had to award all grants for site cleanup by March 31, 2022. The money was supposed to be spent by the end of 2022, and it wasn't. So the Auditor General highlighted the risk that the money might be returned to the federal government. Can you explain to us when the \$137 million in question was allocated, and did that meet the federal deadline? According to the government the full \$1 billion here has at least been allocated, so can you confirm whether the province was able to spend the \$137 million, or did the province spend the full \$1 billion? What's happening with that program? And based on that, can you break it down for us? How many wells are expected to be reclaimed, and how many are remediated under the program? I'd love these details.

I'm also curious if your department has done any analysis had the government spent that money when they were supposed to. You see, during COVID the industry was seeing very little activity. Everything was cheaper because oil service companies did not have much work, and inflation wasn't rampant yet. So the money would have gone further. In other words here, more wells would have been cleaned up for the same amount of money. I'd like to understand if your ministry did a comparison analysis. Can you please share with us any of these details?

And with the funds from the program being depleted, how will the total spending, if we combine the public funds and the industry funds on well reclamation and remediation, differ here? Can you give us a total for the years between 2021 and 2022, and what do you expect in 2024 in terms of the number of wells and total dollars being spent here? Again, I'd like to remind you of the December 2023 report. The Auditor General frames the consequences of not taking action on this finding as follows:

If weaknesses in regulatory compliance activities are not resolved, there is an increased likelihood that inactive oil and gas infrastructure is not properly closed within a reasonable amount of time, which potentially increases the risk to the environment or to public health and safety.

I have a few questions here on the mine financial security program as well. Again, I want to go to your ministry's business plan on page 46, objective 2.2, that notes to collaborate with other ministries within the Integrated Resource Management System to maintain and strengthen a balanced, responsible approach to managing the impacts of resource development activities and continue to implement the Liability Management Framework.

You mentioned you like collaboration; I'm assuming you're collaborating closely with the ministry of environment on this file. I'd like to understand your collaboration on the mine financial security program, or the MFSP, here. So the collaboration here is on the liability piece for mining.

7:40

Just a friendly reminder that the Alberta Energy Regulator for the ministry of energy as well as environment here started a review of the mine financial security program for oil sands back in 2022 largely structured around finally responding to concerns raised by the Auditor General twice, most recently in 2021. It has been more than 18 months since your government reviewed these recommendations from the Auditor General and with no actions on the recommendations.

The mine financial security program shows that liabilities increased from \$34 billion to \$48 billion. That is a 40 per cent increase. Can you explain how your budget plans to address liabilities in mining? What is the amount of security you intend to collect this year? We saw the annual MFSP submissions tell us that from September 2022 to 2023 the MFSP once again collected zero dollars in security from oil sands operators. So what will the percentage of securities be compared to liabilities? How much will be in surety bonds? How much in other securities?

Finally, while I have you here, also a friendly reminder. When is your government going to turn attention to the liabilities in pipelines? The 2022 Auditor General report asked the government to start addressing liabilities in pipelines. It is around \$30 billion. The government used to have an industry closure schedule. The industry-wide closure spending requirements were set at \$700 million for 2023 and then forecasted to increase to \$764 million in 2024 and then forecasted to increase to \$833 million in 2025 and then forecasted to increase to \$909 million in 2026 and then \$992 million in 2027. Why did your government and ministry erase the

schedule? Why is it annual as opposed to a three- or four-year schedule?

Addressing liabilities cannot be a discretionary exercise. This should be a real implementation program. It should have a schedule. It should be planned in your programming, and I would love to understand why the schedule was erased, especially as we haven't seen any action on liabilities. I'd really love some estimates and a real plan to understand how your government will address the liabilities crisis in pipelines, in wells, and in mining.

I look forward to hearing your response. Thank you.

The Chair: Thank you, Member.

Minister, you have 10 minutes to respond.

Mr. Jean: So many places to go. First of all, I truly appreciate the opportunity to be here. I just would say, in relation to one of your first comments regarding enforcement and that the AER wasn't doing enforcement, that I don't agree. I don't think that's the case at all. I think they do good enforcement, and the industry tells me so. You know, the very fact that industry had better performance on some of the cleanups that they've done than was expected from the AER I think clearly says that what we're doing is working.

Regarding the review of the AER and specifically what's going to come out of that, because you're asking a lot of questions that are presupposing, you know, what we're doing with that review, I do want you to know that we do have some excellent advice on that: Dave Yager, who wrote *From Miracle to Menace*, which is a great book. You should pick it up if you haven't read it yet. It'll explain a lot of Alberta's history on what is nothing short of a miracle, natural gas and oil and having it here.

But I do think, from memory – and if I'm wrong on this, I know my officials can help me – the total amount was somewhere around \$137 million that's left in this fund. They expect about 2,000 wells to be cleaned up if they were able to allocate that money here to Alberta's First Nations, because it's just for wells on reserves. That is, obviously, the ultimate responsibility of the federal government. We're simply there as a friend, as a government that is greatly concerned about some of these leftover assets and, as you said, the liability from some of them. That's why we're there, and we just manage that fund for the province.

The reality of that is that we did as a province actually allocated 100 per cent of the fund. Industry, unfortunately, because of a variety of factors – I think there's a two-year limitation time frame in which they needed to spend money. As well, it was a very cold winter, I think – one of the notes I read indicated that – and as a result of that, industry just didn't spend the last \$137 million. You know, we could have had a little extension from the federal government. We believe it could be finished and it could be done well.

Also, I don't know where you got that information on the Auditor General, but I thought the Auditor General gave a pretty good clean bill of health to the SRP and actually said: good job with good matrixes. But maybe we can agree to disagree on that. I'll do a little bit more homework to make sure I've got that correct, but I thought we got pretty good reviews on that. I do know that the chiefs sure feel strongly about it. They've talked to me about it for four or five months, if not longer, and they're concerned. They have folks that are ready, willing, and able to do the job and clean up federal obligation on First Nation sites, and we're just there to help them and be their partners, speaking of collaboration.

As far as the piece of legislation, that is Environment – and you'd have to ask my colleague the minister of environment – relating to mine security.

But I can help you with a little bit more information in relation to the integrated resource management system because we do as the Alberta government approach the management of our natural resources in an integrated approach to understand the interests of Albertans in managing those Crown resources, because they belong to them. We're trying to take an ownership role on those resources, as we should, because they are our resources and industry is on there at the pleasure of the Crown. The department's effort to inform the government of Alberta's activities in these areas is undertaken through the integrated resource management system, and that's made up of a network of key organizations, including Energy and Minerals, Environment and Protected Areas, Forestry and Parks, Indigenous Relations, Agriculture and Irrigation, and Affordability and Utilities as well as the Alberta Energy Regulator.

Let's see. Where else should we go, sir?

Mr. Kaumeyer: I'd like to go back, I guess, really to the orphan well program relative to some of the comments you made. We do actually have specific figures for the orphan well program that are very clear. Over the last four years the OWA has decommissioned more wells than they've received, as the minister stated. The actual figures on those: in 2022-23 the OWA decommissioned 781 wells, a decrease of 34 per cent from the previous year as the OWA returned to a more regular pace of work following the provincial and federal loan programs – so this last year we did in fact come off in the number because of the billion dollars that was provided by the federal government – reclaimed 431 sites, an increase of 57 per cent from the previous year; and completed over 2,000 inspections, as I think the minister stated.

The number of orphan wells in the OWA program and inventory to be decommissioned increased by 33 per cent, to 2,253, at the end of 2022-23, from 1,700 the year before. The number of orphan well sites in the reclamation inventory increased 21 per cent, to 7,117, at the end of 2022-23, from 5,887 at the end of 2021-22. The reclamation inventory increased from the OWA received new sites or when the OWA is finished decommissioning wells and has transferred the sites into the reclamation inventory. The OWA inventory from the OWA 2022-2023 annual report consists of orphan wells requiring abandonment, pipelines requiring abandonment, orphan sites, required reclamation as well as a number of pipeline segments for abandoned and additional sites for decommissioning and suspension.

The OWA's mandate is to manage the abandonment and closure of orphan sites that do not have a solvent or responsible owner, as you know, protect the people and the environment, and remove the potential risk of unfunded liability. I wanted to address that with the actual facts.

7:50

I would like to also just go back to the actual loan status. I think you're aware of the fact that the government has actually loaned the OWA a substantial amount of money, which is in repayment. That loan was \$335 – \$335 million, I should say – that was available through the orphan well program. Wouldn't it be nice? The loan will be repaid by industry, and I think it's an extremely important part of this, that the government has stepped up to loan the OWA the money. That OWA loan will be repaid to about \$121.8 million to the government of Alberta.

Under the orphan well program the OWA has completed 3,512 abandonments; 4,282 pipelines have been decommissioned – so your comment in regard to pipelines probably needs to be reflected relative to it, including pipelines – 2,303 sites reclaimed; 6,483 phase 1 and phase 2 environmental risks completed; 12,487 inspections completed; 4,665 pipeline abandonment operations are

under way. This work has generated 2,170,293 hours of work, an average of 271 full-time direct jobs, and the OWA has contracted approximately 1,150 different companies to perform this work. The Orphan Well Association also received a federal loan of \$200 million under Canada's COVID response, and that contributed to those numbers.

I think, in regard to the OWA, I just wanted to make sure that you're aware of those facts. Happy to turn that back in regard to any other questions.

Mr. Jean: Larry, you missed one of the important agreements of orphan wells: it takes time to actually have plants grow and for them to reclaim and get to that point, so what we will probably see in the very near future is a whole bunch of wells, a whole bunch of cleanups happening because of that, the nature of the growth period.

The Chair: Is that it? Okay.

Same questioner? Different questioner? I'm required to ask if you'd like to share or block time whenever we change the speaker. Would you rather share . . .

Mr. Kasawski: Share.

The Chair: Share, Minister? Would you share or block?

Mr. Jean: No. Block.

The Chair: Okay. We'll go block. You have 10 minutes to ask your questions.

Mr. Kasawski: Sorry, Mr. Chair. I thought that had been resolved. I didn't know we had to . . .

The Chair: No. I have to ask every time we change speakers.

Mr. Kasawski: I've got it now.

The Chair: Yeah. Go ahead.

Mr. Kasawski: Thank you very much, Mr. Chair. Minister, so much praise for the Alberta Energy Regulator, and you increased their budget by \$15 million this year over last. I've heard of regulation capture, but, Minister, it seems like this time we have – the regulator has captured your heart. I think that's what we're seeing here. A lot of love for this regulator.

On the fiscal plan on page 62: nonrenewable resource revenue. As you mentioned, Minister, you are responsible for an enormous amount of government revenue. It is an incredible responsibility. The estimate for nonrenewable resource revenue for the province is \$17 billion. Now, royalties from coal: I don't think they even make up one tenth of a per cent of our nonrenewable resource revenue. In fact, I noticed that royalties from coal are so small that in this budget you combined it in a line item with rentals and fees. Total rentals and fees for coal royalty are budgeted to be about \$209 million. Now, I recall that at the peak of coal power in this province, royalties from coal were always small, approximately \$14 million to \$26 million a year, so it would be really helpful if you want to break out the split between royalty from coal and rentals and fees. Then if you could just even give some colour about what rentals and fees are. If you can define that for me, that'd be great.

Now, when I learned how little royalty revenue Alberta earned from coal in the past when the majority of our power was generated by burning coal, it baffled me, to be honest. Someone offered the explanation that electricity was a common good used by Albertans, so it did not make sense to earn meaningful royalties from coal used within our province to generate electricity. However, I recall a

report from 2013 that outlined the burden on our health care system from asthma, heart disease, and premature deaths created by burning coal, and that was about \$300 million a year for the economy. So then I wondered if there was an argument for raising royalties on coal given the cost of using it that was borne on Albertans and on our health.

I understand an argument for local jobs that a mine could create, but I'm wondering if you can tell me the total estimate for royalties that maybe you come up with for the proposed mine, the Grassy Mountain mine, for Northback. So once that comes through, if you had an estimate of what those royalties would be for the province. Are you considering raising our royalty rate for that mine? It would be helpful to have it on an annual basis and then maybe even estimate over the life of the mine.

Then I'm wondering if you, in that same equation, can let me know what the government's estimate will be for the burden Albertans will bear for the mine in terms of water contamination or water shortages and the overall economy burden that Albertans will have to experience just so we have that kind of square of that kind of scenario I had with coal that was used for power. I just want to understand the costs and benefits of the Northback Holdings new mine that you're helping to develop in Alberta.

Now, the proposed Grassy Mountain coal mine that Northback Holdings wants to develop on the eastern slopes of the Rockies is going to get a new hearing from the Alberta Energy Regulator because of a letter that you wrote. And according to that letter that was released, I guess on Facebook, by the AER, they made the determination, after it got the letter from you in the fall, to proceed with a new hearing. I can just read that letter. I think I have time.

The AER received clarification on [a] Ministerial Order . . . and the definition of an advanced coal project in a letter from the Minister of Energy on November 16, 2023 . . . The Minister's Letter provides that once a project summary has been submitted and a project is considered an advanced coal project, it remains as such regardless of previous application outcomes.

The [Alberta Energy Regulator] is vested with authority to decide whether the application lands are subject to an 'advanced coal project' and whether to accept Northback's applications [for this mine].

Just moving forward.

Bearing this in mind, a letter from the Minister of Energy clarifying [that] the application [for the ministerial order], a binding direction to the AER from the same minister, carries significant weight . . .

As contemplated in the [ministerial order] and the Minister's Letter, a project summary was previously submitted to the AER for the purposes of determining whether an environmental impact assessment was required.

Accordingly, the AER has determined that the Category 4 lands upon which application activities have been proposed are subject to an 'advanced coal project.' It has therefore accepted the [application] filed by Northback.

The AER has also determined pursuant to section 33(1) of the [Responsible Energy Development Act], that the applications should be set down for a [new] hearing.

Exploration project proposals cost a lot of money, and exploration costs a company a lot of money. Now, on March 31 Northback is sponsoring the Crownsnest Pass's largest Easter egg hunt ever, and on February 28 Northback celebrated Australia Day in the Crownsnest Pass and presented a giant cheque for \$39,404 to build a Crownsnest Pass outdoor skate park. On February 5 Northback Holdings committed \$75,000 per year over the next several years to expand the Livingstone Range school division's nutrition program. Currently that program serves a thousand students. They will be able to serve an additional thousand students

thanks to the money from Northback Holdings. While these gifts from Northback Holdings are amazing – skate parks, giant Easter egg hunts, and especially a commitment of \$75,000 per year for several years to a school division’s nutrition program – I understand Northback presented another giant cheque for \$600,000 for that announcement.

The company must have reasons to believe they have a high probability of getting through a new AER hearing. The mine already went through the federal and provincial review processes and was denied the licence for the Grassy Mountain site, that is part of and included in the new project proposal. Northback would not be putting forward a project application for exploration approval on a project site that it has expanded upon from the last project site, that was already denied by a joint federal-provincial hearing, unless they had some confidence that they would be getting through this proposal.

8:00

Most Albertans thought that the exploration and development of a new coal mine in our Rocky Mountains was put to rest. You are supporting the development of Northback Holdings’ proposed Grassy Mountain mine in the Rocky Mountains. How much will the AER review cost for this mining project exploration licence, that is just an expansion of a mining site that has already been denied? How much will that cost the province?

Staying with coal, I noticed that in the workforce transition on page 92 of Alberta’s fiscal plan it provides financial support for employees affected by the phase-out of coal-fired electricity generation. In the fiscal report it forecasted we spent about \$2 million last fiscal year; in the estimates it actually has on page 148 that we spent \$5.4 million. I’m just wondering if you can clarify that difference. The government has budgeted \$9 million for this year for the coal workforce transition program. I’m just wondering in terms of what that big bump is, because that seems to be about a four times spend than we typically have had for the workforce transition for coal mines.

You know, I just want to bring up another one. With regard to Grande Cache, in 2015 the coal mine put the last of its 650 miners out of work, and that really cast a pall on that town. It once had a population of 5,000, and the exodus of families has continued unabated ever since. Crowsnest Pass is a tourism zone. Can you provide some insight into the discussion on approaches between tourism and mining? These seem to be at odds. How does it work when you’re looking at tourism versus mining for something like Grassy Mountain? Do you get to go bike riding in the open pit on your mountain bike? Just looking for some vision for that.

The Chair: Thank you.

Minister, you have 10 minutes.

Mr. Jean: Thank you. It’s funny you mentioned that, mountain biking in an old tailings pond, because there’s a community just west of Edmonton that’s asked for something similar to that, working with industry. It’s kind of interesting you mention that, because they’re trying to take, you know, one of their industries, which was coal, and to recycle that with some of the infrastructure that’s still there into something that’s beneficial to wildlife and to the community itself. So congratulations on your thinking.

I’m just wondering: was that a Northback coal mine advertisement that you just gave with the Easter egg hunt and stuff? I was thinking: wow, that’s a company that I’m proud of. If they’re coming into a community and they’re actually spreading the wealth around that community and making sure that they do everything right by applying for an application and going through the processes

and obeying the rule of law, I like companies like that. I like companies that are, you know, coming before the AER and making application. They get to have their day to decide, just like Albertans get to have their day as well, and I think it’s important to have an open, transparent, rigorous process which Albertans can depend on.

And, you know, you’re right. I came to this ministry not expecting to like the AER so much, but when I get closer and closer to it, I recognize how important of a function it has in our industry, how important it is, as you mentioned. I mean, I think \$18 billion in royalties last year in the oil sands, another \$3 billion in corporate taxes just by oil sands companies: some serious money that builds great schools, hospitals, roads, all those things that Albertans really depend on and, frankly, I think, those things that we expect.

The other place I pick up my information, as I mentioned before, is from people that I talk to in the industry, that I meet at all these conferences, and that come to my office, and they talk about the AER in reverence. When people from around the world do that and say, “I wish I was more like you” or “I wish we could be more like you,” I take notice of that. That’s where my praise comes from, and I think more Albertans should be proud of some of the industries and regulators that we have here, because they do perform amazing functions. Can they get better? Absolutely. We all can. But are they doing a great job right now? Yes, they are.

You know, you mentioned you had some questions about rentals. I will tell you I’ve had some complaints from people that are paying fees for leases on coal leases, which just gives them the right to make an application. It doesn’t give them any right on coal. But they’re paying rents on those lands. I know that they don’t like paying the rent on those lands, but that’s our expectation. That’s the agreement we entered into with them, and we expect them to pay it, which they are. So I just want to let you know that that’s many of the cases.

It sounds like you folks, if you ever get back into government, won’t open up category 2 lands again for coal mining. It sort of sounds like that from your questions, and I hope you don’t. I think it’s a big mistake to open up greenfield mining and send out letters all across the world to have people come and invest there. It is just not, I think, a good signal to Albertans. We need to make sure that we have a world-class regulator that ascertains all the environmental benefits and the long-term benefits to the people of Alberta and makes a decision based on that and only that.

You mentioned raising royalties on coal. Well, I’m going to tell you a little bit about coal. I’ve asked for a few briefs on this because I was very interested in it. You know, they increased a lot from 2022-23 compared to ’21-22. Now, first of all, two royalty regimes are in effect based on the nature of the coal reserve: Crown-owned sub-bituminous plains coal, which is 55 cents a tonne, and Crown-owned bituminous mountain foothills coal, which is 1 per cent of mine mouth revenue before mine payout and 1 per cent of mine mouth revenue plus 13 per cent of net revenue after mine payout. Provincial coal revenues in ’22-23 were \$145.6 million. This was a significant increase compared to \$10.4 million collected in ’21-22 and was due to two factors: high coal prices and the Vista mine entering the postpayout royalty tier, much like oil sands revenues have now hit that. The details in particular of coal royalties go back to 2019-20, which was \$12.8 million; ’20-21, which was \$12 million; and, as I mentioned, ’21-22 was \$10.4 million, and then ’22-23 it was \$145.6 million.

You’ve asked for some forecasting and expectations of forecasts. I don’t deal with hypotheticals in relation to Grassy Mountain. You know, we’ll leave it to the AER to go through all those numbers and to see whether it’s worth it to the people of Alberta. But I will tell you that one thing we’re doing with this government is keeping strong restrictions in place on coal mining in the foothills. The

ministerial order just reinstated the 1976 coal policy, which was protecting the eastern slopes, and it will continue to do so. Coal exploration and development activities remain restricted on the eastern slopes on all category 2, 3, and 4 lands. They've always been banned in category 1. Alberta's rigorous regulatory system remains in place, especially relating to the water and the air. If we have the best air monitoring, the best water monitoring in the world in the oil sands, if it's good enough for the oil sands, there's nothing wrong with it to be applicable to coal and other industries in Alberta.

The government of Alberta will not interfere with operating mines that are safely under way or put those hard-working Albertans and those communities who operate those sites out of work, but under the ministerial order activities already in progress for those mines, active mines and advanced coal projects, can continue as well as activities related to security or safety. The order allows abandonment and reclamation activities to continue as well. These restrictions will remain in effect until new or updated land-use plans are completed by Minister Schulz, the minister of environment. This will include comprehensive consultations with Albertans, the Indigenous community, and others.

It's very clear that modernizing Alberta's management of coal resources is a very complex undertaking. People are very passionate about it, and we recognize the strong interest from communities and the strong interest in our future, because water is life. I commit to you that we will protect Alberta's water. We will insist on the high standards for resource development, like we always do and like we do right across the province.

8:10

We will never allow what, frankly, the NDP allows in British Columbia. I don't know if you're aware of this, but North America's largest export terminal is Vancouver under the NDP and, frankly, some of the worst types of coal. So I would just suggest, you know, that with some of your concerns, which are real concerns, you should address a letter to the leader of the NDP next door and get them to change it.

Now, you know, I've invited a few Albertans, including Corb Lund, to come with me to Elk Valley to take a look at what's going on there so we can make sure that we never have the same thing happen here in Alberta.

Would you like to make a few comments on Grassy and Northback?

Mr. Kaumeyer: Yeah, I would.

Mr. Chair, if you don't mind.

The Chair: Yeah. Go ahead.

Mr. Kaumeyer: Thank you. I guess I just wanted to reference that you did actually ask at one point in regard to the actual cost for rentals and fees. Rentals and fees in our business plan are on page 48 – \$209 million – and lease/rental and fees plus coal royalties are about \$150 million. As the minister stated, our coal royalties were up substantially last year, to \$145 million, as he said, based on both postpayout as well as, quite frankly, I think, energy security globally. I think we overall saw coal prices up globally as a result of what occurred in Europe the year before, and that spilled over into our royalty framework, with higher prices overall, which did generate higher royalties overall.

As you're probably all aware, we are in a situation where the Alberta government is currently facing five lawsuits pertaining to the coal exploration and development pause. As these matters are before the courts, we won't provide any substantial comment, but I will address some facts relative to what is in the public domain.

On September 6, 2023, Northback applied to the AER for approval to conduct a coal exploration program and to acquire a deep drill permit. The AER holds the authority to determine advanced coal project status and whether to accept that application. In a letter to the AER the Minister of Energy and Minerals did provide his interpretation of appropriate application of the definition of an advanced coal project under Ministerial Order 002/2022. Under MO 002/2022 an advanced coal project is one that had submitted a project summary to the regulator for the purposes of determining whether an environmental impact assessment is required before the MO was signed. The definition of advanced coal project in the MO makes no references to the outcomes of applications . . .

The Chair: Thank you very much.

You have two minutes and 26 seconds if you'd like to ask some more questions.

Mr. Kasawski: Oh. Sure.

The Chair: If you want.

Mr. Kasawski: All right. It's okay?

The Chair: Go ahead.

Mr. Kasawski: Gosh. Thank you. The Edmonton hydrogen hub is a good example of how Alberta can be a leader in developing low-carbon industries, and other communities such as Calgary are looking for similar hubs. It really came from municipal leadership from about five municipalities. Is there any funding in the budget to support these initiatives for industrial collaboration, industrial zones? What has your engagement been on that? Can you explain to what extent you're supporting demand growth for clean hydrogen in Alberta?

I noticed that one thing that stood out was that on the fiscal plan, page 117, the Hydrogen Centre of Excellence is getting no funding for '24-25, so I didn't know if maybe their mandate was done. It seemed like in 2022 your government committed \$50 million to the Hydrogen Centre of Excellence, and it seemed to be coming out in tranches of about \$8 million or \$9 million. I just wondered if we could look at that. Maybe I read it wrong, but I thought that on page 117 they weren't getting any money in the budget.

The hydrogen economy is expected to be, I think, worth multitrillions. I've seen \$2.5 trillion to \$11 trillion by 2050 according to the Natural Gas Vision and Strategy document. I'm just wondering: what has happened to that Hydrogen Centre of Excellence funding? How does no funding for the Hydrogen Centre of Excellence square with the hydrogen road map that the government has set out? And then, I guess, back to those lawsuits that were mentioned: what was the total bill that we're facing with that? Is it \$6 billion?

Just with regard to a deep drill permit, just because I'm – I don't know what the minister called it – an un-engineer, if you could explain what a deep drill permit is versus one that would go for coal mining.

Thank you.

The Chair: Thank you very much.

Just for future reference anything that is before the courts we should try to avoid talking about. It's 23(g)(ii). It's just that we need to be careful not to bring stuff up that is before the courts. I know the minister has answered questions and suggested that he can't because it's before the courts. So if we can avoid those in the future, that would be great. Thank you.

Okay. That's it for that block.

We will now go to the independent member for 20 minutes. Since you're a new one, would you like to share, or was block time good for you?

Mrs. Johnson: What did you say, again, please?

The Chair: Will you share back and forth?

Mrs. Johnson: Yes, please.

The Chair: Minister, would you rather go block time?

Mr. Jean: I would much prefer block. I'm sorry. It's force of habit.

The Chair: Fair enough. Okay. All right. We will go for block.

Member, you have 10 minutes to ask your questions, and the minister will answer for 10 minutes.

Mrs. Johnson: Yeah. Thank you, Mr. Chair and to the minister. On page 47 of the ministerial business plan, 2(b), there is a performance indicator of the regulatory compliance from the Alberta Energy Regulator. Starting in 2019, it was at 78 per cent for compliant inspections. It rose slightly to 79 per cent in the following year and then continued to decrease, up until '22 and '23, to 73 per cent. Can you give an explanation? What is the reason for this decrease in compliance, and what areas of noncompliance are responsible for this decrease?

In both the budget and in the business plan it talks about the energy ministry spending money on industry advocacy, which we heard reference to earlier. I want to ask about a related topic, and that is the push by left-wing groups to get people to stop investing in oil and gas. On December 20, 2023, Dutch bank ING announced it would stop financing oil and gas exploration and production by 2040 and triple new lending to renewable energy over the next two years. While ING is a smaller player in global oil and gas financing, its announcement can be seen as part of a trend over the last year by European banks.

On December 14, 2023, Crédit Agricole, France's second-largest bank, announced it would no longer finance new fossil fuel extraction projects and would triple its annual financing of renewable and low-carbon energy by \$14.5 billion U.S. by 2025. Then on February 15, 2023, U.K.-based Barclays Bank announced it would stop financing oil sands exploration and production as well as new oil sands pipelines. Barclays' decision marks a notable shift from a few years ago, when between 2016 and 2021 it provided \$4.3 billion to oil sands investments.

In December 2022 U.K.-based HSBC announced it would cease financing new oil and gas projects globally. HSBC had announced earlier in 2022 that it would be selling its Canadian subsidiary, HSBC Canada, which had approximately \$3 billion U.S. of financing in various oil sands projects, to RBC. To me, this is obviously a problem. Can the minister let us know what he is generally doing to fight the divestment from Alberta's energy sector? The estimates we saw were on section 2.3 on page 75.

Following up on that, if we are always fighting to build pipelines, why did we have such a significant amount of pipeline abandonments, as mentioned earlier?

To go on to orphan wells, which I think was very well discussed – and I had several comments about that, too – can you just explain how many are currently outstanding as orphan well abandonments and any timeline that you can offer on that as to when those will be resolved?

Does the Ministry of Energy and Minerals have any capital investment in the riding of Lacombe-Ponoka, and if so, could you

elaborate on that? I am familiar with one, and it is the carbon capture project near the town of Clive. It is rather substantial. Can you talk to that a little bit and how significant that project is for that area and for Alberta?

8:20

We did hear about the unpaid taxes for municipalities. It is an issue that I hear regularly, not just among our municipalities but amongst the business sector at large. With the decrease in municipal funding recently and the inflation costs, municipalities are suffering, and I hear regularly that these unpaid taxes would certainly benefit them in a really hard line and at the end of their budget year. Can you respond? I think you said that it was about \$20,000 for the safeguards for outstanding unpaid taxes. How effective are these safeguards, and what is being done to ensure that our municipalities will get their unpaid taxes from oil wells?

That's it. I'm letting you off easy.

Mr. Jean: You've got another four minutes and 36 seconds.

Mrs. Johnson: You can take it if you want it.

Mr. Jean: First of all, I'll start with one of your last questions. I think number 4 or 5 was in relation to my department and whether or not we have any capital investments in your riding. Well, you know, you mentioned one that we'd be heavily involved with, which, of course, is the CCUS opportunity in Clive, because it is one of the top sites and largest sites in the province for carbon injection underground.

We believe we have a serious competitive opportunity there with the rest of the world. I mean, the rest of the world right now, Korea, and even Ontario are talking about opportunities to transport their GHGs by boat and inject them into wells beneath bodies of water. In Alberta we just pretty much have to drill down, and we can find a site for it, and we have expertise in that. So is there an opportunity in Lacombe-Ponoka? Well, there's a great opportunity from industry, and we'd encourage industry to take CCUS very seriously, as the rest of the world is, and we have huge competitive advantages there. Will we see success as a result of that? I think that we have real opportunities as a result of CCUS and how competitive it is for us.

Now, as far as the performance indicators you mentioned, first of all, as you know, the AER is committed to ensuring that energy development is safe and environmentally responsible and in the best interest of Albertans. We know, as a result of a previous answer to our friends across the way, that the AER regularly inspects, audits, and monitors energy sites, pipelines, and mines to ensure compliance with our requirements, and then we look for best practices on how to improve that as we go forward. Companies are encouraged to proactively identify, report, and correct their actions. The AER keeps a watchful eye to ensure compliance, but they're encouraged to do so. It's a safety management system that works well for the airlines industry and other industries, and it's working well here in Alberta. It means that we get better as time goes, and that's what it's all about in relation to something like this.

In '22-23 the AER conducted 8,128 inspections with a satisfactory compliance rate of 73 per cent. Oh, I wish I would have done so well in high school. I think the change from year to year, you know, from 73 to 75 to 78, is a fairly normal variation because it seems to centre around 75 per cent. If the AER finds a company that is not following the requirements, they will apply one or more of their compliance mechanisms and enforcement tools to educate the company and/or correct noncompliance, and these tools range from notices of noncompliance to actual orders to shut down or to vacate. The AER has a lot of power in relation to its administrative

tools. Orders are important tools to prevent, stop, or minimize environmental effects or risks to public safety, and in '22-23 the AER issued 209 orders. Frankly, these numbers indicate a high level of compliance across industry, with the majority of noncompliance being for minor or administrative infractions primarily.

First of all, do you want to know more about inspections? I can tell you a little bit more about inspections. Initial inspections are selected based on an enterprise management approach to defining and applying risk as well as the predetermined level of risk that an activity may pose to health and safety, the type, for instance, of organization or industry it is and where it is and what it's doing, the environment, resource, conservation, and stakeholder confidence in the regulatory process; in other words, people that call in and have issues and (b) there are issues. Over the same time frame 6,535 audits were conducted with 1,038 notices of noncompliance issued.

Sorry; you had some other questions there. Yeah. We did talk a lot about orphan wells, but I'll give you some more information that your friends across the way might like. Closure liabilities for inactive wells are estimated for many different purposes across the entire system; however, it is the responsibility of all operators to properly close their wells and sites, and this government is going forward with the polluter-pay principle, which aligns with that perfectly. These are not government liabilities. There are approximately 79,000 inactive wells at the end of 2023 in Alberta, a reduction from approximately 91,000 in 2021. The AER estimates that there's about \$60 billion in inactive and active liabilities, and the Orphan Well Association estimates closure liabilities to be \$890 million for the orphan well program. As of March 31, 2023, there are 2,253 orphan wells requiring abandonment, and 7,117 orphan sites remain requiring reclamation and one large facility. And we talked about reclamation on Indigenous land.

I can't remember. One of your questions was about how performance was measured. I think it was. But what I would say to you is – I think we already gave that information to your friend across the way as well, so that's not going to help. I think that's about it unless . . .

Mr. Kaumeyer: Do you want me to speak to divestment?

Mr. Jean: Yeah. Well, yes, and I want to talk a little bit about that first. But, you know, since 2004 I've watched attacks on our oil sands industry. I've watched it from people climbing my windows outside of Parliament. In fact, now he's a federal minister. I've watched throwing banners down saying: stop the tar sands. I've seen people do it. It's my home. It's where people work, where people live, and where people have dreams, just like everywhere else that you have in Canada, and we have certain expectations. I would suggest to you that all of these people that make up these fancy rules from their ivory towers across the way don't recognize the importance of what we do and how well we do it, because if they did, if they came over and saw it, they wouldn't take the positions they do. That's part of my job and your job and, I believe, the opposition's job, to make sure we stand up for the things that we're doing right and the best in the world. And you know what? Their job, just like your job, is to point it out when we get things wrong. But we are getting things right, and we're seeing changes in the world in relation to that.

I think that one thing that drives change is necessity, and one of the necessities right now is energy security. While the rest of the world is watching what's happening in Russia and Ukraine, whether it's China and Taiwan or what's happening in the Middle East or other places, what they know for sure is that we have one of the largest deposits of hydrocarbons in the planet right here. It's

inexpensive, and we're a free country that enables people to come here and create jobs, create wealth, and take advantage of it. I think as a result of that and the good work we do with the men and women on our sites, with Indigenous communities and with environmental regulation and cleanup, we will be the winners of this argument.

People can't ignore the obvious. Whether it's our great relationships with our partners, as I mentioned, the Indigenous folks, or whether it's us working through our files and making sure we're always the best in the world at what we do, sooner or later the rest of the world will see that, and the banking community will see it, but we have to respond to that. That's why this government is taking serious initiatives with CCUS. We're looking at net-zero opportunities, and we're working with our industry to make sure we provide that if that's what the world needs. By 2050 the world is moving in that direction, and we're moving along with them.

Deputy, do you want to add anything to that?

8:30

Mr. Kaumeyer: Thank you, Mr. Chair. Thank you. Yeah. I think I would just echo that Alberta is clearly a global leader in energy. We punch, frankly, in my view, above our weight. As far as low-impact investment we are one of the world's most responsible energy producers and with some of the highest environmental and human standards in the world. We should be extremely proud of that. As the minister touched on, we've made massive commitments. We were the first jurisdiction in Canada to put a price on carbon, and that is something that I think few people sort of recognize from this jurisdiction, how we have been such a leader in regard to doing the first pricing, the very first carbon capture projects in North America.

We have undoubtedly, as the minister said, some of the greatest opportunity to be a world leader in carbon capture, utilization, and storage. We have set a path for that relative to both the scope of work that we have done on our hubs – we have 25 hubs now that have been approved across many jurisdictions across the province. We are currently working on finalizing both the sequestration agreements as well as the ability to have the guidelines put in place for the Alberta carbon capture incentive program.

The Chair: Thank you very much. You do have four minutes and 40 seconds left if you've got some more questions. Do you have more?

Mrs. Johnson: Yeah.

The Chair: Okay. Go ahead.

Mrs. Johnson: Good. I'll come back to reclamation because we just haven't talked about this enough.

Mr. Jean: I can't wait.

Mrs. Johnson: Do you have a timeline for reclaiming the orphan well sites that are out there? Now, there are 79,000, I hear; that's a lot. Do you have a plan, and if so, can you share what that plan is going forward and what the timeline will be and an approximate cost for these orphan wells? And to come back to the abandoned pipelines: if you could speak to those. There are a lot of them as well, which actually was a bit of a surprise to me. Could you expound a little bit more on that, the cost with that, and why there is such a significant amount of them? What is being done in response to those?

That's it.

The Chair: Okay.

Mrs. Johnson: I think I used it all up.

The Chair: Okay?

Mrs. Johnson: Yeah. I'm good.

The Chair: All right.

You can answer, I guess.

Mr. Jean: First of all, just to recognize that I think last year we did 9 per cent of the total, thereabouts, which is a true accomplishment. As I mentioned before as well, it takes time for reclamation certificates to come about, for you to grow the vegetation, to wait for it to happen, to reclaim the site, to move the stuff off that needs to be, in some cases, that's not able to stay there for whatever reason. I think what we're going to find is, you know, we were 9 per cent last year. As reclamation takes place going forward, I think some years we'll see a bounce and some years we won't. The truth is that I think we have to continue to row in that direction as a government, at the same time recognizing that the polluters have to pay for this and, ultimately, it's industry that is going to pay for it.

But there are some, and, you know, I'm never too surprised, but I heard this morning again that there's a lot of federal government responsibility that's being left at the table here in particular. I learned again that many of the reserves around Alberta, First Nations land, have assets on them that the federal government isn't even aware of. They have no record of them, so how can they allocate money to clean them up? I think as Alberta moves forward as the example in Canada and, frankly, the world on reclaiming these sites, what we need to see is the federal government coming to the table not just in Alberta, but that's what I'm concerned with because there are a lot of people out there that have these sites that have their kids around them and that are interfering in opportunities for housing and other things I heard this morning. I think it's time that other jurisdictions besides Alberta took it seriously.

Working with our partners, we can do that, but the truth is, you know, if you look at the rate it's going, it's going to take a few years to get there, and we have to make sure that taxpayers aren't going to be on the hook for it. So timeline: if I give a timeline and I'm not here, I'm off the hook, probably, so I would say sometime around then. Does that answer your questions?

The Chair: Did you have something you want to say, or is that it?

Mr. Kaumeyer: No. I think I'm good.

The Chair: Okay. You're good. All right.

We will carry on to the next block. Just before we do I just want to let everyone know that we'll take our five-minute break after this block.

We'll go 20 minutes. MLA Dyck has got the target. I guess you're going block?

Mr. Dyck: Well, I would love to go block. Let's do it.

The Chair: Okay. Well, perfect. Then we're on the same page.

Mr. Dyck: Minister, is that okay? You don't want to switch?

Mr. Jean: What? Finally. Somebody that agrees with me.

The Chair: Okay. We'll start with the 10 minutes. Go ahead.

Mr. Dyck: Excellent. Well, thank you, Chair, and thank you to all the staff for being here tonight, giving up your evening in order to be here. Minister, I've got a couple of questions here. My first question is on the natural gas vision and strategy and the hydrogen

road map particularly in the hydrogen sector. This is on the ministry business plan on page 45 and the key objective 1.2.

Part of my question is that Alberta is the largest hydrogen producer in Canada. We know this. We know that we have the resources. We know that we have the expertise, and we also know that we have the technology in order to really become a world leader in this. To me this is super important for the future of Alberta. It's clean. We know that it's low-cost hydrogen. In the future we know that this market is going to be in the trillions of dollars, which is significant right across the globe, by 2050 prospectively, you know, \$2.5 trillion if not more.

We also know that hydrogen can be the next great energy source that fuels jobs. It fuels our economy. It fuels investment right across our province. These are major, major impacts for our province. The national clean hydrogen strategy and road map: we realize this is a comprehensive framework. We are accelerating the production, the processing, the delivery, the storage, and use of clean hydrogen. It's all excellent. This is versatile. It's flexible. It's an energy that can be produced with low to zero carbon emissions and, as I said, a huge – huge – amount of world impact, from \$2.5 trillion to up to an \$11 trillion world market by 2050. We are, like I said, the largest producer of hydrogen in Canada, and this is suggested by research that Alberta can produce some of the lowest cost clean hydrogen in the world.

So here are my questions. The development of hydrogen, as listed under your key objective, has been a ministry priority for a few years now. What work has been done to implement the hydrogen road map to date, what results have been activated, and what is planned for 2024 and 2025?

This next question is in a similar vein on the hydrogen blending. The Alberta Utilities Commission produced a report on hydrogen blending in 2022, I believe. Regarding this report, we have several significant advantages. We can produce clean hydrogen made by upgrading natural gas that we have in abundance here in Alberta. We also know that any carbon by-product generated from this process is then captured and permanently stored through CCUS potential or used for other purposes. This is all excellent.

We've made exciting progress on this file, and I believe that there's more opportunity for progress as well. Now, the road map specifically identifies hydrogen blending at 15 to 20 per cent by volume into the natural gas distribution network as an early and important market for hydrogen ambitions. Here are my questions. What is the work planned in the near term on this? What is the timeline to see hydrogen blended into the natural gas utility system? Do you see Grande Prairie and area being part of the future of hydrogen development? Yeah. Just one final question here on the LNG opportunities. We know that we are significant in our LNG production. We are a top-five producer in the world. I believe we produce two-thirds of Canada's production, coming out of Alberta, which is incredible, and we're well positioned to take that growth and expand that, too, through hydrogen and LNG.

Just to get to straight to my questions here. Under LNG opportunities several points in the key objective here speak of taking advantage of liquefied natural gas opportunities and achieving new market access. What initiatives will the ministry advance in the near term to enable the sector, and would you provide a status update on projects that are proposed or under construction?

I would like also to cede my time to MLA McDougall to carry on some further questioning of our minister.

8:40

Mr. McDougall: Thank you. I just want to go back to some of the conversation that came up earlier on carbon capture, utilization, and

storage, and this is, of course, consistent with the key objective 1.2 on page 45.

So Alberta, as you say, is a global leader in carbon capture, utilization, and storage and continues to lead the way in the development of this game-changing technology. The demand for CCUS is increasing around the world. We hear a lot about that, and we're well positioned to capitalize on these emerging opportunities, as you have pointed out, to reduce emissions of the industry. There's a pathway that we need to be taking, and Alberta can help with that transition to that low-carbon future.

As you mentioned, Alberta is the first jurisdiction in Canada that will have an established regulatory and risk management framework in place for these large-scale CCUS projects that we envision. It's exciting news, and, importantly, we have the workforce. We have the expertise. We have the competitive advantage in this area relative to the rest of the world because we've been looking at this for quite a while. I see on the 2024-27 capital plan, on page 2, \$58.4 million in capital spending has been allocated to the carbon capture and storage initiative, and I'd like to ask a few questions related to this spending.

First of all, can the minister first speak to the role CCUS might play in both domestic and global emissions reduction and also reflect on the opportunity for this to help drive Alberta's economy in the future?

Secondly, specifically, what are the projects or initiatives that would be funded by this \$58.4 million investment, and what benefits can Albertans expect from this? Compared to other competitor jurisdictions – and we're well aware of the massive amount of subsidies that our neighbour to the south is putting on the table in terms of a number of carbon emission initiatives. How does Alberta measure up with regard to the adoption of CCUS within the energy sector – because this is going to be a major competitor for us – and how do we ensure that we are competitive at attracting the CCUS investment? Related to this, my understanding, when I'm talking to some of the players that are involved in the Pathways group and involved in CCUS, is that they're waiting for the federal government to come clean on what exactly it's prepared to put on the table and some details and specifics on that.

My understanding is that they understand Alberta's position on this, but they're waiting for the federal government, which just seems a little bit hypocritical since the federal government is criticizing the lack of faster progress on this. If you would speak to us a little bit about what exactly are we waiting for the federal government to come forward with, what are the details that we need to know so the industry can move forward?

Finally, what is the regulatory framework that governs CCUS in Alberta, and how are local landowners and Indigenous communities involved in these processes?

Further on that, Alberta has one of the best and most abundant geological settings in Canada and perhaps the world – I think that's my understanding of what you're saying – given the western Canadian sedimentary basin and the characteristics of that, which is huge, of course, because that extends all the way from British Columbia to Manitoba. That's a huge amount of land to footing and getting rid of some of the CO₂ or sequestering and that.

We have a program: the Alberta carbon capture incentive program. Can you speak to us about what exactly the ACCIP does to attract CCUS investment? How did it address the concerns about the competitiveness for Alberta compared to other jurisdictions? How does the government ensure industry and investors are aware of the cumulative impacts of the program on these federal programs and the provincial tax advantage and other incentives that make CCUS investment decisions? I mean, what are we doing to make

sure that everybody understands, including the financiers around the world, what exactly and why they should be investing in Alberta for these types of things? When will the ACCIP be open for applications?

The Chair: Okay. Thank you very much.

Minister, you have 10 minutes to respond.

Mr. Jean: Excellent. If you don't mind, Mr. Chair and members, I'll start with the last questions and work my way to the front. A lot of meat and potatoes there, for sure. I would say that I'm very excited about the Alberta carbon capture incentive program, ACCIP. The terms have not been finished yet, but I will tell you that in general it's going to follow the 12 per cent of APIP. The money will follow the construction – over three years: that's generally how it's designed – but the specifics have not yet been totally ironed out.

You're right. We've got one of the best geologies in the world for this opportunity, and the world is asking for this. So, you know, use our competitive advantages to go forward: I think it's a great opportunity for us.

It's grant funding for facilities to incorporate CCUS technology into their operations. For those of you not familiar with the program itself, if you spend \$100 on a particular project, once you're done, you get 12 per cent back on that, and that will be over a three-year period in equal instalments. Albertans get, I would suggest, a return on investment before Alberta actually pays the money back. That's debatable depending on the type of industry, but for the most part it's a great opportunity for us to showcase what we're doing here.

I will tell you that I met with an individual from India today. I can't remember the specific ministry that he represented, but we talked about the opportunity to actually have an MOU on CCUS because they were very interested in what we're doing here and we're so far advanced over any other jurisdiction. It doesn't matter whether I talk to people from the government of India or people from Korea or even Ontario; they're all envious about our current situation here with our geology, and they're very excited about some of the opportunities that we have with industry.

For people that don't know what the opportunities are, if we can abate our industries here, which – some industries don't have any other choice but to be abated because they can't reduce their emissions dramatically without it, and that includes oil and gas, the cement industry, the generation industry. Without the ability to abate it, they will continue to emit or be higher emitters. You know, we have right here, because of our geology and our situation, the opportunity to be the first abated oil field in the world, the oil sands. We have the opportunity to abate all of our natural gas sites and petrochemical sites for manufacturing and for production.

That in itself is what the world is demanding, and if we can do that and we can do it in a good way – we have natural gas, which is a miracle, and it can truly power our economy for many, many years and create many industries here utilizing both our CCUS and our natural gas and other opportunities. People that ignore CCUS as an opportunity for Alberta certainly do so without recognizing where the world is going, and the world is going along this route.

I think you also asked a few other questions relating to the federal government, our good friends. I'm the vice-chair in charge of good relations with the federal government, and I have to say that, you know, our work is cut out for us. But if they come to the table with CCUS, with Pathways for instance, it's going to be the largest single investment in Alberta's history by the private sector. Their tune is only about \$18 billion, but with the federal government's portion of income tax credits, with ITCs, and with the contract for differences we're going to see some major investment in

northeastern Alberta towards abatement of a huge amount of industries, and it's very exciting. I mean, Dow picked us for a reason over any other site in the world for their first net-zero polyethylene cracker because they know they can be net zero here, and that's what they want to be.

8:50

I would just say to you that with the exciting opportunities that are here, if the federal government comes to the table as a partner with the ITCs – you know, I talked to Minister Wilkinson last week, and he seemed to indicate that they were at the threshold of getting that ironed out – and they come up with a contract for differences, then we're going to see Canada lead the world on CCUS, for sure, and Alberta be the leader there.

Speaking of which, I've only got five minutes left, and I want to be respectful of MLA Dyck and the questions that he asked, because what could be more important than the future? The future is, of course, for many countries – Korea, Japan, and other Asian countries – hydrogen. Hydrogen is exciting because we're a world leader at hydrogen. Who would have known that we get to be a world leader in so many things here, a population with 4.6 million people? We're taking advantage of what we have, and we're doing a great job on it.

Now, as you're aware, in November 2021 Alberta's hydrogen road map became a key part of our path to building a provincial clean hydrogen economy and accessing global markets. I would encourage those people that haven't had the chance to look at it to take a closer look at it because it outlines the steps we're taking to support the sector as technology and markets develop. I will tell you that when I went to Korea a year ago almost, I was surprised to see vehicles driving down the highway with hydrogen stickers and hydrogen refueling stations. I was surprised to see that, but Korea has moved ahead. I think they have 30,000 or 40,000 cars and many sites that are around Korea that are producing hydrogen and fill-up stations where, you know, you have your gas at one and your hydrogen at another.

The world is moving that way, and how does Alberta take advantage of that? Well, we have this amazing cheap feedstock called natural gas, which you produce a lot of in Grande Prairie and which we're hoping that you take advantage of, this hydrogen opportunity, because it is an opportunity. You know, because of the nature of hydrogen we have to be very careful with how we ship it. You're in a great opportunity along those lines, too, to ship it out to northern B.C., and it just so happens that right now there's a move where we're talking to the federal government at the Alberta tables on how we can get this hydrogen to marketplaces like Korea and Japan, who are demanding and asking for it from all the world because they need it and they know they do.

So do you have an opportunity in Grande Prairie to take advantage of it? Well, knowing Grande Prairie as I do, I would say that not only do you have an opportunity but you will take advantage of that opportunity, whether it's to build out infrastructure for rail and to work with CN and our other rail partners to get the infrastructure they need. You have to slow down the cars. You can't go quite as fast as you can with regular freight. You have to slow down the cars, and you have to be careful, and you have to mix it properly because it's volatile. We don't want to have something happen like a national disaster along that rail line, so we want to make sure we get it right, and that's, as you know, what we do here in Alberta.

We're collaborating with the province of British Columbia because it's a tripartite opportunity here: B.C., Alberta, and the federal government. Hopefully, we're going to have that ironed out in a little while.

This is the man that does the twisting at the table. I don't know if you want to add anything to that, Larry, but it is an exciting opportunity, isn't it?

The Chair: Go ahead. Yeah.

Mr. Kaumeyer: Thank you, Chair. It is an exciting opportunity. Thank you, Minister. You know, we are working very closely with the federal government in regard to looking at both terms of reference between ourselves and the government of British Columbia as well as the federal government to begin discussions at a high level on how we can move forward with a substantial increase in the amount of hydrogen and ammonia that would move to the west coast. Japan has auctions forthcoming, one in May with Japan and then in the fall with South Korea and then in the spring of 2025 again with Japan. They are looking for substantial amounts of ammonia, and they are looking for exactly what Alberta can provide, which is both the right kind of ammonia that actually has a much lower CO₂ content as well as a lower nitrogen content and the ability for us to be able to provide that reliably, responsibly, safely, and in support of our Indigenous communities, I might add.

We are going to be working very closely with both the federal government and British Columbia. Very early days, but there is some momentum. We would like to get to where we can provide a signal to the marketplace. I think it's fair to say that our partners in Japan and Asia are looking at this as maybe a do over after the federal government's, I would suggest, inability to see a business case for LNG. I think we have a tremendous opportunity to do that.

We have a tremendous number of projects that are forthcoming right now on hydrogen. The Heartland Generation is planning its first large-scale 100 per cent hydrogen power generation facility, producing 400 megawatts of baseload electricity. We've got Air Products, which, of course, has announced and has already broken ground.

The Chair: Yeah. You always run out. Thank you very much.

Okay. We're going to take our five-minute break right now, so be back at 9:01, and we will start promptly at that time.

Thank you very much.

[The committee adjourned from 8:55 p.m. to 9 p.m.]

The Chair: Okay, everyone. We're now moving to the second round. I'll just explain. I'm learning about how I'm to do this. In the first round we conceded time to the next person, and we had times there where we didn't use all the time and we came back, which got a bit awkward. I will look at that in the future for future meetings.

This next patch you've got five minutes to ask your questions. If you don't use the five minutes, then you lose it, and then we move on. They've got five minutes to answer. If they don't use it all, then they lose it. I've noticed that the independent member has moved on, so we'll be going back and forth between the governing party and the opposition party.

Given that, we will go to the speaking rotation. Opposition, you have five minutes to ask your questions. You're okay for block time again?

Mr. Jean: Sure.

The Chair: Yeah. Okay.

Ms Al-Guneid: Yeah. I feel he's made his decision, so that's good.

The Chair: Yeah. I think so.

Ms Al-Guneid: Yeah. I mean, I'm going with the theme of the Alberta carbon capture incentive, so this is a good alignment with the questions. On page 92 of the fiscal plan the document highlights that \$167 million is allocated to the Alberta carbon capture incentive program from the TIER fund over the next three fiscal years, so 2024-2025, 2026-2027. I note that the cumulative amount available for the Alberta carbon capture incentive program would be \$226 million.

On page 93 of the fiscal plan it says, "Funding from the ACCIP will be available once the federal government has legislated its investment tax credit (ITC) for CCUS." You've already said that earlier, but I just want to confirm here, as I understand it here, that the implementation of the Alberta carbon capture incentive program would depend on the province having full clarity on contracts for difference from the federal government. Can you confirm if that's the case? Can you also clarify to us how the different programs will interact? Also, when will all the details of the program be available to investors and Albertans? To what extent are you exploring a potential provincial model for contracts for difference? On page 110 of the fiscal plan it mentions that "funding for [the] ACCIP projects will be included in a future Capital Plan, as the program provides provincial financial support only after the construction of an eligible project is complete." If I understand this right, you're saying that capital support will be paid out once the project is complete, similar to the Alberta petrochemicals incentive program, or APIP. Can you explain what the money budgeted is for this year and in the next two years and how much is expected to be spent? It just seems surprising that anyone would be able to build a project under this program given that not all details of the program are public right now.

According to the fiscal plan on page 92 – it highlights TIER spending, which shows that last year the allocation for innovation and the technology and carbon capture and storage projects are underspent and that in the years 2025-2026 and 2026-2027 the spending in that line item will be lower. I guess: why is it underspent? Second, have you done any analysis to what extent this will be impacting energy companies looking to lower their emissions or invest in decarbonization opportunities?

Then under capital grants – that's under 4.3 of the estimates – it looks like the Alberta petrochemicals incentive program will be underspent this year. The funds flow only when projects become operational. Can you give us a sense which project was delayed in becoming operational and for how long and why?

Then, quickly, I was happy to see the comment on TIER from the deputy minister. I just want to start by reinforcing that, yes, Alberta was the first jurisdiction to introduce carbon pricing for industry in 2007. It was also improved later on under the Alberta NDP government, and that's why we have multibillion dollars of investments. It puts a price on emissions, as you have mentioned, and I was happy to see that your government confirmed it would follow the federal carbon price schedule to reach \$170 per tonne by 2030. That's good. Your support for the industrial carbon tax is very welcome.

Now, your colleagues also talked and asked about: how do we get investors to come? I'm curious if you have any plans to strengthen TIER and clarify that beyond the 2030 date to show investors that certainty to invest in carbon capture and storage. You know, Alberta could broaden TIER coverage to smaller emitters. It could lower the benchmark, increase the tightening rate. I'm curious if you're thinking in that holistic approach to show investor certainty to investors to come and invest in CCUS. Yeah. I'd love your answers around: how do you show that policy certainty to make long-term project investments and technologies like carbon capture and storage?

The Chair: Thank you.

Minister, you have five minutes to answer.

Mr. Jean: Thank you very much. You know, I remember the dark days of the NDP government and people fleeing our province and being encouraged by a then minister of the NDP to leave the province to go to B.C. So I do remember some things you brought in, and most of it was regulation that drove our population net migration to the negative, I think, consistently for almost three and a half years. Fortunately, we don't have to worry about that now.

I appreciate your interest in ACCIP and in relation to policy and along these lines, and it is true that if the federal Liberals, who are propped up by your boss Jagmeet, keep their promises on the ITC – so I'd encourage you to talk to him. The NDP is one party, and there's no question of that, and it supports them on the contract for differences.

Alberta's oil sands will be the first carbon-abated major oil field in the world. We have tremendous possibilities that come from that, and the promise of that, based upon where the world is going right now, is amazing. Pathways, which you may have heard of, wants to do this, Alberta wants to do this, and Ottawa says that they want to do this. We just have to – hopefully, their action is as big as what they promise, and maybe you can talk to your federal leader and see if he can make that as part of his condition to prop up the federal Liberals and our Prime Minister Justin Trudeau, because I really do believe that CCUS will play a critical role to help Canada and, frankly, the world reach emission reduction targets.

As you did point out, we do have expertise on drilling as well as CCUS, and we're going to continue to work with our industry partners, including Pathways. Of course, if we don't get the federal government at the table, we will not attract the investment and the change that we need in order to continue on with the growth that we do have and we expect.

The other key component to recognize is that it will also play a critical role in developing our economy over the coming years because of the nature of our inputs and, just frankly, our environment, so I think that CCUS will help us a lot in relation to that.

Now, for TIER funding you're going to have to talk to EPA, the minister of environment, because she deals with that, and how she deals with that would be between her and her mandate, but it's not within mine.

Now, I think the \$54 million you referred to in your question is in relation to the Alberta carbon trunk line and Quest. It's not in relation to ACCIP because it hasn't been developed so far, so I think that funding is there from that if I'm not wrong.

9:10

I did want to also point out that we've already invested about \$1.8 billion to support projects and programs over the past decade. We didn't get to be world leader by not taking those risks, and frankly those risks have paid off very well for us. Over the next decade the job incentives are somewhere in the neighbourhood of \$35 billion in new investments over 10 years. That's about 21,000 great-paying jobs here in Alberta. This program that we're developing right now: the design itself is under way, and it's going to attract billions of dollars in new investments as well as create many, many jobs in a variety of sectors, including clean tech. We believe we'll be a world leader on all of these initiatives and it'll encourage the opportunities for clean tech to actually come from Alberta as well and use our competitive advantages to do that. We're right now asking stakeholders for feedback to ensure the program will be reflective of what industry needs and what they want as well as recognizing

what Alberta's priorities are in relation to reducing emissions while protecting public and environmental safety.

The ACCIP program itself gives 12 per cent back, as I mentioned before, and it does it – you're right – when the construction is finished and the project is under way, and it does so by way of 4 per cent over a three-year period.

I think those are all the questions. I have 26 seconds left. I'd like to turn it back over to them.

The Chair: That's – no. We go to the next one.

Mr. Jean: Oh, sorry.

The Chair: So our next one goes to the government side, and we have MLA Armstrong-Homeniuk. You have five minutes to ask your questions.

Ms Armstrong-Homeniuk: Thank you, Chair. Through you to the minister, I'm going to be talking about the Alberta petrochemicals incentive program. I'm going to be referring to page 45, key objective 1.2:

Enable and accelerate opportunities in emerging resources and the energy transition by:

- advancing the development of carbon capture, utilization, and storage to support industry in creating lower carbon products that will be more competitive in the global market.

My constituency of Fort Saskatchewan-Vegreville is home to Alberta's Industrial Heartland, which provides direct employment to many of my constituents and supports the livelihoods of so many more, so I know first-hand the importance of the energy sector to Alberta. Alberta has a tremendous opportunity to capitalize on the growing global petrochemical sector and diversify the province's economy with her abundant natural gas reserves and a competitive, investor-friendly business environment. This is why I'm so glad that Alberta's government has been focused on attracting more investment and creating more jobs in the energy sector. The Alberta Industrial Heartland Association estimates that Alberta's petrochemical industry could attract \$30 billion in total investments between 2020-2030.

Alberta is home to Canada's largest petrochemical manufacturing industry, and there will be a continued interest in large-scale projects for decades to come. The Alberta petrochemicals incentive program, or APIP, which is outlined on page 76 of the estimates, is a key part of Alberta's natural gas vision and strategy to turn the province into a top global producer of petrochemicals. A question to the minister. Minister, can you please share with the committee how APIP is helping to position Alberta as a world leader in petrochemicals by attracting local and global investment in new and expanded market-driven petrochemical facilities?

And I see under line item 4.3 of the Energy and Minerals estimates that there is an increase of over \$3.7 million in 2024-2025 APIP funding compared to the 2023-24 forecast. Minister, can you please share some of the projects this additional funding will go towards and how this funding will help create jobs for Albertans?

APIP is simply one part of a broader strategy to grow petrochemicals and create jobs for Albertans. How does APIP contribute and interact with other elements of key objective 1.1 from the 2024 to 2027 business plan, which is to support the competitiveness in Alberta's energy, mineral, and subsurface resource sector? Could you provide a brief update on current approved and under-construction projects under the program? And looking ahead to 2024-25, are you seeing continued interest from the industry in the program?

My next question will be on the petrochemical sector. This is the government of Alberta's 2024-27 strategic plan, page 9. Priority 1 of this government's 2024-2027 strategic plan is boosting Alberta's advantage. One major aspect of this is strengthening economic activity and attracting investments, and I think we all recognize that a strong petrochemical sector is essential to Alberta's ability to accomplish this. In fact, on page 9 the strategic plan speaks to the importance of making Alberta one of the top 10 petrochemical producers in the world through private-sector investment.

I'm proud that Dow is investing nearly \$9 billion in my constituency of Fort Saskatchewan-Vegreville through the Path2Zero project, which will supply certified low to zero carbon emissions polyethylene and ethylene derivatives to customers across the globe. This is one of the largest private-sector investments in Alberta's history and will create 6,000 jobs during peak construction and about 400 to 500 full-time jobs when fully operational. Minister, could you please speak to the impact that this project will have not only to supporting the local economy and creating jobs but to also position Alberta as a petrochemical superpower and attracting further investment from multinational companies? More broadly, could you highlight some of the work your ministry has done towards the priority one of the strategic plan and discuss the path ahead when it comes to making Alberta a top-10 global petrochemical producer?

The next one I'm going to be speaking about is the federal emissions cap; it's budget line reference, page 46, key objective 2.1. It states that Energy and Minerals will "maintain, enforce and enhance provincial jurisdiction and regulatory certainty [of] Alberta's energy and mineral resources." The federal government introduced a proposed framework to cap production from Canada's oil and gas sector. However, we know that greenhouse gas emissions cap will devastate the oil and gas industry and will drive away investment and hobble Alberta's economy. The initiative proposes to cap emissions at 35 to 38 per cent below the 2019 levels by the year . . .

The Chair: Thank you, Member.

Okay. Minister, you have five minutes to respond.

Mr. Jean: Thank you, and thank you, Member, for the questions in relation to your riding. You know, I was there for that exciting Dow announcement. People wonder how I best describe APIP. It's world-class; otherwise, we wouldn't have Dow here making that kind of investment. You talked about \$9 billion. Well, that's phase 1; there are two more phases that I'm hoping they're going to invest, which will bring the total investment over \$16 billion. Those are numbers, and we talk about \$16 billion; we talk about \$9 billion; we talk about \$3 billion. What does that mean? Well, what it means is we're going to have a lot of good jobs here in Alberta. We're going to have better schools, better hospitals, better roads, a better workforce, people that have a better quality of life. That's what it's all about.

We've already announced more than \$800 million in funding grants, ensuring we capitalize on multimillion-dollar, billion-dollar opportunities in this particular sector. You know, the first net-zero polyethylene cracker in the world that can abate 100 per cent of their GHGs: that's pretty amazing, and it's going to be right here just outside of Edmonton. Now, have we got interest? Well, yes; we have tons of interest. In fact, I didn't come up with the slogan "world-class." That was somebody from a foreign country that actually identified it for me and called it world-class because they looked at all the other incentives. We're landlocked here in Alberta, but we still seem to be able to compete for these incredible

opportunities and win. I think we're going to see that for a long time.

Energy and Minerals in partnership with Invest Alberta and some other stakeholders are currently working with potential investors from Canada, of course, but also from France, Japan, and the United States. Since 2020 and its launch local and international investors are showing increasing interest in the program and as they become more aware of it, because many people aren't aware of it. Different types of petrochemical projects have applied for APIP so far, including hydrogen, ammonia, which, of course, is a carrier, fertilizer, methanol, propane to polyethylene, gas to liquid, and other types of projects. Projects that have submitted initial applications so far represent almost \$39 billion in total investments, representing over 60,000 potential construction jobs and over 2,400 permanent jobs.

So how does it translate? Well, these numbers, these billions of dollars translate into a lot of people wanting to come to Alberta because they can have a better quality of life. The first approved project under APIP was Inter Pipeline's heartland petrochemical complex, which you also get to brag about. It converts propane to polyethylene and is the first of its kind in North America. The project was approved for a total of \$408 million in grants to be paid over three instalments, as I mentioned. You know, we see a number of other projects.

The second approved APIP was Air Products, a \$1.6 billion hydrogen facility. I don't know if I mentioned previously, but Alberta leads Canada in hydrogen, and Canada leads the world as one of the major hydrogen producers. So we have a lot of opportunity here, and with the cheap feedstock as we have, we have amazing options.

9:20

The Air Products project is a \$161.5 million grant under APIP, and it's expected to create over 2,400 jobs during its construction. It's expected to finish construction this year. Dow: \$32.5 million in funding support under APIP. The project was worth \$299 million and created about 400 construction jobs, and that was its expansion in Fort Saskatchewan. It wasn't the big one we were talking about earlier. Rocky Mountain Clean Fuels: approved for \$20.8 million for its Carseland gas-to-liquid, GTL, plant designed to convert natural gas into fuels. It entered operations in late 2022, and the project was worth about \$173 million and created about 670 construction jobs and 15 permanent jobs. I've talked about Dow's path to net zero, and we could talk all day about how big that's going to be to Alberta and, in particular, Edmonton.

Looking ahead to '24-25, since its launch we've seen a lot of people very interested in, as I mentioned, hydrogen, methanol, propane to polyethylene, gas to liquid, and other types of projects. We've received 21 applications since it began in 2020. You know, sometimes we have people criticize this program, but frankly it's hundreds of thousands of jobs and better quality of life for all Albertans. As long as we do it right and get it right, which we will, it's going to be right for Alberta.

The Chair: Thank you, Minister.

We now go to the opposition side. You have five minutes for questions.

Ms Al-Guneid: Thank you, Mr. Chair. Yeah. I want to go to page 45 of the energy ministry's business plan. That's key objective 1.1, that states, "engaging with global partners to firmly establish Alberta as an integral, reliable partner in global energy security and transition." We talked about CCUS and petrochemicals as one tool or some tools in the tool box towards transition and diversification.

This is all positive, yet your government banned geothermal energy for seven months with the unfathomable moratorium on renewables. So for starters, Minister, how do you square your government boasting about geothermal energy and that you're trying to attract investments when you actually banned geothermal development right here in Alberta?

My biggest question to you: how are the rules developed by the AER under your ministry being impacted by the new rules around renewable energy development? The uncertainty around the new renewable energy rules is immense, and we don't even know what they mean at the moment. There's that interaction between the AER and the new rules. Has the AER or the department undertaken any analysis on the impact on investment for the geothermal sector in that regard?

Building on all this, we currently have two incentive programs, the Alberta petrochemicals incentive program and the Alberta carbon capture incentive program, but we don't have a single structural incentive for geothermal. On page 93 of your fiscal plan you mentioned the 12 per cent incentive for CCUS, and I'm curious: have you considered any incentives for geothermal? Have you considered matching this investment tax credit for geothermal or even other sources?

Mr. Chair, you see, we are in a race to attract low-carbon investments. The Inflation Reduction Act in the U.S., policies in Europe and even the Middle East are transforming the energy industry's outlook and the energy investment space. Capital is flowing in places where there is policy certainty and where jurisdictions signal that they understand we live in a carbon-conscious future because of climate change. We're not just competing with the U.S.; we're competing for capital world-wide. And while Canada will probably not be able to match the deep pockets of the Inflation Reduction Act, that subsidized low-carbon technologies through taxpayer money, Alberta, as we've discussed, has the technology innovation and emissions reduction, TIER, system, which manages the emissions from the industry. We have revenue. It gets reinvested in emission-reducing technology.

So my question to you, Minister, and through you, Mr. Chair: has the government and the ministry looked at the incentives and investment tax credits offered by the Inflation Reduction Act on geothermal energy? What are the opportunities that we can explore for our province in this space? We do not need to reinvent the wheel. I mean, it was a positive start in your speech on diversification. I'm curious what you're doing in this phase.

What else do I want to ask you here? Can we share? No, we can't share. Okay. Yeah. I'm going stop right here.

The Chair: Minister, you have five minutes to answer.

Mr. Jean: Thank you very much. You know, speaking of opening up my mail and seeing what's in front of me, Albertans over the last couple of years have been opening up their energy bills, and they can thank the NDP and the accelerated shutdown of coal for those high energy bills and for why we almost had our grid shut down just over the last year. So, you know, I will not take lessons on what to do right from the NDP in relation to geothermal. But I appreciate the question, and I want to give it the respect it deserves because it is an opportunity. In fact, it is a good opportunity for us.

I'm not going to get into renewables because the stability of the grid was, you know – that's where I'll leave it. But that is not my file; that is somebody else's file. I will leave that minister to answer in relation to the renewables.

But I will tell you that right now we lead the country with renewables, and we lead the country with applications for more renewables. So it must be the regulatory body here in Alberta. They

know that when we make the rules, we make them right, we make them certain, and we make them predictable, so that people can invest properly and get a return on investment. I will tell you from a government perspective that the government welcomes market-driven renewables, like wind, and solar, and hydro, geothermal, and biomass as long as they can compete with other forms of power production. Alberta's longstanding commitment to a fair, efficient, and openly competitive electricity market has, up until recently – and as I mentioned, the accelerated shutdown of coal – created the conditions for fair, market-based renewables to expand and to be profitable within Alberta. Frankly, up until the decision by the NDP government, we had the lowest, or some of the lowest, electricity rates of anywhere in North America.

There are some pilot projects in Alberta that have received over \$50 million in funding from several sources, including Natural Resources Canada and Alberta Innovates. I wanted to talk about four of the projects that are geothermal projects that are currently going on in Alberta. I will tell the member that I'm interested in this because there's some good opportunities here, and there's really good technology. Speaking of technology, one of our technologies actually went to, I understand – and I don't see it in my notes here, but – Germany, and now is a major production facility there for a city in Germany. Terrapin geothermal power project, also known as Greenview, will be the first conventional geothermal energy facility in the province. Congratulations, Grande Prairie. It's going to consist of a wellfield, electrical generation plant and district heat use infrastructure. I don't have a lot of time to go through it all, but it's pretty exciting. It's going to commence in 2024, and it's a \$90 million project, and it's received funding from different sources; 300 indirect and direct jobs.

We have the Eavor-Light demonstration project, Eavor Technologies, which has the Eavor-Loop, which I think is the successful proponent that went to Europe and has an active commercial scale facility there. Again, Emissions Reduction Alberta and Alberta Innovates each committed \$1 million to that project.

Razor Energy oil geothermal co-production project. In 2023 Razor Energy announced the successful completion of its co-produced geothermal and natural gas hybrid power project in Swan Hills, and Novus Earth Latitude 53 geothermal project is proposed to build a geothermal project near Hinton. Frankly, here's one more out of the town of Rainbow Lake in northwestern Alberta.

You know, we have a very competitive marketplace. We have the infrastructure, and, frankly, we have the investment opportunities that people want to take advantage of. We have some of the lowest taxes in North America, the lowest in commercial taxes, business taxes in Canada. We have incredible universities that generate some of the highest educated people on the planet, and that's why we have all these incredible companies that come into Alberta and have start-ups that are actually incredibly successful along the geothermal, the wind, the solar, and other opportunities because they have the right government making good regulatory decisions in the best interests of their population.

9:30

What can I say? We will continue to work with our partners and industry across Alberta to provide them the regulatory certainty and, frankly, the incredible people of Alberta to run their projects, to create more projects, and to continue to invest so that the world is a better place. Because more Alberta energy, whether it be natural gas, clean-burning energy, or whether it be wind or solar, out in the public is better for the world.

The Chair: Thank you very much, Minister.

We'll now go to the government side. MLA Hunter, you have five minutes.

Mr. Hunter: Thank you, Mr. Chair, and thank you, Minister, for being here and your colleagues with you. I'm interested in the plastics circular economy. I noticed that the federal government, when we won the court challenge with the plastics program that they had: they want to continue to ban the plastics industry in this province and across the country. So my question to you on the plastics circular economy that we have – the development of a plastics circular economy is listed as a priority, key objective 1.2. In the past year we've seen the federal court ruling that the federal government's unilateral decision to label plastics as toxic was both unreasonable and unconstitutional, followed by a federal government appeal of that decision, as I was saying earlier. Could you explain how the court decision and subsequent appeal affects Alberta?

Then, secondly, can you help us understand? Ottawa, obviously, cannot assume regulatory authority over any substance simply by designating it as toxic, and you've stated many times in the House that you will be pushing back and we will be pushing back, and so has the Premier stated that, against Ottawa's unconstitutional actions. What steps is this government taking to fight back against the federal government specifically on that appeal?

I'd also like to ask – well, actually, according to reports 86 per cent of plastics were landfilled in 2016. This represents a potential \$7.8 billion economic opportunity. As I understand it, approximately 4,500 direct full-time equivalent jobs are created in the province because of existing recycling activities, with a further 1,600 indirect and 1,400 induced jobs for a total of 7,500 jobs according to recent studies. Also, to add, there is an opportunity to grow this sector by more than \$30 billion by 2030, resulting in more than 90,000 direct and indirect jobs over the construction and operation periods of new facilities. According to the Alberta's Industrial Heartland Association this would generate more than \$10 billion in revenue for the government of Alberta from corporate and personal income taxes. To the minister: can you explain how work on the plastic circular economy relates to petrochemical development in Alberta?

Now, in your ministry business plan, page 46, key objective 2.2, the ministry will, it states, "collaborate with other ministries within the Integrated Resource Management System to maintain and strengthen a balanced, responsible approach to managing the impacts of resource development." Energy and Minerals management manages the nonrenewable energy sources, including coal, minerals, natural gas, petrochemical, conventional oil, oil sands, and geothermal. Albertans know that Energy and Minerals has two main functions: first, granting industry the right to explore and develop energy and mineral resources in abundance with regional plans; second, contributing to the development of regional plans through strategy development that ensures Alberta's long-term economic prosperity. What my constituents would like to better understand is how Energy and Minerals collaborates with other ministries and what initiatives will be advanced under this key objective that I just asked about.

I wanted to also ask – on page 45, key objective 1.2, it states:

Enable and accelerate opportunities in emerging resources and the energy transition by:

- advancing the development of carbon capture, utilization, and storage to support industry in creating lower carbon products that will be more competitive in the global market.

So the question to you is: what are some of the priorities for the regulatory optimization over the next year, and are there specific emission reduction technologies the government is targeting?

Mr. Jean: Thank you, Mr. Hunter. I know we've served together for some period of time, and I know, like you, you're frustrated with things that don't make sense. Like paying a carbon tax is going to change the weather or allow you to control it. Having three bins for your garbage and putting all your products in the three individual bins as told and then having them go to one landfill doesn't really make a lot of sense. I know most Albertans and most Canadians and most people I talk to in most jurisdictions are frustrated the same way that – you know, if we're going to have the ability to deal with our plastics properly, we should be honest about it.

That's why I'm proud of our government being so aggressive in relation to a net-zero polyethylene cracker to make net-zero plastics, because then we can put this argument behind us. You know, 86 per cent of plastics were landfilled in 2016. There go your recycling programs. This represents, though, an opportunity, a \$7.8 billion opportunity. As I understand it right now, 4,500 direct full-time equivalent jobs are created in the province because of the existing recycling activities, with a further 1,600 indirect and 1,400 induced jobs for a total of about 7,500 jobs. Now, you remember when I was talking about billions before. Billions here, billions there: what does it mean? Well, jobs. It means jobs for Albertans and good jobs, good-paying jobs. This is why I'm excited about this and the circular economy and what we can do on it.

You know, plastics are not a toxic substance. Plastics are essential to our everyday life. We've grown to depend on them, and we have to find different solutions than just banning them. For example, as you know, they help keep our food safe. Can you imagine if we didn't have plastics right now? They help with computer equipment, with personal protective equipment and medical supplies. I mean, they're absolutely essential.

I think where we're going as a province with our support of industry and industry driving here, it clearly says that we're on the right path, because plastic is not the problem; rather, the waste generated at the end of life must be managed appropriately. The government of Alberta in the interest of this and industry continue to move forward with a true plastic circular economy, where responsibly managed plastic waste remains a valuable commodity to be reused or recycled but not discarded, not to clog our waste. Building upon Alberta's ambition to become a global top-10 producer of petrochemicals, we have to find a way to deal with those petrochemical wastes, and we are. It's important. We need to keep them out of the natural environment and we need to protect our environment, and we need to be first in the world at doing that, and we will be, and I believe we are.

As far as steps that the government of Alberta has taken to fight back against the federal government – nobody likes a disagreement, but you know when the other party is wrong, we need to make sure they stay in their lane. As the Supreme Court of Canada has indicated in a couple of recent decisions, they have been wrong, and they need to stay in their own lane. Alberta Justice has actually given notice to the federal appeal court of our intention to participate in the appeal and make submissions regarding the constitutional questions raised by the Federal Court of Appeal. The Federal Court of Appeal has directed that the matter be heard by June 7, 2024, so just a few months away.

We're going to continue to focus on more effective ways to reduce plastic waste such as extended producer responsibility systems that seem to work well in Alberta and that incent businesses to find new ways to recycle materials and reduce plastic waste.

You also asked on, I think, plastics, the circular economy, and how it relates to the petrochemical development in Alberta. I think one thing we know with the oil sands and our conventional oil sector here in Alberta is that the international community has long fingers, and they're called the financing sector. If that finance sector

says that they're not going to invest in Alberta for certain things, they're not going to. That's why it's so important for us to lead and not follow. Global demand for petrochemical feedstock continues to grow, driven by increased demand for plastic products. With Alberta home to Canada's largest petrochemical manufacturing cluster and with us intending to be, you know, one of the top 10 in the world, I would suggest that we need to be better at what we do, and we are doing exactly that.

9:40

Now, you had a few other questions. I have 29 seconds left to talk about it. I think one of your questions was in relation to well decommission – sorry; so many questions, so little time. The integrated resource management system, the ministries included in IRMS and how they work to achieve results for Albertans, is made up of a network of key organizations, and I think I mentioned this in a previous answer.

The Chair: Thank you, Minister.

Mr. Jean: But I'm happy to share that with you any time, Mr. Hunter.

The Chair: We're going over to the opposition side to ask their five minutes of questions.

Ms Al-Guneid: Well, Minister, I just want to thank you for your commitment to the energy transition and carbon neutrality and diversification. I heard a lot of that today, so thank you for the public commitment to the energy transition.

Just to update maybe your speaking notes, Razor Energy actually filed bankruptcy this month, so just for your information.

Mr. Jean: If you have any more hints along those lines, please feed them to me any time.

Ms Al-Guneid: Any time.

You can go to page 45 now of the energy ministry's business plan, and we see: "developing and implementing a regulatory framework for small modular reactor technology use in Alberta." Can you tell us more about this framework? In which area in the energy system do you plan to use SMRs, and have you done any economic analysis on these investments? The reason I'm asking is because of the recent news from the U.S. I'm not too sure if you're aware, but the NuScale Power Corp, the first company with U.S. approval for small nuclear reactor design, is cancelling plans to build a power plant for a Utah provider as costs increase. The costs for the NuScale project were climbing. The company said in 2021 that it would deliver power for \$58 a megawatt hour, but the figure has jumped to \$89 – that's a 53 per cent increase – according to a report from the Institute for Energy Economics and Financial Analysis. I'd like to understand if you have started doing economic modelling for investments in SMRs. When will the work on the framework be completed, and will the government share initial analysis with the public?

I also want to ask you – on page 76 of government estimates we see line item 4.2 stating the mineral strategy. In previous years the fund budgeted under this line item was for the AER to develop new regulatory frameworks for geothermal and mineral resources. I'm assuming this is still the case. In the 2022 budget it stated that this was for three years, which would mean it ends this year. Will the work the government planned to achieve in 2022 be completed this year? Can we expect a comprehensive update? How will the regulations address any potential conflicts between different industries that want to use similar reservoirs such as pore space and

mineral resources, and when will the industry have that certainty? What is the plan to fund regulating mineral and geothermal resources going forward?

As you know – you’ve mentioned this, and you changed the ministry’s name as well – one of the biggest opportunities for Alberta is the processing, upgrading, and refining of minerals. Minister, it’s also in your mandate letter. It was outlined for you to develop an incentive program for these opportunities. What is the status of all that? How are you making sure we’re attracting these projects at a time where there is more global interest in these types of projects?

Also, I’m not too sure if you know, but under the Inflation Reduction Act, or the IRA, some mineral processing projects, like anode or cathode active material production, receive very significant incentives. I’m curious: have you done any assessments on how Alberta can be competitive with these incentives that we’re seeing world-wide and in the U.S.? Have you talked to the federal government on bridging that gap?

I have to say that it’s positive to see that there are companies interested in mineral resources in Alberta. The industry is still evolving and developing. In oil and gas we have a mature, developed industry, but Alberta and Canada are not quite yet there on critical minerals, and potentially our expertise in oil and gas could be further leveraged. So I’m curious, again, has your engagement included addressing this gap? Are you preparing steps for this fiscal year on that? We’ll need to see the investments today because we need to plan for the future. I’ve heard this theme throughout the night. I would appreciate the answers to these questions.

The Chair: Thank you very much.

Minister, you have five minutes.

Mr. Jean: Thank you. You know, I just returned from PDAC in Toronto, where I had an opportunity to be at a mineral conference for prospectors and developers and to share with other ministers across Canada some of the opportunities that we see. Of course, we see lithium as a real potential opportunity with our brine and the expertise that our men and women from our energy sector have extracted and have learned through years and years of oil and gas extraction and other minerals.

You know, we have the expertise there, so I think we’re going to see true advantageous opportunities for Albertans no matter where they are in the world, not just in Alberta. But for Alberta itself I think our opportunities, besides lithium and maybe titanium and vanadium, really are on the processing side. We’re uniquely positioned to take advantage of our north: Yukon, the Northwest Territories. They have amazing riches there. Some have said that there’s no other place on the planet like it, so although I do believe that we have some opportunities, our opportunities are really to take advantage of our neighbours and process some of these minerals and special metals as time goes.

I listened to my partners in Saskatchewan and my counterparts in Ontario and other jurisdictions, and they’re excited about what they have to offer, and they’re going to use their competitive advantages to help their citizens, just like we’re going to use our competitive advantages to help ours. Our competitive advantages are in our people, primarily, in relation to this. They’re highly educated. They have the expertise and experience and, frankly, they’re going to be successful just because of that.

But we aren’t going to rest there. We’re going to develop a series of opportunities for corporations to understand if they want to invest in the processing and upgrading of those minerals, like Sherritt does with nickel out of Cuba in Edmonton, and other

opportunities that exist. We’re going to do it here in Alberta because it’s worth it, apparently, to put it on a boat in Cuba, to ship it up the east coast, and then send it by train and have it upgraded and refined and processed here in Edmonton, because we’re experts at it and we have the expertise and the equipment to do so. I’m excited about those opportunities, and I think that no matter what it is, as long as we keep an open mind and we work in the best interest of Albertans with our partners across Canada, we’ll be successful there.

Now, you mentioned SMRs, and I can’t help myself. I love SMRs because they represent an opportunity for us to get to net zero and at the same time take advantage of some of the natural things we have like uranium and other things in Canada. You know, they’re a new and very versatile technology that could supply low-carbon, low-cost energy in a number of different applications, including the oil sands, including electricity for Albertans, and heat and steam in particular for the oil sands and other major industries.

I think just to let you know, first of all, that although we’re looking at these and keeping an open mind to these technologies, this is a technology that we have to be very careful with. We have to make sure that Albertans are fully consulted and they understand what’s going on. In Saskatchewan there’s a discussion going on right now, and as you are aware, the discussion is very lively in Ontario to the point where they’re developing four SMRs on site now at Darlington. I had an opportunity to see that Darlington site and see that under way, and I’m excited about it.

You asked about economic modelling, and I know there’s been economic modelling that I’ve seen, you know, by a variety of different governments and individual enterprises. But I will tell you that I don’t have any for us in particular because we’re not looking at investing directly in SMRs and building SMRs and developing. That’s not what we’re looking at doing. That’s a boondoggle waiting to happen. We’re going to wait and see what Ontario does and how successful they are, and hopefully we can emulate some of that practice or take advantage of it, same as our federal regulator. Whether we go with a federal regulator or a provincial one, we’re looking at that and exploring our options there to do what’s in the best interest of Albertans.

9:50

As far as heavy-duty investments in SMR development, at this stage I just don’t see that being in the cards, especially given our marketplace. But SMRs: they’ll be scalable, and they will help meet the energy needs of these facilities, especially if the oil sands operators want to go that way. There’s a lot of heat and power to operate these opportunities up north. My ministry is deeply involved in planning for SMRs so that we can be certain that our SMR plan will include both electricity generation and industrialized decarbonization. I’m excited about it. I had an opportunity to see the SMART reactor, SM1, in Korea . . .

The Chair: Thank you very much.

We now have our final block. MLA Sinclair, you have five minutes.

Mr. Sinclair: Thank you, Mr. Chair, and thank you, Minister, and the rest of your staff for all your amazing, hard work on this budget. I am the MLA for Lesser Slave Lake. Minister Jean, it’s an area you know, of course, very well. For a time in my life you were our Member of Parliament. When we talk, I’m going to speak and ask a question about section 7, Indigenous economic participation, inside the budget, which is probably not a shocking revelation for some in the room, that I’m asking an Indigenous question.

When we talk about energy in our area, it is incredibly important to me, and I know you would have a deep understanding of that –

you have family in my neck of the woods as well – and how important these job creators are, and how much we support them. You know, even just recently Tamarack Valley, which has one of the most prosperous oil plays in North America with the Clearwater region. It is an amazing job creator, and it's a very important company. I was very proud to provide remarks a couple of weeks ago, when we were announcing an AIOC deal with 12 First Nations and Indigenous and Métis communities to be able to give them a seat at the table. We've done this through our AIOC program, through Minister Wilson and his amazing leadership there, and we are definitely grateful for that.

I just make mention of that because lots of times I feel like a lot of people use – I mean, we heard it here even today or earlier in the Chamber. The word “Indigenous” has become somewhat of a bumper sticker, buzzword answer. To me, when we talk about deals like this, this is a truly meaningful deal.

I just want to mention some of the communities here really quickly: Peavine Métis settlement, Duncan's First Nation, Peerless Trout First Nation, the East Prairie Métis settlement, Sawridge First Nation, Gift Lake Métis settlement, the Sucker Creek First Nation, Kapawe'no First Nation, Swan River First Nation, Loon River First Nation, Whitefish Lake First Nation, and Driftpile First Nation. I mention this because this is a truly meaningful deal for them, and they're becoming, along with our government, true partners in economic reconciliation. You can imagine their surprise and how upset they'd be to hear our federal government talk about trying to kill, basically, our oil and gas industry when they finally have a seat at the table.

So I commend you on your work, along with Minister Wilson, on making deals like this happen. You know, just last week, February 27, 2024, Premier Danielle Smith and the Confederacy of Treaty Six First Nations renewed and reaffirmed their partnership. This was a historic moment in government-to-government relationships. The Energy and Minerals ministry is committed to working with First Nations on energy projects – I can see that – energy corridors, and remediation work in their territories. Just before I get to my question, I think it's important to recognize that you were also at this meeting – I'm sure you're about to speak about it – where we were hoping the federal government would allocate the remaining \$137 million.

Just yesterday Chief Cody Thomas, the grand chief of Treaty 6 confederacy and the chief of Enoch Cree Nation, along with Chief Roy Whitney, Chief Ivan Sawan all spoke in support of this idea. I would like to mention that these are leaders who actually represent Indigenous people as opposed to some people who like to volunteer to speak on our behalf. They said that it was important. Chief Thomas says that this program has not only played a pivotal role in revitalizing our lands but has also created opportunities for Indigenous contractors and First Nations across the region, which are, I think, some of the true ideas of reconciliation.

My question, through you, Chair, to the minister: under Indigenous economic participation, key objective 1.3, it states that your ministry will

enhance Alberta's investment climate and improve the province's standing with investors, by . . .

- working with other ministries, First Nations, Metis Settlements, other Métis communities, and Indigenous organizations to support Indigenous participation and partnerships in energy, mineral, and subsurface economies, including regional development in rural areas.

What initiatives does your ministry have in 2024 to support this. That is my first question.

The second one. Similar wording has been included in numerous previous business plans as well. Can you please provide a couple of

examples of what has been achieved to date? Hopefully, if you have some announcements for my riding, that would be okay as well, Minister.

Thank you very much.

The Chair: Thank you, MLA Sinclair.

You have three minutes and 52 seconds to respond.

Mr. Jean: Great. Well, I have to tell you I was absolutely honoured to represent that area. You mentioned some Indigenous communities where I have family that were born and raised, and I'm excited to see what's changed over the last 40, 50 years in Alberta. I've seen people that, you know, lived, in essence, in cardboard shacks now being millionaires, and I just saw an example of that in Fort MacKay, a great announcement. Another announcement this morning.

I mean, the wealth that's generated as a result of government policy for Indigenous communities in Alberta: frankly, the rest of the world should learn, and they are. Canada, the government, has adopted it; now Saskatchewan and B.C. have as well. It's a great initiative. You know, I think this is one of the best opportunities we have to say to the world: “Buy our oil and gas. We do it better than anybody else, and look at how we treat other Albertans.” We do it better than anybody else. I'm, first of all, very proud to be representing that area, and thank you for being here. I think you represent your people very well.

Now, I will tell you a couple of things that are exciting. I don't have much time, but I will say, you know, that we have a lot of opportunities right now in Alberta. Our Alberta carbon capture incentive program, \$3.2 billion to \$5.3 billion: there's an opportunity for Indigenous communities to get involved in that. We have right now the opportunity to safely develop carbon storage hubs. Proponents were asked to describe how these projects would benefit First Nations, so we're asking that question, and they have to bring about a plan if they want to participate in that.

We were asked earlier by the opposition in relation to geothermal. Well, there are opportunities for Indigenous communities on the potential to help enhance energy and community resiliency for Indigenous and remote communities. You know, during the time I was with the federal government, I had the honour of allocating \$71 million to Mayo, Yukon, to take them off diesel. It was a joint project, and it saved the government about \$9 million a year just on transportation costs, and it made a cleaner environment and brought hydroelectricity to Mayo, Yukon. Those are the kinds of projects that Indigenous communities can get involved in, and we encourage them to do so.

To date we've had AIOC support Indigenous communities in a number of areas. Of course, as you know, it's for natural resources, but it's also for agriculture, for telecommunications, transportation investments to generate sustainable revenues and benefit over the medium to long term. That's what we're looking for, long-term return on investment. AIOC bridges the gap between Indigenous groups seeking commercial partnerships and their financial capacities. If they can't reach that point, AIOC is there to bring partners along. We provide loan guarantees to reduce the cost of capital for Indigenous groups and to support their ability to raise more capital to invest in those eligible projects.

Have we had one bad project to date? No, we haven't, and we want to make sure we keep it that way, because we can have great projects that continue to give great investment to the people of Alberta in Indigenous communities, which they deserve. It lifts all of us into a better place. To date we've provided through AIOC \$680 million in loan guarantees to seven Indigenous communities, and in 21 seconds I will say that we've provided \$93 million in

loans to facilitate six First Nations in becoming equity partners in Cascade Power and \$27 million in loan guarantees to Frog Lake First Nation to maintain its 100 per cent ownership in steam-assisted gravity drainage. I'm sorry, Member, but I've got four seconds left, and I've got a lot left. There's been a lot of money going out, and it's good.

The Chair: I apologize for the interruption, but well done.

I must advise the committee that the time allotted for consideration of the ministry estimates has concluded. I would like to remind committee members that we are scheduled to meet tomorrow, Tuesday, March 12, 2024, at 3:30 p.m. to consider the estimates of the Ministry of Indigenous Relations.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 10 p.m.]

