

## Standing Committee on Resource Stewardship

*Report Respecting Presentations by*  
Alberta Recycling Management Authority  
Independent Power Producers Society of Alberta

Twenty-Ninth Legislature  
Fourth Session  
October 2018



Standing Committee on Resource Stewardship  
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**STANDING COMMITTEE ON RESOURCE STEWARDSHIP**

October 2018

**To the Honourable Robert E. Wanner  
Speaker of the Legislative Assembly  
of the Province of Alberta**

Pursuant to Standing Order 52.08(1) and (3), I have the honour of submitting, on behalf of the Standing Committee on Resource Stewardship, the Committee's report on presentations received at its meeting on September 25, 2018. In addition, copies of this report will also be sent to the Minister of Energy and the Minister of Environment and Parks.

Sincerely,

(original signed by)

Rod Loyola, MLA  
Chair, Standing Committee  
on Resource Stewardship

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## MEMBERS OF THE STANDING COMMITTEE ON RESOURCE STEWARDSHIP

### 29th Legislature, Fourth Session

Rod Loyola, MLA  
Chair  
Edmonton-Ellerslie (NDP)

Wayne Drysdale, MLA  
Deputy Chair  
Grande Prairie-Wapiti (UCP)

Erin D. Babcock, MLA  
Stony Plain (NDP)

Todd Loewen, MLA  
Grande Prairie-Smoky (UCP)

Greg Clark, MLA  
Calgary-Elbow (AP)

Hon. Brian Malkinson, MLA  
Calgary-Currie (NDP)

Thomas Dang, MLA  
Edmonton-South West (NDP)

Christian E. Nielsen, MLA  
Edmonton-Decore (NDP)

Derek Gerhard Fildebrandt, MLA  
Strathmore-Brooks (FCP)

Prasad Panda, MLA  
Calgary-Foothills (UCP)

David B. Hanson, MLA  
Lac La Biche-St. Paul-Two Hills (UCP)

Eric Rosendahl, MLA  
West Yellowhead (NDP)

Anam Kazim, MLA  
Calgary-Glenmore (NDP)

Kim Schreiner, MLA  
Red Deer-North (NDP)

Jamie Kleinsteuber, MLA  
Calgary-Northern Hills (NDP)

### Substitutions on September 25, 2018, Pursuant to Standing Order 56(2.1-2.4):

Trevor A.R. Horne, MLA<sup>\*</sup>  
Spruce Grove-St. Albert (NDP)

Jason Nixon, MLA<sup>†</sup>  
Rimbey-Rocky Mountain House-Sundre (UCP)

Brandy Payne, MLA<sup>‡</sup>  
Calgary-Acadia (NDP)

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<sup>\*</sup> Substitution for Erin Babcock, MLA

<sup>†</sup> Substitution for Prasad Panda, MLA

<sup>‡</sup> Substitution for the Hon. Brian Malkinson, MLA

## 1.0 INTRODUCTION

The Standing Committee on Resource Stewardship is one of three Legislative Policy Committees appointed by the Legislative Assembly of Alberta. Standing Order 52.01(1)(c) indicates that the Committee's mandate is related to the areas of Environment and Parks, Transportation, Municipal Affairs, Treasury Board and Finance, Energy, and Indigenous Relations. Under Standing Order 52.08(1) the Committee has the ability to hold public meetings on any matter within its mandate.

52.08(1) A Legislative Policy Committee may hold public meetings on any matter within its mandate.

On June 18, 2018, the Standing Committee on Resource Stewardship passed the following motion:

**Moved by** Mr. Rosendahl that the Standing Committee on Resource Stewardship hold a meeting to receive presentations from the organizations that have requested the opportunity to present to the Committee.

The Committee held a meeting on September 25, 2018, and received presentations from the Alberta Recycling Management Authority and the Independent Power Producers Society of Alberta.

Pursuant to Standing Order 52.08(3) the Committee directed that a report be prepared summarizing the presentations heard by the Committee on September 25, 2018, for tabling in the Assembly and distribution to relevant Government of Alberta Ministers.

52.08(3) A Legislative Policy Committee may report to a Minister or responsible public official on issues arising from a public meeting.

This report contains a summary of the presentations received by the Standing Committee on Resource Stewardship on September 25, 2018. This report is not intended to be a comprehensive record of the Committee's proceedings. For a complete record consult the transcripts of the Committee proceedings, including the oral presentations made to the Committee, which are available online at [assembly.ab.ca](http://assembly.ab.ca).

## 2.0 SUMMARY OF PRESENTATIONS

### 2.1 Alberta Recycling Management Authority

The Alberta Recycling Management Authority (Alberta Recycling) is one of the Delegated Administrative Organizations that manages the environmental stewardship programs in Alberta. Specifically, Alberta Recycling is responsible for managing the province's paint, electronics and tire recycling programs. Beginning October 1, 2018, it will also be responsible for the province's used oil recycling program. Accountable to the Minister of Environment and Parks, it is a not-for-profit association which operates at arm's-length from government. It is run by a Board of Directors that includes representatives from affected industries, environmental groups, municipal waste management service providers, and the provincial government.

The presenter representing Alberta Recycling provided an overview of the organization's mandate, structure and goals, noting the four primary reasons for the success of the organization. These include stakeholder stewardship, multi-faceted municipal partnerships, public support, and participation and effective government oversight. The presenter reviewed the environmental role of Alberta Recycling and highlighted the importance of ensuring its programs remain cost-effective and financially sustainable.

The presenter reviewed the Extended Producer Responsibility model (EPR), in which recycling programs are run by industry, and remarked on its popularity in other jurisdictions. Various measures of materials recovered and recycled in the province were provided to demonstrate that the current structure of Alberta

Recycling has proven more successful than EPR models and to argue that the existing structure for managing the province's recycling programs would also be better suited to respond to future challenges. However, it was also mentioned that the regulatory framework that had allowed Alberta Recycling to be successful in the past was now a potential barrier to its future success. Specifically, the presenter argued that increased regulatory flexibility is required to allow Alberta Recycling to adjust to changing market conditions, and other factors, in order to ensure continued success of its programs.

In response to questions from committee members the presenter provided additional information on Alberta Recycling's fee structure in comparison to the rest of Canada and emphasized the important role of municipalities in successful recycling programs. The presenter acknowledged that the overall performance of the economy had an impact on the recycling industry, EPR programs were discussed further, as was the importance of updating the current regulations.

## 2.2 Independent Power Producers Society of Alberta

The Independent Power Producers Society of Alberta (IPPSA) was founded in 1993. It advocates for competitive market principles and promotes the development of government policies that support competitive market outcomes. Run by a board of directors, it has over 100 members, including all of Alberta's major power producers.

The presenters representing IPPSA emphasized the importance of maintaining investor confidence when developing policies and regulations governing power production in Alberta. They identified four key elements to Alberta's power market for maintaining investor confidence, including: an even playing field for all participants, coherence among regulatory agencies and alignment with market principles, meaningful consultation when developing market rules, and policies and regulations that support strong competition over a specific price outcome. It was suggested that the deregulated market approach to electricity had worked well for Albertans by providing consumers with choices and reasonable prices, creating sufficient supply to meet growing demand, and having investors bear the risks of both oversupply and changes to capacity for power generation. It was also noted that the development of capacity markets is bringing significant changes to the power market, and it was suggested that, in light of government policies, a shift to a capacity market could be beneficial to consumers.

When responding to questions raised by committee members the presenters discussed factors contributing to the increase in electricity prices with specific consideration given to power purchase agreements, transitioning from coal, carbon tax, renewables, and the shift to a capacity market. The relationship between policy development, market dynamics, price caps, and capacity for power generation was explored. Potential for increasing the renewables market in a thermal market like Alberta was discussed, along with its associated challenges, including options for transitioning from coal in a cost-effective manner while respecting the principles of FEOC (fair, efficient, open competition) and the results of Round 1 of the government's Renewable Electricity Program.

### APPENDIX: List of Presenters

Individual	Organization
Doug Wright, CEO	Alberta Recycling Management Authority
Evan Bahry, Executive Director Daniel Jurijew, Chair	Independent Power Producers Society of Alberta

