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# Standing Committee on Natural Resources

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Chair: Mr. John Aldag





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• (1100)

[*English*]

**The Chair (Mr. John Aldag (Cloverdale—Langley City, Lib.)):** Good morning. I call this meeting to order.

Welcome to meeting number 73 of the House of Commons Standing Committee on Natural Resources. We meet today to resume our study of Canada's clean energy plans in the context of the North American energy transformation. We will then proceed to sit in camera to discuss committee business.

We had hoped for two panels today, originally, but the first panel was unavailable. They are interested in coming, so we're working on getting them scheduled. We have one panel today, but we do have some important committee business to turn to, and that's why we built time into the schedule.

I'll go to Mr. Angus first and then come back to welcome our witnesses.

**Mr. Charlie Angus (Timmins—James Bay, NDP):** Thank you, Chair.

I'm concerned as to whether or not Mr. Rich Kruger has agreed to testify to our committee. I know that as a priority. Has Suncor agreed to make sure that Mr. Kruger would be coming here to testify?

**The Chair:** I'll do a full update when we're in committee business, but the invitation has been made. We've made contact with his office, and we're working right now on finding a date. I'll give further details on that, but that motion is in the process of being moved on and a meeting scheduled. I'll have a more thorough update when the time comes.

For those of our witnesses who are online, welcome. I know that some of you have been with us before. Just as a reminder, you'll need to mute and unmute yourselves. We don't have the ability to control that easily from here, so we'll get you to do that. You have your choice of language—floor, English or French—and you can control that yourselves. Comments should be addressed through the chair, and screenshots or photos are not permitted now that we're in session.

In accordance with our routine motion, I'm informing the committee that all remote participants have completed the required connection tests in advance of the meeting.

Thank you to the witnesses for making time to do that. It's an important part of our procedures.

I'd like to welcome our three witnesses. We had hoped for a fourth, but there was a last-minute issue.

We have, much to our pleasure, Andrew Leach, associate professor, University of Alberta; Dale Friesen, senior vice-president, corporate affairs, and chief government affairs officer, ATCO; and finally, from the Indian Resource Council Inc., Stephen Buffalo, president and chief executive officer.

Thank you to each of you for taking the time to be with us today.

We're going to go through the opening statements. Each of you will have five minutes. I have a clock with me, and you can see me on screen. I'll give a yellow 30-second warning. When the time is up, I'll give you the red card. Don't stop mid-sentence, but do wind up your thought. We'll use the same system when we get into questions and answers, just to keep the flow going.

We'll have about an hour. Then we'll suspend and move into a closed meeting, and that's how the morning is going to go.

First up, why don't we start with Mr. Leach?

If you're ready to go, I have five minutes on the clock and the floor is yours.

• (1105)

[*Translation*]

**Dr. Andrew Leach (Associate Professor, University of Alberta, As an Individual):** Thank you, Mr. Chair.

[*English*]

Members, thanks to all of you for having me here.

Thanks to the chair and the clerk for working around my teaching schedule, which I think was a bit of a burden for you.

Your topic of study is an important one. I'm really glad to be here to talk to you about it.

The IRA, or the Inflation Reduction Act of 2022, has changed the energy landscape in North America, and I would say that it's one of the most important climate change policies that we've seen anywhere to date. It's in our—

[*Translation*]

**Mr. Mario Simard (Jonquière, BQ):** Excuse me, Mr. Chair.

[*English*]

**The Chair:** I'm stopping the clock.

[*Translation*]

**Mr. Mario Simard:** I'm being told that the witness's sound quality isn't good enough for interpretation.

[*English*]

**The Chair:** Mr. Leach, just give us a second to figure this out. We did do a sound test and it was cleared, but obviously if it's not working, it's not working. We'll see what we can do to get this resolved. Just bear with us for a moment.

**Dr. Andrew Leach:** Can you hear me okay on the floor?

**The Clerk of the Committee (Mr. Patrick Williams):** Could you move the mike a little closer to your mouth and maybe bend it back a bit?

**Dr. Andrew Leach:** Is this any better? I also have another desk-top mike that I can try here.

**The Chair:** We're going to suspend the meeting. This is going to take a bit longer than expected, so we'll suspend to get the sound issues sorted out and be right back.

The meeting is suspended.

• (1105) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1110)

**The Chair:** We're ready to go.

Mr. Leach, if you want to start over, I will reset the clock to five minutes, and we'll get you going again. I apologize for that, and the floor is yours.

[*Translation*]

**Dr. Andrew Leach:** Thank you, Mr. Chair.

[*English*]

Thank you, all. I hope this works. If not, of course, please skip me and move on. Out in Alberta, I guess we don't have great Internet.

As I was saying [*Technical difficulty—Editor*] really important one. It's a policy that has changed the energy landscape in North America. I would argue that it's one of the most important climate change policies that we've seen anywhere to date. The scale and scope of what it's trying to do, applied in an economy the size of the U.S., is going to swamp most other measures.

Just to give you a sense.... I'm sure you've seen some data, but new research, which your clerk will provide to you—I apologize; I was only invited on Friday, so I didn't have time to get a full brief in—by John Bistline and co-authors, published in Science, pegged that the Inflation Reduction Act is likely in and of itself going to

put the U.S. on target for a 37% reduction in emissions below 2005 levels. Canada, by contrast, even with a broad suite of additional measures as modelled by Environment Canada, would only get to 34% below 2005 levels. Those numbers, and also the scale of investment that we're going to see south of the border, are going to—or already has, I guess—put substantial pressure on Canada to re-double its efforts.

I could speak to many aspects of what's changing in North America today, but I want to focus on one part for the most part, and that's electricity. I'll fit in a little bit on oil sands at the end.

I do think that one of the challenges we see when we quote big economy-wide numbers like those I just cited for emissions out of the U.S. is that they hide important sectoral differences and [*Technical difficulty—Editor*] dealing with, arguably, since the Chrétien government and the Kyoto protocol. It's simply that, if you look at the [*Technical difficulty—Editor*] group or the EIA, they're all seeing that most of the emissions reductions in the U.S. are coming [*Technical difficulty—Editor*]

**The Chair:** I'm sorry, Mr. Leach. I'm going to stop it here. You're cutting out.

**Dr. Andrew Leach:** Okay, I'll stand down.

**The Chair:** I'll come back to you at the end to see if maybe Alberta is still waking up. I'll go to our other two witnesses, and we'll go through those. I still have about three minutes on the clock for you. We'll see if we can improve your connection in any way, but right now we will pause it right there.

We will go to Mr. Friesen and give him five minutes on the clock, and we'll see if we can get Mr. Leach back for his opening statements.

Mr. Friesen, the floor is yours.

**Mr. Dale Friesen (Senior Vice-President, Corporate Affairs, and Chief Government Affairs Officer, ATCO Ltd.):** Thank you. It's a pleasure to be here.

Esteemed Members of Parliament, good morning. Thank you for the invitation to speak with you.

I would like to pay tribute to the traditional territories of the people of the Treaty 7 region in southern Alberta. The city of Calgary is also home to the Métis Nation of Alberta Region 3.

For more than 75 years we have provided safe, reliable and affordable energy to hundreds of communities around the world, and we're privileged to serve more than 40 million customers worldwide. We own and operate electric and natural gas utilities in Alberta, Yukon, the Northwest Territories and Western Australia. We also own and operate about 500 megawatts of power generation, with a pipeline of more than 1.5 gigawatts in wind and solar projects.

In our view, Canada's competitiveness is a result of a constellation of variables. Fiscal policy, including ITCs like those proposed by the Government of Canada, is vital, but it must be considered along with other factors. Finalizing these critical supports is important, but it will not be enough to secure Canada's competitive position. We believe that to do that, Canada must focus on six areas.

Number one is to prioritize public safety, affordability and competitiveness. Demand for energy will grow as the transition gathers momentum. That will require unprecedented infrastructure investment. We will have to build more in the next 25 years than we've built in the last 100. The scale and pace of this investment will have costs and reliability impacts. Getting it wrong could result in provincial energy shortages, soaring costs and risks to public safety.

Number two is to leverage regional strengths to drive national outcomes. Impacts to safety, cost and reliability can be effectively managed by leveraging jurisdictional strengths rather than painting all provinces with the same brush. Just as in families, where some have natural strengths in mathematics, arts or sport, we have to consider that each of the provinces is different, so we should play to those strengths.

Number three is to align regulatory processes with policy goals. Canada's investment climate has been shaped by an array of overlapping policies, regulations and mandates. Simply put, it's complex. When you look at the Inflation Reduction Act in the States, its simplicity is what drives its power.

Number four is to account for labour market constraints. The transition to a low-carbon economy requires a skilled workforce to develop and operate new tech and infrastructure. We're already facing skill shortages and wage inflation. We're being told that in the States for every renewable energy worker there are four jobs.

Number five is to capitalize on global market opportunities. There are several global market opportunities available to Canada, but time is short. Expanding clean energy exports presents significant economic opportunity, particularly for clean fuels like hydrogen. By establishing policy support for transport and export infrastructure, the government can send an important signal to trading partners and investors alike.

The last thing is to accelerate indigenous ownership. Indigenous nations must share in the economic benefits of developments in their communities. That is why ATCO has approximately 50 partnerships with indigenous groups, which generate millions of dollars annually for these important communities. However, the lack of funds for equity ownership in energy projects poses a significant challenge for many of these communities. The provincial indigenous loan guarantee programs in Alberta and Ontario have shown how they can overcome traditional constraints, and the Canada In-

frastructure Bank has been very helpful. However, "fit for purpose" instruments at the national level would help further advance economic reconciliation.

In conclusion, we appreciate that the government has pledged significant financial incentives for the energy transition; however, they may be insufficient to maintain Canada's competitive position in the global net-zero race. We must prioritize regulatory alignment and efficiency, labour attraction, export market development and indigenous economic participation.

Thank you for this opportunity.

• (1115)

**The Chair:** That's excellent. Thank you for your opening comments.

We'll go now to Mr. Buffalo.

When you're ready, the floor is yours for five minutes.

**Mr. Stephen Buffalo (President and Chief Executive Officer, Indian Resource Council Inc.):** Thank you, Chair and committee, for the opportunity to speak today.

My name is Stephen Buffalo. I'm the president and CEO of the Indian Resource Council in Canada. Our organization represents first nations who have produced or have direct interests in the oil and gas sector.

Our mandate is to advocate for federal policies that will improve and increase resource development opportunities for first nations and their members. Although we've focused on oil and gas, many of our members have engaged in solar and wind projects and transmission lines. They're looking at carbon capture and are starting to look at equity opportunities in nuclear with small nuclear reactors.

I'm sure members of the committee know that first nations have been historically excluded from economic opportunities in this country. We have little say on the activities taking place on our lands, even as they diminish our aboriginal treaty rights. We have worked hard to defend our rights over the past decades and, as a result, things are getting better.

We still face a number of challenges in growing our economies. The IRA has exacerbated these.

The first is Canadian competitiveness. Investors can move their capital, but we can't move our territories. We're seeing investment flee south to the United States because they have a more friendly business environment. Many of our members are involved in deals that are stuck in purgatory because there's no certainty around investment tax credits, environmental regulations, labour requirements and so on. It seems that every month some new government plan or policy comes through that puts us all on the back foot. Our members need more consistency in order to attract investors and to build projects.

The second is the support for first nations to become partners in energy projects. The IRA includes more than \$720 million in tribal-specific programs or set-asides for tribes within other programs. The tribes are also eligible to apply for billions of dollars from other funding programs. I'm honestly still learning a lot about these things.

One of the biggest incentives is the refundable tax credits. As non-taxable entities, tribes generally have not been able to take advantage of tax credits designed to incentivize green energy deployment and neither will our members. To solve this, the IRA allows tribes to receive direct payments in lieu of tax credits, and they can stack regular tribal credits and so on in other projects on our tribal lands. Tribes can receive tax credits of up to 70% of the project costs. This is supercharging not only for energy transition in the United States but for indigenous economic development as well. We would love to see these programs replicated in Canada.

The other thing in addition to tax credits is that the IRA has established a tribal energy loan guarantee program. It's a fund of \$20 billion. It started as a Canadian idea. We have it in Ontario, Alberta and Saskatchewan.

I know of the government's establishment of a national indigenous loan guarantee program. As the chair of the Alberta Indigenous Opportunities Corporation, I strongly support this. It will unlock so much opportunity for our members and make us partners in the Canadian economy, but I've also heard concerns that it excludes fossil fuels. I want to take this opportunity to strongly request that you do not—I repeat: “you do not”—take opportunities for our nations off the table. Even as we engage enthusiastically in clean energy investments, we depend on revenues from oil and gas. The Indian Act funding is not enough: Our leaders do not need to manage poverty.

We need, finally, to get a piece of the pie from the projects that are happening in our territories, extracting our own resources. Many companies are lining up to partner with us, but we need to bring equity to the table. Both the Alberta and the American loan programs explicitly allow fossil fuel projects. It would be a real

slap in the face if the Canadian program denied these opportunities to us.

Thank you. I look forward to answering any questions.

*Hay hay kinana'skomitin.*

● (1120)

**The Chair:** Thank you so much for those opening comments.

Mr. Leach, it looks like you have a new background. We'll see if that brought us a new level of connectivity. If you want, we'll go back to you and see if your sound quality is good. I'll turn it over to you.

There are about three minutes left on the clock for you if you want to pick up where you left off.

**Dr. Andrew Leach:** I sure hope so, Mr. Chair. Please cut me off if it's terrible. How does it sound?

**The Chair:** It's starting strong.

**Dr. Andrew Leach:** Okay. That's perfect.

As I was trying to say before my Internet cut out, I think one of the errors we often make in comparing Canada with the U.S. is that we forget that the U.S. has just so many more opportunities for investments in emissions reductions in its power sector compared with ours. It's these opportunities that dominate the investments in the emissions reductions from the Inflation Reduction Act.

Canada has one of the cleanest electricity grids in the world. The U.S. right now is about three times as emissions-intensive as Canada. This means that the U.S. is consistently able to reduce emissions by shifting from coal to gas and from gas to renewables, and it has much more opportunity for large investments than we do.

I think one of the cautions I would give to your committee is that we should also not forget that the U.S. provides a better market and, in most cases, better solar resources than Canada. Most of the investments that we're seeing and tracking in the U.S. under the IRA are tied to solar and storage.

Why is the U.S. better for solar? It's in part because its peak energy demands and peak electricity demands tend to occur in the mid-summer with air conditioning load. This correlates really well with solar and short-term storage, unlike demands in Canada, which, as we know, tend to occur in the wintertime.

Low-cost solar is revolutionizing the global energy landscape, but as I write in my new, forthcoming book, the challenge for solar isn't sunsets. It's not lack of subsidies. It's winter. We need to think about how different technologies work in our energy system and not simply try to replicate what's happening in the U.S.

Let me turn briefly to oil and gas, which is the other focus. Canada's oil sands are about 12% of our national emissions, and roughly double that for the entire oil and gas sector. Just the oil sands alone are 60% more than our national electricity. While the U.S. is driving all of its investment in electricity, we, from an emissions perspective, rightly turn and say, "What about oil and gas?"

While the U.S. produces substantially more oil and natural gas than we do, its oil and gas production and processing emissions are a much smaller share of its national total, so the IRA doesn't need to affect that sector as much as our emissions policies would to generate the same level of emissions reductions. The key question for technology deployment in the oil sector in particular is.... I guess there are two. Will Canadian governments be willing to provide enough subsidies or to impose regulations that make that technology attractive or necessary for oil and gas companies, and will shareholders support those investments?

It's not so much about whether costs will have to be incurred to drive down our emissions, but rather about who should bear those costs and the extent to which industry will come to see abatement as existential rather than just potential opportunity for capital investment.

We're bombarded a lot with U.S. news, research, commentary and policy solutions. One message that I have for you today—through my broken Internet connection—is to keep your focus on what will work for Canada and what fits best with our challenges. Don't just simply try to replicate what's happening in the U.S.

Thank you.

[*Translation*]

I'm ready to answer the committee members' questions.

• (1125)

[*English*]

**The Chair:** Thank you so much. We made it through that.

Now we're going to go to our questions. The first round of questions will be six minutes for each member, and first up we have Mrs. Stubbs.

Mrs. Stubbs, the floor is yours.

**Mrs. Shannon Stubbs (Lakeland, CPC):** Thank you, Mr. Chair. My colleague, Jeremy Patzer, will be taking my round.

Thank you.

**Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC):** Thank you very much to all the witnesses for coming.

Thank you, Mr. Chair, for hosting the meeting.

Mr. Friesen, in your opening remarks, you talked about how ATCO has some equity partnerships with indigenous communities across Alberta. I'm just wondering if you can help explain what these equity partnerships entail and why they are so important for Canada's natural resource industry and indigenous communities.

**Mr. Dale Friesen:** Thank you, honourable member.

ATCO has over 50 partnerships, as I was saying. The picture behind me is actually a gift that was given to us by the Dene Tha' in the north, where we've partnered now for over 40 years in terms of the electrical grid. They started off with a small percentage of ownership and, over time, have now secured a majority ownership in that partnership.

We believe that partnership provides.... First of all, it's so much better than just sending money or cheques. It provides a steady income stream for the communities, so that they can use it for education and building capacity and for building the opportunity for other revenue streams in their community.

The Nasittuq North Warning System is a partnership with the Inuit. They have 51%, and 49% is with ATCO. It's running all of the north warning system for Canada and the U.S., and we're very proud of that.

Once again, we believe that ownership is what provides the ability for communities to truly participate in the earnings, the opportunities, the education and the capacity building. We see it as part of the truth and reconciliation that we should be doing.

**Mr. Jeremy Patzer:** What challenges do Canada's ITCs, or investment tax credits, and the supports from budget 2023 pose to these equity partnerships? How could they be changed to further support indigenous partnerships?

**Mr. Dale Friesen:** That's a great question, honourable member. Thank you.

I think Andrew did a tremendous job of talking about the Inflation Reduction Act. It's the gorilla in the room. It's simple and it's already in play. The Canadian system with the investment tax credits.... We commend Finance Canada for its tremendous work on building these five different ITCs, but they're not finalized yet. The U.S. system is already in play, whereas the Canadian ITCs are not complete. They're still looking at things.

There are also ankle weights. If you compare it to two racers standing at the blocks, the American athlete would already be 10 metres ahead. Secondly, the ankle weights around the Canadian competitor would include the uncertainty around the ITCs and what they'll include. Another ankle weight would be the fact that the ITCs are linked to whether or not your province agrees to net-zero legislation by 2035. That has not yet been finalized, and it is not expected to be finalized until 2024.

There are these types of barriers, and then there's a lack of clarity in the contract for differences and how those will work.

I believe that Canada could be very competitive. It's just that we have to get these things right and we have to move more quickly in terms of getting them completed so that the boards can look at them and make decisions. In the States, it's relatively simple. Boards can look at a project and evaluate it, and those boards would include indigenous boards and indigenous partners. The other is that they could move quickly.

Another challenge we're seeing with our indigenous projects and our partnerships is funding and access to, say, SREP funding. The Canada Infrastructure Bank is great, and we applaud that. However, those types of things need to continue to enable our partners to secure the funding they need to participate in these exciting projects.

• (1130)

**Mr. Jeremy Patzer:** You touched on one of the final points I was hoping to talk to you about. That's permitting, red tape reduction and issues like that. When you said it's tied to the clean electricity regulations but you're not going to have the information until at least 2024, that means there are basically only 11 years to be able to do that. We've already heard various reports that it will be a doubling, maybe even a tripling, of grid capacity to be able to do that.

However, what the IRA is also focusing heavily on doing is reducing permitting times and the regulatory burden for natural resources projects. How do regulations in Canada put our economy and investments at a disadvantage above and beyond what you've already outlined, especially when the U.S. IRA is focusing on reducing regulations?

**Mr. Dale Friesen:** Thank you, honourable member.

There are two things. When boards consider projects, one thing is the risk that they'll even proceed. Extensive delays through long regulatory processes increase that risk and increase the attractiveness of taking your money down to the States and investing it under the IRA.

There are many things that can be considered. I know that the Privy Council has done some great work in looking at how they can improve the speed at which projects are developed. Right now, even for a mine, I'm hearing 10 years. If you were to propose a new carbon capture sequestration project greater than 200 megawatts, I estimate it would take four, five or six years to get it approved. On the new hydro plants, we're being told by the large hydro producers that if they were to build another Site C, it could be up to 10 years or 20 years.

**Mr. Jeremy Patzer:** Wow. Thank you.

**The Chair:** We're out of time on that one.

We're going to go now to Mr. Chahal for his six minutes.

**Mr. George Chahal (Calgary Skyview, Lib.):** Thank you, Chair.

Thank you to our witnesses for providing important testimony today on the IRA.

Mr. Leach, I'm going to start with you.

I'm an Alberta MP from Calgary, and I know Mr. Friesen made some remarks as well. Do you believe that we produce enough energy in the province of Alberta to meet demand today and also in the future?

**Dr. Andrew Leach:** The challenge isn't energy as much as it is capacity. The challenge is whether we have the energy when we need it. Even in a world where we move toward more renewables, that challenge will become exacerbated. The big missing piece of the puzzle right now is interconnections with other provinces, dispatchables or resources we can turn on when we need them.

I don't worry at all about the total amount of energy. What I worry about is whether we'll have it available when we need it. That's electricity, but it's also other forms of energy as well.

**Mr. George Chahal:** You mentioned having enough electricity. Do you think the moratorium that's in place will affect investment and jobs in Alberta? Will this set the renewable energy sector back?

• (1135)

**Dr. Andrew Leach:** Mr. Friesen might be in better shape to answer that, since I know they have some projects at various stages of development in Alberta, but absolutely.

The challenge, though, is that you do have real issues that have presented themselves, in part because our government and our regulators were very bearish on renewables. They didn't believe that renewables were cheap. They didn't believe that it was going to happen here. We put forward a market that said, "Guess what. We'll pay you for energy, regardless of whether you offer reliable services. Show up this hour with your energy, and we'll pay you for it." Now we're suddenly really surprised that, when the cheapest form of energy in the world is solar power, people are doing exactly what our market tells them to do.

Probably, had we thought about this three or four years ago and been willing to say, yes, this is something that's going to come here, and saw companies like Mr. Friesen's building solar projects anywhere they could find land in and around the city of Calgary, for example, we would have avoided this. It's problematic, but it's not a problem that came about just overnight.

**Mr. George Chahal:** I have a final question for you. With the IRA, where are we competitive and where should we focus further incentives in order to compete with the U.S. specifically?



**Dr. Andrew Leach:** The big challenge for us is that what we're putting on the table as a policy is a carbon pricing regime that is dependent on government policy over the long term. As long as that policy is clear to investors, that this policy will be in place for a long period of time, people invest in that. The incentives financially are stronger than some of the ones in the IRA. However, if you ask a board if they're willing to make a bet on that, they're going to say, "Who's going to be in government in two years? Is that government going to continue the same policy?" That's the big change, as Mr. Friesen highlighted in the contracts for differences, that allows you to say to a company, "Do you know what? Regardless of a change in policy, we are going to offer you some certainty."

My take on that would be to make sure that those are benchmarked to the consumer carbon price so that we don't have companies that are essentially locking in their own carbon price and at the same time arguing to remove carbon prices across the broader economy. Let's get the best of both worlds.

**Mr. George Chahal:** Are we at risk, if we didn't have a carbon price, of being tariffed with carbon border adjustments from the European Union, for instance, and other countries?

**Dr. Andrew Leach:** I think we certainly are if we don't have carbon policies or credible climate change policies. That's always been my push. We want to have policies that, if implemented globally... If the world took our policies and every country in the world implemented them, we'd meet global goals. We're at that stage right now with the policy suite that we have. If we step back, we lose a key line of defence against exactly those types of measures you talked about.

**Mr. George Chahal:** Thank you.

I'll shift over to you, Mr. Friesen. Thank you for joining us today.

You made some comments in your six points that demand will grow, that we need more infrastructure and that we could be faced with provincial energy shortages. Were you aware, or was your company aware, of the provincial government's moratorium on the renewable energy sector before it came out?

**Mr. Dale Friesen:** Thank you, honourable member.

No, we were just as surprised as everyone else. As you know, we have a pretty large renewable book, and it was a surprise.

For those who aren't aware, in August the Government of Alberta put a six-month pause or moratorium on approvals until February 29, 2024.

Alberta has about 24,000 megawatts of projects of renewables in the backlog, which is about double the total demand. We want to build a part of that. That's equal to about 20 Site C hydro dams and about four Bruce nuclear plants. There's a fair bit there where they need to be certain about integration. In the Yukon, where we have a high integration of renewables, this last summer we were struggling with a couple of power outages caused by frequency disturbance. Renewables are great, but it's the way you integrate them that's important, as Mr. Leach was saying, so that you ensure the reliability of the grid.

**Mr. George Chahal:** We have another study coming up on Canada's electricity grid. I think you could add valuable insights to that.

Has the moratorium on the renewable sector delayed any of your projects, or has this provided uncertainty in the projects that you are looking to build? Do you think this will have an impact on your company and the sector moving forward?

• (1140)

**Mr. Dale Friesen:** Currently, we have Forty Mile Solar. It's already gone through the process, so we are not impacted, to answer that question. We actually believe that in the long run... It's frustrating in the short term, but we believe it's a good thing in the sense that, if we get this right, it can be a way to ensure that as we go forward in the implementation of renewables and baseload power we can address the problems of reliability.

In March of this year, the Alberta Electric System Operator came out and expressed concerns in a report about reliability of the system, which goes to public safety. We think that taking steps to review it, as long as it doesn't take more than the six months, is actually a good thing in the long term for power projects in Alberta.

**The Chair:** Thank you. We're out of time on that one.

We're going to go now to Monsieur Simard. You have six minutes.

[Translation]

**Mr. Mario Simard:** Thank you, Mr. Chair.

Mr. Leach, on the subject of energy, many witnesses told us that, if we wanted to promote the deployment of clean energy, we had to put a price on carbon. You know as well as I do that producing green hydrogen, or even blue hydrogen, is more expensive than producing oil. It also costs more to invest in new technologies. So a number of people came and told us that we had to put a price on a molecule. If a hydrogen molecule, say, has a small carbon footprint, we have to put a price on that.

Earlier, in response to my colleague Mr. Chahal, you said that there had to be a clear carbon price for investors and a credible environmental policy, and that investors had to have confidence in what was put in place.

If I understand you correctly, that means that you are in favour of carbon pricing.

**Dr. Andrew Leach:** Of course, Mr. Simard.

[English]

I'll answer in English, just to make sure that I'm clear.

I previously headed up a panel in Alberta under then premier Rachel Notley, which recommended the imposition of a carbon pricing system that's very comparable to the system that's in place now nationally. It was also built off the system that's in place in Quebec. A lot of the elements are in common. It's not a cap-and-trade regime, but it does have, for example, a similar allocation of emissions credits to industrial actors, etc., for competitiveness reasons. It drew a lot of inspiration as well from the WCI. It's 100% in favour of carbon pricing.

The challenge, of course, is in providing that long-term signal. This isn't unique to carbon. If you're going to invest in a rental property today, you want to know that there's not just going to be a market for the next year or two, but there's going to be a market that allows you to amortize the capital cost of that project. The same is true of carbon capture and sequestration, green hydrogen, blue hydrogen, etc.

[Translation]

**Mr. Mario Simard:** That's perfect. I like your answer. I agree with you that we need an investment framework that tells us the parameters won't change along the way.

Now, I think I read an interview you did with the CBC. You said at the time that the effect of carbon pricing on the price of oil was quite minimal. I think you said 20¢ a barrel. That's nothing compared to all the uncertainties that cause oil price fluctuations.

In your opinion, does carbon pricing have a direct impact? When people put gas in their car today, do they see a noticeable difference because of the carbon price?

**Dr. Andrew Leach:** For sure.

[English]

I think we do see an impact at the pump. We simply don't see the impact that would be there with a larger carbon price. If we wanted the results of \$300-a-tonne carbon price, for example, we would want to impose one.

What we have today is a \$65-a-tonne carbon price, so we see a marginal increase, whether it's in the price of gasoline at the pump, the value of different emissions reduction opportunities that could be undertaken in the industrial sector or the incentive to not undertake certain activities. You'll see that in investment, for example, for renewable power in Alberta. It's probably the one where you see it dramatically—or on the coal power side. That carbon price is enough to say, “Do you know what? It's no longer worth it for me to operate a coal plant, and I would rather convert,” as Mr. Friesen's company has done to convert, very early on, many of their coal assets to gas.

It's going to have the same impact for people who are a good fit for electric vehicles, but that doesn't mean it's enough so that all of a sudden everyone is going to say, “I do not want to drive anymore.” Some people are going to make those transitions. As the price increases, those transitions become more likely.

• (1145)

[Translation]

**Mr. Mario Simard:** People said there had to be a price on carbon. There is a carbon tax. Quebec has its own system. It does not operate like the rest of Canada when it comes to carbon pricing.

What's your opinion on the clean fuel regulations? In your opinion, is that a tax? I don't think we should look at it that way.

Do we have to have this type of regulation if we want to reduce the energy sector's carbon intensity?

**Dr. Andrew Leach:** That's a good question. I would say that it really depends on the context.

[English]

If we're talking about a tax in the constitutional sense—so for exemptions for provincial assets, etc.—it's absolutely not a tax. It's a regulatory regime. If by “tax” what you mean is that it imposes additional costs in some way, that's a much broader definition of “tax” than most economists would use. However, absolutely, there are going to be some costs imposed in the supply chain because of the clean fuel standard. I think that's clear in, for example, the regulatory impact assessment that has come out from Environment and Climate Change Canada.

The answer to the second part of your question links to what I said earlier, which is that if we want a system that drives emissions down.... I'll use Quebec as an example. Quebec has a price on transportation fuels that comes in through its WCI, but emissions from transportation in Quebec have grown faster in recent years than emissions from the oil sands.

I'll cut that off there at your request.

[Translation]

**Mr. Mario Simard:** Thank you.

[English]

**The Chair:** I'm sorry. Six minutes went by quickly, so we're out of time.

I also want to mention to the members and acknowledge that Mr. Leach has a hard stop at noon today, so he'll be dropping off at noon. We can keep going perhaps one more round after—we'll see where we are.

I don't want to eat up Mr. Angus's time, so we'll go over to him for six minutes.

**Mr. Charlie Angus:** Thank you, Mr. Chair.

I think one of the things that surprised everybody was how fast the impacts of the IRA began to be felt in the American economy; things shifted so dramatically within a 12-month period. One of the pushes we did as New Democrats to get the government to really move on clean-tech incentives was so that we didn't see a bleed-off of jobs, opportunities and investments to the United States because of the IRA.

We just had Gil McGowan of the Alberta Federation of Labour speak. He is very concerned about the impact of the Danielle Smith government's stopping of the clean energy projects under way in Alberta and the damage that's going to do to certainty, and also about whether or not that's going to shift investment stateside. What are your views on Danielle Smith's move to place this moratorium on the clean energy potential in Alberta?

Go ahead, Mr. Leach.

**Dr. Andrew Leach:** Thank you.

My views on that are basically the same as what I said earlier. I think we missed an opportunity to be prepared for the fact that solar and wind have become some of the cheapest electricity generation resources in the world. Because of that, we're caught in a little bit of a policy problem.

Will it detract from investment? I think it will, absolutely, in the near term. The government has told people that there are going to be changes in the transmission regulations, that there are going to be changes in the electricity market, and that there are going to be changes in a lot of aspects that reach beyond simply the project approvals for solar and wind. Without knowing that, you're not going to advance a project at all.

That said, we do have a lot of projects. Again, I come back to Mr. Friesen's company, which has projects that are still under construction today, if I recall correctly. Others do as well. This was only for projects deep in the regulatory approval process, not projects that were already under construction. I think the impact happens six months or a year from now. That's when it will really start to be felt on the construction jobs front. It's earlier on in the engineering, design, front-end, legal services, etc., fronts.

**Mr. Charlie Angus:** Thank you.

I've been looking at Texas, which is hardly a progressive state in anybody's world view. I think we can all agree that it's very conservative. However, in the last three years, its solar and wind have exploded at an unprecedented rate. There are now 880,000 clean energy jobs in Texas. Houston is slated to become the clean energy capital, perhaps, of the world. We're seeing that it already has 51 gigawatts of power in clean tech online with another 42 coming on. That's apparently one of the reasons it was able to withstand the brownouts this summer in the huge massive heatwaves. The air conditioners kept going thanks to solar.

Do you think there are lessons to be learned from the speed with which Texas has moved on building a clean energy system?

• (1150)

**Dr. Andrew Leach:** I think we're learning those same lessons here in Alberta. Your colleague mentioned earlier about the AESO study in the spring. The grid operator in Alberta was thinking about

what would happen if we had 2,000 megawatts of solar. Six months later, we have 4,000 megawatts in the queue, so we've seen that rapid explosion as well.

Texas is a nice parallel, but where I would highlight the differences is that our big crunch times for electricity and energy come in the last couple of weeks of December and the first couple of weeks of January. That's a very different environment for solar, and in some cases even for wind, than it is in Texas. Their high-energy demands occur in the peak summer months, when it correlates really well with solar, or even in stormy seasons, when it tends to be a little bit windier in their area than it is here.

There are some lessons, but it's not a perfect fit.

**Mr. Charlie Angus:** That's very helpful. I was speaking to someone involved in the clean energy industry who told me that he didn't think there was a location in the world better than Alberta for solar and wind just because of the geography and the like.

If you were saying that we needed to actually create a balance in the winter months on clean tech, what would you be suggesting? Would it be geothermal, hydrogen, battery capacity...? How would you see it?

**Dr. Andrew Leach:** I think the biggest opportunity lies in inter-provincial power lines. We have great hydro resources. On either side of Saskatchewan and Alberta, we have provinces with great hydro resources. We should have projects under construction right now that integrate those markets more. We probably need other incentives and other suppliers that will come online, but those will respond to the market. I think batteries is another area where we'll see those respond to the market.

Again, the biggest challenge is just that one weeks-long period in the winter of low solar, low wind and so on. The energy is great. It's just that you don't get energy when you need it. I'll redirect you to my forthcoming book, where I have a graph that highlights it. I can't show it to you today, but I'll try to ping you with it online.

**Mr. Charlie Angus:** Thank you for that.

I know that one of my colleagues from Calgary is interested in the electricity grid issue and the need to create maybe not a national grid but regional hubs where, say, Alberta and British Columbia can work together, and perhaps Ontario and Manitoba. Certainly, the Atlantic loop is very interesting.

Do you think that potential of regional and interprovincial development could export some of the huge resources coming out of Alberta, but also import when necessary?

**Dr. Andrew Leach:** That's exactly the model. I think the more integration you have, you take advantage of those resources. You take advantage of the capacity that's in BC Hydro. You take advantage of the energy that comes from the foothills wind and excellent solar in Alberta, which would work really well together, and then link to the U.S. I think it's not just east-west but also north-south. Then you get very different weather regimes. The sun doesn't shine in Alberta at night, but the wind is always blowing somewhere. The sun is shining in most places when we need electricity at its highest levels.

There are some opportunities there, for sure.

**The Chair:** That's the end of our six minutes.

Mr. Leach, before you go, thank you so much for making the time available. If you want to stay around until you need to drop off in the next couple of minutes, that's fine.

If any of you have additional information, up to 10 pages, that you'd like to submit, we'd be happy to accept that. You can send that to our clerk for translation and distribution to our committee members.

We'll move now to the next round. We'll do five minutes for the first two and two and a half minutes for the next two. Then we'll see where we're at. We do have some committee business, so we'll see how things go.

First up is Mr. Falk for five minutes.

The floors is yours.

**Mr. Ted Falk (Provencher, CPC):** Thank you, Mr. Chair.

I'd like to thank all the witnesses for their presentations.

Mr. Friesen, I'd like to begin with you. You made a comment in your opening remarks about how "getting it wrong" will come at a big cost. I think in some of your subsequent remarks you used the terminology that we need to "get it right".

I know that Alberta has been a leader in renewables, in wind and solar, and that in fact your company, ATCO, is heavily involved in that. Can you tell us roughly what percentage of the power produced in Alberta is from wind and solar?

• (1155)

**Mr. Dale Friesen:** Thank you, honourable member.

I think it's around 30%. I don't have it exact, but I think there are about 3,400 megawatts of wind and about another 1,200 megawatts of solar out of a total grid capacity of probably about 15,000 megawatts.

It's a high percentage. I think it's over 30% in terms of capacity of power installed.

**Mr. Ted Falk:** Alberta is already a significant partner in the renewables. In your comments, you also mentioned that you thought it would be a good idea to continue along that path.

Can you also tell me a bit about hydrogen? Where is hydrogen? Are we getting close to having it scalable and to its being used easily?

**Mr. Dale Friesen:** In terms of hydrogen, you hear a lot about colours. There's green from solar renewable energy and blue made from natural gas. With CCUS, you can achieve over 90% emissions-free hydrogen, which is, in terms of the life cycle, similar to or better than solar-generated. We do both in Perth. We think it plays a role.

Right now it's cost, but as the carbon tax increases, there's a break-even point that occurs around 2028, when with the price of natural gas with the carbon tax, it will be cheaper or the same price to use hydrogen rather than natural gas.

Right now, it would be more expensive, but if you're a large oil company and you are using it for industrial purposes, with the offsets, credits and ITCs that are applied, it's already competitive. We believe, with the government's investment tax credits—if we can get clarity on the contracts for differences—and these other tools, it is something that you could use even now.

**Mr. Ted Falk:** Thank you, Mr. Friesen.

You also made the comment that the regulatory environment or regimes need to be consistent with the goals of the government.

Can you talk a bit about where we are as a country?

**Mr. Dale Friesen:** Right now, the industry is feeling a bit in between. It's sandwiched. You have the federal and provincial governments, and I think in some provinces there are different needs and different regional concerns in the laws and regulations that are in place.

For instance, in the investment tax credit, one of the concerns we have is that it's not clear if our project... Even though we might be technically eligible for investment tax credits for our CCUS project or our clean hydrogen project, if the province doesn't agree to the net-zero 2035 regulations, which aren't yet even developed or finalized... It will be in probably 2024, when we expect the Canada Gazette, part II, to come out. The provinces have to agree to them now, or else you may not be eligible for the ITCs and that creates enormous risk for boards that approve projects.

I think that's one of the real differences that we face. The IRA's already in place and the rules are clear. You can go to the board, you can get the direction and you can start building. Here, we won't even be able to get a final board decision until, say, mid-next year, when we have the certainty of how these things are all going to work together.

**Mr. Ted Falk:** Thank you for that, Mr. Friesen.

Mr. Buffalo, you talked about how in the U.S., the business environment is much friendlier.

Can you expand on that, please?

**Mr. Stephen Buffalo:** I think most of the tribes I've come across and worked with feel that they have a little more autonomy in deciding what's being done for them.

Here in Canada, especially with first nations, Indigenous Services Canada.... In the oil and gas space, it's the Indian Oil and Gas Canada that really tries to dictate and tell us what to do. It's not a very savvy business case. It seems to watch over. Most times, any revenues that we see, for example, in the oil and gas space, the government attempts to control. Some nations have been able to take control of their oil and gas revenue money now, but it's still a struggle.

As long as Indigenous Services Canada is overseeing our nations, it will be really tough. Now that the provinces.... With some of these new projects that are coming forward, the access to capital is an issue.

Some of the conversation today was about what Alberta did with the moratorium on renewables. For first nations, of course, we're heavily invested in some of these projects, but at the same time, a regulator could ensure that there's cleanup placed on something, such as abandoned wells. This is because, at the end of the day, here in oil and gas, we're stuck with abandoned wells that should be orphaned because there's no owner. The same thing could be said for solar panels and wind turbines in our traditional territories.

A lot of these things, in which the government is interfering, really hamper our economic development and try to more or less guide our ship, when we can make those decisions ourselves for the most part.

• (1200)

**The Chair:** Thank you. We're done there.

We're going to go now to Madam Lapointe, who will have five minutes.

**Ms. Viviane Lapointe (Sudbury, Lib.):** Thank you.

Mr. Friesen, in your opening statements, you mentioned that the Government of Canada needs to “leverage regional strengths”. Can you expand on this?

**Mr. Dale Friesen:** Thank you, honourable member.

That's a great question. In Canada, over 84% of the electric system is already emissions free. The provinces of Quebec—with Hydro-Québec—Ontario, B.C. and Manitoba are at nearly 100%, but other provinces, such as Saskatchewan, Alberta and Nova Scotia, are not nearly so far along, so the impacts aren't felt equally. It's not the same lift to build out and then replace your system.

Those regional differences mean that with a clean electricity regulation the burden is going to fall a lot more heavily on those provinces that aren't blessed with a rich supply of hydro, nuclear and renewable power already. That's one of the differences that I was referring to.

**Ms. Viviane Lapointe:** You also mentioned that the Inflation Reduction Act's simplicity is what drives its power. I want to ask you what that looks like for Canada. What is it in the IRA that you think Canada should replicate in its policy?

**Mr. Dale Friesen:** It's a great question.

As our smart tax people tell me, the systems between the two countries aren't the same, so of course they'll never look exactly the same.

I think it's the simplicity. Say, for instance, if you look at the investment tax credit, you see that there are more sticks attached, whereas the IRA has a lot of carrots. It's the same for labour. If you have an ITC for a carbon capture and sequestration project currently and you are unable to attract enough workers of the Red Seal technicians and apprentices to your project, then you actually get significant deductions on your investment tax credit value. We all know what a huge labour shortage we're seeing, and the fact is that many of these workers are transferable. They can go down to the States and work on those projects.

To make the ITC conditional on so many things that are out of your control—like the labour supply—makes it difficult to compete, whereas in the States with the IRA, you know that if you've designed your project to fit the parameters, it's going to be eligible. Also, if you achieve better labour targets than are set as the minimum, then you get bonuses rather than penalties. It's a carrot-and-stick approach.

Part of it is simplicity. Some of the simplicity could even be added incentives rather than takeaways, because for a board to approve a project that is going to, say, build a CCUS project for a large natural gas plant to provide clean energy to Albertans, they can't control the labour supply. If they're not able to achieve the right number of Red Seal technicians and the right number of apprentices, they can actually be at risk of losing a huge percentage because of something completely out of their control. They really don't know what they can count on.

Giving certainty can be just in the way that you design these extra features of the ITC. I would simplify. For instance, for labour, you could simply say to make it a best effort. That would take away the risk to the corporation in saying that of course this is the goal and the desire, but if they make best efforts to achieve it, then they'll know they will get the full ITC. Currently, that's not the case.

• (1205)

**Ms. Viviane Lapointe:** Thank you.

Chair, I'm going to cede my time to my colleague MP Sorbara.

**The Chair:** There's one minute left, so let's go.

**Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.):** Thank you, Viviane.

Thank you to my colleague. That was very kind of her.

For the gentleman from ATCO, obviously we all await the enabling legislation for the five ITCs. It was a great response, and there were great policy measures that we put forth.

On your six pillars, you talk about capitalizing on global opportunities. I wanted to hear from you about how ATCO has positioned itself and is capitalizing on the energy transition that is taking place.

**Mr. Dale Friesen:** Thank you, honourable member.

ATCO has invested heavily in the energy transition. We are deeply committed to renewables. We have a goal to have a thousand megawatts in operation by 2030. We're about 32% along the way of that goal and are very excited to continue to build more. We've purchased a pipeline of 1.5 gigawatts of renewables.

We've also invested heavily in clean hydrogen projects, both here and in Australia. In Australia, we're already providing clean hydrogen from renewable sources to 2,700 homes for blending, for decarbonizing residential heat. We're looking at projects like the large-scale hydrogen in Alberta that can decarbonize industry, heating for both residences and commercial, power production and transportation.

We're all in. We also believe that comes with supporting our indigenous partners, and we have a commitment to increase the amount of benefit that our indigenous partners receive from these projects so that they too can build further capacity.

**The Chair:** Thank you.

We're going to end there. For the first two questions, that was about a minute over, so for Mr. Simard and Mr. Angus, I'll give you an extra minute on the clock. That will possibly take us to the end of this round of questions. Then we need to move in camera, and that will take some time.

Mr. Simard, you have two and a half minutes, plus or minus a minute.

[Translation]

**Mr. Mario Simard:** You're generous, Mr. Chair.

Mr. Friesen, you just said that you have renewable energy projects totalling 1.5 megawatts. These are projects that are already under way. Do they involve wind energy or solar energy?

[English]

**Mr. Dale Friesen:** Thank you, honourable member.

It's 1,500 megawatts, so 1.5 gigawatts, and of that we have a large solar project right now, Forty Mile, which is about 220 megawatts. In total, we have about 320 megawatts and we have an additional roughly 1,100 megawatts that we are seeking to build. It is predominately wind, mostly in Alberta, and there is also some solar.

[Translation]

**Mr. Mario Simard:** What is your objective for the next few years?

[English]

**Mr. Dale Friesen:** Our stated target in our sustainability report is 1,000 megawatts of operational solar by 2030. We hope to better that. That's our stated goal and we hope to do better.

[Translation]

**Mr. Mario Simard:** Thank you.

You mentioned in your testimony that we need to accelerate indigenous ownership. What does the government have to do in the short term to achieve that?

[English]

**Mr. Dale Friesen:** That's a great question. We think there are a few things. The Alberta Indigenous Opportunities Corporation—I think Ontario has a similar one—is a great organization to enable and to help fund these projects. The extra funding from NRCan has also been very helpful for some of the projects we've been doing recently, such as our large urban solar projects here in Calgary. The Canada Infrastructure Bank has also played a key role in some of the projects. Enabling those and continuing those are things that can make a difference.

[Translation]

**Mr. Mario Simard:** I want to ask Mr. Buffalo the same question.

Mr. Buffalo, you also mentioned in your remarks that we need to improve opportunities for indigenous people when it comes to energy.

What do you think can be done in the short term to achieve that?

• (1210)

[English]

**Mr. Stephen Buffalo:** In the short term, I think we've seen some positive strides with the Alberta Indigenous Opportunities Corporation, of which I'm the chair. It brings revenues to the nations. For the four projects we've funded, the nations will see a total of \$31 million collectively, and that's money they've never had. I always reference the struggles of being under the Indian Act and fighting how constrictive that has been.

Being at the table as an equity owner means that now we have a say. Now it's something we can work on together with industry, but moving forward, basically it's an Alberta government guarantee. You still require financing. You still have to make sure that the project is viable and has positive returns. For some of the projects I've seen in some of the applications, there's a definite need for government subsidy to allow these things and to ensure that we are trying to find clean energy for our communities and for the province as a whole. We have to continue to find ways to do that. The AIOC gives a little bit of capacity grant money to get the governance in place, but it really opens up opportunity for equity ownership and to see revenues to help fund our communities.

**The Chair:** Thank you.

Mr. Angus, you have two and a half minutes with a little bit of leeway on your clock.

**Mr. Charlie Angus:** Thank you, Mr. Chair.

I would like to follow up on my colleague's question, Mr. Buffalo.

In my region certainly partnerships with indigenous groups in hydro and in exploration are really vital. How many projects are your members involved in for hydro, geothermal, solar or wind? Do you have those numbers?

**Mr. Stephen Buffalo:** I wouldn't have those numbers, but obviously in oil and gas we're seeing that transition to get to renewables and alternatives. I guess that's why I'm here. There's a lot of interest in SMRs, but a lot of it takes working with governments.

The problem right now is that we're seeing a lack of consultation with these members. It might go through the AFN, but the AFN doesn't speak to everybody. Getting the messages down to grassroots communities is often difficult.

We're all for a cleaner planet, of course. We know that, but we're also for finding prosperity. Some things I advocate for, when we're doing these things, are better consultation with members and opportunities to be equity owners in some of these projects, because jobs just won't do it anymore. It has to be different. As long as there's an Indian Act and as long as we continue to see our leaders suppressed by bureaucrats, it will be tough.

Having these alternatives and these opportunities is very key, as long as first nation communities and Métis settlements have the opportunity to say yes or no. That's what I advocate for, and I think that's the approach the federal government should take.

**Mr. Charlie Angus:** It's certainly important. In my work the AFN has not been involved in negotiations. It's really done at the community or tribal council level.

If I heard you correctly, you mentioned that oil and gas should still be part of these incentives. I think it would blow out our climate objectives if we did that.

From your filings under Canada's Extractive Sector Transparency Measures Act, I notice that you are receiving funding from CNRL, which is one of the biggest oil sands producers. Has your organization been regularly getting money from oil sands operations?

**Mr. Stephen Buffalo:** No. That was because we were doing training. We went through a transition there. Our funding has been cut, so we obviously have to find alternatives. One objective of one of our divisions is to help train and build capacity in communities.

We did site reclamation training with funding we did receive from Canadian Natural Resources Limited. They know they're one of the big producers here. They're very active in the oil and gas sector in Alberta, so keeping them accountable to help train our people to reclaim our land, I think, is very important—

**Mr. Charlie Angus:** I'm sorry, but my time is running out. Is that a one-off project, or is that annual funding?

**Mr. Stephen Buffalo:** That was a one-off project. If we get to do more site reclamation work, they'll definitely put the rigging back on, and they'll pay for all the training we can do.

**The Chair:** I have had a request to finish off the official second round, which would be five minutes to the Conservatives and five minutes to the Liberals.

We go next to Mr. Dreeshen, who has five minutes on the clock.

● (1215)

**Mr. Earl Dreeshen (Red Deer—Mountain View, CPC):** The first question I would like to ask is for Mr. Friesen. I've often talked about our analyzing the actual environmental impacts from any type of project, from the first shovel we use to dig it up to the last shovel we use to cover it up. I'd like to ask you, just how much does ATCO set aside for decommissioning wind and solar facilities when they've outlived their usefulness?

**Mr. Dale Friesen:** I don't have that exact answer. I know there are set-asides, which vary by region, but I don't want to mislead. What we can do is take that away and get back to you.

In terms of the power plants we used to have—the converted fossil plants or coal-to-gas conversion plants we sold to Heartland Generation—the law required that a large set-aside be maintained for the reclamation of those projects.

**Mr. Earl Dreeshen:** I appreciate that. Of course, we know there was a great amount of money put out to go from coal to natural gas.

Mr. Buffalo, you'd probably be interested in that. Many of these projects are going to be on first nations land. One thing you have been asking is, who's going to deal with this? It's been an issue in Alberta. There are dozens of corridors of land that are being put into solar panels and wind farms. We talk about food security, yet we don't seem to care about taking out agricultural land.

I'm curious about this, Mr. Buffalo. I know that indigenous people worked hard to harness the economic power of natural resources on their land. Are you getting any assurances, from companies that are proposing projects on your land, that there will actually be a process involved that is going to protect that land in the future?

**Mr. Stephen Buffalo:** It's the same as in the oil and gas sector. We're told it will be nice and everything at the end, but it's really hard to trust—the industry proved itself.

**Mr. Earl Dreeshen:** I believe it. Just to that point, I know that even though oil and gas is regulated differently, it doesn't mean they're doing it right or that there couldn't be improvements. When you have a massive tract of land and they're laying down steel in order to put in solar panels, or that type of thing, that's really where the concern is. If they leave, then it's not just sending somebody to clean up an oil well site. That's the concern I have.

I will come back to some other things. We've had Calvin Helin here to discuss some issues with the economy and the frustrations that his and other indigenous companies have had in trying to work their way through some of the nuances with the federal government.

Has Bill C-69 affected your projects? Do you fear that the billions of dollars your people have put into oil and gas structures and facilities could end up becoming a stranded asset for which there is no recourse?

**Mr. Stephen Buffalo:** You're absolutely right. Even to get to that point, the timing is huge. My colleague Mr. Friesen talked about how long these projects will take to get off the ground. The investment looks good, and of course we see some of the returns that might be identified, but at the end of the day, absolutely, we'll be looking at what's left over when it's all said and done. I know there are some—not really specifically but....

With the lifespan of solar panels and wind turbines, who's going to take care of that? At the end of the day, was that great usage of the land we have? We have very limited use of land on first nations reserves. We might claim traditional territory off reserve, but who's going to take care of it?

Right now the government's history is not good through Indian Oil and Gas Canada. We're stuck with abandoned wells, which should be orphaned when there's no owner. Part of me is afraid this could happen again with the wind turbines and solar panels. What is the recourse on the environmental cleanup on those things?

We are more or less looking at some of the returns and the opportunities given to the nations, because that can be a good thing. We have to make sure it's properly regulated. If we're consulted correctly, we can probably work together to make sure that's done properly.

• (1220)

**The Chair:** We go to Mr. Sorbara for his five minutes on the clock.

**Mr. Francesco Sorbara:** I first want to get on the record that, according to BloombergNEF, renewable energy investment for the first half of 2023 hit a record of \$358 billion across the globe. A large chunk of it was in solar and wind, and across many countries: China, Germany, the United States and other jurisdictions. I don't think that's going to stop, if I can put that in very simple terms. I think you're going to continue to see strength in investment in the renewable energy sector across the world and that large capital pools are going to continue to be attracted.

To Mr. Friesen at ATCO, the Inflation Reduction Act just hit its one-year anniversary about a month ago or so. You are correct that the enabling legislation from our side—as I commented—is still coming through. That is different from the legislative process in the United States, where it is very clear and definitive when a law is put in place, and you can read it and it's very easy and simple to understand.

One comment you made was about aligning regulatory processes with outcomes, the third pillar. Can you elaborate on that? The second point I would like to hear some elaboration on is this: You touched on the importance of hydrogen or the cost curve on hydrogen coming down, if I understood correctly. If you could comment on those two, that would be great.

**Mr. Dale Friesen:** The first question was about regulatory processes matching outcomes. In the simplest terms, there is enormous ambition for the Canadian government and for Canada to decarbonize. To do that, having processes that are simple and streamlining regulatory and permitting processes would allow that outcome to occur more easily and faster, and would give more confidence to investors.

I'm sorry, but the second question was...?

**Mr. Francesco Sorbara:** You commented on hydrogen. I'd like you to elaborate on hydrogen and the cost curve in the adoption of hydrogen as another viable energy source.

**Mr. Dale Friesen:** Thank you.

One of the real tricks to getting the price of hydrogen down is scale. If you can make it in swimming pool sizes versus teacup sizes, you can lower the cost, particularly of the hydrogen made from the Alberta autothermal reformers with CCUS, and have it over 90% emissions-free.

Scale is important. To do that, you need customers. To do that, you need certainty on ITCs, on the contract for differences for carbon and on various funding mechanisms, because that gives industry the confidence to build large projects like the ones Suncor and others are looking at. That production can then be used to.... That's what I would call your anchor tenant for the mall. What it does is create a cheaper volume of hydrogen, which you can use for decarbonizing heating [*Technical difficulty—Editor*].



**The Chair:** We've lost you.

**Mr. Dale Friesen:** I'm sorry.

Being able to build hydrogen at scale allows you to lower the price and then be able to decarbonize industry, heating, power generation and transportation. It's the scalability that helps lower the cost.

**Mr. Francesco Sorbara:** Thank you, sir.

I'll stop there, Chair.

**The Chair:** Thank you.

With that, Mr. Friesen and Mr. Buffalo, thank you so much. I'm not sure how long we said we were going to keep you, but I appreciate your staying until the end of this part of our meeting.

Colleagues, we will now suspend and go in camera.

I would like to say, just before we go, that this will be my last meeting as the chair. We will have a new chair, who will take over on Wednesday. We'll have more on that in the upcoming session. I want to thank everybody for their support and input over the last couple of years since we came back for the 44th Parliament. That

business will be made public once we get through the closed session.

Mr. Angus, I'll go to you quickly, and then we'll suspend and move into a closed session.

● (1225)

**Mr. Charlie Angus:** Quickly, Chair, I want to put it on the record, on behalf of the New Democrats, that we thank you for your patience, your dedication and your unwillingness to let all the mountains that were thrown in your path stop you and this committee from moving forward.

It's been an honour and a privilege to work with you, and we hope that you will stick around. I'd like to see the more partisan, heckling side of the chair in another capacity.

**The Chair:** Challenge accepted. Thank you for those kind words.

We'll suspend. We'll be back in a moment in camera.

*[Proceedings continue in camera]*

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