



Legislative Assembly of Alberta

The 31st Legislature
First Session

Standing Committee
on
Resource Stewardship

Ministry of Energy and Minerals
Consideration of Main Estimates

Tuesday, March 18, 2025
7 p.m.

Transcript No. 31-1-20

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The 31st Legislature
First Session**

Standing Committee on Resource Stewardship

Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Chair
Yao, Tany, Fort McMurray-Wood Buffalo (UC), Acting Chair
Sweet, Heather, Edmonton-Manning (NDP), Deputy Chair
Brar, Gurinder, Calgary-North East (NDP),* Acting Deputy Chair

Al-Guneid, Nagwan, Calgary-Glenmore (NDP)
Armstrong-Homeniuk, Jackie, Fort Saskatchewan-Vegreville (UC)
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* substitution for Heather Sweet

** substitution for Nolan Dyck

*** substitution for Jodi Calahoo Stonehouse

**** substitution for Garth Rowswell

Also in Attendance

Ip, Nathan, Edmonton-South West (NDP)
Kayande, Samir, Calgary-Elbow (NDP)

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Standing Committee on Resource Stewardship

Participants

Ministry of Energy and Minerals

Hon. Brian Jean, Minister

Doug Lammie, Acting Deputy Minister, Energy Operations

Roxanne LeBlanc, Assistant Deputy Minister and Senior Financial Officer

7 p.m.

Tuesday, March 18, 2025

[Mr. Yao in the chair]

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

The Acting Chair: Good evening, everybody. I'd 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, 2026. 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 at the table.

I'm Tany Yao. I'm the MLA for Fort McMurray-Wood Buffalo and the acting chair of this committee. We will begin to my right.

Ms Armstrong-Homeniuk: I'm Jackie Armstrong-Homeniuk, MLA, Fort Saskatchewan-Vegreville. Good evening, everyone.

Mr. Boitchenko: Good evening, everyone. My name is Andrew Boitchenko. I'm with Drayton Valley-Devon constituency. It's nice to be here tonight.

Mr. Lundy: Yeah, all right. Good evening. Brandon Lundy, Leduc-Beaumont.

Mr. Hunter: Grant Hunter, Taber-Warner.

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

Ms LeBlanc: Good evening, everyone. Roxanne LeBlanc, assistant deputy minister, senior financial officer for Energy and Minerals.

Mr. Jean: Brian Jean, minister of energy and MLA for Fort McMurray-Lac La Biche.

Mr. Lammie: Doug Lammie, ADM for energy operations, Energy and Minerals.

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

Dr. Elmeligi: Sarah Elmeligi, MLA for Banff-Kananaskis.

Mr. Ip: Nathan Ip, MLA for Edmonton-South West.

Member Kayande: Samir Kayande, MLA for Calgary-Elbow.

Member Brar: Gurinder Brar, MLA for Calgary-North East.

The Acting Chair: I'd like to note the following substitutions for the record. Mr. Cyr for Mr. Dyck, Member Elmeligi for Member Calahoo Stonehouse, Member Brar for Ms Sweet as deputy chair, and Mr. Lundy for Mr. Rowswell, with myself as acting chair.

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

With that, hon. members, the main estimates for the Minister 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 the legislative policy committees. Suborder 59.01(6) sets out the speaking rotation for this meeting. 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 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? I see none.

With that, ministry officials who are present may, at the direction of the minister, address the committee. Ministry officials who are seated in the gallery, if you are called upon, please access the microphone in the gallery area, and please introduce yourselves prior to commenting. Pages are available to deliver notes and other materials for everyone. Just a reminder, the attendees in the gallery may not approach the table.

All right. With that, any written material provided in response to questions raised during the main estimates shall 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 an interruption during estimates debates. Debate flows through the chair at all times. Points of order will be dealt with as they arise, and individual speaking times will be paused. However, this block of speaking time and the overall three-hour meeting clock will continue to run.

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

Mr. Jean: Thank you, Mr. Chair, and thank you, members, for the opportunity to be here today, and thank you to everyone that is behind me and around me to support this initiative.

I don't think it will come as any surprise when I tell you that energy development is the key driver of the Canadian economy. Canadian prosperity from coast to coast to coast depends on Alberta's energy sector. It is also the single largest contributor to provincial gross domestic product, income, employment, and government revenues. Resource royalties are one of the Alberta government's largest revenue streams that help fund programs across the entire province. The ministry generates nearly a quarter of the government's total annual revenue. This year we expect to generate more than \$17 billion in nonrenewable resource revenue. We are not only revenue generators, but we're also extremely efficient with our resources, using only about 1 per cent of the government's total expenses. This, I would submit to you, is very impressive, especially considering that the ministry has a complex mandate with a vast scope ranging from oil and gas to petrochemicals, emerging resources, and now minerals.

Allow me to give a Budget 2025 overview. Budget 2025 is a commitment to the sustainability and future viability of our energy and minerals industries to create prosperity for Alberta families, businesses, and the province. This year's budget supports the ministry's mandate and core business activities to continue to diversify Alberta's energy sector and promote energy security. For '25-26 the Energy and Minerals overall budget is \$1.122 billion. We are doing our part by being fiscally responsible with all of our

spending. This budget includes continuing to invest in initiatives such as carbon capture, utilization, and storage, in which we are a world leader; the Alberta carbon capture incentive program; royalty operations; grants under the Alberta petrochemicals incentive program; and advocating for greater market access for Alberta's resources.

We will continue to support the development of innovative technologies in the energy sector to capitalize on opportunities and emerging resources and for the energy transition. Again, we are a world leader. These efforts will help create lower carbon products that will be more competitive in the global market. Operational funding will also support the department's work to continue to modernize the province's energy policy and regulatory frameworks to make Alberta a more competitive place to do business, strengthen investor confidence, and support job creation in all of our communities.

Our forward-thinking Premier asked our ministry to fix several issues that previous governments had kicked down the road. One of those items is modernizing the regulatory system. The Alberta Energy Regulator, or the AER, regulates energy and minerals development in this province. This includes the life cycle of oil, oil sands, natural gas, coal, geothermal, and brine-hosted mineral projects. This year's budget allocates \$270 million to the AER compared to \$246 million last year. Funding for the AER comes from industry levies and fees, not from taxpayers, which are collected as revenue, and again, not from taxpayers. We recently conducted a review of the AER to safeguard public and environmental protections and provide the certainty required by industry to responsibly develop Alberta's resources. As part of this effort the budget includes provisions for updating systems, technical expertise, and a lot of stakeholder engagement. These steps will ensure that companies develop our energy and minerals resources responsibly.

We recognize that industry has been abandoning natural resource infrastructure despite requirements to reclaim industrial sites when projects ended their life cycle. To improve this issue, industry funding for the Orphan Well Association, or the OWA, is increased so that more oil and gas sites without a viable or legally responsible owner can be addressed. The OWA's work is funded from the orphan fund levy that is collected from industry. This year the OWA has an allocation of \$145 million, up from \$135 million only one year ago. Over the last five years the OWA has decommissioned more wells than they received, resulting in an overall decrease in the number of orphan wells across the province. This reclamation work is important to protect the environment while helping ensure a sustainable oil and gas industry for decades to come.

The ministry is also addressing coal exploration and development. You may have heard about this. We have declared a new policy direction with the Alberta coal industry modernization initiative, which I am very proud of. This initiative includes the development of a modern, long-term legal and regulatory framework that guides responsible coal mining practices balanced with world-class environmental protection requirements. Best in the world is my hope.

This initiative will ban new open-pit mining in the eastern slopes and keep selenium from coal mining activities or any other industrial activity out of our water. This new policy will strengthen environmental safeguards while providing an opportunity for rights holders to present their project plans to an independent decision-maker for consideration. Our new policy will also ensure that Albertans will benefit from increased coal royalties. I heard loud and clear, and I've mentioned it before, that our royalties are not competitive, and they must be. If Albertans are going to let people use our resources, they must get full benefit from them.

7:10

As well as addressing these issues, the Premier has instructed us to be bold and brave in our efforts to attract new industries to our province like carbon capture, utilization, and storage and alternative hydrocarbon, petrochemical, and mineral development. There is a lot of interest in our province in part because we are so advanced in CCUS. Alberta is truly a recognized leader in carbon capture, utilization, and storage.

Through Budget 2025 we continue to support the development of this important technology by investing a combined total of approximately \$37 million for the Quest and Alberta carbon trunk line projects. This is the final year of Alberta's funding agreements with these two successful projects. To date the projects have safely captured and stored a total of more than 15 million tonnes of carbon dioxide since starting operations in 2015 and 2020 respectively. As part of their funding agreement with government, both projects have been sharing their progress reports, so we know what's going on. It's been great. This knowledge-sharing component has not only helped put Alberta on the map for CCUS, but it is also helping accelerate the development of this very important technology around the world.

Building on this solid foundation, several other companies have recently announced decisions to move forward with large-scale projects in the province to help reduce their emissions. To help support this growing demand, we recently introduced the Alberta carbon capture incentive program, or ACCIP. By providing a grant of 12 per cent for new eligible costs, ACCIP will help hard-to-abate industries such as oil and gas, power generation, petrochemicals, and cement to significantly reduce their emissions. Companies are now submitting applications to help inform their capital investment and final investment decisions. We expect final details of the program to be released in the upcoming months.

Another great success story, Mr. Chair, in our province is the Alberta petrochemicals incentive program, or APIP. APIP stands ready to fund 12 per cent of a project's eligible capital costs for any petrochemical facility using natural gas as a feedstock after projects are operational. Budget 2025-26 allocates approximately \$181 million for APIP, an increase of \$27 million from last year to support Inter Pipeline's Heartland Petrochemical Complex and the Rocky Mountain Clean Fuels project. Projects funded under APIP represent billions of dollars worth of investment and reflect the continued growth opportunity in our natural gas system and other manufacturing opportunities. APIP is helping our province become a global leader in petrochemical production by enabling us to aggressively compete with jurisdictions around the world and bring long-term investments and thousands upon thousands of well-paying jobs to our province.

The Ministry of Energy and Minerals is also responsible for expenses related to the cost of selling oil. The Alberta Petroleum Marketing Commission, or the APMC, continues 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 \$406 million, compared to \$357 million last year. That's actually good news. The cost of selling oil is variable and volume based and therefore subject to market price fluctuations, which are influenced by current and future demand for oil and global supply levels. As Alberta produces more barrels of oil and/or the market price for oil increases, both the cost to sell the crude oil royalty volumes increases along with royalty revenue. The forecasted cost increase is based on price and volume forecasts calculated by Treasury Board and Finance.

The Acting Chair: Thank you, Minister.

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'll be able to see the timers on the screens around us. Who would be first? Member Al-Guneid. Would you like to combine your time with the minister or block?

Ms Al-Guneid: Would you like to share the time, or how would you like to do this?

Mr. Jean: I'm not much of a sharer. I like block.

Ms Al-Guneid: Block? Yeah, that's fine.

The Acting Chair: All right.

Okay. The block of shared time is 20 minutes.

Ms Robert: Ten and 10.

The Acting Chair: It's 10 and 10. Sorry. The block of shared time is 20 minutes, during which time you can go back and forth but no participant for longer than 10 minutes.

With that, please go ahead.

Ms Al-Guneid: Well, thank you, Mr. Chair. Before we start, I'd like to thank the public service for all the hard work in delivering the budget for us, for Albertans, and for your advice to the minister. Thank you for all the work.

I'd like to start with objective 2.2 on page 51 of the business plan. That is managing the impacts of resource development activities and implementing the liability management framework. Last year – you know, it feels like Groundhog Day – we talked about this. I asked the minister about the industry closure schedule and why he had erased the schedule. Based on the AER's bulletin the 2025 payment is now \$750 million. As for the older schedule, or the previous one, the industry-wide closure spending requirements were forecasted to increase to \$833 million in 2025. Through you, Mr. Chair, why did the minister decrease the spending requirement for 2025? The previous schedule was forecasted to increase to \$909 million in 2026 and \$992 million in 2027. So, again, why did the minister erase the schedule?

We do have good regulations, Mr. Chair. On paper they do look fair and clear, but they're not enforced by the government, and now they're being weakened when we see these changes. Why? Why is the government weakening the regulatory system here?

The liability management is a growing problem. We keep seeing more and more wells from bankrupt oil and gas companies added to the Orphan Well Association. For example, Mr. Chair, the AER ordered Sequoia to properly abandon all its inventory after the company seized operations. The bankruptcy trustee discharged about 2,500 wells, facilities, and associated pipelines that went unsold in its sales process, so that's additional. They directed the Orphan Well Association to assume control of the majority of Sequoia sites. Through the chair, how does the minister plan to address these orphaned wells, additional 2,500 wells?

We're also expecting an additional 5,600 wells from long-run corporations and an additional 2,200 wells from AlphaBow. Through the chair: what is the minister's plan? Does the minister have a plan for these 10,000 wells? Are they just sitting there, or does he have a plan to increase the industry levy more than what he shared with us in his introduction? It's mentioned on page 51 of the business plan. How much will that increase and by when to be directly proportional to the number of wells that keep increasing?

Through the chair, does the minister have a timeline to ensure that sites are discharged, closed, and reclaimed in a safe, efficient, and orderly manner? Does the minister have a plan that the responsible parties are held to account for their share of the cost of those activities? So far we're seeing something else, Mr. Chair. The government has no plan to address these liabilities. There is a weakening here of the regulatory process by erasing the closure schedule.

Now we know that Mr. David Yager is leading closed-door consultations on what they're calling a mature asset strategy. Through the chair, can the minister explain to us what is a mature asset? How does he define it? Why is Mr. David Yager consulting on the mature asset strategy behind closed doors? Who is invited in these closed-door conversations, and how many landowners in rural Alberta were in the room? How many municipalities? How many regulatory land and water experts were invited? How many Indigenous communities were invited?

Mr. Chair, why doesn't the minister share a public draft of his plan so that landowners, municipalities, industry, and rural Albertans, who are actually impacted by these wells, can comment on it? This is the normal process. Can the minister explain why Mr. Yager leads the consultations behind closed doors?

Last time I checked, the Premier appointed Mr. Yager on the AER board, which means he and the AER must be at arm's-length from the government. How is Mr. Yager receiving \$156,000 salary from the government while being an AER board member? Why is an AER board member holding closed-door consultations on how to make taxpayers pay for delinquent assets of bankrupt oil and gas companies in rural Alberta? Through the chair, why does Mr. Yager introduce himself as a special adviser to the Premier and Executive Council in public events and consultations while being a board member on the AER?

7:20

Why – so many whys, Mr. Chair – is this government dismantling the regulatory process and ignoring the polluter pays principle in Alberta? As per government websites the Alberta Energy Regulator is a regulator and a quasi-judicial agency. It is a \$269.7 million agency with significant responsibilities, as shown on page 79 here in the estimates under energy regulation. It runs hearings. It is an administrator. It is a rule maker. It's an enforcer of rules. The minister and the Premier need to respect that this cannot be a political agency where friends and insiders are appointed. Through you, can the minister confirm by a yes or no answer: does the minister understand that the AER needs to remain an arm's-length agency from government?

Is the minister putting taxpayer money to clean up the mess of troubled oil and gas companies? Is the minister planning tax breaks for companies to clean up their mess? Is the minister weakening . . .

Mr. Hunter: Point of order.

The Acting Chair: Point of order.

Mr. Hunter: Under 23(b). I don't think that I've heard the member indicate whether she is speaking specifically to the matter at hand. I've been trying to listen to this, but I'm not sure where she's – I mean, most of the stuff that she's talking about is speculation anyway. I'm just wondering what she's talking about when it comes to estimates.

The Acting Chair: Go ahead.

Member Kayande: With respect, Mr. Chair, this is not a point of order; rather, it is a matter of debate. The minister himself has mentioned that orphan wells and well cleanup are part of his mandate, are part of the business plan. It was clearly referred to by the member. I mean, the folks on the government side of the bench may not like ministerial policy and may not like being questioned, but it is most certainly a reasonable avenue for debate.

Thank you, Mr. Chair.

The Acting Chair: Yeah. I'm not going to say it's a point of order, but perhaps get the point or just remember to also make references to what you're speaking of, please. Continue on.

Ms Al-Guneid: Yeah. I'm referring to the mandate of the Alberta Energy Regulator, and that's on page 79. It is also a \$269.7 million agency; it's on page 51. Okay?

Through you, Mr. Chair, is the minister putting taxpayer money to clean up the mess of troubled oil and gas companies? We have regulations through the AER, as on page 51. Is the minister planning tax breaks for companies to clean up their mess? Is the minister weakening reclamation remediation policies of inactive wells for troubled companies to declare inactive wells abandoned and reclaimed, as per the mandate of the AER on page 51? Through you, is the minister planning to create a Crown corporation backstopped by taxpayer money, Albertans' money, and dump the cleanup of these inactive wells, wells that are no longer producing, on the public? Through the chair, can the minister explain to Albertans the mandate of the two Crown corporations outlined in Mr. Yager's draft report; that is, ClosureCo and HarvestCo?

Mr. Chair, is the minister looking at a proposal to postpone reclamation by covering some of the unreclaimed land by solar panels instead of actually performing reclamation? I find that so rich because this is greenwashing the land that is unreclaimed by the government that banned renewable energy companies. It is actually fascinating to see that piece in the draft report.

Mr. Chair, today the energy minister had told us that he is committed to the polluter pays principle, but I'd like to remind him that on September 17, 2024, the minister told us that industry might need help from public finances to live up to its legal obligations as well as a lower municipal tax burden and a lighter regulatory approach. To quote the minister, he said: I do not like sticks; I like carrots. Without changes to how we approach fixed costs and we approach financing well closure, we won't make the required progress. We need to find new ways to do liability financing, and we need to change the approach on municipal taxes. End quote. Which one is it? Where does the minister actually stand on the polluter pays principle? This flip-flopping doesn't work.

Through the chair, is the minister currently looking at creating a joint industry closure initiative which would give the industry a first chance at reviewing government energy policy? Can the minister explain what the joint industry closure initiative is?

Minister, these are many questions. There are questions on reclamation, questions on: what is the role of Mr. David Yager in planning policies for the ministry? This is a board member with AER but also receiving salary from the government, and we know the AER needs to be arm's length from government policy.

I look forward to the minister actually answering all these questions, and I will cede the last 20 seconds. Thank you.

The Acting Chair: Minister, you have 10 minutes to respond.

Mr. Jean: Ten minutes and 15 seconds, Mr. Chair.

So many questions and so many answers. I'm going to, I think, take it back for a minute because the best way to describe this is in

providing a brief overview of the ministry's key objectives as outlined in the 2025-2028 business plan.

First of all, the ministry aims to achieve two main outcomes. The first is that Albertans benefit from the investment in responsible energy and mineral development and access to global markets. The second outcome is to have effective, efficient stewardship and regulation of Alberta's energy, mineral, and subsurface resources.

You're right. This asset, the assets, belong to the people of Alberta. I take that fiduciary obligation very seriously, as does our government. As a result of that, Budget 2025 supports both ministry outcomes. We will support the competitiveness of Alberta's energy industry by growing and protecting our energy resource sector. We're working to accelerate opportunities in minerals, which a lot of members have an interest in and a lot of Albertans are very excited about, emerging resources, and, of course, the energy transition, which is something we're seeing around us as time goes.

Our efforts will strengthen Alberta's investment climate by improving the clarity and the efficiency of the province's regulatory system to enhance competitiveness and at the same time protect Albertans' resources.

Budget 2025 has prioritized spending to advance responsible development to ensure these resources benefit and bring value to Albertans, the owners of the resource, without sacrificing their priorities. We're committed to advocating and promoting Alberta as the world's best choice for responsible, sustainable, and long-term energy supply. We're keeping our promise to take bold, strong action to shrink the inventory of inactive and orphaned wells right across the province, in fact, accelerating the timely reclamation of the land.

The AER's most recent progress report on managing oil and gas liabilities shows that the province's approach is actually working. My congratulations to our government. There were 97,000 inactive wells in Alberta when the new liability management framework was introduced in 2020, and since that time the number of inactive wells has been reduced by nearly 20 per cent.

As of December 2024 there are 78,000 inactive wells in Alberta. These successes can be attributed to the industry-wide closure spending requirement, which came into effect in 2022, requiring the industry to spend at least \$422 million on cleanup work. I remember the five years of darkness between 2015 and 2019, when the government talked a lot of platitudes but never did anything at all in relation to the orphan well problem in this province.

I'm glad to see that industry is actually spending money. In 2022 companies exceeded the annual closure spending requirements by 65 per cent, spending approximately \$700 million to clean up liabilities. The closure spending requirement was raised to \$700 million for 2023, and companies again surpassed the closure spending requirement by 10 per cent, spending \$769 million on closure work. The closure spending requirement was set at \$700 million again in 2024 and was raised to \$750 million for 2025.

This framework provides the oil field services sector with the certainty they need to build their businesses and create good-paying jobs for Albertans while reducing the number of inactive sites across Alberta. The approach is working. This was also a topic of discussion at the mature asset strategy engagements, and there will be more discussions about it later.

7:30

I know somebody asked about an R-star program. I don't know anything about an R-star program. There is no program such as R-star. The NDP tells Albertans there are \$20 billion in promises called R-star. There is no such thing. You made that up. It was never government policy, and it certainly never had a price tag attached to it. We don't deal in fantasy with this government. We deal in

reality, and we were left with some really bad situations for orphan wells, and we're going to clean it up.

We do not currently have a liability management incentive pilot program, but the Premier has directed me to develop a strategy to effectively incentivize reclamation of inactive legacy oil and natural gas sites and to enable future drilling while respecting the principle of polluter pay. That work is being done by the mature asset strategy, which is a multilayered consultation to deal with this multilayered problem. The experts are in the room and dealing with expert advice to get expert results. The report and the recommendations of the mature asset strategy engagement should be released this spring, and then government will have to consider its recommendations.

I agree with you. There is a clear need to find additional ways to address reclamation of old sites in Alberta, many of which date back many decades, including on reserve, which is, of course, a First Nation responsibility of the federal government, but we must work together to find solutions. We owe it to the landowners and the future generations of Albertans to make sure that these sites are cleaned up as quickly as possible. Outside of this room and outside of the estimates, I would welcome your input and your questions relating to how to do this and what we can do in the future. We also owe it to municipalities to help solve these issues. That work is under way, and Albertans will see progress on this issue very soon.

Managing the growing number of mature oil and gas assets or the wells that are passed or near the end of their production lifespan is a problem that is facing the world. We are very fortunate indeed that, as a gas-producing nation, we have kept pretty good track of it compared to other jurisdictions. When I go to other countries, I hear the nightmare of what they're talking about that happens in those countries when they don't keep good track of what's happening with the assets.

The province recently engaged stakeholders to help inform the development of a mature asset strategy. As you're aware, six working groups were established where stakeholders and subject matter experts reviewed aspects of mature assets and liability management from around the world and best practices. As you are also aware, we lead the world on not just drilling but reclamation, and most of the numbers that we receive when we provide these estimates, which you asked at the beginning of your correspondence, is from the good citizens around us that are the bureaucracy that support the government on best numbers. That's where we get most of those numbers from. We are taking a leadership role to address these mature assets so we can grow our economy, attract investment, create export opportunities, and enhance the province's reputation as a responsible energy producer.

I should let you know that many jurisdictions around the world look to us for guidance on how to set up their equivalent to the Alberta Energy Regulator. They ask how we do it, how we reclaim, how we are so good at what we do. I have to tell you, you're right about that, too. It is our public service.

We're trying to encourage ways to keep mature wells producing, which will provide direct and indirect economic benefits, short term and long term to our economy and will provide social benefits to all Albertans, including the municipalities that are so concerned right now, and, of course, the landowners that you identified previously. Placing a priority on repurposing oil and gas sites can also help encourage other opportunities such as small-scale liquefied natural gas, artificial intelligence data centres, and even geothermal.

I want to express my sincere appreciation to the Premier for having the courage to take this issue head-on when so many previous governments have passed on it. The truth is that, as I mentioned, I saw very little done between 2015 and 2019, and I'm excited about what's coming out of this mature asset strategy report.

Its recommendations should be public very soon. As I said before, if there are any input by members or experts that you may want to bring to the table, I'm always open, and I'm always prepared to listen.

I also want to just take a very quick moment to thank the past AER CEO, Laurie Pushor, for his service as CEO. He had to clean up a bit of a mess that was left behind after an AER scandal, and the truth is that he did a great job. I really very much appreciate his efforts to get things fixed over in the AER.

That's it, Mr. Chair. Thank you.

The Acting Chair: Thank you so much for that, Minister. Back to the Official Opposition. Ms Al-Guneid.

Ms Al-Guneid: Thank you, Mr. Chair. Thank you, Minister, although I would like to say that it's been six years of this government. It's pretty sad that the minister continues to talk about the Alberta NDP government from 2015. But, really, for the mature asset strategy we do not know of any experts invited to Mr. Yager's consultations. A public consultation means giving enough notice, enough diversity in the room to have regulatory experts, to have water experts, to have toxicologists, more municipalities and more landowners in rural Alberta who are truly impacted by this problem.

I'd like to start with outcome 1, starting at page 49 of the business plan, on Albertans benefiting from the energy sector and specifically tax revenue. On March 12, 2025, the Rural Municipalities of Alberta announced that as of December 31, 2024, at least \$253.9 million of municipal property taxes have gone unpaid by oil and gas companies. This marks the seventh consecutive year with continued failure by oil and gas companies to meet their legal tax obligations.

Mr. Chair, the minister's colleague Minister McIver of Municipal Affairs said at his budget estimates:

If a shoe store doesn't pay their taxes, somebody puts them out of business. If a restaurant doesn't pay their taxes, somebody puts them out of business. My opinion is that if an oil and gas company doesn't pay their taxes, they should also be put out of business.

Minister McIver also said that we should ask the minister of energy at his estimates, and here I am asking the minister of energy, so let's quote him. He said: I'm sure he'll do his best to answer them.

Through you, Mr. Chair, can the minister confirm if he agrees that an oil and gas company that does not pay its taxes should be also put out of business? Through the chair, can the minister explain how the energy department will make oil and gas companies pay the \$253.9 million of municipal property taxes? The David Yager draft report also fails to address ways for municipalities and landowners to recover unpaid taxes and surface rents. These are my questions on oil and gas taxes here.

I'd like to move to objective 2.3 on page 51 of the business plan, where the government presents the vague and ill-informed policy on coal mining on the eastern slopes. Mr. Chair, the government calls this the modernization of coal mining in Alberta, and I truly find this a paradox. It's a contradiction. It's like saying cruel kindness. There is nothing modern about open-pit mining in the eastern slopes, in the Rocky Mountains where our headwaters live. Nothing. Nothing modern about this.

This so-called modernized coal policy is, frankly, an insult to Albertans' intelligence. Metallurgical coal is likely to be phased out over the coming years in favour of electric arc furnaces for steelmaking. Objective 2.3 here mentions coal royalties on page 51 of the business plan. I also note from page 55 of the fiscal plan that coal royalties are grouped with rentals and fees at \$138 million for '25-26, declining to \$136 million by '27-28.

Mr. Chair, I'd like to remind the room here that the 2021 joint review panel consisting of the Canadian Environmental Assessment Agency and the Alberta Energy Regulator rejected the Grassy Mountain coal project. The panel specifically states that it is unclear that the company will

be able to produce a premium hard coking coal over the life of the project. If the development and marketing of products with poorer coking properties becomes necessary during the life of the project, this may affect the price received and the predicted economic benefits of the project.

There are neither economic nor environmental benefits here with this coal mine.

Through you, Mr. Chair: why is the minister ignoring Grassy Mountain's physical coal quality problems that cannot be fixed? The quality is below the Elk Valley in B.C. and Australia. Why is the government misleading the public on how few economic benefits are coming from this coal project? Mr. Chair, why does the minister think he knows more than the joint expert panel that reviewed the proposed coal mine?

7:40

Mr. Chair, the government keeps playing games with the wording of an open-pit coal mine. Page 51 of the business plan under objective 2.3 talks about modernizing Alberta's coal legislation and regulatory framework but does not provide any clarity on these issues.

I'd like to remind the minister, through you Mr. Chair, that four months after the government announced it was doing this U-turn on the coal policy, Cabin Ridge Holdings Limited and Cabin Ridge Project Limited announced legal proceedings against the government of Alberta, basically suing the government. In the Court of Appeal of Alberta from Cabin Ridge Project Limited against Alberta, 2025, ABCA 53, there is an interesting line, and I quote here:

the 'minister wanted it very clear that mountain top removal was not going to be permitted under the [reinstated 1976 Coal Policy].' However, none could explain what 'mountain top removal' meant or what information was before former Minister Savage, including pictures of mountain top removal activity she apparently reviewed.

This is from the legal proceedings.

Through you, Mr. Chair, given that the minister wants to be super clear that there will be no mountaintop removal mining, how is the energy department defining mountaintop removal? The Grassy Mountain project will bring mountaintop removal mining to the majestic Alberta Rockies, and it already had a fair hearing. This project has had a fair hearing. It has been rejected. Does the minister recognize the project was rejected for causing too much environmental damage for too little economic benefit?

Mr. Chair, the rejection of this mine is one of the only decisions from the AER that inspired public confidence in our regulator in recent years, truly. Yet the energy minister sent a letter to the AER, interfering with the regulatory process, to revive the project, calling it an advanced project. Why does the minister think he knows more than the joint expert panel that reviewed the proposed mine?

So many questions again. Mr. Chair, since January 20 of this year I'd like to share that my Calgary-Glenmore office has received 16,105 e-mails from Albertans voicing their objection to coal mining in the eastern slopes; 16,105 e-mails. They're worried about headwaters. They're worried that there is no solution for treating selenium in the headwaters and after mining. They're worried about our agricultural sector in southern Alberta, in the eastern slopes. These are multibillion-dollar sectors that really will change people's lives forever. It's people's lives and livelihoods.

I know the minister is also receiving the same e-mails, because I'm copied on them, and I'm also copied on the correspondence from the office of the minister, so I get some of the condescending responses from the office to our constituents, to rural Albertans from Lethbridge, from Livingstone-Macleod, from Taber, from Calgary, from Edmonton. It's truly from every corner. From Fort McMurray, Mr. Chair, as well. So it comes from every corner in our province.

So many questions about coal. I do not see how this is a modernized coal policy. There's nothing modern about it. I think it continues to insult – the policy is an insult to Albertans' intelligence about how this policy will protect our waters. There is nothing right now that proves that selenium can be extracted from water once it's in the wild, once it's been mined.

I have many questions about coal, and I would like to cede the rest of the time and, hopefully, hear some answers from the minister.

Thank you, Mr. Chair.

The Acting Chair: Thank you, Ms Al-Guneid.
Minister Jean.

Mr. Jean: Thank you, Mr. Chair. I noticed your computer, your laptop in front of you, along with many other metal objects. I recognize that the coal we're talking about here is metallurgical coal that, of course, is used to make steel that we use every day and is very important.

I do also want to point out one of the key objectives in outcome 2, and you've referred to it several times: "Modernize Alberta's coal legislation and regulatory framework," and then it goes on to say, "to guide responsible development." I don't think you have a problem with that. I think we both want responsible development. At least I do for sure. We want to "protect the environment." I want to do that for sure. That's very important to me. I use the environment a lot, and it's one of the most important things I can do. "And to increase royalties for the benefit of all Albertans." All four of those things are things that you mentioned you wanted, and all four of them are the only four things described in the modernization of Alberta's coal legislation regulatory framework. So I think we're off to a good start.

I'm excited about the opportunities in front of us, and I would say to all Albertans that are worried about this that we are going to take care of your worries, and we are going to make sure that the things that happened in B.C. under the NDP and the things that the NDP proposed back in 2015, 2016, 2017, when they invited all the billionaires from across the world to come in and buy coal leases and to go into category 2 lands – yes; that's what they proposed, to go into category 2 lands. We're not going to let that happen. We're going to make sure that we manage this resource effectively. We listen to the 30,000 Albertans that have been consulted on this. We have been listening to what is going on in the world, and we believe that we are coming up with a very good regulatory system that is going to be well received by Albertans. And their worries in relation to selenium, in relation to agriculture, and in relation to food safety and the headwaters: they are all legitimate, and we are going to make sure that we take care of those issues.

The government is absolutely tasked with overseeing responsible resource development for the benefit of all Albertans, and we are going to do that. The government, though, cannot comment on matters specifically related to the lawsuit that's before us or any other matters that are before the courts or other decision-making processes. But I will say that Albertans who have concerns about any proposed projects can speak directly with the proponents and the AER, which is an independent, arm's-length organization that

acts in the best interest of Albertans and whose role it is to make sure resources are developed in a safe and responsible manner. The government is here to make sure they do that, and we will and we are.

Rescinding previous coal-related ministerial orders has no bearing on the deliberations of the AER with respect to Northback Holdings' exploration applications at Grassy Mountain.

It gets me a little bit excited because I use the outdoors a lot and the environment is important to all Albertans, and I think what we have to do is work together to protect our environment, including the headwaters, and not send shockwaves through the environment community in Alberta. I think, you know, to misrepresent what's actually taking place is not helpful, and the fearmongering and the sensationalization for political aims is not helpful either because it worries people. They don't need to be worried because we have some of the best scientists in the world that are working on these issues. We have monitoring of water and air throughout the province, in some cases more than any other jurisdiction in the world. We do it better than anybody. And I think it's important for Albertans to recognize that we understand that and we will act on it.

The government has heard loud and clear from Albertans that our policies need to be modernized, they need to be strengthened, and they need to be environmentally sound. The government of Alberta is taking steps to address the 2021 Coal Policy Committee's recommendation to build a sustainable, long-term legislative and regulatory framework to guide responsible resource development across the province. This initiative will ban new open-pit mining in the eastern slopes. It will keep selenium out of the water through the development of a modern, long-term legislative framework that guides responsible coal mining practices. Some of the new technologies that are available will be able to do what the AER requires, or it simply will not go ahead. Alberta has already a very strong regulatory review process in place to fully evaluate the risks and benefits of all of the advanced projects and determine the best way to proceed. That's why the first application failed, because it wasn't a good application.

7:50

Rights holders must present their plans for coal exploration and development projects to an independent decision-maker for consideration, and those decision-makers will have strong coal policy to guide them as they make the best choice for Albertans. This policy is not some sort of gate opening for unlimited coal development in Alberta's precious natural spaces like what has happened in British Columbia under the NDP government there in Elk Valley. They allowed multiple coal mines in a very short river valley, which obviously caused them considerable problems and continues to do so. We are not going to do that. We can learn the lessons from what the NDP did wrong in both B.C. and Alberta, and we are doing exactly that.

Let's see. The other questions: yes; you asked about coal royalties and why Alberta continues to prioritize this when it's low. We heard that loud and clear, not only from Albertans but also proponents suggesting that our royalty regime here in Alberta needed some attention. What we're doing right now is that we have two royalty regimes in effect based on the nature of the coal resource. Some of it – you're also right – is not the best in the world, but some of our resource is the best in the world and is very prime coal. I don't know if you asked about the exact amount per tonne, but Crown-owned plains coal would get about 55 cents a tonne, and Crown-owned bituminous mountain/foothills coal would get 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. If you think that's fun, you should see the competitive analysis for the rest-of-the-world sheet. But the establishment of new royalty rates would be informed by an analysis of Alberta's current coal rates and economic analysis of stakeholders' input and engagement and an analysis of other coal-producing jurisdictions around the world like Virginia, that has that mountaintop removal.

You asked about some definitions relating to mountaintop removal and other things. You can look on the AER website. It has all of that there. It has that, and if not, I'm more than happy for you to grab your steel laptop over there and show me a little later if you want.

In actual royalties, though, in '23-24 we received \$92.3 million, which I think is about three or four schools in Calgary equivalent. In 2022 one mine reached post-payout status, and it began paying 13 per cent net revenue royalty in addition to the 1 per cent of gross revenue royalty that is payable for prepayment. In 2022 coal prices actually reached very high levels. So all of these coal leases and coal obligations that the province has put out there: those changed dramatically after the increase in coal prices, and this drove increased profits as well as resulted in increased royalties. Let's see. Do we have any other questions or any other answers? Perfect. Thank you. Okay.

In relation to the modernization, which you focused on for some time, the initiative addresses specifically the input received in the 2021 Coal Policy Committee's recommendations. It had a focus on the environment, making sure it was modern and competitive and strengthened, as I mentioned previously.

I think that's about it. Let's see. You know, one of the things that we did notice and the government did notice is that since the announcement of the of the CIMI the government has found that stakeholders have significant misunderstandings about what the regulations say and the existing regulations and the ministerial orders. One of the things we wanted to do was bring certainty to the industry and also Albertans.

The Acting Chair: With that, Ms Elmeligi.

Dr. Elmeligi: Thank you, Mr. Chair.

The Acting Chair: Sorry, shared or block?

Dr. Elmeligi: I'll go with block time, please. I don't like to share either.

All right. To continue the discussion on coal, my first series of questions really applies to outcome 2, key objective 2.3, on page 51 of the business plan, which is what my colleague from Calgary-Glenmore was just talking about, this new coal policy and, like, modernizing Alberta's coal legislation. I agree that that needs to be done. I think a 1976 coal policy is probably too old. However, I do think that the coal policy from the mid-70s is actually quite effective in managing coal, and we need something better and more modern to replace it, not weakened coal regulations.

The minister in his previous answers was commenting on listening to the 30,000 Albertans who were consulted on the coal policy consultation that was conducted after the coal policy was rescinded in 2020. I would also just like to clarify that it was not between 2015 and 2019 that Alberta was opened up to coal development. That happened in 2020, when the UCP government rescinded the coal policy. That was under this government, not the previous one. That coal policy public consultation: the minister is correct. About 30,000 Albertans were consulted; 70 to 75 per cent did not want to see coal mining on the eastern slopes in the headwaters.

Mr. Hunter: Point of order.

The Acting Chair: A point of order.

Mr. Hunter: Once again, Mr. Chair, 23(b), speaks to matters other than the question under discussion, which is, again, estimates. I'm sure that the members opposite – they've done this once before, so this isn't new to them, but the members opposite recognize that they're talking about policy versus talking about the estimates. This is something that would be more appropriate for question period versus estimates, but they continue to go down this path. I do believe that this is a point of order under 23(b).

Member Kayande: Mr. Chair, the estimates under consideration are well known, and the member opposite knows that they include the strategic plan as well as the business plans. The member very clearly referenced and refers to outcome 2, key objective 2.3, on page 51 of the business plan. We are talking about the business plan. We are considering the questions under consideration by this committee. If the member is unhappy that coal happens to be part of the energy industry's remit, then perhaps we can, like, make sure that there's no coal mining in the Rockies. Other than that, this is not a point of order. This is a legitimate item of debate, and this is on topic.

Thank you.

The Acting Chair: Go ahead.

Mr. Cyr: Thank you, Mr. Chair. Can I add to a point of order, (c), as well? Because this is repetition, what we're also seeing.

The Acting Chair: It's going to be a separate point of order to call after this one has been dealt with.

Mr. Cyr: Thank you for the clarification, sir.

The Acting Chair: So with that, regarding the first aspect there, thank you for the reminder. As to what aspect of the business plan that you're referring to, just please continue to provide us with reminders as to what you're referencing, just to maintain that with the budget and the business plan, please.

Dr. Elmeligi: Thank you, Mr. Chair. Moving on, this objective 2.3 says ...

Mr. Cyr: Sorry. I'd like to call a point of order on this as well. Point of order, 23(c). I'd also like to speak on 23(g) as well, and we also can move into 23(i) as well. What we're hearing is the grassy knolls, and that's fine, but it's repetitive. The minister has already answered this question, yet we keep hearing the same question over and over again even though the minister has answered the question. We're also hearing items that are before the courts, which I know is out of bounds when it comes to this. On (i) they're falsely implying that the minister has done things that he hasn't done. Mr. Chair, I'd like to move on to the estimates, to this budget, because it seems like the opposition is trying to make this into question period, which it is not.

8:00

Member Kayande: Mr. Chair, the member well knows that even in arguing a point of order, it is not appropriate to refer to a member in this committee as having told a falsehood. I just want to make sure that that is made clear.

While the member has thrown various different clauses against the wall like spaghetti to try and see what sticks, the fact of the matter is that the government is doing something unpopular here. Whether the minister has answered the question or not is a matter of debate – answers can be clear, they can be less clear, they can be

fulsome, they can be less fulsome – and while it is not my job here arguing the point of order to argue about whether the minister has appropriately answered the question or not, I think that it is fair that that be left as a matter of debate and that if there are aspects of the minister's answer that are unsatisfying to the people of Alberta, we are here to represent them, too, and they deserve a place in this room.

This is not a point of order. This is a matter of debate, and I would encourage the members to pay attention to it because I think that robust and lively debate about the policy direction and the budget estimates specifically and the business plans and strategic plans adds value to the people of Alberta.

The Acting Chair: Again, I'll just ask the member, remind the members just to continue to refer to the page and the section in the budget or the business plans as you continue on with your discussions. When you did ask one question that did infringe on the legal aspects, the minister was sharp and caught that, and you have to understand he can't answer those questions. I believe there are two cases on the record.

Dr. Elmeligi: Understood, Mr. Chair. Thank you very much.

Key objective 2.3 on page 51 of the business plan is to modernize Alberta's coal legislation and regulatory framework to guide responsible development, protect the environment, and increase royalties for the benefit of all Albertans. I would like to discuss each of these terms in turn.

First, this idea of guiding responsible development: what is that, and who defines that? Who defines what is responsible development? I think how we define those words is very critical in how we make land-use decisions around coal mining and any kind of energy development, to be honest. When I start to think about what that means, I can think of a lot of different definitions and perspectives, so I think we really need to be clear around what these words mean. To me, responsible development is about promoting business and welcoming economic opportunities that do not foreclose future economic opportunities and potential on that landscape. This is part of the challenge with coal mining. It forecloses future economic opportunities on the landscape.

Let's take a deeper dive at the Grassy Mountain coal mine. There are aspects of this project that I would like to ask about that my colleague has not asked about yet. The proposed Grassy Mountain coal mine is seven kilometres north of Blairmore in the Crowsnest Pass. The Crowsnest Pass is also a tourism development zone, meaning that the government also intends to promote tourism and outdoor recreation in the same place, Mr. Chair. The Crowsnest Pass is beautiful, and if you haven't spent any time there, I highly recommend it. There are a lot of very fun outdoor recreation things to do. The proposed coal transfer station for the Grassy Mountain mine is going to be in the town of Blairmore, meaning that there will be coal dust in the same air where there are people mountain biking and hiking and playing with dogs and children and whatever they're doing down there.

In this case, tourism and coal mining are not compatible uses. You cannot advertise a landscape for cardio activities that is filled with coal dust. It will not work. The Grassy Mountain mine will last about 20 to 25 years and will employ maybe a few hundred people. Tourism can last decades and employ thousands of people with high-paying jobs and a career that can be diverse and interesting. Through the chair to the minister: is coal mining a responsible development for the Crowsnest Pass? The minister has said that he's listening to Albertans. I am not convinced of that, Mr. Chair, because Albertans, I think, have been quite clear about how they feel about the Grassy Mountain mine.

The second part of this objective is around protecting the environment. The environmental impacts of coal mining are well understood, but here are some highlights. Coal tailings pollute water sources with selenium. Selenium cannot be effectively removed from water once it is introduced. There are four studies that the Minister of Environment and Protected Areas has referenced that actually show that selenium levels remain above guidelines for decades after reclamation. A legacy coal mining impact study found that selenium levels were above guidelines for 40 years.

Mountaintop removal research documented widespread contamination across ecosystems, and a transboundary atmospheric pollution study showed that contaminants can cross even the continental divide. With the scientific evidence that selenium contamination can move between watersheds, between groundwater and surface water, and even through the atmosphere – selenium can cross the continental divide, and contamination can persist for decades. Through the chair to the minister: is coal mining in our headwaters of the eastern slopes responsible, or can protecting the environment be accomplished within the context of this development?

The third part of this objective is around increasing coal royalties, which of course I agree with. In December the minister announced that the Alberta coal industry modernization initiative would include raising coal royalties on new coal mines. There's a little bit of confusion as to what constitutes a new coal mine because of this whole issue of Grassy Mountain being rejected, and then it's an advanced project, and it comes back, and it's back and forth. So there is a little bit of a challenge around the definition of a new coal mine. I would really appreciate the minister's clarity on what is a new coal mine. But I'd also like to know what happens about mines that were previously discussed as proposals but not necessarily submitted. Are those new mines, and will they be subject to these new higher royalty rates, whatever those may be?

On page 80 of the government estimates rental and fees and coal royalties are estimated to go down this year from a forecast of \$160 million, which was budgeted at \$209 million, so there's already a little bit of a discrepancy there. The estimates estimate \$138 million, so that is a decrease in coal royalties. I'm a little confused. If we're going to increase royalties, why do we see the estimated drop in royalty revenue for the province? Does the royalty revenue consider that coal mining is a relatively short practice, 20 to 25 years, and that other sources of economic revenue may be more long lasting?

Also, do the royalties consider the known environmental liabilities; namely, cleaning or attempting to clean our water and the massive cost over decades that will be associated with that? For example, Teck mines in B.C. spent over \$1 billion trying to remove selenium from their tailings and failed. Then they were sued by the Montana Department of Environmental Quality for contaminating fish habitat across the border. Have we budgeted for potential lawsuits from other jurisdictions associated with water contamination? Teck is also being charged by Environment and Climate Change Canada for polluting two fish-bearing waterways in the east Kootenay region. Have we budgeted for those expenses? The reality is that coal mining on our eastern slopes, in our headwaters isn't good for business, the environment, or the economy. Through the chair to the minister: can you explain why you're so committed to promoting an industrial development that doesn't serve Albertans?

In general, the new coal modernization initiative contradicts the public consultation the government conducted regarding the coal policy. Analysis shows the economic benefits will be overshadowed by the costs associated with reclamation, negative

impacts to water, air, and wildlife, and displacement of tourism and ranching. Through the chair to the minister: is industrial development of coal more important than the economic success of tourism and ranching?

On January 23 Montem Resources sent a letter to the CEO of the Alberta Energy Regulator asking for reconsideration of Ministerial Order 003/2025, which defined a coal policy area. This is the ministerial order that explicitly states that no new open-pit coal mines will be prohibited in the coal policy area. Montem goes on to say that the only technically and economically viable option for their coal project near Coleman is an open-pit mine, and the government says that these kinds of developments cannot be considered by the AER, therefore Montem's coal mine cannot be considered by the AER. Through the chair, is the minister actually saying no to coal mining on the eastern slopes by banning open-pit mining?

8:10

The Acting Chair: Minister, you have four and a half minutes.

Mr. Jean: Thank you, Mr. Chair, and thank you, members. You asked what the people in Blairmore and other rural areas in Alberta are looking for down there, I think you said. They're looking for jobs, in my opinion.

I kind of found it interesting that you seem to criticize the government for not getting more royalties, but at the same time I hear your message loud and clear: don't do any coal mining anywhere; instead, we'll buy our laptops and our chips and our precious metals from China and get them to manufacture it and control it. That's what I'm hearing loud and clear. My understanding is that China is opening new coal power plants, like, every week, every three weeks a new one. I'd like to see our natural gas be sent over to China so that we have the opportunity to displace all that coal. I think that's a great opportunity. If you got on our team and helped us do that, we might be able to do that, get some pipelines in the ground to the west coast and try to get some of this clean energy to the rest of the world. I would like to see that. That would be a great opportunity.

Speaking of coal lawsuits, I just want to, you know, be very clear. I can tell you have one cross-examiner in the room. Established Canadian law says that if an asset is expropriated by government, fair compensation is required to be paid by that government. I just want to let that sink in to everybody.

I also want to point out something that's very important to me, if anybody's listening to this conversation tonight, which I hope Albertans are: if they're concerned, they now recognize that this government is taking this issue very seriously, the matter of coal. So if you're looking for more information on coal or coal royalties or the legislation, the reporting requirements, and online services that can be found, please go to www.alberta.ca/coal.aspx, and if you're looking for information on coal leasing and maintenance, that can be found at www.alberta.ca/coal-leasing-and-maintenance. You know, there's a lot of misinformation going around, and I want people to know that we're going to take care of the environment. We're going to protect our waterways, our headwaters. We're going to protect our species, and we're going to protect people. That has been the priority by this Premier to me, and we are going to make sure that we do that. But I do appreciate all the questions because I think it's important to keep this government to account and to recognize that we're doing a great job.

I'm more than happy to provide the letter that the former NDP minister sent in 2016 to the coal industry abroad that said to them: come on in and dig. You know, you say that it wasn't the NDP. It was the NDP; it was you folks that invited them in. It was you that

wanted to make the changes on the land designations and carve out some parks, like, different parks. Yeah. Looking back, you can always see things more clearly, and I think the NDP government definitely did a very bad job of that and sent some very bad messages to the international community.

But you also had a question earlier about unpaid oil and gas taxes. I think, first of all, we understand our partners, the municipalities, and why they're so frustrated by overdue property taxes owed by some oil and gas companies, the majority of which pay huge royalties, huge amounts of taxes, and pay it on time, when they're supposed to. Most do. Like, most good companies do. The vast majority of companies operating in Alberta's energy sector pay their local property taxes, and the government expects them all to do so. When they don't, we have mechanisms to encourage them to do so, and we will do that. That's why we work so well with the municipalities and the RMA and others to get that done. Can we do better? Absolutely. We all can. About \$1.5 billion to \$1.6 billion in municipal taxes are paid by the energy industry, so roughly \$50 million in unpaid taxes a year is, frankly, not a giant problem compared to how much is paid in municipal taxes and how much is supported in local communities around our province, in rural Alberta primarily. But that said, it can often be a very serious problem . . . [A timer sounded] That's it?

The Acting Chair: That concludes the first portion of questions for the Official Opposition. We're now going to move to 20 minutes for the government caucus members and the minister. Who's the first batter? Mr. Hunter. Would you prefer shared or block?

Mr. Hunter: Share, if we could.

The Acting Chair: Minister, would you prefer shared or block?

Mr. Jean: Oh, I don't like sharing. It's just one of those things. With you, Mr. Hunter, I'd rather listen to your conversation.

Mr. Hunter: All right. Well, Mr. Chair, I will go block. I will try to talk about estimates, minister, and I will refer to those things in here as we try to be able to get to an understanding of where the ministry is going.

Through you, Mr. Chair, to the minister. I would like to begin my question by referencing key objective 2.1 on page 51 of the business plan that the ministry will maintain, enforce, and enhance provincial jurisdiction and regulatory certainty for Alberta's energy and interests.

In recent years the federal government has increasingly introduced policies that infringe on Alberta's oil and gas industry, trampling our Canadian constitutional right to provincial jurisdiction, something federal courts have ruled in our favour on. The federal government has continued with these initiatives, regardless of the effect on industry and its citizens. The federal government's proposed oil and gas sector greenhouse gas emissions cap regulations alone would result in as many as 150,000 lost jobs across Canada, with Deloitte forecasting a \$16 billion cut to Canada's GDP produced by oil and gas in 2035, a 16 per cent decline. The Conference Board of Canada forecasts an \$11 billion cut in revenue for all of Canada in 2035, a 2 per cent decline. These losses will gut revenues generated from royalties and taxes that are used to pay for schools, roads, and hospitals.

So, given that Alberta's oil, gas, and resource industry is vital to securing energy security across North America, and the proposed regulations would make Canadian industry less competitive while further disrupting Canada's trade balance with our trading partners, what work has been completed so far to support the government of

Alberta in protecting its provincial jurisdiction, and what developments do you expect for 2025 through 2028?

Once again, Mr. Chair, through you to the minister. The federal government is unilaterally imposing harmful policies and regulations that will devastate Alberta's oil and gas industry without any meaningful consultation. My question to you today, of course, falls in line with the key objective 2.1 on page 51 to maintain, enforce, and enhance provincial jurisdictions and regulatory certainty regarding the regulations of the oil and gas sector. The 2023 proposed methane emissions rules aim to cut emissions in the upstream oil and gas sector by at least 75 per cent below 2012 levels by 2030. Instead of building on Alberta's world-leading approach, the federal government wants to replace it with costly and ineffective regulations that will benefit no one beyond the federal minister for environment.

Under Alberta's equivalency agreement with the federal government, the province has been successfully regulating methane emissions. Nearly 15,000 well sites and facilities have been reviewed across the province, preventing the release of nearly 17 million tonnes of emissions. Alberta's approach works closely with industry to deliver real results, including early action programs like carbon offsets, strong provincial regulatory requirements, and improved leak detection and repair. This has saved the industry about \$600 million compared to the cost of federal regulations. Could the minister provide us with an overview of Alberta's own progress to reduce methane emissions and how it will continue to do so in 2025-26? Additionally, can you explain how your ministry will support provincial jurisdiction in this matter to ensure that Alberta's progress is maintained?

Now, Mr. Chair, can I cede my time to Member Armstrong-Homeniuk?

The Acting Chair: Yes.

Mr. Hunter: Okay.

The Acting Chair: Ms Armstrong-Homeniuk.

8:20

Ms Armstrong-Homeniuk: Thank you. Thank you, Chair, through you to the minister. First of all, Minister, I want to take a minute just to thank you for all the work you and your team do around the world educating everybody on Alberta's responsible resource development and all the good things that we do here in Alberta. I'm very proud of you and the lead you take on that. You do a very good job, and so does your team, and I just wanted to add that.

Chair, through you to the minister, key objective 1.2 on page 49 of the ministry business plan touches on the Alberta carbon capture incentive program. This incredible program is a provincial initiative designed to accelerate the development of carbon capture, utilization, and storage infrastructure. By offering a 12 per cent grant on eligible capital costs spread out over three years, starting one year after the project operations commence, ACCIP aims to support industries such as oil and gas, power generation, petrochemical, and cement in reducing their emissions.

The program is structured to complement federal initiatives like the CCUS investment tax credit, enhancing financial support for in CCUS in Alberta. As of now the program is still in the application stage and is getting finalized. However, Alberta has a history of supporting CCUS projects, having invested more than \$1.8 billion in initiatives such as the Alberta carbon trunk line and the Quest Shell project, which have collectively captured and stored more than 12 million tonnes of CO₂. Minister, could you please tell our committee about the work the ministry has completed so far and

what is planned over 2025 and '26 to begin developing and implementing ACCIP?

And, Chair, through you to the minister, I wanted to continue the line of questioning related to carbon capture incentive programs, which appears on page 49, key objective 1.2 in the ministry business plan. The Alberta carbon capture incentive program is a strategic initiative designed to support key industries such as oil sands, oil and gas production, petrochemicals, and power generation by advancing carbon capture, utilization, and storage technologies. Recognizing that CCUS is one of the most viable long-term solutions for emissions reductions, Alberta's government is actively investing in the program through financial incentives, regulatory support, and collaboration with industry stakeholders. By setting clear emissions reduction targets and integrating CCUS into Alberta's emissions reduction and energy development plan, the province is creating a structured framework to drive innovation and sustainable growth. Over the next decade government estimates indicate that ACCIP could generate up to \$35 billion in new investments and create approximately 21,000 jobs, reinforcing Alberta's leadership in responsible energy development while encouraging emerging industries.

In addition to funding, Alberta is streamlining regulatory processes to accelerate project approvals, fostering technological advancement, and supporting workforce training to ensure the successful implementation of CCUS. These efforts not only help maintain Alberta's competitiveness in global markets but also contribute to a broader national and international emissions reduction commitment. As jurisdictions world-wide continue to develop similar initiatives, ACCIP ensures Alberta remains at the forefront of carbon capture innovation, driving economic prosperity while transitioning towards a more sustainable energy future. To the minister: can you speak to the benefits of ACCIP and its impact to Albertans? Minister, I will pass that back to you.

Mr. Jean: Well, thank you very much. First of all, I appreciate the compliment, but I have to tell you that anybody, I would hope, that would have been down at CERAWEEK, the biggest oil show in the world, would have been so proud of our Premier who represented us so well, not just as a leader of Alberta and a political leader but, truly, a Canadian leader and a world leader. I was so proud of her, and she did such a great job. The team put forward the biggest presence that Alberta has ever had at that oil show, and everybody that came to the show pretty much had to walk past the Alberta flag and the Alberta marketing. It was just a humbling experience for all of us, and we were so, so proud of the department, of the Premier, and of our government, and – you know what? – frankly, of Alberta.

We should be very proud because we lead the world in so many different ways, and on the topic of federal-provincial jurisdiction we lead the other provinces in lawsuits with the feds, for sure. In October 2024 the government of Alberta gave the federal government a four-week deadline to remedy the unconstitutional provisions in the amended Impact Assessment Act or face another legal challenge. Well, the federal government has failed to address Alberta's concerns, and in response the government of Alberta has referred the constitutionality of the amended Impact Assessment Act to the Alberta Court of Appeal.

The government of Alberta undertook a thorough evaluation of the draft federal oil and gas sector emissions cap regulations and submitted Alberta's technical submissions to the draft regulations based on a number of grounds. Alberta is asking the federal government to listen to the concerns raised by this technical submission. The government of Alberta will be challenging these regulations in the courts immediately after their enactment. This is a straight violation of our jurisdiction. Alberta has introduced and

passed a motion under the Alberta Sovereignty within a United Canada Act, and this is to safeguard Alberta's economy from an unconstitutional federal emissions cap, if or when it becomes law. As we've seen even from the Parliamentary Budget Officer, it would have devastating ramifications on Alberta and our economy.

The amendments to the Competition Act relating to representation regarding the environmental effects of a product, business, or business interests from Bill C-59 constitute a threat to Canadian business and our country's competitiveness on the world stage. The government of Alberta views these amendments as encroaching on provincial autonomy, undermining the province's ability to set and manage its own environmental standards and disclosure requirements. The government of Alberta will continue to support its businesses, its citizens, and its industries and their ongoing efforts to reduce emissions and responsibly communicate their environmental goals and ambitions to Canadians.

Now, that gives you sort of an idea of where we are, but overall, Mr. Hunter, the government of Alberta will continue to defend the province's constitutional jurisdiction and push back against any overreach that threatens Alberta's economy and standard of living and is outside the constitutional right of the federal government. I can assure you we're doing that in every place because they have and continue to drive outside of their lane, which is an infringement upon our rights as Albertans.

Now, on the topic of methane emissions. Currently this is Environment and Protected Areas' lead, but allow me to say this: another place that Albertans should be proud. Energy and Minerals continues to support Environment and Protected Areas to ensure that emissions reduction targets are achieved using a cost-effective and Alberta-based approach, and it's working.

Energy and Minerals also continues to work with the Alberta Energy Regulator and industry to investigate opportunities to reduce red tape and streamline data and reporting processes.

Alberta has already met its target to cut methane emissions from the oil and gas sector by 45 per cent in 2025 relative to 2014 levels, and we've actually reduced emissions by 52 per cent compared to a 2014 baseline. This is good news. This was indicated by the AER's ST60B 2023 report, which was released in November 2024. Energy and Minerals is continuing to participate in assessing options for achieving a 75 to 80 per cent reduction by 2030 as laid out in Alberta's emissions reduction and energy development plan. We're focusing our effort on assessing pathways that will achieve methane emission reductions in the most efficient way possible without subjecting industry to unnecessary financial, operational, or administrative burdens. We are getting the job done.

Alberta's technology innovation and emissions reduction, or TIER, regulation system includes both the regulatory approach and carbon offset initiatives for these sectors to support cost-effective emissions reductions. I have also heard clearly that our TIER program is one of the world leaders in emissions reductions and using this system. This includes oil and gas, landfills, and food processing. Large facilities that emit 100,000 tonnes or more per year of carbon dioxide equivalent are regulated under TIER.

Now, in relation to the other question on ACCIP, Alberta carbon capture incentive program, this will support the acceleration of new CCUS infrastructure by providing incentives for facilities to incorporate emissions reduction into their operation. It's been a huge success. You've probably heard of Dow. They want to use CCUS. There are many other companies. Heidelberg as well. This ACCIP program is expected to provide between \$3.2 billion to \$5.3 billion over the next decade to support major industries to incorporate CCUS into their operations. This provides grant funding for the new eligible capital projects after they've been built and in operation for a year. This provides, like APIP, 12 per cent

for new eligible capital costs. The ACCIP will help hard-to-abate industries such as oil and gas, power generation, petrochemicals, and cement to significantly reduce their emissions.

8:30

Heidelberg is the first of its kind, Dow Chemical is the first of its kind, and many other operators are looking to Alberta as an opportunity for them to bring their industry here. It's one of the most viable options available to help Alberta's major industries achieve climate goals without needing to cut production, and we're doing exactly that.

ACCIP is designed to align with similar eligible costs from other funding programs, as I mentioned, such as the federal CCUS investment tax credit. Energy and Minerals has been developing the technical guidelines and engaging with stakeholders through 2024-25, and more to come. The full information on the application process will be coming forward very quickly.

On CCUS generally, we really believe, when you talk to Korea, when you talk to Japan, when you talk to Europe, many of these jurisdictions are looking to Alberta with envy because of our geology and our competitive advantage. I just heard recently from someone that should be in the know that Alberta is probably the best jurisdiction in the world for carbon capture, utilization, and storage. We should be very proud of that and help to accelerate the development of this technology in any way we can, because, as we move forward, it appears that there are opportunities towards that stored carbon in the future. CCUS will facilitate significant emission reductions in these industries, and I think it clearly gives us a competitive advantage over other jurisdictions that are not doing this right now.

I think that was pretty much everything. I could talk for a little bit about, you know, going down to Texas if I can. I went down to Texas. I saw all these big pipelines that had Canadian crude in it, crude from the oil sands. Mr. Yao, you would have been very proud. So many people knew what we did down there, how important Alberta oil is for them, how much they value our relationships. People would come up to me and talk to me about how much they appreciated what we did and how we did it and how they used to live in Fort McMurray or they currently lived in Calgary or many different places around Alberta in rural Alberta and how proud they were to have come from Alberta and how proud they were of their government standing up to what was going on around the world, in a time of chaos of being sane. I just want to pass that on. It was a very proud moment.

The Acting Chair: Thank you, Minister Jean, for that.

With that, we'll go back to government side. Mr. Lundy.

Mr. Lundy: Well, thank you, Mr. Chair. Minister, I hope you reminded them who won the Western Conference Finals last year in the playoffs; maybe a sore spot for them.

Thank you for chatting a little bit about carbon capture, utilization, and storage. I would like to follow up on that with some additional questions during our block here. I believe, as my colleague made reference, this is on page 49 in the business plan, under key objective 1.2, which, of course, speaks to Alberta's carbon capture initiatives. Through the chair, as always, to the to the minister, I think it's important we, you know, dig down on this a little bit more. We all know Alberta is advancing carbon capture, storage, and utilization, CCUS, to meet emissions reduction targets, support industrial decarbonization, and develop a low-carbon economy.

I'm excited that the province is accelerating this CCUS technology, particularly in sectors with limited alternate solutions,

such as oil and gas, power generation, and petrochemicals. We see companies like Strathcona Resources, Entropy, Shell Canada, ATCO Power, and Bison Low Carbon Ventures are investing in large-scale CCUS projects, and this reflects industry confidence. Alberta has supported CCUS development for over a decade through regulatory frameworks and infrastructure, with projects like Quest and the Alberta carbon trunk line capturing over 15.6 million tons of CO₂. More than \$1.8 billion has been invested, including funding from the technology innovation and emissions reduction fund, or TIER. Additionally, organizations like Emissions Reduction Alberta and Alberta Innovates are facilitating commercialization.

In 2022, the government granted 25 evaluation agreements for carbon storage hubs, which will permanently store CO₂ once operational. Companies are collaborating with the government to assess locations, and successful projects can apply for sequestration agreements to inject captured CO₂.

I see, as our time winds down, I would like to ask through the chair to the minister: Minister, could you tell the committee what the ministry is doing to support CCUS over '25-26 in addition to the ACCIP program? I think this is a natural continuation of these investments that we've seen. In January 2025 three major projects – Shell and ATCO's atlas project and the Meadowbrook project and Enhance's origins project – have secured sequestration agreements. These operators must obtain regulatory approvals for carbon capture, transportation, and storage. We're all excited as these hubs will help diversify Alberta's energy sector by supporting cleaner electricity and hydrogen production while reducing emissions in high-impact industries. I look forward to hearing from the minister.

The Acting Chair: With that, that concludes government members' first block of questions. We're now going to take a five-minute break. When we come back, we'll start our second round of questions and responses.

[The committee adjourned from 8:36 p.m. to 8:41 p.m.]

The Acting Chair: All right, everybody. Everyone is absolutely enthralled by all this. Fantastic.

We're now moving to our second round of questions and responses. The speaking rotation going forward will be the same as in the first round, starting with the Official Opposition, followed by members of the government caucus. However, the speaking times are now reduced to five minutes for the duration of the meeting. We will begin this rotation with a member of the Official Opposition, who will have up to five minutes for questions and comments, followed by a response from the minister, who may have up to five minutes. After both individuals have had an opportunity to speak once, we will then move on to the next caucus in the rotation.

With that, Ms Al-Guneid.

Ms Al-Guneid: Thank you, Mr. Chair. Before I go on with my question, quickly, just to correct public record, laptops are made of plastics, aluminum, magnesium alloy, and carbon fibre, so there are no steel laptops here today.

Mr. Jean: Inside them.

Ms Al-Guneid: It's good to know, Minister.

Mr. Chair, I want to switch gears here a little bit. The Trump tariffs – point of order? Did I hear that? No.

The Trump tariffs against Canada and Alberta are here. These are aggressive tactics against Alberta, against Canada. It will result in economic chaos for a very long time. Calgary ranks second among cities most vulnerable to U.S. tariffs in a report by the Canadian

Chamber of Commerce. Of course, Alberta's oil and gas sector is quite vulnerable to the tariffs. The Trump aggression will impact Alberta's energy products. In times like these we need to be creating a thriving domestic sector. That will be our best defence.

The resource revenue roller coaster is a constant challenge for us here in Alberta. We can see that here in the energy budget. The bitumen royalty revenue has dropped by \$4 billion from last year. That's roughly 24 per cent less than last year, dropping from \$16.96 billion in '24-25 to \$12.8 billion in '25-26, as shown on page 80 of the ministry's financial statements. If we look at outcome 1 in the ministry's business plan on page 49, it states: attracting investments and working towards that objective. Through the chair, how does the minister plan to bring investments to Alberta as Canada is being attacked by the Trump tariffs? Is the minister looking at trade-exposed industries and regions, especially as Calgary and Lethbridge are the most exposed? What is the minister's plan to advance local energy projects that are shovel ready? I'm talking about all types of Canadian energy. It is our best defence and should be on the table to advance very fast.

Mr. Chair, it is important to remember that this is the government that banned renewables for seven months in 2023 then put some of the most punitive and destabilizing policies against this sector in Alberta's history by December 2024. During and after the renewables moratorium it is clear that the energy minister did not step in to expand Canadian energy and to save \$33 billion of investment. That's an investment loss squarely due to this ill-informed policy. Through the chair, what is the minister's plan to bring new investments, diversify our energy sector, and build a more resilient market from the tariffs?

The 2025 budget does not show a plan to derisk new sectors and start new industries despite objective 1.2 on page 49 mentioning the energy transition – and the minister has mentioned that a few times so far – and economic diversification. I'm pretty pleased to see that. We'd like to see some action now. In fact, on page 77 of the estimates, line 4.1 of the Energy and Minerals ministry, we see a cut to the mineral strategy from \$15,877,000 to \$12,200,000. Why the reduction, Mr. Chair? This is the Energy and Minerals ministry, so through the chair, why wouldn't the minister be doubling down on critical minerals in these critical times and even derisking the sector for private-sector investments?

The minister mentioned China. China has 82 per cent control of the supply chain of critical minerals. We are in a race, so why isn't the minister creating the pathways of developing a midstream or a critical minerals processing sector right here in Alberta?

Mr. Chair, the minister released this strategy back in 2021. It is 2025. Where are the outcomes? Where are the developments? Why is there a cut? How would this ministry help us get out of that resource roller coaster if we're not investing in new sectors and new strategies? Really, like, it's not serious, especially as we face these existential threats from the Trump administration. Why is the minister slashing the minerals budget by 23 per cent? In these times of uncertainty why wouldn't the government create new pathways for economic development? Where is the plan? I'm not seeing it in this budget. I'm not seeing it taken seriously to derisk new sectors, to open new doors, to open new pathways, especially as we compete around the world for critical minerals.

I was happy to see the minister at CERAWEEK, and I'm sure we discussed this there.

The Acting Chair: Minister Jean.

Mr. Jean: Thank you. To be honest, the plan is twofold, first, to make sure that the NDP never get to power again in Alberta and, secondly, to continue to do what we do best, which is – just to give

you an example, there are 345 grams of plastic, 6.2 grams of lithium, 386 grams of magnesium, 83 grams of copper, 330 grams of glass, 71 grams of iron, 46 grams of graphite, 52 grams of cobalt, 102 grams of aluminum, and 48 grams of steel in a laptop. How about that? That's what we're going to do. We're going to pursue those minerals, as many as we can, here in Alberta.

If you go on to the Alberta geological website, you'll find layers upon layers of opportunity there for the world to come to Alberta and invest, and they will find the opportunities like that to make sure that we have all of those things that are necessary, including, of course, well-managed resources in oil and gas, in metallurgical coal, and other things that are important to the world right now, especially to Albertans. That's what we're going to do.

So that would be the twofold approach: make sure the NDP don't get in power and chase away those 200,000 jobs like they did last time and make a mess of the AER and, secondly, of course, take all of our natural resources and our great resources of the people of Alberta and make sure that they have the satisfaction necessary to be able to participate, work hard to grow our resources, diversify our economy, and continue to be a world-leading energy industry in playing a critical role in both areas.

Alberta is very well positioned to help meet global energy demand and act as a solution for energy security. We are going to continue to act like an adult in the room and make sure that we provide options and proposals to our allies across the world to recognize that more Alberta energy and more Alberta resources are better for them, better for the entire world. We are very committed to a practical approach to achieve net zero by 2050. I would suggest we're one of the few jurisdictions that is actually well on our way to do so, making energy secure and affordable without phasing out oil and gas and making sure we continue to give the great quality of life to the people of Alberta.

All reasonable forecasts show that demand for oil and gas will continue for decades to come. Even as we lower emissions and pursue emission reduction technologies and integrate renewables and other low-carbon sources into the mix, we will continue to lead the world, and we will get to the point of doubling oil production. Treasury Board and Finance is responsible for forecasting nonrenewable resource revenues, and they do a great job of that, but overall we are there to produce and make sure the AER and the industry itself does what Albertans expect it to do.

8:50

In 2023 Alberta's oil sands supply accounted for 3.3 per cent of the global oil consumption. The measure for 2023 was revised downward from 3.4 per cent as reported for '23-24, but the truth is that if you look at it, 3.3 per cent of global oil consumption is an amazing feat indeed, and the hard-working men and women of our industry should be congratulated for that because they do it better than anybody else in the world as far as environmental performance and making sure that more stays home with the people of Alberta than other jurisdictions do.

The crude bitumen production in 2023 was 3.4 million barrels per day. That was an actual annual record, exceeding the previous record set in 2022, and we're hoping that 2025 is indeed a great year. As you may be aware, 98 per cent of the proven Canadian oil reserves are in Alberta, and Alberta accounted for about 84 per cent of the Canadian crude oil production. We're very proud of that, and we think that we've got a very good future, indeed.

Nonrenewable resource revenue is a very important source of revenue. Over the last 20 years, from 2004-05 to '23-24, it accounted for between 6 per cent and 41 per cent of total Alberta government revenue. It pays for the hospitals, pays for the schools, pays for the bridges; it pays for all of those great things that we get

here in Alberta to increase our quality of life. I'm very proud of what the oil and gas industry does, but I recognize that that number goes up and down because they are sensitive to changes in prices and technology and market conditions. So we have to make hay while the sun shines, and we have to make sure that we do everything we possibly can to use the expertise we have at the AER and the department to do the best job we can for Albertans.

Thank you.

The Acting Chair: Thank you, Minister.

With that, we will now go to the government caucus. I see Mr. Lundy. Please go ahead.

Just very quickly, Member and Minister, do you wish to share or block time?

Mr. Jean: Oh, I'm a block time guy.

The Acting Chair: All right. I'll assume it's block for the rest of the committee proceedings here, then, till I find otherwise.

Go ahead, sir.

Mr. Lundy: Thank you, Mr. Chair. It's feeling very blocky, which is great. Thank you, Minister. I would like to ask about the postclosure stewardship fund. This is on page 47.

[Member Brar in the chair]

Before I dig into the important fund, you know, I need to thank you and your officials, like the members opposite have done – I think that's really important – in particular for my riding, Leduc-Beaumont, which, of course, is home to the Nisku Business Park, which plays such a key role in the energy economy in Alberta. We see lots of companies who supply and logistics to Fort McMurray and across the province, so I know that that's really important to my riding. Our chamber of commerce is very supportive of our energy economy here in Alberta. Of course, Mr. Chair, I will very, very, very shortly move on to the question on the fund. I did want to mention that we're having the first ever Nisku Energy Show on May 14 and 15. I encourage everyone watching to please come to the show. It's amazing. Everyone in the riding is very excited.

Now, through the chair, I would like to ask on the postclosure stewardship fund. As I mentioned, this is on page 47 of the ministry business plan. It mentions that the department administers the postclosure stewardship fund, which I understand is related to carbon capture and sequestration or storage, or CCS, liability management in Alberta. CCS plays a crucial role in reducing greenhouse gas emissions by capturing carbon dioxide, or CO₂, from industrial processes and power generation before it enters the atmosphere. CCS encourages the development and manufacturing of lower carbon energy projects by enabling cleaner production processes.

Also, the government has announced a new fund that supports CCS. The postclosure stewardship fund in Alberta is designed to manage long-term liabilities associated with carbon sequestration projects, ensuring that costs related to site closure, monitoring, and risk mitigation do not fall on the province. As of January 17, 2025, the fund holds \$3.2 million, consisting of \$2.9 million in levy revenue and \$301,000 in interest.

Operators of carbon sequestration projects contribute to the fund based on the amount of CO₂ they store, with Shell Canada's energy Quest project being the only contributor to date. The Quest project captures and stores about a million tonnes of CO₂ per year. The fund is periodically reviewed by Energy and Minerals, accounting for inflation, interest rates, and risk factors. As more sequestration projects, including storage hubs, begin operations, the fund is

expected to grow. My question, through the chair to the minister, is: given the importance of CCS to reduce emissions and encourage the manufacturing of lower carbon energy projects, could the minister please tell us the purpose and benefits of the fund? Additionally, could you tell us what the fund's current value is? I certainly look forward to hearing from the minister on that initiative.

[Mr. Yao in the chair]

I'd like to close my time with an additional question related to energy security, which is always top of mind with our government. We know with the current geopolitical events how important energy security is. Through the chair, I'd like to make a reference to the second paragraph of the mandate and structure section on page 47 of the ministry business plan. We know that Alberta is one of the largest and most responsible oil and gas producers in the world. We provide some of the most ethically produced energy on the planet, and we're doing this at a time when geopolitics are as noteworthy as they have been in recent years, with oil and gas playing a central role. We're even seeing this in North America with the unjustified tariffs coming from our closest ally. At the same time, oil and gas is constantly under scrutiny right here at home from those across Alberta and even across Canada and, unfortunately, I do have to say across the aisle. This is despite the critical role our energy projects, be they natural gas or bitumen or critical minerals like lithium and metallurgical coal, play in our economy.

Through the chair to the minister, on this very important topic of energy security I'd like to ask: can you please tell us how large Alberta's oil and gas reserves are and how these compare globally? In addition, can you tell us how important the development of critical minerals are for Alberta and Canada when it comes to energy security? And can you tell us how your ministry is navigating energy challenges and how it will protect the interests of Albertans?

The Acting Chair: Wow. Minister?

Mr. Jean: Yes. No. No. No. No. Yes. Three point six. Next question. Sorry.

Now, I do appreciate that. I will tell you, you know, when I went across the world over the last couple of years, almost, as energy minister, I was so proud to listen to other jurisdictions and what they wish they had, because Alberta has it. When you go to Korea and Japan, they talk about taking their carbon and putting it onto a boat and shipping it off into the ocean and then ejecting it down, which is extremely expensive. When you talk to Ontario, they talk about getting a boat and putting the carbon inside the boat and taking it out to one of the Great Lakes and shipping it and storing it down. Here in Alberta, man, in two-thirds of the province we can just drill down pretty much, and we've hit ourselves an opportunity to have a hub or some form of sequestration opportunity. The rest of the world looks at us and says wow. It's pretty amazing.

As far as the postclosure stewardship fund, it's paid into by carbon sequestration project operators to off-set the cost of the postclosure liabilities that can be taken on by the province such as site monitoring as well as potential remediation and reclamation costs of potential risks. You know, it's true. Previous governments haven't done a totally good job on this, but this government has taken steps and is going to take more aggressive steps to do better, because we can do better. As of January 17, 2025, there's about \$3.2 million in that fund.

Happy to know that over the last 10 years we've been very active on this file and been doing lots of work. The Quest project is actually capturing approximately a million tonnes of carbon.

Now you're in trouble. My question period binder, I'll tell you. You guys have to have a sense of humour in this job.

The Quest project has captured approximately a million tonnes of carbon, as you'd mentioned, per year from the Shell Scotford upgrader, transporting it 65 kilometres north by pipeline and permanently storing it underground in a deep saline aquifer. We've got a lot of those. The project has completed nine years of safely injecting and sequestering carbon dioxide and is helping to reduce greenhouse gas emissions. The project is operated by Shell Canada, and we're very glad to partner with them. They have contributed about \$2.9 million to the fund since beginning operation in 2015. They've also sequestered 7 million tonnes of carbon at a rate of 23 cents per tonne of carbon dioxide for a fund contribution of \$1.8 million. So that's good news. It looks like – I think this is the year where they break even, so they won't need any more money from the government of Alberta. They are self-sufficient. So that's really good news as well.

9:00

Rate changes, though, can happen, and rate changes are determined by Energy and Minerals through periodic reviews of financial variables such as inflation and interest and the cost of postclosure monitoring activities and cost of remediation and reclamation related to risk events as well as site-specific risk event probabilities; in other words, polluters pay. Did I mention that it's a polluter-pay principle? Just to make sure. I wasn't sure if you got that. In addition to payments from project operators, the fund gains monthly interest earnings, which become part of the fund as a total.

Now, as far as your question on energy security, I can't agree with you more. In today's turbulent world things are definitely a little bit different than they were a few years ago. As a result of that, the Premier wanted a study done on the volume of our reserves. Alberta has the fourth-largest proven oil reserves in the world, after Venezuela, Saudi Arabia, and Iran, and as of 2023 we were at 159.4 billion barrels, of which 157.6 billion were oil sands and 1.8 billion barrels were conventional oil. Just last week the Premier announced that when it comes to oil reserves, Alberta remains strong, with over 160 billion barrels of oil in the oil sands and other new opportunities like the Clearwater basin with almost another 2 billion barrels, and there's new technology that could give us as much as 100 billion barrels up in the oil sands if that turns out.

Although Alberta's oil ranking has not changed as far as fourth in the world, which is very impressive, the truth is that as of 2023 Alberta had 24 trillion cubic feet of natural gas reserves. We were the 28th-largest proven reserve, and now we're ninth. [Mr. Jean's speaking time expired] Time is up, but I can go into that a little bit more: 144 trillion cubic feet.

The Acting Chair: Thank you for that, Minister.

We'll now go to His Majesty's Official Opposition. Ms Al-Guneid.

Ms Al-Guneid: Thank you, Mr. Chair. I'd like to continue with the same theme, on diversification. I did not hear earlier answers to questions on the critical minerals. I'm still on outcome 1, page 49 of the business plan. This time it's on value-added products to strengthen both provincial and national economies. I specifically would like the minister to shed some light on bitumen beyond combustion, or BBC. This BBC strategy has a huge potential in developing value-added products like asphaltene and carbon fibre from Alberta's bitumen. These are multibillion-dollar sectors. Why doesn't the minister present strategic government investments and plans such as BBC that will diversify our economy in the long term?

The BBC strategy has the potential to be similar to the Alberta Oil Sands Technology Research Authority, or AOSTRA, in the 1970s, which developed steam-assisted gravity drainage, or SAGD. Thanks, of course, to the foresight of former Premier Peter Lougheed, Alberta delivered a disruption. It was a technological breakthrough when SAGD happened, and we see the results today, thousands and thousands of jobs and a multibillion-dollar oil sands industry here in Alberta. Through the chair, does the minister know that BBC products can create an annual revenue – an annual revenue – of \$42 billion according to the Alberta Innovates agency? Why isn't the minister advancing this initiative in any way? I haven't heard a word on it possibly ever from this minister.

There is roughly a \$60 million reduction in the Alberta Innovates budget over the next two years. That's a 23 per cent reduction by 2027. That's the same agency that works on BBC. This is a world-class agency. It advises the cabinet and the ministry with long-term strategic advice. Through the chair, does the minister recognize that this is the time to be doubling down on technology commercialization, Alberta advancing new sectors? Diversifying our economy, again, is our best defence against the Trump aggression. Really, Mr. Chair, how are the minister and the government positioning Alberta for the future given that our trade relations with the U.S. are fraught?

You know, I want to continue with that theme of protecting Alberta from the tariffs and increasing energy exports, as per objective 2.4, Mr. Chair. I would say that we at least have the Trans Mountain pipeline, that saved the day, to expand exporting our energy. The government talks big talk on pipelines, but it's been six years; we haven't seen a single pipeline built or approved. I think the minister can thank former Premier Rachel Notley every day and twice on Sunday for building a pipeline. While the Trans Mountain expansion has provided some relief – once again, thank you Rachel Notley – our province remains dangerously dependent on a single customer, which is the United States. So through you, Mr. Chair, has the minister engaged with his federal counterparts about reviving the Energy East pipeline project to gain access to Atlantic tidewater? Yeah. Like, it's been six years of this UCP government. Does the minister truly believe that this government has the skills, the diplomacy, the relationships necessary to successfully navigate this interprovincial co-operation and relationships that would be required for such a massive project?

I'd like to turn to objective 1.1 on page 49 of the business plan, which discusses advocating for increased access to global markets and infrastructures to access markets. You know, it was in your remarks as well, Minister, through you, Mr. Chair. Can the minister outline what specific infrastructure projects beyond pipelines are being advanced to improve market access for Alberta's resources? Objective 1.1 mentions optimization of new and existing infrastructure but provides very little details. So through the chair, can the minister provide specific examples of how existing infrastructure is being optimized and what measurable targets exist for increasing export capacity in the next one to three years?

Yeah. Diversification, protection from the aggression of the Trump administration, and how can we diversify the economy through new sectors, BBC, critical minerals. I haven't heard an answer yet for slashing that budget.

Thank you, Mr. Chair.

The Chair: The Minister of Energy and Minerals.

Mr. Jean: Thank you so much, Mr. Chair. I just need a point of clarification: is that the same Rachel Notley that was protesting? I have a sign of her protesting pipelines. She was protesting pipelines, and I think she brought the carbon tax into Alberta, first

ever jurisdiction, and a few other things like that. Yeah, I think that's the same Rachel Notley. I remember her. She almost destroyed my town and the oil industry in Alberta. I remember her.

In particular, though, I will say that one thing we don't do in this government is to use political interference to direct Alberta Innovates, which is doing great work on bitumen beyond combustion. In fact, I had an opportunity to go to the U of C recently and look at some of the technology from there, in particular carbon fibre and how it was being spun from oil sands from my community and only two patents and how that is hopefully going to revolutionize carbon fibre opportunities in the future, making hockey sticks to airplanes to laptop computers out of oil – you know what I mean? – that kind of thing. I'm pretty excited about that, and I think there's a good opportunity for that.

There's also the opportunity of making asphalt. I don't know if you know this, but right now the bottom of the barrel is being exported to other countries, and they're using it to pave roads because it just so happens that it makes some of the best asphalt in the world.

Asphaltenes and that technology is also – I have been looking at that closely. I've been encouraging some Indigenous folks in northern Alberta to get into that because – I don't know if you've heard – we're going to pave a place called 686 from Grande Prairie to Fort McMurray. We're going to put in a highway there so the people in the north, in rural Alberta – you might have been up there before. There's no road between Grande Prairie and Fort McMurray. We're going to put a road up there, and I'm hoping that they're going to use that asphalt, through an Indigenous partner, through Alberta Innovates and the bitumen beyond combustion, to actually pave those roads. I don't know if you're aware of this, but asphalt from the oil sands paved Parliament Hill once, back in the '50s, and also Jasper Avenue. A little bit of history there for you. It's been used before, and we think the technology is there to be able to use it again and be quite successful.

Bitumen beyond combustion: lots of opportunities there. I think the opportunity to, for instance, make batteries and other opportunities from carbon fibre is truly there.

On critical minerals, I am excited about this, but one thing I'm not going to do is set aside money that we can't spend efficiently and effectively. But I will say that the reason why I'm so excited about critical minerals and energy security is because the United States is looking right now at us and what we can provide. You know what? As the Premier said, when I was so proud of her down in Texas: I think we have everything you need. And she's right: we do and more. That's what is so exciting. Global demand for critical minerals is rapidly increasing due to, of course, their extensive use in technology such as your laptop, that are also needed to support national defence. We've seen the European Union and other jurisdictions ramp up their need for national defence because of some of the insecurities going around.

9:10

Also, advanced technologies and energy security, as I mentioned – and of course you can't make those windmills without steel, right? All of the other renewable energy generation: we are heavily involved in that. In fact, I think you'll find that as far as renewable energy, Alberta – again, we're the leader in the country. Pretty amazing, actually, when you think about a population of 5 million people leading the country in so many different aspects. Very proud of what we're doing here in this government and in Alberta.

The International Energy Agency actually predicted that demand for minerals such as graphite, lithium, and cobalt may quadruple between 2024 and 2050. Critical minerals are increasingly being used as geopolitical bargaining chips, with China restricting or

banning exports, which, as many of you know, has been taking place. We need to be careful, and we need to be sure that we can provide our allies with what they need. We can, and we're hoping that they will see that and come up here and invest in the great opportunities that Alberta provides and create those great jobs that Albertans need. The U.S. and western economies' supply chains are very vulnerable, with limited alternatives, and that makes Canada a well-known and well-endowed opportunity with critical minerals and developing those supply chains that support those key sectors such as energy, agriculture, advanced technologies, and national defence, as I mentioned.

I don't know if you're aware of it, but another great story is Fortune Minerals, which has received an investment by the government of the U.S., by the U.S. administration. They have invested here in Canada to make sure that they take steps on some of those critical minerals. Lithium, vanadium: believe it or not we have more vanadium than we know what to do with, and some countries just can't get enough of it. Titanium, rare-earth elements . . . [Mr. Jean's speaking time expired] Et cetera, et cetera.

The Acting Chair: All right. We'll next go to the government side. Mr. Boitchenko.

Mr. Boitchenko: All right. Good evening, everyone. Hi, Minister. I would like to start, obviously, well, asking you about the shared time or block time. I think I know the answer, but . . .

Mr. Jean: I can't treat you any differently than Mr. Hunter. I'm sorry. It's got to be block.

Mr. Boitchenko: I tried. Okay.

Well, in that case, I'll start with thanking your team for the amazing work they are doing in our energy sector and in your department. I want to thank you, Minister, for putting your heart into this ministry. It's not a secret to us that you are from Fort McMurray, the heart of our oil and gas, minerals in our province. I don't think there's anybody else that understands the energy, and we're blessed to have you as a minister. Oil and gas and minerals and, perhaps soon to be, coal are the breadbasket of our province, paying for health, paying for our education and for our social services, paying for everything. Being on the Treasury Board, I can attest that without the budget from our industry, you know, our province would be in trouble. So thank you for the amazing work you do.

In fact, I would like to say that my favourite saying of yours is: drill, baby, drill. You know why? Without oil, without gas, we can't have our laptops. We all know that laptops have plastic as well, okay? We have more cars, more cell phones, more clothing to wear with oil and gas. We have more everything because everything contains plastic and metals, okay? For the record, with a little bit of common sense – well, shall we say the opposite. With a lot of common sense and a little bit of googling, I can tell you on the record that laptops do have steel, right? Just putting that on the record.

Anyway, I do have a question, okay? I hope I can squeeze that question in. That question would be regarding our international missions. Referring to the key objective 1.1 on page 49 of the business plan, since November Canada has a real wake-up call on just where it stands on oil and gas since the President of the United States started talking about crippling tariffs across the board. They are crippling, especially when they are on oil and gas. Including in Alberta's energy sector, governments of all stripes have suddenly aligned on the importance of pipeline energy infrastructure; that is, all except for a small group of activists and their supporters, who have been strangely quiet on this issue. I think this period of time

has shown everyone the importance of our energy sector, also known as our golden goose. The big issue, of course, is that we send the vast majority of our bitumen south of the border.

Industry forecasts are talking more about rapidly exceeding markets, particularly in China, India, Japan, Korea, and throughout all of Asia. There is a crying out specifically for natural gas and our bitumen to help fuel their economies, AI data centres, and for greener feedstock for their electrical grid. You have mentioned about China building a whole bunch of coal energy. To the minister: could you speak to which global partners are essential to engage with, and what are the ministry's objectives with respect to this engagement? Another question would be: could you tell us what other products are of particular interest to them at this point and why? If we can maybe expand a little bit on which countries and what particular items they're looking for.

The Acting Chair: Minister.

Mr. Jean: Thank you very much. Yes. Thank you for the question. First of all, it's no secret that the United States is our biggest trading partner and our best friend. I'm hoping those tariffs go away very quickly and we can get back to business. I think that's the best thing for all of our citizens. It's no secret that I think the U.S., because of proximity and the fact that they're the biggest market in the world, would be the best opportunity for us, and we have to seek out those competitive advantages that make us absolutely essential and necessary to them so they don't treat us like this ever again. That would be my hope.

But, you know, we do have to look at other markets. Just like we have to look at bitumen beyond combustion and other opportunities for our natural resources, we have to look at other markets for those natural resources when we get them produced and out of the ground. In particular, my favourites, in speaking to who those countries would be, would be Korea, Japan, India, European countries, in particular Denmark and Spain. There are a lot of different countries that we fit very well with, in particular Asia, where our natural gas sometimes trades for 10 times more in that market than it trades for here domestically.

If we can get it offshore through LNG, and we are seeing strides that way now, and if we can start having, you know, opposition parties from wherever they may be from, possibly the NDP from B.C. – maybe we could have our friends from the NDP in Alberta talk to them about pipelines and the opportunity of pipelines. I heard today from one of our members that she's in favour of pipelines in all directions. That was great to hear. I'm not sure if her former Premier felt that way and former leader of the party, but she obviously cares about pipelines, and that's good to see. Maybe the rest of the members in the NDP party would stand up and say that they agree with pipelines now as well. But what we have to do is look for all markets, every direction, anywhere we can as long as they're allies, and I think that's the biggest issue.

9:20

How do we encourage our allies to help us with that? Right now there are opportunities through some government organizations and some of our allies that want to see this critical infrastructure so much that they're prepared to invest in that critical infrastructure. I think that tells you exactly what they need.

Most of the refineries in parts of the United States and in particular around the world now are geared up for our heavy oil. They need it and they can get a lot more products out of that heavy oil than they can from some of the light oils. So the truth is that most jurisdictions are looking for it, and as time goes, it appears to me, based upon the information I have, that more and more demand

will come forward for our heavy oil. Therefore, we need to get pipeline egress to the west coast, the north, the east, and the south as much as possible. You know, if we don't have egress, we're going to see bottlenecks again, and we'll get less than the market price for our product, and we can't see that.

So we need to look at all opportunities. The Premier has made it very clear that she wants to double production. We're on our way to that. We believe that by 2028, 2030, we'll probably be up to 6 million barrels a day, 5 and a half to 6 million barrels a day. We can do that with some tweaks and some efficiencies and working with industry to try to find where we can find that low-hanging fruit to increase production and distribution. Then, in the coming decade, we'll probably see ourselves get up to 8 million or more, depending, of course, on what egress options are built. Hopefully, most governments around Canada will see the great advantages of building west, east, north, and south, and they will encourage that to happen. We're hoping that some of those restrictions will be eliminated once the current federal government and their ally in Ottawa is eliminated.

One of the things that the Premier has told me to do in our international engagements is to ensure those people that are talking to us recognize that Albertans are the owners of these natural resources, not Ottawa. Therefore, they should be talking to us as a key part of the solution to meeting global demand and ensuring affordable, safe, secure, and reliable energy supply and promote Alberta's plans to increase the value of energy and minerals that are found in Alberta. How we can do that is very evident in making sure that we find as many markets as possible for our product and ensure that Alberta is the leader in all of these different technologies that are important to the world.

The Acting Chair: All right.

Back to the New Democrat caucus. Mr. Ip, you have the floor.

Mr. Ip: Thank you, Mr. Chair.

I would like to focus my set of questions on the issue of inadequate and lack of Indigenous consultation. On page 47 of the ministry business plan's mandate it states that the ministry strives to leverage Alberta's natural advantages through a predictable and streamlined regulatory environment that encourages the development of various finite natural resources. It later states that there are new regulatory frameworks for emerging resources to provide new investment with regulatory certainty.

My question is related to the already concerning lack of Indigenous engagement and whether this government recognizes that the Natural Resources Transfer Act was done without any consultation or input from First Nations in this province. It is worth noting that under section 35 of the Constitution Act, 1982 the Crown has a clear duty to consult Indigenous communities before approving projects that may impact their rights and land use. Through the chair to the minister: why has this government forgotten yet again Indigenous nations when it comes to energy and mineral development? Curiously, the budget documents have zero reference to the legal responsibilities of this government when it comes to energy exploration.

I know that through the crossministerial work that Indigenous Relations prides itself on, the ministry would certainly know that the chiefs have been clear and continue to be clear that no nation in the province of Alberta has ever ceded, surrendered, or given up the rights to any natural resources. Through you, Mr. Chair: does the minister believe that Indigenous nations are not entitled to the splendour of the wealth that this province willingly takes, as quoted on page 47 of the ministry business plan, to "support Albertans' high quality of life and the prosperity of the province"?

Mr. Chair, the NRTA was passed without the free, prior, and informed consent of First Nations, and I must stress it does not override treaty rights. Further, Alberta under this current government, quote, overreached First Nation plans, resources, and treaty obligations. A press release issued just last week by multiple First Nations restated both their sovereignty and issued a warning to this government. While I appreciate that on page 47 of the ministry business plan it alludes to Indigenous peoples in Alberta having opportunities to participate in and benefit from a strong, diversified energy and minerals sector, I do not see anything in this budget that would demonstrate a commitment to this. Through you, Mr. Chair: where can we find the line items in this budget that clearly show the minister's commitment to developing opportunities for Indigenous people in Alberta?

When it comes to the AER: the AER is allocated \$269.7 million, as indicated on page 51 of the ministry business plan, whereby 72 per cent of the investigations are compliant when it comes to AER investigations on regulatory adherence. But I should note that it took two years from the first Imperial Oil spill in the territories of the Athabasca Chipewyan First Nation and the Mikisew Cree First Nation for a fine to be levied against Imperial Oil. Through you, Mr. Chair, my question to the minister: how can the budget documents state one thing but the actions of this government demonstrate otherwise? And does the ministry not find it concerning that millions of litres of tailings containing dangerous chemicals such as mercury, benzene, arsenic, and naphthenic acids may be leaking onto First Nations land? Through the chair: what is the minister's plan to address this? Please be specific. The chiefs and nations are listening.

Next, I want to ask about coal, related to outcome 2. With the most recent flip-flopping on coal by the government in the eastern slopes, which not only violates treaty rights but also binds Albertans via policy to force Albertans into a lawsuit of this government's own making, I might add, putting all of us between a rock and a hard place, I note that on page 77 of the energy estimates we see \$56.6 million allocated to energy policy in program 2.2.

The Blood Tribe on February 4, 2025, has issued they are unequivocally against coal development in the eastern slopes. Minister, a vast majority of Piikani members that comprise the Piikani Mountain Child Valley Society adamantly oppose all coal mining activities along the eastern slopes. That includes Grassy Mountain. Our colleague MLA Arcand-Paul has engaged in consultation with Indigenous peoples on this important issue, and it's clear that a government-to-government relationship is not being respected in the Piikani. Through you, Mr. Chair, what is the government doing to set benchmarks to ensure . . .

The Acting Chair: Mr. Minister.

Mr. Jean: Thank you so much. It's pronounced Mikisew. They're a band up in Fort Chipewyan. If you ever get a chance to go up there – I've gone up there 20 or 30 times. It's incredible fishing. The largest lake trout ever in the world was caught from there, 104 pounds, believe it or not. They also share that same community with, as you mentioned, the Athabasca Chipewyan First Nation. Actually, I met with him two hours ago, the chief of that particular band, Allan Adam, and three of his council members and some of his business people in my office not far from here. He has my phone number. He's been calling me for 30 years because we grew up together along with most of the other people in that area.

You know, he actually is very interested in some of the things you talked about, in particular economic development, making sure that he had an opportunity to participate in the wealth that's being generated there. We had those frank discussions, and I'm excited

about the opportunity that he and his community have as well as the Mikisew Cree First Nation and all other First Nations in Alberta.

I'm very pleased to work very closely with Rick Wilson, the minister of Indigenous affairs. I have heard from no less than three different chiefs during my time in this ministry tell me that we are the best government that they've ever worked with in Alberta. They have clearly indicated how pleased they are with the Premier; how pleased they are with this government; how pleased they are with the Alberta Indigenous Opportunities Corporation, that is lifting many of them out of poverty, which obviously gives them an opportunity to participate at no cost to taxpayers unless something goes wrong. We're making sure that every deal is the best deal.

The Piikani in particular have indicated, most of them, that they're very interested in the development in their communities. I'm excited about those developments, and I wish we could move forward with them a little bit more quickly, but we have what is called the rule of law here in Alberta. We let people have their opportunity to say things and to put forward their point because everybody's point is important, just like everybody's point in relation to the environment and the economy is important.

9:30

I'm so proud of how well our industry does with Indigenous participation. I've seen it up in Fort McMurray over the many years. My good friend Tany Yao has seen it as well, where Syncrude used to have an 8 per cent hiring quota for Indigenous folks out of their 3,000 or 4,000 people that were hired locally back in 1980-1985, before it became popular I might add. Then they went up to 10 per cent, and then I think they went up to 12 per cent. I don't know if they even do per cents anymore because there's such a large portion of their workforce that's Indigenous, just like CNRL, just like Suncor, just like most of the large energy producers up there, like Imperial and others, that fortunately do a lot of training for these Indigenous folks and bring them into the workforce as well as buy billions of dollars of product from them on a daily basis. I've actually seen it happen over the last 50 years where these Indigenous communities have been lifted out of poverty and are part of the workforce and the people of Alberta.

I'm very proud of that, and it's this government in particular that has done that through economic reconciliation. I had the pleasure of talking about this not long ago when Fort MacKay announced their intention to build an oil sands mine, and I was quite moved by that, actually, publicly. It made me choke up because it's such a big deal. I'm so pleased with what they're doing up there because we do it better than anybody else on the planet and we also share it with Indigenous people. What a novel concept. I'll just say that nobody does Indigenous participation better than we do here in Alberta. B.C., Saskatchewan, the government of Canada, and other jurisdictions around the world are taking note of what we're doing here, and they're emulating that.

I wish they would emulate some of the other great practices we have, and I wish the NDP would do that, too. When they talk about pipelines, on one side they protest and on the other side they talk about how wonderful they are. I wish they'd get their act straight and just get out from behind the placards and support our industry, our hard-working men and women that need pipeline egress in order to keep their jobs.

Right now, although Edmonton and Calgary are doing quite well, there are some parts of this province that aren't doing quite so well, and those parts are rural Alberta. We need to focus a little bit more on rural Albertans, including the Indigenous and the Métis people of this great province. We do lead the world on this, and I'm not going to apologize ever for leading the world on great Indigenous

consultation and making sure they participate and we reconcile as much as we possibly can and work together for a better future.

Complete silence for seven more seconds.

The Acting Chair: All right. With that, we'll now go to the Conservative caucus. I see Mr. Cyr.

Mr. Cyr: Block time, Minister?

Mr. Jean: Oh, Mr. Cyr. Great to see you.

Mr. Cyr: Minister, I will say that it's great to hear the level of consultation. I've got four bands, and I'm very, very, very proud of Frog Lake, Cold Lake, Kehewin, Saddle Lake; two settlements in mine, Elizabeth settlement, Fishing Lake. When it comes down to it, there are always the isolated consultation disputes, but I will say that I've heard from my region at least that we're doing a better job than anybody else. To hear you voice that, sir, and how well we're doing with our region at least up in the northeast: I'm thankful for that, and I'm thankful for you to communicate that out, because unfortunately it's misinformation or disinformation coming from the NDP on this side.

One of the things I'd like to touch on is that we did have an abandoned well up in one of my towns, Bonnyville. What happened is that one of these orphan wells, unfortunately, started leaking natural gas. What I will say is that the AER and the Orphan Well Association came in, and they worked with my municipality and my office, sir. I know that these are independent agencies, both the AER and the Orphan Well Association, but what I will say is that they've done stellar work. I'd like to call out one of my local AER managers, Colin Woods, great guy. He's been working really, really hard for the AER, and I'd like to talk about Lars De Pauw from the Orphan Well Association. What happens is that from your leadership and the frameworks that you set, they're able to be successful in my local area, and I'm thankful for that.

You know what? When it comes to the NDP, they continue to promote the AER, and then they slam them. Same thing with the Orphan Well Association. I don't believe they're giving them the credit. These are world-leading experts that I've found in my area, and I think that you've done a great job in promoting them, sir.

I also would like to discuss really quick the Pathways project up in my area; in our area, actually, sir. What happens here is that – when I first got in, I didn't quite understand how CO₂ was captured and put into the ground. In the end it's going to be deposited down into the ground in my area. I will thank you, sir, for sitting down with me as well as your chief of staff, Vitor Marciano, to help me have a better understanding of how all of this works. There was also a lot of fear in my area about what this is because it's new and people just didn't understand.

You know, what I will say is that my colleagues Jackie Armstrong-Homeniuk and Brandon Lundy did some excellent questions down this road, sir. To hear where we're going as a province to sell our oil that much better is something that I think we all can strive towards.

What I will say from my area is that we are disappointed that it appears that you, Minister, have stepped up for carbon capture but our federal allies in Ottawa have completely dropped the ball on this file. When it comes to the NDP-Liberal coalition, you'd think that they would be all over carbon capture but not in our area, apparently. That seems to be the real issue here.

Getting back to this, we've always sought better ways of doing this, whether it's getting the oil out of the ground or leading oil well reclamation, as we were talking about, or being on the leading edge of carbon capture development. It is critical that we constantly are looking ahead for ways to stay above the curve, searching for

efficiency, scouring for a better way to deal for Albertans, who own the resources and power our society. Key objective 1.3 is that the Ministry of Energy and Minerals will modernize, optimize the management of nonrenewable resources by exploring effective, efficient, and consistent opportunities that protect the value and economic benefits for Albertans. Could you please speak to how Albertans will benefit from this as the resource owners?

To be honest, Minister, at this late hour, I sure appreciate you and all of your staff's time. I know that I look forward to hearing your answer. Again, thank you for all that you do for our region up in the northeast.

The Acting Chair: Minister Jean, the floor is yours.

Mr. Jean: Thank you. It's not an easy thing to be a politician. It's even more difficult to do the great job of the people around me. I'd like to take all the credit – I really appreciate everybody saying nice things about me – but the truth is that all the folks around me and behind me are the folks that really make this happen, and they do really, really good work. I think we should all be proud of our public service. I get paid for this; they don't. The abuse is free for me, but they shouldn't get it. I just say that as you go forward, recognize that they work extremely hard and only about 10 per cent of what they do actually ever gets to the public, because they work so hard.

First of all, I'm excited about Pathways. The opportunity to be the biggest sequestered oil field in the world: that's amazing. Sequestering 70 to 80 per cent of the emissions from the top six oil producers in Alberta: wow. That would be nothing short of incredible. You know, if the federal Liberals, who have been propped up by our friends the NDP in Ottawa, keep their promises on ITCs and contracts for differences, then we could have Alberta's oil sands be the first carbon abated major oil field in the world. I think that would send a very strong signal to other markets and other producers. Pathways wants to do this. Alberta wants to do this. Now Ottawa has to step up with both the ITCs and the contracts for differences in order for it to happen. It's an aspirational project and the biggest project of its kind ever. I'm hoping that they can speak to their party leader Jagmeet Singh and make sure that he comes forward and endorses that policy as well.

CCUS will play a critical role to help Canada and the world reach emissions reduction targets. The rest of the world knows it, and I think the truth is that the carbon market knows it and the financial markets know it, and we're going to see a change as the world goes forward, notwithstanding some of the other jurisdictions and where they're going. We have a proven track record, and it's recognized by the world. We think that having an abated oil field will help us sell our product. We also believe that we'll get a premium price for our petrochemicals, especially if they're net zero petrochemicals. We want to see Pathways go ahead, which is why we created the ACCIP program. It's been taken up by a lot of folks, and we're hoping that it continues to be successful.

9:40

The modernization issue in particular – you know, it's no secret that the Premier has tasked many of us to modernize and to create efficiencies and to make sure that we respond to the needs of Albertans on our files. Our priority remains focused on ensuring that in energy the management of nonrenewable resources benefits Albertans as they are, as I mentioned several times, the owners of these resources, and we recognize that while creating a fiscal framework to encourage investment and economic activity for industry, we're going to have to take some time to do it right and look at other jurisdictions around the world as well as look at best practices within our own jurisdiction.

Energy and Minerals is currently pursuing several initiatives to modernize and update the management of nonrenewable resources and ensure that the value and economic benefits are there. Alberta also continues to maintain the Royalties Guarantee Act, which maintains that for a period of 10 years no fundamental restructuring of hydrocarbon royalties will be implemented, providing investors with the certainty that Alberta remains a stable place to invest and that a contract with Alberta is a contract you can count on.

We remain focused on providing certainty and stability for investors and existing industry. It's no secret that we are setting up an incredible team. The AER is a world-class if not the best in the class regulator. Notwithstanding, we recently had Laurie Pushor leave. We now have Rob Morgan who has joined the AER – he's here with me today – as the new CEO on February 18, 2025. He has decades of experience. Most of you have probably heard of him as a petroleum engineer and corporate executive. We are hoping to put, you know, the best people in place to make the best decisions for the best place in the world that are for Albertans, and we're going to do exactly that.

As a professional engineer with almost 40 years of industry experience – now you'll be able to identify him behind me because he'll be the guy turning red as I say wonderful things about him – Mr. Morgan began his career as a field production engineer and has also been deeply involved in the core operations of the upstream oil and gas industry, progressively taking on greater responsibility. He's worked on all sides of the energy industry, including production, head office, and environmental cleanup, which we think gives us a good opportunity for a leg up over our competitors around the world. We're very lucky to have someone of his knowledge and experience leading the team, and I have every confidence that Mr. Morgan at the helm with the board will be truly a great thing for the people of Alberta.

The Acting Chair: With that, New Democrat caucus, this is your last 10-minute block. To Ms Elmeligi, please go ahead.

Dr. Elmeligi: Thank you very much, Mr. Chair. The last 10 minutes: time to bring it home.

Mr. Jean: You can always ask me afterwards if you want.

Dr. Elmeligi: I'm going home after this.

I want to also thank all of the members of the public service for all of their diligent work in putting the minister's binders together, through the chair, and thanks to the members opposite for their very thoughtful questions. It's always nice to hear different perspectives.

I want to circle back to the AER for the last five minutes here. The AER has an allocation of \$269.7 million to regulate the safe, efficient, orderly, and environmentally responsible development of subsurface resources over their entire life cycle. That's on page 51 of the business plan. My series of questions will actually be based on performance metrics 2(a), 2(b), and 2(c) on pages 51 and 52 of the business plan.

Unfortunately, the AER has been plagued by poor decisions and poor enforcement for several years. In February 2023 5.3 million litres of tailings spilled from a storage pond at Imperial's Kearnal oil sands facility, and it took the AER over a year to issue a \$50,000 fine to Imperial Oil. The Fort Chipewyan Nation sued the AER for this incident. In December 2024 the AER issued CST Canada Coal a \$20,000 fine for contravening its approval under the Environmental Protection and Enhancement Act by released waste water into the Smoky River. Through the chair to the minister: what will the minister do to hold the AER accountable to passing on meaningful fines in a more timely manner for companies that violate regulations?

To me, it is clear that the AER is failing Albertans repeatedly in so many ways. New research from Dr. Kevin P. Timoney, published on January 3, 2025, shows that the AER is failing to gather credible and relevant environmental data, failing to conduct routine on-site inspections, and being dishonest in its reporting of spill incidents with regard to oil sands tailing spills in Alberta. The study analyzed data from 514 tailing spills reported in the AER's database that occurred over 10 years.

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

The Acting Chair: A point of order is called.

Mr. Lundy: Thank you, Mr. Chair. The member very graciously mentioned specific performance metrics. I don't believe she's actually referred to any of those metrics, has in fact gone on to cite an outside report, has made some commentary on previous cases. I think we'd all appreciate it if she would like to tie an actual question to these performance indicators instead of taking quite a large – sorry; this is 23(b). The member opposite is asking a line of questions which is outside of the scope of the committee. As I've enumerated, she's not referencing the metrics that she referenced. She's taken a little bit of liberty to make some commentary based very loosely on that preface, so I would find, Mr. Chair, that this is a point of order under 23(b), asking questions outside of the scope.

Thank you.

Member Kayande: The member has referenced 2(b), (c), and (d) of the business plan performance metrics. She's two minutes through, and I'm quite certain that she will be specifically referencing the issues that she is leading to in order to ask the question.

The Acting Chair: I'll allow for some leeway here, and, Dr. Elmeligi, if you could just perhaps get to your point and, again, just continue to refer to the estimates.

Dr. Elmeligi: Sure. Thank you, Mr. Chair.

Performance indicator 2(b) is around regulatory compliance; the AER's ability to track the percentage of inspections that comply with regulatory requirements. That directly pertains to the research that I am citing that suggests that the AER is not tracking regulatory compliance effectively. Out of 514 tailing spills reported in the AER's database, that occurred over 10 years, and comparing the report information against supplemental data on those spills obtained by the AER by a freedom of information request, that study found that 97 per cent of tailing spills were not inspected by the AER, counter to their performance indicator 2(b) on page 52 of the business plan. This contradicts the AER's claim of routine spill inspections. The findings also show that for spill sites where photo documentation is provided, approximately 41 to 54 per cent of the sites show evidence of environmental harm, refuting claims of the AER that none of the 514 spills caused environmental damage.

Through the chair to the minister: how has this research influenced the minister's work with the AER in meeting performance indicator 2(b), regulatory compliance? We know the minister has influenced the AER when he wrote a letter telling them to move the Grassy Mountain exploration proposal to public hearing. Now we know that David Yager is being paid by both the Premier's office and as an AER board member. This pertains specifically to initiatives supporting key objectives on page 51. The AER is funded through administrative fees levied to industry and is regulating safe, efficient, orderly, environmentally responsible development. We know that there's interference between the ministry and the AER. These things and David Yager being paid by

both the Premier's office and as an AER board member contradict and compromise the independence of the AER. If interfering with the AER is acceptable, through the chair: how can the minister hold them more accountable for doing their mandated work?

In addition, Mr. Chair, to the minister: if we are truly world leaders and have some of the best environmental regulations, what does it do for our international reputation if those regulations are not enforced in a meaningful way? Has the minister considered how a lack of independence in the AER can also threaten our international reputation. That's it.

The Acting Chair: Mr. Jean.

Mr. Jean: Thank you, Mr. Chair. That's a very interesting perspective. I'm sure that the member, like me, after she heard about the spill, immediately went up there and looked at it so she could see it first-hand. I know; I did, and I saw it first-hand.

9:50

I saw it, and I was quite impressed, actually. The first thing I was impressed with, you know, when I looked into the facts was that 99.99 per cent of all the leaks at all the spills are on the oil sands lease site. I don't know if you've ever been up to an oil sands lease site, but they're actually required to capture all of the snow water, all of the rainwater that falls on the site and manage that water effectively. In fact, the big joke in Fort McMurray is we're not oil guys; we're water guys, because they manage more water than they manage oil. Why do they say that? Because they're really good at managing oil and really, really good at managing water.

In fact, when I went up there, I was quite impressed to see that Canadians, Albertans are protected by not just one ditch but by a lining within the tailings, by the tailings pond being surrounded by linings that are supported by clay buildings, clay works around the pond. And, in fact, outside of the tailings pond, that has a lining inside, if there is a leak, they have sump pumps that surround the tailings pond that pump the water back in if it goes underneath, not just the water on top but the water that goes underneath. Fortunately, in this particular case when the spill happened, it happened in the winter. I don't know if you know what happens in Fort McMurray when you spill water outside in the winter, but it freezes. That's what happened; it froze on top. In fact, I was quite impressed. I wasn't happy, because any spill is too many spills, but I was very happy with the precautions they had taken and some of the things they had done.

By the way, those tailings ponds are engineered, and they're quite a sophisticated situation. I do want to also mention that, of course, the AER, which is a world-class regulator, is completely paid for by industry, no tax dollars. It's paid for by an industry levy, and industry pays those fees for this incredible world-class regulator that is, frankly – you know, I was looking at something earlier. How many applications did they receive? My goodness gracious. They do go through a lot of paperwork.

Each year the AER processes thousands of applications that vary in complexity – and I've talked to a lot of people that talk about the complexity – and processes 98 per cent of routine applications and 96 per cent of nonroutine targets within target timelines. They do have targets, they do have expectations, and they do have accountability on what is expected on their timelines. They do have inspections as well.

The Acting Chair: Government caucus. Who do we have next?

Mr. Cyr, please go ahead.

Mr. Cyr: Thank you, Chair. I'd like to really get some clarity going on coal modernization. I believe that there's been a lot of

misinformation and disinformation put out by our colleagues across the aisle again, so I would like some clarity. I'd like to ask you the plans to modernize the coal sector, and I'd like to be referring to key objective 1.3 on page 49 of the business plan as well as the third paragraph of the mandate and structure.

Minister, your work in environmental issues like the preservation of the Clearwater River and standing up for oil companies is well noted. It is why I take you seriously about your intentions to modernize the coal industry by putting the protections of our waterways and environment first. Also reassuring is that the coal industry modernization initiative will review coal royalties and improve the deal Albertans will get for their coal resources. We have watched our neighbours to the west in B.C. not just permit coal mining but become one of the biggest exporters of coal in North America, not just Canada. This has become a massive economic driver for B.C. and has been supported by and to the benefit of the Indigenous communities. I know we are not planning to become the next B.C. when it comes to coal, but it is clear the industry, managed correctly, can become an important player for our economy.

Can you please share what steps are being taken to update the coal development policy? What work will be undertaken by the ministry to ensure that environmental protections are in place while driving investment in a responsible way for coal development? Additionally, how did and how will the work of the 2021 Coal Policy Committee inform the development of the new legislation and regulatory framework?

I cede my time over to the minister.

Mr. Jean: Thank you. Well, you know, it's true. In the past I have spoken out against industry withdrawing water from the Clearwater River in Fort McMurray. I did that while I was a federal MP because they weren't doing the right thing by withdrawing water from that river system. So I'm not a shill for any industry and never will be. I want to protect our waterways. I think it's very important, and as such, the coal policy itself – I don't blame the NDP. I don't blame them at all for distrusting government. Look what the NDP did in B.C. Look what the federal government does in relation to coal. They shut it down, but they still export more coal out of Vancouver than anywhere else in North America. I'd be ashamed of them, too, if I was them, but we're not them, so that's going to be a little different.

We're going to focus our coal policy on protecting water, on protecting people, on protecting wildlife, and we can do that. We will prohibit mountaintop removal coal mining; we will prevent new open-pit coal mines in the foothills; and we will require that any new mining must use techniques which use best water practices and prevent adding selenium to waterways, or else it will not happen. Clear and practical regulations that people can understand have always played a significant role in Alberta's economic advantage, and that will occur under the new coal policy. We have listened to the 30,000 Albertans, and we understand their skepticism because we saw what the NDP did in B.C. But we're not going to let that happen in Alberta.

Based on the intent of the 1976 coal development policy and picking up on the coal development work done by the 2021 Coal Policy Committee, we will build a long-term legislative and regulatory framework focused on environmental best practices, protections, and responsible coal development. Municipalities and industry and Albertans rely on us getting it right, and we are going to get it right.

These committees considered the feedback and created recommendations that helped inform our modernized coal policy. We listened, and the recommendations include a call to modernize

Alberta's coal policy and a call to undertake a review of Alberta's coal tenure and royalty rates, and we're going to do exactly that. We're taking action, and you can take it seriously, and, Albertans, if you are listening: we're going to get it done right.

Thank you, Mr. Chair.

The Acting Chair: Thank you for that.

With that, we will now go to the opposition caucus. Do you have any further questions for the minister?

Ms Al-Guneid: Do we have any final questions?

Mr. Jean: You can always ask me later.

Ms Al-Guneid: You want to go home? Is that what it is?

I still haven't got an answer, actually, through you, Mr. Chair: why did the minister cut the critical minerals budget? That's a 23 per cent slashing in the budget? That's item 4.1. I heard the minister, through you, Mr. Chair, speaking about getting critical minerals done, but the budget is actually reduced from last year. I asked three times. This is my fourth time, so here we are.

Mr. Jean: I'll give you the answer I said already. What I said was that I'm not going to waste money if I can't spend it effectively and efficiently. We have a very ambitious agenda right now, and we budgeted some money for the minerals initiative, and we weren't

able to spend that because that initiative didn't move as quickly as we would have liked it to. The truth is that money will be spent in future years as that initiative moves forward, but, as I said, I do not waste money. So I did answer your question, but you didn't link the two.

I would say, as well, that the mineral opportunity for Alberta is truly in the processing of minerals, and in the Edmonton area, in particular, where we have CCUS opportunities, where we have inexpensive energy, where we have people and experts. In fact, right now in around Edmonton Sherritt takes silver from Cuba by ship up to the east coast, and takes it across to Edmonton by train, and processes it in Edmonton because it's so important how they do the processing. We see that in future years Edmonton will be a hub for North America for critical minerals, for oil, for gas, and for metals.

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

I'd like to remind committee members that we're scheduled to meet tomorrow morning, March 19, 2025, at 9 a.m. to consider the estimates of the Ministry of Treasury Board and Finance.

Thank you, everybody. The meeting is adjourned.

[The committee adjourned at 10 p.m.]

