



Legislative Assembly of Alberta

The 31st Legislature  
First Session

Standing Committee  
on  
Public Accounts

Affordability and Utilities

Tuesday, May 28, 2024  
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**Legislative Assembly of Alberta  
The 31st Legislature  
First Session**

**Standing Committee on Public Accounts**

Sabir, Irfan, Calgary-Bhullar-McCall (NDP), Chair  
Rowswell, Garth, Vermilion-Lloydminster-Wainwright (UC), Deputy Chair  
van Dijken, Glenn, Athabasca-Barrhead-Westlock(UC),\* Acting Deputy Chair

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McDougall, Myles, Calgary-Fish Creek (UC)  
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\* substitution for Garth Rowswell

\*\* substitution for Jackie Armstrong-Homeniuk

\*\*\* substitution for Jackie Lovely

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| Eric Leonty   | Assistant Auditor General |

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## **Standing Committee on Public Accounts**

### **Participants**

Ministry of Affordability and Utilities

Andrew Buffin, Assistant Deputy Minister, Utilities

Brian Doyle, Assistant Deputy Minister and Senior Financial Officer, Corporate Services

David James, Deputy Minister

Neil Kjelland, Assistant Deputy Minister, Affordability



**8 a.m.****Tuesday, May 28, 2024**

[Mr. Sabir in the chair]

**The Chair:** Good morning, everyone. I would like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Irfan Sabir, MLA for Calgary-Bhullar-McCall and chair of this committee. As we begin this morning, I would like to invite members, guests, and LAO staff at the table to introduce themselves.

**Ms de Jonge:** Chantelle de Jonge, MLA, Chestermere-Strathmore.

**Mr. Lundy:** Good morning, everyone. Brandon Lundy, Leduc-Beaumont.

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

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

**Mr. van Dijken:** Glenn van Dijken, MLA for Athabasca-Barrhead-Westlock.

**Mr. Buffin:** Good morning, everyone. Andrew Buffin, assistant deputy minister of utilities.

**Mr. Doyle:** Good morning. Brian Doyle, ADM, SFO, Affordability and Utilities.

**Mr. James:** Good morning. David James, Deputy Minister of Affordability and Utilities.

**Mr. Kjelland:** Good morning, everyone. My name is Neil Kjelland. I'm the assistant deputy minister of affordability.

**Mr. Wylie:** Good morning. Doug Wylie, Auditor General.

**Mr. Leonty:** Good morning. Eric Leonty, Assistant Auditor General.

**Ms Renaud:** Marie Renaud, St. Albert.

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

**Mr. Haji:** Sharif Haji, Edmonton-Decore.

**Mr. Huffman:** Good morning. Warren Huffman, committee clerk.

**The Chair:** Thank you.

We don't have anyone joining us online.

I will note for the record the following substitutions: MLA van Dijken for Member Rowswell as deputy chair, Member Singh for Member Lovely, and Member Cyr for Member Armstrong-Homeniuk.

A few housekeeping items to address before we turn to the business at hand. Please note that the microphones are operated by *Hansard* staff. Committee proceedings are live streamed on the Internet and broadcast on Alberta Assembly TV. The audio- and videostream and transcripts of meetings can be accessed via the Legislative Assembly website. Please set your cellphones and other devices to silent for the duration of the meeting. Comments should flow through the chair at all times.

Approval of the agenda. Hon. members, are there any changes or additions to the agenda?

Seeing none, can a member please move that the Standing Committee on Public Accounts approve the proposed agenda as distributed for its Tuesday, May 28, 2024, meeting?

**Mr. Singh:** I'd like to move that.

**The Chair:** Moved by MLA Singh. Any discussion on the motion? Seeing none, all in favour? Any opposed? Thank you. The motion is carried.

Approval of minutes. We have minutes from the Tuesday, May 21, 2024, meeting of the committee. Do members have any errors or omissions to note?

Seeing none, can a member please move that the Standing Committee on Public Accounts approve the minutes as distributed of its meeting held on Tuesday, May 21, 2024? Moved by MLA Sharif Haji. Any discussion on the motion? Seeing none, all in favour? Any opposed? The motion is carried.

We also have Nancy Robert joining us. If you could introduce yourself.

**Ms Robert:** Good morning. Nancy Robert, clerk of *Journals* and committees.

**The Chair:** Thank you.

I would now like to welcome our guests from the Ministry of Affordability and Utilities, who are here to address the ministry's annual report 2022-23. I would like officials from the ministry to provide opening remarks not exceeding 10 minutes.

**Mr. James:** Thank you, Mr. Chair. It's a pleasure to be here on behalf of the Ministry of Affordability and Utilities. In fiscal year 2022-23 Affordability and Utilities took on the task of leading the co-ordination of the government's actions to help reduce costs for Albertans. The government took steps to chart a more affordable path for the future, and the department worked to develop and advance an affordable, reliable, and sustainable utilities system, one that will meet the needs of everyday Albertans, attract investment, and support job creation.

Today I will provide a summary of the department's accomplishments for fiscal year 2022-23. Following that, I'd be happy to answer any questions you may have relating to the department's annual report. Joining me at the table are Brian Doyle, assistant deputy minister of financial services and SFO; Andrew Buffin, assistant deputy minister for utilities; and Neil Kjelland, assistant deputy minister for affordability.

Fiscal 2022-23 was largely defined by one of the worst inflation and affordability periods in nearly half a century. Through that period the government worked to provide relief for Albertans struggling with the rising cost of living, providing targeted measures for families, seniors, and vulnerable Albertans. Along with affordability initiatives, the government began the difficult task of modernizing our electricity grid, advancing a system designed 25 years ago to meet the needs of Albertans today and beyond.

As I mentioned, fiscal '22-23 was a tough year for Albertans. We saw inflation elevated to levels not seen in decades, and in response the government announced the affordability action plan. This included broad-based support for all Albertans that was the largest inflation relief package of its kind in Canada. Part of the plan included issuing \$600 worth of payments between the period January 2023 and June 2023 for each dependent child and senior with a household income of less than \$180,000. There were also payments of that same \$600 for Albertans on assured income for the severely handicapped, income support, the Alberta seniors' benefit, and the persons with developmental disabilities program.

The government also took steps to address some of the affordability challenges caused by inflation in other ways. The government introduced the fuel tax relief program, which provided relief by suspending the provincial tax on gas and diesel based on

the price point of west Texas intermediate, or WTI, crude oil. A pause in the collection of the fuel tax took place from April 2022 to October 2022, when the average WTI prices were more than \$90 a barrel. A partial tax of 4.5 cents a litre was reintroduced when oil prices eased. However, a full pause on the collection of the fuel tax was brought back from January 2023 to June 2023, regardless of oil price, as Albertans were struggling with the inflationary pressures. By the end of 2022 this program had saved Albertans an estimated \$850 million in fuel tax relief.

The government also introduced the natural gas rebate program, providing cost certainty and price protection to more than 1.6 million families, farms, and businesses. This program along with the relief on fuel tax has since been made permanent but will only be activated at certain trigger points.

The government introduced as well the electricity rebate program, providing electricity rebates to help more than 1.9 million homes, farms, and businesses with high electricity costs during the winter. Though intended to run only from July 2022 to December 2022, because the price of electricity remained high, the program was extended from January 2023 through to April 2023.

The government also brought in the regulated rate option, or RRO, stability program, which set a temporary ceiling on the RRO rate of 13.5 cents per kilowatt hour for January 2023, February 2023, and March 2023, and those costs were deferred and spread out over the following 21 months. The RRO stability program combined with the electricity rebate program helped to lower our rate of inflation in comparison to other provinces and bring it lower than the national rate.

These measures and others under the affordability action plan provided a total of \$2.9 billion in affordability supports for Albertans in the 2022-23 fiscal year. The measures had a significant impact on off-setting the effects of inflation on Albertans. It's estimated that in 2022-23 our affordability measures reduced the impact of inflation by over 50 per cent for the average family. For Alberta households in the \$50,000 to \$100,000 income levels these measures had an even greater effect, with an estimated 60 per cent reduction in inflation for the average family with two children and 87 per cent for the average senior couple in this range. This number is significant because the government knew Albertans were hurting and needed help. They knew some Albertans were having to decide between putting food on the table and paying for power. These measures helped to ensure Albertans were better able to meet their household needs and get the most bang for their hard-earned dollars.

While affordability measures are one piece of the puzzle, the government also made strides in ensuring Albertans have an affordable, reliable, and sustainable electrical grid. In 2022-23 the government worked to advance a modern, competitive utility system that attracts investments, supports job creation, and upholds the public interest in Alberta.

The government introduced the Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act, 2022, to help lower long-term costs while attracting private investment in the electricity sector and maintaining system reliability. The act aims to integrate new technologies and innovations into Alberta's electricity system by enabling energy storage and self-supply with export and by instituting a planning framework for the distribution system to help plan for electric vehicles, renewable power sources, and other distributed energy sources. The act supports the integration of new technologies and innovation in our grid by enabling energy storage and self-supply with export, as I mentioned. The act was also the first phase of dissolving the Balancing Pool and simplifying Alberta's electricity agency framework.

The government also has two programs that have been helping rural Albertans meet their electricity and gas needs for decades. Rural electrification associations have been distributing electricity to rural Albertans since the 1940s, contributing to rural economic and social development. The Ministry of Affordability and Utilities supports the construction of electrical services such as wires, poles, and transformers on Alberta's farms and ranches through rural electric program grants. The government delivers the grant to help electricity distributors provide services to farms and ranches in sparsely populated areas, where providing these services would be uneconomical at the same level of service that they are provided in high-density areas. Distributors use program grants to build new distribution services or operate old ones.

Similarly, rural gas co-ops have provided gas services to rural Albertans since the 1960s. Given low population densities throughout most of rural Alberta coupled with increasing farm sizes and growing economic diversification efforts, providing natural gas services to thriving rural communities, particularly in remote areas of the province, is challenging.

**8:10**

The government of Alberta established the rural gas program in 1973 to help expand and upgrade Alberta's rural natural gas pipeline system. The program awards grants to rural gas distributors to help them provide gas services to sparsely populated areas that are otherwise uneconomical to serve at the same level, as I said, as high-density urban industrial areas. Distributors use the grants to build distribution services or upgrade aging infrastructures, similar to what's done on the electricity side, and distributors supply the program on behalf of their consumers. In 2022-23 the government invested over \$5.8 million to support rural gas and electricity infrastructure expansions and upgrades.

Finally, just to comment on the continued support by government of the Utilities Consumer Advocate, the UCA plays a key role in providing education, mediation, and regulatory interventions on behalf of Albertans. In 2022-23 the UCA provided a winter utilities awareness campaign that saw a 500 per cent increase in daily visits to the [ucahelps.alberta.ca](https://ucahelps.alberta.ca) site as Albertans educated themselves on affordable retail electricity options. The UCA also undertook 623 mediations on behalf of Albertans and provided evidence to the Alberta Utilities Commission that was cited in decisions resulting in \$63 million in reduced costs to consumers for regulated utility costs.

As you've probably been able to surmise, affordability is top of mind for Albertans, and the government and the ministry took that very seriously. We have taken steps through the affordability action plan to help alleviate the pressure people were feeling on their wallets, whether it was through rebates on electricity, natural gas, or fuel. The Ministry of Affordability and Utilities did a lot of the co-ordination for that. Most of those programs are run in and through other ministries, and all of the costs therein are captured within those ministries. We also took actions to protect people on the RRO from higher utility rates during dark, cold winter months, a time when no one should be worried about keeping the lights on.

The work the Ministry of Affordability and Utilities does aims to help every person in this province by making life more affordable, all the while ensuring an electrical grid that is affordable, reliable, and sustainable for generations to come.

I'd like to thank you for this time, and my colleagues and I will now be happy to answer any questions you have.

**The Chair:** Thank you.

I will now turn it over to the Auditor General for his comments. Mr. Wylie, you have five minutes.

**Mr. Wylie:** Thank you, Chair. We have no outstanding recommendations to this ministry, so we're going to turn back the time to the committee.

Thank you.

**The Chair:** Thank you.

We will now proceed to questions from committee members, and we will begin with the Official Opposition. You have 15 minutes.

**Mr. Schmidt:** Thank you very much, Mr. Chair. Pages 19 and 20 of the annual report discuss the RRO stability program. It says that the department offered interest-free loans to all RRO providers but that four of those providers declined to take the loans. Can the deputy minister tell us which providers declined to take the loans?

**Mr. James:** Thank you very much for the question. Just one moment. We don't have the exact names. They were rural electrification associations that decided not to do that. Some of them chose to not take that. But we could provide that list back.

**Mr. Schmidt:** Okay. I'm curious to know approximately how many customers they served.

**Mr. James:** We'd have to confirm. We'll have to get back to you on how many of the REA customers were served in that. The majority of the customers – there are 700,000 or so customers across the province that are receiving the RRO. The number of customers in the rural electrification associations is quite low, but we'll get back to you on the answer to that.

**Mr. Schmidt:** Okay. All right.

Now, it says that the report says that these providers were able – help me understand. If they didn't take advantage of the loans, then they were still compelled to offer the RRO stability program. So they lent out the money to their customers, and then the customers have to pay that back, right?

**Mr. James:** Yes.

**Mr. Buffin:** Yes.

**Mr. Schmidt:** Okay. Now, it says that those ones that didn't take advantage of the loans that were offered by the government lent out that money to their customers at prime plus 1.75 per cent. I'm curious: how much in aggregate and per lender was loaned out? Do you know?

**Mr. James:** Yeah. We don't have that readily at hand in terms of the amount that was loaned out to those particular individuals or how much that would have been in terms of interest payments back.

**Mr. Schmidt:** Incredibly frustrating. Like, these are questions that were right in the annual report. I'm very disappointed that the ministry can't provide those answers at the table.

I'm also interested in understanding what the cost was per customer compared to the cost to a customer who was given the RRO stability program through a company that took advantage of the loan. The estimates are that there are about 2 and a half cents per kilowatt hour that are added on to every customer's bill from 2023 to the end of 2024. For people who were in the RRO stability program through providers who took advantage of the loans, what was the additional cost from providers who didn't take advantage of the loans on a per kilowatt hour basis? Do you know?

**Mr. Buffin:** We don't have the exact number from those four providers that didn't take advantage of the zero-interest loan. The

average adder rate would have been between that 2 to 4 cents. A lot of moving parts in calculating the exact rate that would occur because it is dependent on how many customers continue to be on the RRO rate. If you have an increase or decrease in the number, the rate will go up or down, depending on how it is divided amongst.

Those REAs that chose not to take advantage of the loan: also, some of them had other funding within their REA that they utilized so that they could not necessarily spread the loan over the entire amount of time. Some of them had the ability to use some of their own deferred – what's the word I'm looking for? It's almost savings, so that the actual rate that their members paid could have been lower than the 2 to 4 cents. We are looking to get that information for you right now.

**Mr. Schmidt:** I mean, one of the concerns that I frequently hear from people who are provided electricity from rural REAs is that rural people pay more for electricity than us folks here in Edmonton or Calgary do. I'm curious to know what that difference is and, if REAs who didn't take advantage of the loan ended up providing electricity costs that were higher than what people who were on the RRO stability program, why the government didn't step in and require them to take the loans.

**Mr. James:** The program itself didn't require any of the providers to take the loans. The interest-free loan option was available to the providers.

The four that you were talking about we have confirmed. Medicine Hat, Mayerthorpe, Peigan, and Wild Rose REA chose not to take those loans. Medicine Hat is a fairly sophisticated provider of electricity, so I'm sure they had sort of their reasons and rationale for why they wanted to do that. In terms of the additional REAs that wanted to do that, I can't really speak to what rates those REAs providers would have had. They all have the option to sort of set some of those rates in there.

There is choice even for those individuals in most of the REAs across the province where they have the ability to choose other options for how they're provided with electricity services. In terms of the specific costs and structures associated with those individual, you know, REAs, we couldn't really speak to that today.

**Mr. Schmidt:** Right. Okay. That leads me into my next question, then. The loans that were provided to RRO providers in that stability program: that all had to be paid back from customers who will stay in the RRO program until December 2024. If a customer leaves the RRO, then the remaining customers are kind of stuck with the bill. Now, a lot of them can't leave for fixed contracts for a variety of reasons, primarily being that they don't have the credit that's required to apply for a fixed contract. Does the ministry know how many customers on the RRO are unable to leave for a fixed contract?

**Mr. Buffin:** That data set is not currently available. When you join a power contract, you don't share your financial situation with your RRO provider. That type of personal information, one, isn't shared with the provider and, two, due to PIPA isn't allowed to be shared with government, so we don't have access to those data sets around what percentage. We have rough estimates, but those are it. They're rough, and they're not necessarily verified at this point in time, but it's in the realm of 15 to 20 per cent.

8:20

**Mr. Schmidt:** So at the start of the program we had about 700,000 customers on the RRO, and the ministry estimates that 15 or 20 per cent of those people are unable to leave for fixed contracts. Did I understand your answer correctly?

**Mr. Buffin:** It's our current rough calculation, but we don't have that data verified in a way that we could reasonably defend.

**Mr. Schmidt:** Fair enough.

I mean, some work by professors at the University of Calgary public policy issued an analysis of the RRO trap, he called it, you know, customers who are stuck with the RRO while other ones who are able to leave do so and leave the people who are stuck with the remainder of the bill. What's the worst-case scenario for additional costs being left for those who are least able to pay?

**Mr. James:** Just in terms of that, there was \$222 million that was paid out or that was loaned out in order to do this. In the interest-free loans the government itself bore the costs associated with those interests for those companies other than the ones we talked about. There's about \$104 million remaining to be paid back. The balance of those was between 2 and 4 cents, is what sort of was paid out in the deferral over that period of time. With the growing population of the province, we've generally seen the amount of people on the RRO stay relatively consistent since the RRO Stability Act came in.

We have not seen sort of a rush of people out of the RRO and therefore an increasing cost going to the remaining members in there. As you say, there are some people that may not be able to depart from the RRO because of their circumstances; however, we're not seeing any indication that there is an increase in cost to those individuals or that they're bearing the cost of the deferred payments for other individuals within the RRO program.

**Mr. Schmidt:** So in terms of a total – we've talked about the per-kilowatt-hour cost to people who remain on the RRO. It's between 2 to 4 cents a kilowatt hour. Over the period of time what is the total amount of money that the average customer would have to pay back over the payback period? Did the ministry do any calculations on that?

**Mr. James:** The total cost, as I said, was \$222 million. In terms of the individual costs it would really vary by, you know, how much people in that particular circumstance were doing. There are seniors who are individuals living at home. There are families with two, three, four children. So I don't know that we have an average rate associated with that.

**Mr. Buffin:** The average consumer consumes 600 kilowatts a month, so you do 600 times the 2 to 4 cents times the length of the program would be the rough calculation of what they are.

**Mr. Schmidt:** Okay. What contingencies did the department come up with for the case where we did see mass exodus of people from the RRO? How would the government have dealt – did you plan for that case when designing this program?

**Mr. Buffin:** Yeah. We had built in monthly reporting requirements. The minister gets monthly reports verified by the Utilities Commission and by the Market Surveillance Administrator so that the minister can be aware of those changes in customer counts, those changes in repayment levels. The intent behind that was to be monitoring for if the repayment adder was getting outside of that 2 to 4 cent band, and then action would have been taken. There wasn't a sort of laid out path for exactly what action would be taken, but the intent was to monitor, to be aware, and to see if there was action needed.

**Mr. Schmidt:** Okay. So if I understand the answer correctly, then, you did monthly monitoring for the price per kilowatt hour to see if

it – so you had that target of 2 to 4 cents, but if it varied from that target, action would be taken, but you didn't have a plan ahead of time as to what the action would be?

**Mr. Buffin:** Correct.

**Mr. Schmidt:** Interesting. Okay.

Page 18 of the annual report discusses the electricity rebate program, which was triggered by high electricity prices. Blake Shaffer published a policy note in April 2022 which estimated that about 60 per cent of the increase in electricity prices in 2021 was due to generator markup. Now, electricity prices in 2022 skyrocketed way beyond the 2021 prices. Does the department know how much the electricity price increase in the '22-23 fiscal year was due to generator markup?

**Mr. James:** I would say that that's a challenging calculation to do. I know that Blake Shaffer has done some of those calculations in his estimates. I will say that the government most recently has in fact taken some action, as you've seen with Bill 22, in order to stabilize what's happening – sorry; not Bill 22.

**Mr. Buffin:** The two regulations that are coming out.

**Mr. James:** The two regulations that are coming out with respect to what's happening in terms of just the offer behaviour and activities in that regard. So government is aware of the concerns that people have with respect to those prices, what was happening in those prices, and Blake Shaffer's comments and others around what's happening in electricity space and is taking action accordingly.

**Mr. Schmidt:** We've got a minute and 26 seconds left. Feel free to enlighten us. What types of actions did the ministry consider taking to protect Albertans from generator markup in '22-23?

**Mr. James:** Yeah. I think just watching what was happening there, that the real actions associated with 2022-23 were managing the affordability impact on consumers themselves. I think that as we've watched the electricity system, as the minister has looked at what that future growth of the electricity system needs to be and how to manage that, that's where government is now looking at putting in place.

**Mr. Buffin:** If I could revert just a little bit, the action the government did take was the implementation of the RRO stability program as well as the electricity rebate program during '22-23.

**Mr. Schmidt:** Right. I guess my questions were geared towards tackling generators' ability to hike prices way beyond a reasonable profit. Did the government take any action against generators?

**Mr. Buffin:** In the 2022-23 fiscal year there were no regulatory or legislative actions. What Deputy Minister James was referring to were some regulatory pieces that have come into place in 2024.

**The Chair:** Thank you.

We will now proceed to questions from the government caucus members.

**Mr. Singh:** Thank you, Mr. Chair. Firstly, I would like to express my appreciation to the ministry for being here as well as the office of the Auditor General.

My questions are based on the fuel tax relief. Affordability is at top of mind for many Albertans, including many in my constituency of Calgary-East, who have been impacted by high nation-wide inflation and rising costs. Keeping life affordable for Albertans is



top priority for this government. I see on page 15 that “the Government of Alberta is focused on timely, effective action to help reduce or alleviate the current cost-of-living pressures, while also identifying policy options to reduce inflation and cost of living over the long term.” One of the initiatives that this government took in 2022 and 2023 was the introduction of the fuel tax relief program in April 2022. Can the department please expand on how this fuel tax relief program works, and how did it help save Albertans money at the fuel pumps in 2022 and 2023? Also, what are the estimated savings for Albertans as a result of this program?

**Mr. Schmidt:** Point of order, Mr. Chair. I’m raising a point of order under relevance. The annual report is quite clear that the fuel tax rebate program was not run by the Affordability and Utilities ministry. It was interesting to me that the ministry reported on this, but it was quite clear that that is a program that was run by Treasury Board and Finance. I’m sure that if the opposition were to raise questions around the fuel tax rebate program, we would be told to ask the Ministry of Treasury Board and Finance to find the answers, and we wouldn’t get an answer here. So I ask that the member opposite retract this question and focus on questions that are actually under the purview of Affordability and Utilities.

8:30

**Mr. Singh:** Thank you, Mr. Chair. It is clearly listed in the annual report, and Affordability and Utilities works with various ministries, including TBF, as listed on the page mentioned. So it is not a point of order; it is a point of discussion here at this committee.

**The Chair:** Thank you.

I think I will get the ministry officials’ take. Was the ministry running the fuel tax rebate program?

**Mr. James:** The ministry was responsible for the co-ordination of the affordability action plan and the activities that were under way at the time in 2022-23. As I noted earlier and as was noted in the annual report, Treasury Board and Finance is responsible for the actual conduct of the program. In terms of the basic understanding of what that program does and where it was, we certainly looked at what that was and how we were tracking the outcomes associated with it, Mr. Chair, in terms of our role in that particular space.

**The Chair:** The ministry was responsible for tracking the outcomes of the fuel tax rebate?

**Mr. James:** We tracked that as well as all the other affordability actions that were under way by the various ministries as part of – in a similar way to the red tape reduction under Service Alberta and Red Tape Reduction will track the red tape reduction activities in other ministries. They aren’t accountable for it. We, similarly, were accountable for tracking and the co-ordination of it, but we were not the actual people running the program itself.

**The Chair:** Well, it’s not entirely clear. The program is not run by the ministry, but they have some, I guess, monitoring role in it. Insofar as, I guess, questions are concerned narrowly with the role that this ministry has, I will allow them for now but would encourage members to ask directly about the questions that are within the purview of the ministry.

**Mr. James:** Thank you, Mr. Chair. Just in response to that particular question, as I say, as part of the affordability action plan Treasury Board and Finance did run that fuel relief program between April ’22 and October ’22. The program provided relief by suspending provincial tax on gasoline and diesel; based on that and

as I said earlier, the average WTI prices that were in excess of \$90 a barrel at that time resulted in a 13 and a half cent fuel tax relief. The prices were at \$115.88 per barrel at that particular point in time.

In terms of how much that was that supported for that, the program itself reduced government’s fuel tax revenues by \$1.2 billion. That’s the money that was effectively left with Albertans during that period of time. The fuel tax relief measure – and this was an accountability that we did have in terms of the outcomes that were there – we were able to estimate that the fuel tax relief measure off-set between 12 and 19 per cent of inflation in 2022 depending on the family income that was there.

**Mr. Singh:** Thanks for the answer.

My next question is on the electricity rebate program. This government is committed to keeping utilities affordable for all Albertans. I see on page 18 that “in April 2022, the Government of Alberta announced the Electricity Rebate Program to help eligible Albertans pay for high electricity costs during the winter of 2022.” The program originally provided three \$50 instalments to Albertans in January, February, and March of 2022 utility bills.

In July 2022, the Government of Alberta added three more \$50 rebates to the original rebate schedule (for October, November, and December 2022). In December 2022, the Government of Alberta added another \$200 to the rebate schedule via two \$75 rebates, one each in January and February 2023, and two \$25 rebates, one each in March and April 2023. Overall, the government provided \$500 in rebates over the ten-month program, ending in April 2023.

Can the department please share how the funding was distributed to Albertans, and how did the extension of this program in the 2022-2023 fiscal year help support Albertans through affordability challenges?

Thank you.

**Mr. James:** Thank you very much for the question. The rebate itself was established under the Utility Commodity Rebate Act, and it gave authority for rebates on utility commodities at the minister’s discretion. The commodities included, as you say, the electricity rebate program itself. As part of that nearly 1.9 million homes, farms in Alberta received those rebates, and they were directly on their bills. Inside of that, the distributors who were providing the bills or the companies that were providing the bills: it was through them that those rebates were actually provided to the individual Albertans.

One of the ways that – just in terms of priorities for government we wanted to make sure that we continue to have affordable, reliable, sustainable electricity for Albertans. That program helped alleviate some of that financial burden. During that period of time between the winter of 2022 and continuing in 2023 we were able to provide \$627.7 million in electricity bill relief for those nine consecutive months. As you say, that started with that period in July all the way through, and it was extended until March. There was another \$47.6 million budgeted in ’23-24 for the April 2023 payments at that point in time.

**Mr. Singh:** Thanks for the answer.

My next question is on the natural gas rebate program. In 2022-23 Affordability and Utilities “introduced the Natural Gas Rebate Program to ensure Albertans are protected from spikes in natural-gas rates.” I see on page 13 it mentions that “any time the regulated retail natural-gas rates exceed \$6.50 per gigajoule, eligible Albertans will receive rebates automatically on their utility bills.” Could the department please elaborate on the benefits of this program for everyday Albertans?

**Mr. James:** Sure. The program itself really provides what I would call protection for Albertans. That particular natural gas rebate program, since it's gone into place in 2022, is a permanent year-round protection for Albertans in the event that we do have those natural gas spikes, and we've seen those in the past. The program is one of those components. As government we talked about government's work to help support consumers dealing with cost of living. There's about 1.6 million homes, farms, and businesses that could face those increased rates, just in terms of the programs that they're on for natural gas provision. That program, as they say: October 22 it went in place, and it was in place until March of 2023, after which the regulation was amended to make it a permanent program. Again, if the natural gas rate by the regulated utility providers exceeds the 6 and a half cents in any given month, then the government will provide a rebate to the consumers, and it will be directly on their bills in the same way that the electricity rebate was directly on their bills at that particular point in time.

**Mr. Singh:** Thank you, Deputy and all the staff of the ministry, for answering my questions. I really appreciate you all for coming here today.

With that, Mr. Chair, I now cede the remaining time to Member Scott Cyr.

**Mr. Cyr:** Thank you, Mr. Chair, and through you to the deputy minister: I also would thank you for coming up here with all your staff. I know you're working hard over there.

I do have a few questions specifically around affordability. This is something that is, as Member Schmidt had mentioned, a real struggle up in northern Alberta right now as we're finding a lot of challenges when it comes to affordability. So to see that Minister Neudorf is really meeting expectations and starting to reduce costs for my local families is important.

8:40

I'm going to start with addressing affordability for 2022-2023 required government-wide collaboration and co-ordination to ensure comprehensive supports were in place to discuss on page 15 of the annual report. It also mentions that

Overall, the Government of Alberta provided a total of \$2.9 billion to affordability supports in the 2022-23 fiscal year. This allocation [was] part of the total \$8.7 billion in forecast spending on affordability supports planned between 2021-22 and 2025-26 fiscal years. This spending represents one of the most comprehensive packages to support citizens with the cost of living of any province or territory in Canada.

I'm proud of all the work this government has done, as I've already stated, to support Albertans. Can the department please go into detail about the other programs and initiatives that were supported by this funding?

**Mr. James:** Sure. Thank you very much for the question itself. There are affordability and supports. As I mentioned earlier, we have a co-ordinating role, and as is laid out in the annual report, we have a co-ordinating role across those various ministries, so we work closely with Advanced Education; Education; Health; Seniors, Community and Social Services; Children and Family Services; Treasury Board and Finance during that period of the affordability program. Within our own ministry itself we had, as we've talked about, the electricity rebate for the credits that were issued out to those that were, you know, in the electricity system, temporary price ceiling and electricity rates. We talked about the natural gas costs or protection with the natural gas rebate program recently. And all of those within our own ministries were about \$644 million in 2022.

The other ministry areas that we have co-ordination and responsibility for, as you asked about: first was the 13-cent-per-litre tax relief, which we've talked through. The other one is working with our colleagues within community and social services on the reindexation of the assured income for the severely handicapped, persons with developmental disabilities, and income supports, the seniors' benefit, and Alberta child and family benefit, which was an action that they took.

There are also the targeted payments through the affordability payments of \$600, \$100 per month, as I mentioned in my opening remarks, for children and seniors, children under 18, seniors over 65. That was a multiministry sort of activity where the funds ultimately did flow through primarily community and social services. We provided targeted payments, as I say, in addition to the \$600 in those programs. Those that were on AISH, income support, PDD, or Canada pension disability also received those \$600.

There were financial supports to food banks. There was support for low-income transit programs, auto insurance rate increases that were paused in 2023, and there was also indexation of personal income tax to inflation. There were some supports for students, including capping domestic tuition increases at 2 per cent, reduced interest rates on student loans. There was an additional \$330 million provided to the social sector with increased wages and operating funds and various other measures. Yeah. Maybe I'll stop there.

**Mr. Cyr:** Well, thank you for that very thorough answer that you've provided for us.

Now, really, I guess the big question is: how did the department measure the overall cumulative impact of all of the programs and making life more affordable for Albertans?

**Mr. James:** The team was able to look at the aggregate impact associated with that, and really what they did was that they compared that to what was happening with respect to the inflation rates nationally and what our inflation rates would have been in the province without these supports and then the inflation rates that ultimately were in the province and what the impact was itself. Again, on pages 16 and 17 of the annual report there's a fairly sort of descript breakdown associated with that, including a chart at the bottom of page 17 on the impacts and affordability.

Estimates indicated – and I'll just maybe cover at a high level – that affordability measures reduce the impact of inflation by, as they say, 68 per cent for Alberta's households, couples in the \$50,000 to \$100,000 income range with two children, and 87 per cent for the average senior couple in the \$50,000 to \$100,000 income range. Those vary depending on the size of it, so even for those, you know, couples without children there was about 40 per cent inflation offset in 2022 as a result of that. We looked fairly closely at what was happening in that particular space, and in particular we looked at what the consumer price index was and how we measured household spending over that period of time through survey.

**Mr. Cyr:** So, really, what I've heard you saying is that you're not operating in silos; you're co-ordinating an important role to bring affordability to all Albertans. One of the most vulnerable groups in my constituency are those that are on AISH, ASB, IS, and the Alberta child benefit. How much more support did Albertans receive as a result of indexation, particularly considering the high inflation we saw in 2022-23?

**Mr. James:** Based on what we were tracking with our colleagues in Seniors, Community and Social Services, they spent an additional \$50 million in indexation of Alberta child and family benefits, seniors' benefits. Seven million of that was in the Alberta child and family benefit, and about \$44 million of that was to Alberta seniors'

benefit, AISH, and income support. That indexation continues on a go-forward.

**Mr. Cyr:** Thank you for that help. I know that my seniors and those in need are very thankful for that as well.

**The Chair:** Thank you.

We will now move back to the Official Opposition for 10 minutes of questions.

**Mr. Schmidt:** Thank you very much, Mr. Chair. Back to page 18 of the annual report, referring to high electricity prices again, and back to my previous question about market concentration. Does the ministry have a measure of market concentration that existed in the generator market in '22-23?

**Mr. James:** Just to make sure I understand in terms of market concentration, the Market Surveillance Administrator monitors what's happening in the market. They provide annual reports associated with activities in the market, and they would identify where, in any instance, there would be activities by generators that would be considered to be out-of-market activities. So we could look back towards where the Market Surveillance Administrator has that.

In terms of the reports themselves, I don't have those at hand.

**Mr. Buffin:** The point that I would add is that there is a limit on market power just in terms of overall market concentration. One party can control no more than 30 per cent. That hasn't changed. That was in place in 2022 as well.

**Mr. Schmidt:** And how many operators are, you know, close to that market concentration or were in '22-23?

**Mr. Buffin:** In 2022? The largest generator by installed capacity is TransAlta. In 2022 it would have been, I'm going to approximate, 23 to 25 per cent.

**Mr. Schmidt:** Okay. I mean, we know now that TransAlta and Heartland Generation are gobbling each other's assets up. What happens when a generator comes close to exceeding that 30 per cent? Like, does it just say that – do you block the acquisition of those assets, or what happens to those?

**Mr. James:** I'd have to go back and look at the specifics in the regulation.

Did we define in the regulations what the actions are? Or is it really that once it comes to that, if it ever comes to that, we have to – okay.

**Mr. Buffin:** Right. It's never been a tested experience. Even with the proposed merger of those two companies, the calculated percentage would still be below the 30 per cent.

**Mr. Schmidt:** Thank you.

The ministry states in its annual report on page 25 that "3,000 megawatts of energy storage [projects] are . . . at various stages of development." In its discussion of the performance indicator 2(b) the ministry describes 710 megawatts of storage capacity under construction, proposed, or with regulatory approval, and that's on page 34. Can the ministry explain the status of the other 2,290 megawatts of energy storage?

**Mr. Buffin:** We report on what's been announced as, I guess you would say, intended to be built as well as those projects that are under active construction. So those other outstanding 2,700

megawatts would have been announced by the private investors as a project they intend to move ahead on, but we don't have that information in terms of what steps they are in in the construction.

**8:50**

**Mr. Schmidt:** What is the difference, then, between proposed and announced? This feels like a ridiculous question, but I'm sure that you guys make a distinction between those two terms.

**Mr. James:** Maybe just in terms of that, there's about, I think, if I remember correctly – at any given time there are companies that will announce the intention to build a particular generating unit, storage unit, renewable, otherwise generating asset. Quite often because of the time it takes to work through both their own decisions – financial investment decisions, final investment decisions as well as the regulatory processes with the AESO – they will often announce those and go into what's called a queue within the Electric System Operator. That queue has a significant number of investors, I think even – what is the total queue for generations? Something like 40,000?

**Mr. Buffin:** Today? Yeah, roughly 40,000 megawatts.

**Mr. James:** So about 40,000 megawatts' worth of intended investments. Most of those, however, we don't ascribe sort of in construction or a lot of effort to in the sense that those companies are intending to do that or have sort of signalled it. It's only when it gets down into the: "We're not just in the queue, but we are identifying where we're going to connect to the transmission grid. We know that we're building it; we've made those investment decisions." Those are the distinctions that we make between intent and queuing, towards actually being under construction or they're about to make final investment decisions.

**Mr. Schmidt:** Does the ministry have a target for storage capacity needed on the grid?

**Mr. James:** With our electricity market being an open electricity market, we aren't setting a storage target associated with what we want on the grid. We are looking closely through, as I say, Bill 22, which was recently proclaimed or given royal assent. We're looking closely at what the system evolution is going to be looking for, right?

**Mr. Schmidt:** Sorry. You caused a little bit of panic here talking about Bill 22. That's the old Bill 22.

**Mr. James:** The old Bill 22 that was . . .

**Mr. Schmidt:** Not the new Bill 22.

**Mr. James:** Yes. Correct.

**Mr. Schmidt:** Because the government has stated an aspiration, shall we say, to have a net-zero grid at some point in the future, storage is obviously an important part of that, but we don't have a target for storage to achieve a net-zero grid. We're just crossing our fingers and hoping that it'll happen?

**Mr. James:** No. No. What we're looking at is within the electricity market itself. We look closely at – as do generators, as do load – what is required in the grid, what is available today, what is economic to put on the grid? So the changes that were made in the old Bill 22, that would actually allow for both more self-supply and export as well as storage on the system, have given clear signals to those that are looking to build storage assets.

Storage assets come both as a load asset, so they can be load and they can receive power from the grid, and then they can also put that power out into the grid. The act allows for both to happen in the generation space, where people can apply to be – you know, let's say that they build a solar farm and they build a battery storage to go with that. Those can be very complementary, and that's a choice that they get to make.

In the case of transmission providers as well, one of the things that we're watching closely is: where can transmission providers put storage assets on the system that perhaps can reduce the amount of transmission or distribution assets that are needed to be built? Those can help to reduce costs for consumers as well. So the bill that was introduced in 2022 and was ultimately passed and allowed for that is now setting the stage for these conversations. In fact, some of the questions you're asking about – “What do we think will evolve? Where do we need that to evolve? How will it be used on the system?” – are all questions now that storage providers are starting to be able to wrestle with because the regulatory environment allows for it.

**Mr. Schmidt:** Okay. Thank you.

I want to talk about the performance indicator 2(c) on page 35. It says in the report that those were preliminary results. Can the ministry provide the committee with the updated results for the '22 year?

**Mr. James:** We can provide it. I don't know that we have the actual final results of the '22 year here today, but we could certainly commit to providing that number.

**Mr. Schmidt:** Thank you very much.

Now, the ministry's indicator uses data from Statistics Canada. Why does the ministry use this data rather than data that the ministry collects itself? Or does the ministry not collect that data?

**Mr. James:** Sorry. Can you clarify just which particular – so you're talking performance indicator . . .

**Mr. Schmidt:** Performance indicator 2(c).

**Mr. James:** Certainly, the Electric System Operator is tracking, but Statistics Canada is tracking capital investments on projects across the country. So we would look to them in a variety of ways. I suspect this is one of those, as is, I think, an oil and gas investment.

**Mr. Schmidt:** Can the department provide us a breakdown of capital investment in electricity generation and transmission and distribution? Can you break out the \$5.47 billion into those three categories?

**Mr. James:** We don't have it handy here, but I'm sure that we can provide that back to the committee.

**Mr. Schmidt:** Now, the ministry says that proactive planning of the distribution system infrastructure in the future is needed. Can the department take 20 seconds and tell us a little bit more of the planning that was undertaken in '22-23?

**Mr. Buffin:** As part of the then Bill 22, that piece of legislation enables the minister accountable for utilities to develop a planning regulation for the distribution space.

**The Chair:** Thank you.

We will now move back to questions from the government side.

**Ms de Jonge:** Thank you, Chair and through the chair to all the officials for being here this morning. I'll just jump right in.

Electricity is something that I do hear, of course, a lot from my constituents, and they share their concerns with me and their feedback, and certainly this UCP government is focused on ensuring that all Albertans have access to power when they need it and at a price that they can afford, of course.

As you know, the federal government has meanwhile proposed regulations that make electricity more expensive and hurt grid reliability for businesses and families. I'm referring to page 26 of the report. How did the department assess the potential impacts of the clean electricity regulations, particularly as it relates to the affordability and the reliability of the system?

**Mr. James:** Sure. Thank you very much for the question. The proposed federal regulations: as they were coming out, you know, it was clear that they could have had serious implications for both reliability and affordability of the electricity system. As we've talked about and as the minister is keen to do, we make sure that we have an affordable, reliable, and sustainable electricity grid. The Electric System Operator looked at the regulations, and they found that those could have an incremental cost of between \$44 billion and \$52 billion, and that includes both generation and transmission costs. It doesn't include the distribution costs, which are also expected to be potentially substantive.

The transition towards those lower carbon technologies and growing demand for clean energy could require a capital stock turnover, under the current proposed clean electricity regulations, of over 11,000 megawatts of natural gas fired generation. That would require the retirements or replacements with lower emitting generation or with retrofits for carbon capture and storage.

As the team looked at those impacts and looked at what the AESO's analysis was, they also considered the transmission distribution system. Lots of expansions support two-way flow of energy; most of that system right now is designed for single flow or sort of directional flow from the generators to the users. In this particular case it would require a two-way flow of energy and across new geographic locations where other generation assets or load would be built. So any upgrades to support that transition will include investments for new low-emitting technology, storage included with that, as we just talked about a few minutes ago, in-province transmission distribution.

It's also going to be needed in nonwire alternatives. We talked about energy storage, but what are some options associated with it? How do we make sure we provide grid stability? There are a lot of technical considerations in grid stability that renewable generation, frankly, just does not have the ability to provide, things such as frequency response and making sure that our system stays at 120 volts and 60 hertz in that.

The challenge would be, as we looked at that, that investment would meet it in 12 years. If you think about the growth of the electricity system in the last 25 years, that's a very unrealistic timeline to try to do those, in that analysis. So, again, as we looked at feedback both from the sector as well as from the AESO, we've taken that input and we've proposed, you know, or input to Canada on the proposed regulations, and we'll continue to work with them on that.

**Ms de Jonge:** Each electricity grid in Canada, among the provinces, is unique, certainly Alberta's, and it's obvious that this federal regulation does not account for the uniqueness of our electricity grid here. So back to page 26. Can the department elaborate on how Affordability and Utilities worked with the AESO and with Environment and Protected Areas to champion the best interests of Albertans against these unconstitutional regulations, and can you speak to some ways that this working group engaged with Alberta electricity stakeholders to develop that position on what the best interests for Albertans are?

9:00

**Mr. James:** Sure. I'll start, and then I'll just let you talk a little bit more about the electricity; Mr. Buffin will speak to that. You know, what we've set up, looking at that: we worked with the Alberta Electric System Operator, our ministry as well as Environment and Protected Areas, who have accountability for all of the sort of emissions regulations within the province. We've been engaging through that working group with ECCC, Environment and Climate Change Canada, to understand both what is in the clean electricity regulations to advocate for Alberta's position, the context.

As you say, not only do we have a unique energy-only market; our reliability really centres around natural gas and the ability of thermal generation in the province, as you're aware. Many other jurisdictions that are maybe not as impacted by the CER already have nuclear thermal or nuclear as well as hydroelectric. So our reliability requirements, the importance of natural gas, the realistic technology and adoption schedule and sequence and how long that will take to build: we're sharing all of that with Environment and Climate Change Canada, as you mentioned.

I'll have Mr. Buffin elaborate on engaging with Alberta electricity stakeholders – we worked with them as well – on all of that to assess the impact of the CER, both internally and then shared with them. So maybe if you could expand on the stakeholders, please.

**Mr. Buffin:** Yeah. Absolutely. As the deputy was referencing, we worked very collaboratively with Environment and Protected Areas and the AESO to understand the potential impacts from the proposed CER, but key to that activity was our individual electricity generators. They know their systems and their operations the best, so we had regular conversations with those generators. We had both large-table conversations with multiple representatives that would give us more of a high-level understanding and concerns, and then we had – I don't know if you'd call them two-on-ones, where our colleagues at EPA joined us and we would meet with individual generators to dive a little bit deeper and allow them to share a little bit more information on their exact operations because there are all the competitive concerns, that they don't want to have those conversations in front of each other. We took all of that information, and that helped support the development of Alberta's response to the federal proposal. So it was done in a very positive and collaborative approach, working with our key stakeholders.

**Ms de Jonge:** Thank you. Through the chair, it sounds like what Alberta electricity stakeholders are saying is that the CER doesn't work here, so I appreciate the good work you're doing on that front.

Switching gears a bit now, I see on page 33 of the report that performance indicator 2(b) focuses on generation capacity of electricity by type for Alberta as a whole and storage capacity for the entire system. I see that overall generation capacity in Alberta increased from 2021 to 2022, with significant increases of roughly 2,000 megawatts each coming from natural gas and renewable generation. Can the department outline some of the actions taken during that time period to increase the availability and the reliability of electricity for Albertans and provide some further detail on what projects led to the increases of natural gas and renewable capacity from 2021 to 2022?

**Mr. James:** Sure. Thank you very much for the question. I'll go back to my early comments with respect to the proclamation of the Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act, 2022. First was that particular proclamation, and that enables both energy storage and unlimited self-supply and export, which gives investor confidence and gives investors certainty for what they're permitted to do. There was some confusion about that before. This change is expected to encourage

the adoption of investment in emerging energy systems technologies. We think that will bring longer term cost savings for consumers and the industry, again, as you bring nonwire solutions in, as you reduce the amount of transmission, for example, that's required to stabilize the system, as you bring more renewables and storage together.

As I mentioned, it enables energy storage. It legally defines energy storage, which allows for greater development of that storage by participants. That includes allowing distribution and transmission utilities to own and operate energy storage as part of their regulated functions. Again, that is the nonwire solution that allows for stability of our electricity transmission grid and managing costs.

Then, also, that unlimited self-supply and export. Very much we have lots of that now that is happening in the areas of cogeneration, and some forest products companies also have generation assets that are operating that way. This is expected to enhance generation competition, support system reliability by both encouraging individuals to use that for their industrial needs as well as put it onto the grid.

There is also opportunity to further develop the distributed electrical resources across the system. I'm sure we'll come back to the question with respect to what's happening there.

Distributed energy such as solar panels on houses is one of those things where we're going to need to make proactive decisions with respect to the distribution infrastructure to ensure efficient investments in the system. Right now that would probably require us to look at the existing regulatory environment around what's happening with distribution planning. That work is beginning.

And, finally, just in terms of the specifics that you asked about with respect to generation, about 1,000 megawatts of coal generation were converted to gas or dual fuel. In 2022 we had 10 new wind facilities come online with a combined capacity of 1,300 megawatts, and we had 17 new solar farms added for 400 megawatts of new capacity.

**Ms de Jonge:** Thank you.

Well, with just 10 seconds left on the clock I want to again thank the officials for being here this morning and providing some insight on the annual report and the work that they're doing.

**The Chair:** Thank you, Member.

We will now proceed to questions from the Official Opposition.

**Mr. Haji:** Thank you, Mr. Chair, and thanks for sharing the time with us today. On page 11 the department is responsible for leading and the co-ordination of affordability in general. Albertans continue to struggle with the cost of living, and key household expenditure drivers are shelter, food, and energy. Does the department track affordability trends in those three areas?

**Mr. Kjelland:** Yeah. Certainly. Thank you for the question. The department tracks affordability mechanisms using regular, publicly available information, CPI data, those sorts of things, and we track them at the level of different commodity types: as you mentioned, shelter, food, energy, those sorts of mechanisms. What we also do is track various consumer responses to those mechanisms, which would be polling information that becomes available in different ways.

**Mr. Haji:** So mainly the three household expenditure cost drivers, those three: I was wondering why that tracking is not provided in the annual report.

**Mr. James:** I think if you look in the annual report under performance measure – I think it's 1(a). We have a performance measure that is coming into effect.

Do you want to speak to 1(a)?

**Mr. Kjelland:** Yes. Certainly, as the deputy was saying, we do have in development a performance tracking mechanism that looks to accurately and in detail provide an indication of where affordability measures are. That is in development and will be . . .

**Mr. Haji:** So you don't have it now, but it's under development and expected in future reporting?

**Mr. James:** Yeah. We'll look at a performance measure that actually is measuring our engagement with the online affordability resources that we have. I misspoke on 1(a).

The individual ministries themselves. Seniors, Community and Social Services, for example, have a housing program, and they have initiatives under way with respect to shelter, so they would be looking at shelter and what those costs are. We would look at the energy costs in the electricity space. Our colleagues in Energy and Minerals would be looking at the energy costs in the other space and then in terms of food costs. So in a co-ordinating role we can look at what that means for us in terms of reporting it, but at this point we don't have one that's specifically stated.

**Mr. Haji:** During the reporting period on the affordability action plan how did the department determine the six-month time frame? Was this informed by inflation trends? Why six months? Why not three months? Why not nine months?

9:10

**Mr. James:** Yeah. I can't speak to all of the deliberations that went on during that particular period of time, but all of the deliberations that went into cabinet would have included considerations on the various impacts that were happening around that period of time and what was happening with inflation and what was the best way in which to put any of those resources out the door.

**Mr. Haji:** So what was the key reason for the six months?

**Mr. Kjelland:** What I would mention is that in the development of this program, as with any government program, there's a balance between meeting the needs of Albertans who are struggling with affordability mechanisms but also in the magnitude of how much that would cost government or what it would look like in order to put those dollar values out. My understanding is that initially six months and a maximum of \$600 were first chosen.

**Mr. Haji:** Was that regardless of inflation?

**Mr. Kjelland:** I believe there were tracking mechanisms to see what was happening in the inflation – well, how it was benefiting inflation would be tracked as well.

**Mr. Haji:** Okay. The minister at the time announced that this is an affordability package and that it's structured to give Albertans six months to live, and the announcement included that it will be re-evaluated. Had this evaluation been undertaken during the reporting period?

**Mr. James:** Sorry. Unpack that in terms of: it would be re-evaluated.

**Mr. Haji:** The announcement during the six months was that the package would be re-evaluated. Did the department take any lead or co-ordination in terms of the impact of the six-month evaluation?

**Mr. James:** I think that was monitored during that window of time. I couldn't speak to a specific re-evaluation of that, but the ministries of the day were watching what was happening with respect to that and the impacts it was having on inflation. We were measuring the impacts on inflation sort of in an after-the-fact measure. As we said,

it took us from about 6 per cent inflation to 3.3 per cent in the reductions. While it was being monitored and continuously looked at and evaluated, there were no changes made ultimately to the six-month decision window.

**Mr. Haji:** Was there a six-month evaluation to see whether there was still a need or not?

**Mr. Kjelland:** I believe that the program was legislated to be completed after six months, so from that perspective whether it was contemplated to be extended or not was not necessarily the case. It ran to completion. What we've done since then is look at that program and similar programs to see the effectiveness of it and whether something similar would work.

**Mr. Haji:** My question is from the department perspective. Did the department evaluate if there is a need?

**Mr. Kjelland:** Certainly, in the affordability space inflation pressures have continued, so our interests are looking towards: are there ways to alleviate those pressures for Albertans? I don't believe that need has changed, but it is a balance of priorities of government.

**Mr. James:** I may just add to that. As the government looked at this, remember that the affordability action plan encompassed a variety of different activities at the time, so as the inflationary pressures were being monitored both by Treasury Board and Finance and various governments – this government, other governments as well as the ministry itself – the six months for the payments: there was no decision to extend that. I would say that there was a deliberate decision not to extend it in that particular window of time, right? There wasn't a requirement that was identified that would have said: extend that \$600.

However, that's taken in context of all of the other affordability action programs that were out there. The fuel tax relief was still in place. The natural gas rebate was still in place. The indexations had already been put in place. Personal tax income had already been put in place. So in addition to . . .

**Mr. Haji:** I'm sorry. I don't mean to cut you off, but I'm looking into the time, and I want to finish my questions. The question is: from the department side was there no evaluation done to see whether there is still a need or not?

**Mr. James:** I would say that had there been a need – and, again, not to say that it wasn't there; I'd have to look back specifically – to extend that at the time, the \$600 beyond that, then there would have been a decision. There was a potential for making a decision. No decision was made to extend that \$600. Other programs were left in place at the time.

**Mr. Haji:** Thank you.

On page 15 of the annual report the department focused on timely, effective action to help reduce and alleviate the current cost-of-living pressure. Did the department do any analysis or co-ordination with other departments regarding Albertans experiencing increasing grocery prices that are leading to food insecurity?

**Mr. Kjelland:** What I would say is that during that time – and I think this is where government came to the \$600 – there was a food program that was put out with respect to food insecurity, so there was \$10 million that was provided to food banks by the provincial government. That's a very uncommon action by the government of Alberta. It's not often that the government has provided food bank supports. Both in terms of the indexation of all those various programs – so people had more money in their pocket because of

the pressures on both food and other shelter and energy costs. I would say that the \$600 was ultimately informed by the pressures on food challenges, food insecurity, pressures in the homes associated with making decisions on that. I don't know if that's getting at the question itself, but I would say that it's the aggregate of both the \$600 that we were paying out to families as well as activities like the food bank program.

**Mr. Haji:** The question is more about that there is an increase in food insecurity. Did the department do analysis or co-ordination on whether the increase in food insecurity is caused by inflation stemming from grocery prices?

**Mr. Kjelland:** Certainly, there is inflation and food insecurity issues with grocery prices. A lot of grocers work nationally, not necessarily just within the province. We are working with other provinces and the government of Canada on activities around market competition.

**The Chair:** Thank you.

Now we will move back to the government caucus members for 10 minutes of questions. MLA Lundy.

**Mr. Lundy:** All right. Thank you, Mr. Chair, and through you thank you to the officials for joining us today and their important work. I'd like to start with a couple of questions on the Utilities Consumer Advocate. We know they certainly play an important role for everyday Albertans on these important issues. The Utilities Consumer Advocate, or UCA, has a mandate to advocate on behalf of consumers on regulatory decisions before the Alberta Utilities Commission as well as to provide information, education, and consumer mediation. The UCA educates consumers via the [ucahelps.alberta.ca](http://ucahelps.alberta.ca) website, UCA and government of Alberta social media channels, and the UCA consumer outreach program.

I see that consumers visited the UCA website 815,000 times between April 1, 2022, and March 31, 2023, a 16 per cent increase over the '21-22 reporting period. Through the chair, how did the advocate work to increase consumer awareness of electricity rates and direct cost savings for Alberta residents, businesses, and farmers in '22-23?

**Mr. James:** Thank you very much for the question. The Utilities Consumer Advocate has been doing some great work in this space for quite some time. As I said, they stood up in 2003. It does work to help consumers make informed energy choices through a variety of ways. First is through its phone-in contact centre. There were about 22,000 calls last year through that particular call-in centre, and there were 623 mediations, as we talked about, where they had concerns with their utilities, and the mediation officers were able to sort of work through that.

The second way is through their website. The website itself, [ucahelps.alberta.ca](http://ucahelps.alberta.ca), was visited over 815,000 times during the period April 1, 2022, to March 31, 2023. What we suspect is that the winter utility awareness advertising campaign that went on in the winter leading into April 2022 likely helped to drive those increases in visits itself along the way.

Those are the systems that they have in place. As I say, the Utilities Consumer Advocate did ramp up its consumer education activities through the winter utility awareness campaign, and that was really centred around informing consumers of their retail energy options to help save money. The campaign itself complemented the work that was already in place with the regulated rate option stabilization program that we've talked about earlier.

Maybe the last thing I'd add is that the UCA also works with the Alberta Utilities Commission and energy retailers to identify and

reconnect utilities for residential sites requiring service during cold months. So each fall, as part of the AUC's winter utility reconnection program, staff within the Utilities Consumer Advocate reach out to Albertans who were disconnected from their utilities. They reach out to companies who have been unable to connect and who may be at risk or – yeah – those individuals who are disconnected, who companies have been unable to connect or who may be at risk, just to ensure that their heat gets back on by that particular point in time. Those are a variety of ways that they help consumers.

9:20

**Mr. Lundy:** Thank you, through the chair, for that answer.

I'd maybe like to dig in a little deeper on page 22. The regulatory program mentioned on page 22 is focused on prioritizing submissions to the Alberta Utilities Commission and emphasizing that affordable utility rates are a significant factor in business competitiveness. Thirty-one regulatory proceedings delivered decisions that cited UCA evidence. I see that the Alberta Utilities Commission agreed with UCA evidence 61 per cent of the time, resulting in utility provider costs of \$63 million not being passed on to consumers. That's certainly great news for Albertans.

Through the chair, can the department please elaborate on how these regulatory proceedings are conducted and provide further details on the role of the UCA in providing evidence? Also, how does the department evaluate the effects of utility rates on business competitiveness, and how did Alberta fare in this regard in '22-23?

**Mr. James:** Maybe I'll ask ADM Kjelland to speak to that.

**Mr. Kjelland:** Yes. Thank you for the question. The UCA does excellent work, and I'm happy to be affiliated with it. The UCA represents consumer interests for safe, reliable energy through Alberta Utilities Commission hearings and dozens of regulator rate hearings annually. They independently review the applications for rate increases made to the AUC and identify opportunities for savings in a submission to the commission. So they're looking at those individual submissions from the consumer perspective to see if there's potentially an opportunity for savings.

The regulatory program provided submissions to the AUC that emphasized affordable utility rates on behalf of consumers submitted through the regulatory program. Regulatory proceedings were accepted 61 per cent of the time, and that resulted in utility provider costs of \$63 million not being passed on to consumers. We call those cost disallowances. The UCA's rolling three-year average of cost disallowances the prior year was down from \$181 million to \$146 million, and that's largely because the AUC just ran fewer hearings during that period.

With respect to the effects and how they're monitored with business competitiveness, the department, including the UCA, engages frequently with business stakeholders on a variety of issues, including how utility rates impact business competitiveness. In fact, the Alberta Chambers of Commerce has a representative on the Power and Natural Gas Consumers' Panel that oversees part of the UCA work, so we have a direct linkage to Alberta Chambers of Commerce from the perspective of how those rates and the activities of the UCA are affecting those groups.

The department is analyzing the delivery costs of electricity for various rate classes with comparison to other provinces, and the UCA is trying to bend the curve for future electricity cost analysis, a report slated for publication later this fiscal year.

**Mr. Lundy:** All right. Thank you, through the chair, for that information.

If I might switch gears a little bit, we've talked about inflation a little bit today. I think it's important to dig into the report and help

us understand a little bit about how some of Alberta's affordability measures had an impact in '22-23.

I see on page 16 of the report that Alberta's affordability measures in '22-23 had a significant impact on off-setting the effects of inflation on Albertans. It is estimated that Alberta's affordability measures reduced the impact of inflation by over 50 per cent for the average Alberta family with two children. In fact, in 2022 Alberta, along with Newfoundland and Labrador, had the lowest rate of inflation in the country, and in March of 2023 Alberta's inflation rate was 3.3 per cent year over year compared to the 4.3 per cent average nationally. I also see that electricity prices in Alberta fell 45.6 per cent in January 2023, the largest decline on record, while gasoline prices reflected a year-over-year decline of 6.4 per cent.

Through the chair, how did the department measure the contributions of Alberta's various affordability programs in relation to the inflation relief that Albertans experienced?

**Mr. James:** Thanks very much. Again, I'll ask ADM Kjelland to walk through that answer.

**Mr. Kjelland:** Yeah. Certainly. There was a calculation that was conducted. The analysis provides estimates of the impact of the four Alberta affordability action plan measures, and those are specifically the children's benefit payments, the affordability payments to seniors – those are the \$600 that we spoke about earlier – the fuel tax reduction, and electricity rebates. So, largely, those were the items that are reflected with the percentages in the annual report.

The Stats Canada survey of household spending, so the SHS, is a national survey which collects data on spending habits of Canadians. This report was used to estimate how much Albertans' household spending increased due to the effects of inflation. The data collected in the SHS included detailed expenditures by household type, dwelling characteristics, household demographics, and income level. For each family type and income category average household expenditures from the 2019 report were adjusted to estimate the effects of inflation through to March 2022 as a baseline. From the resulting adjusted mean 2022 expenditure base, the subsequent increase in household expenditures was estimated for each family type.

Monthly CPI inflation on a year-over-year basis for each expenditure subcategory was calculated for the months of April 2022 to March 2023. The results for the various household expenditure subcategories were then aggregated, so it was looked at from an ...

**The Chair:** Thank you.

Now we will move back to questions from the Official Opposition members of the committee.

**Ms Renaud:** Thank you, Mr. Chair. Thank you. The ministry notes the \$2.9 billion spending on affordability supports. Could you tell me: in that \$2.9 billion, how much was spent on reindexing AISH and income support and seniors' benefit?

**Mr. James:** Yeah. I believe it was \$50 million that was spent in that particular amount.

**Ms Renaud:** Okay. Then the ministry forecasts to spend \$8.7 billion on affordability measures by next year, actually, 2025. Are AISH, income support, and seniors' benefits included in that projection?

**Mr. James:** With the indexation that went with seniors' benefits, they would have had an increase in the budget within Seniors, Community and Social Services. So there's an additional

indexation. I couldn't tell you what that percentage is in the future budget that they have. That would best be answered by SCSS.

**Ms Renaud:** Right. No. I'm not asking for the percentage going forward. This \$8.7 billion – so the ministry is projecting to spend \$8.7 billion on affordability measures by '25-26. Are AISH, income support, and seniors included in this number?

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

**Ms Renaud:** Oh, come on.

**Mr. Lundy:** Thank you, Mr. Chair. This is a point of order, 23(b). The member opposite is asking a line of questioning well outside the scope of this committee. In her own words there have been a couple of references to 2025, the future impact of the program that she's referencing. I clearly believe this is a point of order under 23(b).

Thank you.

**Mr. Schmidt:** Thank you, Mr. Chair. The question comes from page 15, a section of the report that Member Cyr quoted at length directly.

Overall, the Government of Alberta provided a total of \$2.9 billion to affordability supports in the 2022-23 fiscal year. This allocation is part of the total \$8.7 billion in forecast spending on affordability supports planned between the 2021-22 and 2025-26 fiscal years.

I think it's only fair and appropriate that if the department mentions forecast spending of \$8.7 billion to '25-26, we have the right to ask what information is driving that estimate. It's clearly in the report. This isn't a point of order. We have the right to ask the question about something that's literally on the page that the members opposite quoted.

**The Chair:** Thank you.

The member wants to add something.

**Mr. Cyr:** Thank you. Again, this is historical that we're trying to deal with. My question specifically dealt with historical spending, so for Member Schmidt to be going in and starting to project things into the future clearly is out of bounds, and stating that just because something has kind of got an estimate in there, it suddenly opens a doorway that isn't there is inappropriate, and he knows better.

Thank you, Mr. Chair.

9:30

**Mr. Schmidt:** Well, thank you, Mr. Chair. I welcome Mr. Cyr to the committee. I appreciate that this is his first time on the committee in quite some time. I will underline the point that when the department writes a sentence that says that it's forecasting \$8.7 billion in spending between '21-22 and '25-26 fiscal years, we absolutely have the right to question the ministry on what drove that forecast. The topic under discussion is the annual report. This is a line from the annual report. We are questioning what that line in the annual report means. This is not a point of order.

**The Chair:** Thank you, Member Schmidt, Member Cyr, and Member Lundy.

I think insofar that that number is included in the annual report, the public service can choose to explain what relevance it has to the 2022-2023 year. I would urge members to kind of tie your question closely to the year under discussion.

**Ms Renaud:** Sure. Absolutely.

The ministry forecasts – it's right in the report – that they will spend a total of \$8.7 billion on affordability measures by '25-26.



My question is: what measures make up this number? Are AISH reindexation, income support, and seniors' benefit included in this forecast, in this ministry forecast?

**Mr. James:** In terms of the forecast itself, the \$8.7 billion is the affordability program for government writ large, so all the various programs. AISH is included with that. When the indexation for AISH and those other programs you mentioned happened, that's an ongoing forward indexation, so, yes, it's included in the \$8.7 billion.

**Ms Renaud:** So there would have been a process to determine approximately what that is going forward for income support, AISH, and the seniors' benefit? Explain to me how that works. Do ministry officials from the two different ministries meet and decide, "Yes, we're going to include this in the affordability action plan, and let's talk about what that'll look like going forward"? Could you just let me know how that works?

**Mr. James:** What I would say is that in '22-23 when the affordability action plan was defined and those decisions were taken by government on a variety of policy areas, including AISH and the indexation of those various programs, that would have been a policy conversation that Seniors, Community and Social Services would have had within both their ministry and, obviously, cabinet. There's a policy decision there, as we were aware. Those decisions then would have precipitated an ongoing cost of that \$8.7 billion or the indexation increases.

What I would say is that, yes, there was a policy conversation. Yes, there was a decision to associate it with indexation. It was not a conversation between my ministry or between my department and the Department of Seniors, Community and Social Services. As I say, we have a co-ordinating role. Those decisions have been made. We are tracking what is happening within that particular space. As we've talked about, the annual report articulates what happened in 2022-23; on a go-forward AISH would be included, and those were determinations by the ministry and government.

**Ms Renaud:** Okay. That is really interesting.

Can you maybe explain to us – one of the challenges has been, you know, obviously it says in the report that this measure is being led by community and social services, so it's difficult. We have followed up in budget estimates as much as we can but also in Public Accounts meetings with this ministry that I'm talking about, and it's not easy because they'll often point to another ministry and say, "Well, you should probably talk to them; they're the lead" or "We don't have that information," so if you could tell us: what was the benefit to Albertans for gathering up all of these affordability measures and putting them under this minister? What is the benefit?

**Mr. James:** What I would say is that, not dissimilar to what's happening with respect to red tape reduction across the government, there is in a variety of ways – and I could speak to other ministries. Technology and Innovation, for example, where I had just come from a few days ago: they have a cross co-ordinating function associated with government and the activities that are in the ministry at the time. They have an accountability associated with activities across government. Similarly, red tape reduction: they have an accountability across government, not dissimilar to both of those having a ministry and a minister that have the ability to make sure that we are looking towards sort of a crossgovernment approach to affordability.

Some of that is effectively not so much accounting for but sort of just tracking and co-ordinating. What is happening? What is the impact on affordability? Again, as Mr. Kjelland talked about

earlier, you know, we look at what's happening with surveys of household spending. We were looking at that at the time. We will continue to look at that and other conversations, and the impacts of all these various policies in there will be informing what we believe on a go-forward basis the impacts are.

**Ms Renaud:** I guess I keep going back to this. I mean, as you know, all of these social benefits were deindexed, so they were uncoupled, in 2019. Then we saw several years where people were just kind of sinking further into poverty. I think we heard from advocates. We were certainly as loud as we could be to say that it's time to reindex. Then we saw these affordability measures sort of scoop all of this up and reindex. I'm wondering: what was so different there? What triggered this change as opposed to the previous years, where we were seeing even higher inflation than we did in '22? I'm wondering, you know: what was this conversation or what triggered this? I'm not unhappy that it happened. I just want to know what triggered it and what was different from the previous years.

**Mr. James:** Yeah. I would say that the various things that I think informed the cumulative actions that were taken in the affordability program – you had a lot of global instability. You had increasing oil and gas prices as a result of global instability. We had just come out of COVID. You saw supply chain pressures across the globe that were having impacts on not just commodity prices but household goods and various things: cars, vehicles, fuels.

**Ms Renaud:** Yeah. I'm specifically talking about the social benefits, like the reindexation of those.

**Mr. James:** Right. But let me speak maybe to the broader affordability. Taking all of that together and then looking at the impacts it was having on those that were most vulnerable in the communities within Alberta, government obviously chose to act. They chose to support the affordability action plan.

**Ms Renaud:** Government would've had that same mechanism that you're describing to actually observe these changes even before the year that this affordability plan was created, correct?

**Mr. Lundy:** Point of order.

**Mr. James:** I'm not sure I could opine on what that would have been. What I can say is . . .

**Ms Renaud:** Yeah. I think you have a point of order.

**The Chair:** Point of order.

**Mr. Lundy:** Thank you, Mr. Chair. I'll jump in before the deputy gets the chance. I think this point of order is related. This is a point of order under 23(b). The committee's intended focus is the administration of policy rather than questioning the merits or development of a policy. Clearly, the member opposite has asked on the merits over various timelines. The focus of this committee is on the administration of the policy, not a question on the policy development process during the timeline that she may or may not have mentioned.

Thank you, Mr. Chair. Point of order: 23(b).

**Mr. Schmidt:** Thank you, Mr. Chair. Well, I don't believe that this is a point of order. The member is not asking about the merits, but she's asking simply about the timeline of the implementation of the measure. I think that's perfectly within the scope of the work that we're here to do, and I think that she should be allowed to ask the question.

Thank you.

**The Chair:** Thank you, both.

I think I am inclined to agree with Member Lundy here that questions need to be more focused on the report and what's included in the 2022-23 report.

**Ms Renaud:** Okay. Thank you.

**The Chair:** Thank you.

**Ms Renaud:** Through the chair, could you tell me if there was polling specifically done to decide which affordability measures to include in the plan?

**Mr. James:** I couldn't speak to that at this point, no. Sorry. I don't have that information.

**Ms Renaud:** Okay. So other than information coming through the ministries about what they thought would be appropriate measures to include in the affordability plan, what other activities did the ministry undertake to decide sort of what measures would be included?

**Mr. James:** Sorry. Can you just restate that question one more time?

**Ms Renaud:** Yeah. Actually, I'm going to move on.

On page 15 the ministry discusses the \$600 payment for people on core social benefits like AISH, income support and then goes on to talk about the additional investments into persons with developmental disabilities. I think it was for their administration portion in addition to wages. Can you tell us about the process that was undertaken to create the list of who would receive these payments? Was that completely done through the other ministries, so Seniors, Community and Social Services?

**Mr. James:** Yes. They were the ones that had insight into those programs and were able to best advise on that.

**Ms Renaud:** Okay. So when we saw this ministry responsible for these payments that – well, I see through the report there were some changes made, because they had to go back and issue payments to groups of people that were missed. For example, there's a large group of people that are AISH recipients that also receive CPP disability, so AISH only pays part of the amount; the feds pay the other part. That group was missed in those payments. So that error would have come from Seniors, Community and Social Services.

9:40

**Mr. James:** I wouldn't call it an error. What I would say is coming back to your earlier question, I believe, or an earlier question was asked with respect to monitoring the program. The program was monitored, and at a point in time when it was determined that this was a gap – as we were moving quickly, right? They decided in November that we were going to move this forward. Individuals who would receive that on a sort of proactive basis were identified. The program was built to push those payments out the door. When this particular gap was identified, then government made a policy decision to close that gap and retroactively pay those differences.

**Ms Renaud:** Well, same with PDD. There was a whole group of people that were missed. Most are supported through service providers. There's another group that is supported by families. It's called family matters supports. That group was missed also. That process would have come through Seniors, Community and Social Services, then to your ministry for the payments, then they had to go back and correct that.

**Mr. James:** I couldn't speak to that specific one. It's certainly the CPPD I'm more familiar with than that.

**Ms Renaud:** Part of my questioning of this is that I'm just again trying to understand. I understand that, you know, there's an affordability plan. You're trying to capture all of the measures together. But I don't actually see the benefit of that other than saying: wow, we have this great big, huge investment, the biggest ever. It seems like a lot of red tape to be – a lot of time wasted, actually – going back and forth between ministries when I would expect that, like, the ministry responsible for programs like PDD would absolutely know who should be included in the list.

Anyway, I'm going to run out of time, so no need to answer. Thank you.

**The Chair:** Thank you.

Now we will proceed to questions from the government caucus members. MLA van Dijken.

**Mr. van Dijken:** Thank you, Chair. Thank you to the department for coming to answer questions this morning. I'm going to turn our attention to page 14, essentially on red tape reduction. Our government is very committed to reducing red tape and improving access to government services, helping to attract investment, supporting innovation and competitiveness, and growing Alberta businesses. On page 14 I see that

since 2019, when the Government of Alberta committed to cutting existing regulations by one-third to reduce costs, speed up approvals, and make life easier for Albertans and [for Alberta] businesses, the Ministry of Affordability and Utilities and its agencies have reduced regulatory requirements by 37 per cent, which is essentially exceeding the target that was set of 33 per cent for fiscal '22-23. I'm going to ask: can the department please expand on the red tape reduction efforts that led to this accomplishment in '22-23?

**Mr. James:** Sure. Thank you very much for the question. I will just say that we continue to review our legislative regulatory framework, the opportunities for improvement, and continue to work with agency stakeholders on those. We will continue to do that.

In particular with this reduction the Alberta Utilities Commission worked hard to achieve a 48.2 per cent reduction in red tape since the benchmark that was calculated in 2019. That includes a number of initiatives. One of those is using assertive case management. The second is application streamlining in mediated settlements. Those alone have resulted in an improvement of 41 per cent in approval times. I would say that's balanced by the use of the commission's cost authority to improve participation, encourage efficiency, and then issue focused proceedings. They've been able to effectively make their proceedings better, make them faster, make them more efficient in that window of time.

The AESO, the Alberta Electric System Operator, has also implemented opportunities for further red tape reduction. They've changed rules to allow market participants to request waivers or variances to requirements and technical AESO rules. Going forward, we as a department will continue to look at ways to introduce policy changes in the system to continue that red tape reduction.

**Mr. van Dijken:** Okay. Thank you for that.

I'd like to now direct the department's attention to pages 29 to 31 of the annual report. I'm very glad to see that in '22-23 the AUC accomplished its goal to become one of the fastest and most effective regulators in North America through the implementation of the efficiency and regulatory burden reduction program. On page 30 it mentions that as of March 31, 2023, the AUC had overall decreased the application review time by 36 per cent, based on a November 2020 third-party benchmarking report. It's also noted that "assertive case management, as recommended by third-party experts, had reduced proceeding timelines by 32.1 per cent" as of

that same date. What initiatives did the AUC take in '22-23 to be able to reduce timelines so significantly? Maybe I'll just ask you to answer that question, and I'll move on to more questions around that.

**Mr. James:** Sure. There are effectively two key activities that they undertook with regard to two rules, rule 022, which is rules on costs and utility rate proceedings, and rule 012, which is on noise control. Rule 022 was reviewed with stakeholders, and they clarified the rule and promoted sort of, I would say, a more consistent and effective participation in the AUC rate proceedings. Rule 022 governs who can participate and how they participate and under what conditions they are allowed to participate. That was able to enable effective participation under that rule while also managing costs to consumers, so that was part of the reduction.

The second one was noise control. In this particular case they took a two-phased approach where they had a lot of significant stakeholder input around clarifying the rule and then ultimately streamlining and improving the processes related to the rules. That was able to effectively help them achieve the outcomes that you mentioned and described. The amendment itself also incorporates regulatory evolution around guidelines specific to sound environments and how they would do that. I could go a lot deeper than that, but they made a lot of changes.

**Mr. van Dijken:** Thank you.

On page 31 it mentions that

on the facilities side, continuous process streamlining and a rationalization of application requirements reduced facilities application processing times by [anywhere from] 19 to 32 per cent. At the same time, the number of applications increased by 15 per cent.

Could you please speak to how the AUC was able to reduce processing times while also dealing with an increased number of applications?

**Mr. James:** Maybe I'll get ADM Buffin just to respond to that.

**Mr. Buffin:** For sure. Thank you for the question. Through standards that are established in law, the AUC, when they are considering an application for an approval or a permanent licence, must decide in a timely manner. The target is 180 days after they have received a completed application. Meeting this 180-day target date improves the confidence in the regulator and demonstrates that they can operate in an efficient manner. In 2022 AUC met the standard 94.4 per cent of the time, issuing 67 of the 71 decisions within a 180-day timeline. The AUC is committed to continue to strive to meet that 180-day timeline.

While it is a set 180 days, they do have a possible extension. If they have circumstances that won't allow them to meet the 180 days, there's a possible 90-day extension. I'm happy to share that those four that didn't meet the standard were all processed within that 90-day extension. In terms of what led to those four being delayed within the 180 days, all four were based around requests for extensions from participants in the hearing process, so it wasn't the AUC themselves that were delaying the decision. It was those that were participating in the hearing process, intervenors or applicants themselves, that requested more time, which the AUC agreed to, but still met the total 270-day timeline.

**Mr. van Dijken:** Thank you for that.

I see that there were a number of other significant reductions to timelines and red tape within the AUC. Page 31 mentions that "reducing regulatory burden has resulted in cost and time savings and other benefits for stakeholders, industry, and the AUC."

Beyond the items we've discussed so far, could the department please speak to some of the other areas where red tape reduction in the Alberta Utilities Commission benefited industry but also everyday Albertans in '22-23 as well?

**9:50**

**Mr. Buffin:** Thank you for the question. Working on direction from government, the AUC completed an inquiry into hydrogen blending in Alberta's natural gas distribution system. The inquiry was done over roughly 100 days and provided a report with observations and advice on how hydrogen blending could be accomplished in the province. Should it move forward, the adoption of clean hydrogen has the potential to significantly reduce our greenhouse gas emissions in the province by 2030.

Another area of important effort from the commission to support and inform industry planning: they continue to investigate and explore the opportunities for changes of the standards of service for new-home connections and investment levels attached to that new service. The AUC conducted an in-depth and multicycle consultation process that resulted in a proceeding process at the end of that. That proceeding was completed in December of 2022 and established important levels, those investment levels for the 2023 year. A second proceeding will be established to set those rates for 2024 and go-forward.

**Mr. van Dijken:** Thank you. Thank you for that.

I'll have maybe some more questions in the next time block, but for now I'll just cede my time.

**The Chair:** Thank you.

For the final round, members will have the opportunity to read questions into the record for a written response, starting with the Official Opposition members.

**Mr. Haji:** Yes. Thank you very much, Mr. Chair. According to the 2023 Vital Signs report by the Edmonton Community Foundation and Edmonton Social Planning Council, 1 in 5, or 20 per cent, of Albertans experienced food insecurity during the reporting periods. Did the department undertake analysis to determine whether the increased food insecurity was a result of inflation, and has the department been co-ordinating with other relevant ministries to address this food insecurity situation?

It's relevant to note that the grocery companies are a national jurisdiction, but they made a record profit during the reporting year while Albertans had record inflation rates that are impacting their food on the table. Did the department undertake any analysis, co-ordination, or any plans to support Albertans experiencing affordability difficulties on groceries?

On page 16, as part of the affordability action plan, the report notes that measures taken included "providing funding to food banks." Has the department been co-ordinating with other ministries to see if the number of people turning to food banks has increased as a result of affordability challenges?

While page 17 of the annual report illustrated the affordability measures on seniors, according to Food Banks Canada the provincial report card shows that "seniors living alone in Alberta face an [18] per cent poverty rate, higher than the national rate of lone seniors, which is 13 per cent." Did the department undertake other analyses to understand struggling seniors' unaffordability?

Many of the interventions or support systems that were put in place to address the affordability crisis seem to be downstream interventions. From a policy perspective, did the department consider other measures to tackle affordability in the province?

Those are some of the few questions that I would like to ask, and I expect some responses. Thank you.

**The Chair:** Thank you, Member.

Now we'll move over to the government caucus members.

**Mr. van Dijken:** Just so I'm clear, Chair, this is just for reading?

**The Chair:** Yes.

**Mr. van Dijken:** Okay. The question would be that by reducing regulatory requirements, "the AUC has simplified the approach existing and new utility companies must take to operate and invest in Alberta's utility sector," as mentioned on page 31. Does the department have an estimate of the impact this had in attracting increased private investment in Alberta's utility sector?

Also, page 21 states – this is with regard to the winter awareness campaign – "in 2022-23 \$1.1 million was budgeted for a UCA winter utilities awareness campaign, which launched on December 26, 2022." The advertising campaign consisted of radio, Internet, and billboard ads. Does the department have any figures that can be shared with the committee regarding how successful this campaign was and how many Albertans it reached?

I have a minute and a half. I'll also revert to a question that wasn't covered in generation capacity. I was able to see that on pages 33 and 34: "Energy storage resources are increasing in Alberta. The province currently has 90 megawatts . . . of energy storage capacity available on its grid." Capacity increased steadily since 2020, and I see that there are hundreds of megawatts of storage capacity either proposed or with regulatory approval. The question would be: can you expand on the benefits of energy storage resources for Albertans?

And on page 24, outcome 2, listed in the annual report is that "Albertans benefit from a safe, reliable, and affordable utility system." To support this outcome

the Government of Alberta introduced the Electricity Statutes (Modernizing Alberta's Electricity Grid) Amendment Act . . .

I think the old Bill 22 we were referring to.

. . . to help lower long-term costs, while attracting private investment in the electricity sector and maintaining system reliability.

I see that the amendment act was introduced in spring of 2022 after extensive stakeholder engagement. The first part of the question: how was the input . . . [A timer sounded]

**The Chair:** Thank you. If you want to complete the question, you can really quickly.

**Mr. van Dijken:** If I may.

How was the input received from stakeholders reflected in the amendments passed in 2022, and how do the amendments help maintain system reliability and attract investment to the electricity sector?

Thank you, Chair.

**The Chair:** That concludes the time, and I would like to thank officials from the Ministry of Affordability and Utilities and the office of the Auditor General for their participation and responding to committee members' questions. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to the committee clerk. At this point ministry officials may take maybe 30 seconds to leave. We do have a little bit more to go, so you don't have to wait.

Hon. members, the subcommittee on committee business met after last week's committee meeting on May 21 with the Auditor General in attendance and has made two recommendations to the committee. The subcommittee report was made available to committee members on the internal website. The first recommendation the subcommittee

made was for a new list of ministries for the committee to meet with during the fall session. We will address that recommendation in the next item of business.

The second recommendation was based on input from the Auditor General. Mr. Wylie explained to the subcommittee that his annual report as well as three other reports would be tabled in the fall. The subcommittee has recommended that the committee schedule a meeting with the Auditor General and his staff to review those reports once they have been released. If the committee is agreeable, perhaps we can defer that discussion until those reports have been tabled in the Assembly.

With respect to schedules and invites, when the committee met on December 5 of last year, it decided on 10 ministries to call before it. Today we met with the ninth ministry on that list, with only Children and Family Services remaining. As such, Children and Family Services should be the first ministry on the list for the committee to meet with.

**10:00**

Regarding the sessional calendar there will be five sitting weeks during the fall sitting, so to continue our practice of meeting with ministries on Tuesday mornings during session, the committee should select at least five ministries to meet with. If more are chosen, those ministries could be scheduled to appear when the 2025 spring session commences.

The subcommittee has recommended the following six ministries for the committee to consider: one, Children and Family Services; two, Forestry and Parks; three, Technology and Innovation; four, Service Alberta and Red Tape Reduction; five, Agriculture and Irrigation; six, Jobs, Economy and Trade. I will note that these are only recommendations, and the committee may move a motion based on these recommendations, in whole or in part, or it may choose to make another decision altogether.

I would now welcome some discussion about creating a schedule and then a motion to set a schedule. Any discussion?

Seeing none, can a member move that

the Standing Committee on Public Accounts invite the following ministries in the order listed to appear before the committee to respond to questions regarding the relevant ministry annual reports and the reports of the Auditor General: one, Children and Family Services; two, Forestry and Parks; three, Technology and Innovation; four, Service Alberta and Red Tape Reduction; five, Agriculture and Irrigation; six, Jobs, Economy and Trade?

**Mr. Lundy:** I'll move.

**The Chair:** Member Lundy moved. Any discussion on the motion?

Seeing none. All in favour? Any opposed? Thank you.

That motion is carried.

Hon. members, the Ministry of Education has submitted a written response to questions asked by committee members on April 16, 2024. The response was made available on the committee's internal website, and it will be made publicly available on the Assembly website.

Are there any other items for discussion under other business?

Seeing none, unless something comes up over the summer, our next meeting will be with the Ministry of Children and Family Services on October 29, 2024, during the first week of the fall sitting.

At this point I will call for a motion to adjourn. Would a member move that the meeting be adjourned? Member Cyr. All in favour? Any opposed? Thank you. The meeting is adjourned.

[The committee adjourned at 10:03 a.m.]







