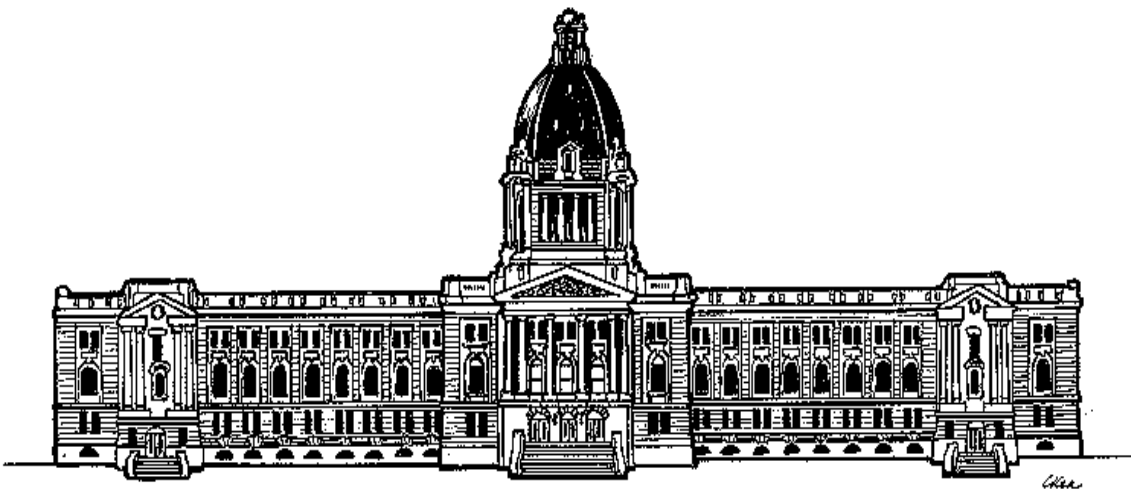




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Arm River-Watrous

Ms. Cathy Sproule, Deputy Chair
Saskatoon Nutana

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Melville-Saltcoats

Mr. Darryl Hickie
Prince Albert Carlton

Mr. Gene Makowsky
Regina Dewdney

Mr. Scott Moe
Rosthern-Shellbrook

Mr. Roger Parent
Saskatoon Meewasin

[The committee met at 10:02.]

The Chair: — Welcome today to this morning's meetings. I see that there is one substitution, Herb Cox for Scott Moe. Members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda.

We have two documents to table today: CCA 102/27, Crown Investments Corporation, Crown Investments Corporation Saskatchewan and Crown subsidiaries 2012 payee disclosure report distributed on June 7th, 2013; also, CCA 103/27, Provincial Auditor's report and 2012 financial statements of CIC [Crown Investments Corporation], Crown Corporations and related entities, dated June 2013. Members, I think, received that on June 14th, 2013.

On today's agenda is the consideration of the 2008, 2009, 2010, and 2011 annual reports for Saskatchewan Power Corporation and subsidiaries. I will introduce the minister, Minister Bill Boyd, and I will have him introduce his officials. And if he has an opening statement, he may make it now.

And I'll just ask the officials, the very first time you come to the mike, you can just say your name just so Hansard will know you. That's the only time you have to say it, the very first time you actually speak. Mr. Boyd, you have the floor.

Saskatchewan Power Corporation

Hon. Mr. Boyd: — Thank you, Mr. Chair. Committee members, good morning. I'm joined here today by Robert Watson, president and CEO [chief executive officer]; Sandeep Kalra, chief financial officer; Guy Bruce, vice-president in resource planning; Mike Marsh, chief operations officer; John Phillips, assistant general counsel, manager, law and land; Jim Diotte, vice-president, human resources, safety and environment; Diane Avery, vice-president, customer services and communications; Troy King, controller; and Donna Dressler, general manager of strategic relations.

We are pleased to be here today to review SaskPower's annual reports from 2008 through 2011. This time period has been a critical one for SaskPower, one of growth, opportunity, and change.

I'd like to talk very briefly about some of the highlights SaskPower experienced during that time. In 2008 the province's growth was becoming evident. A record peak load of electricity was used at 3194 megawatts. A record of \$103 million was spent on connecting new customers to the electrical grid. The Poplar River power station received a \$125 million upgrade.

And notably, the first announcement of the intention to build the first and largest integrated carbon capture and sequestration demonstration projects in the world at Boundary Dam power station, unit no. 3, took place. Today, this project continues on time and on budget. And just last month we welcomed delegates from a dozen countries to the inaugural carbon capture and storage symposium.

2009 was another record year for power use, with a new peak load of 3231 megawatts used, as our province's growth

continued. That year, SaskPower invested a record \$640 million in infrastructure. As well, SaskPower was proudly named one of the best diversity employers in the country, an honour it retains to this day.

One of the most notable events of 2010 came with the announcement of the advanced metering infrastructure project, which will see 500,000 smart meters installed across the province connected to a wireless communications network. SaskPower was recognized that year as one of Saskatchewan's top employers.

In 2011 another \$625 million was invested in the province's electrical infrastructure, and another new record was set for energy consumption. A \$555 million expansion of the Queen Elizabeth power station was announced, and the Red Lily wind power facility was launched, among other generation projects. The Shand greenhouse celebrated its 20th anniversary after having distributed 520,000 seedlings.

And the story of SaskPower's growth and investment continues. Requests for customer connects have risen by 1,700 in just two years, and power use is forecast to grow by about 2.9 per cent per year.

Record high investment in the electrical system will continue. SaskPower plans to spend about another \$1 billion per year for the long term on the province's electrical system to ensure our customers have the power they need for today and for future generations. SaskPower will continue to look at a mix of generational options to meet the growing demand while balancing costs and changing environmental regulations. We are planning for our future, providing a reliable, affordable, and sustainable product both today and in the years ahead.

Mr. Chair, with those opening comments, we are prepared to take questions.

The Chair: — Ms. Sproule, do you have any questions?

Ms. Sproule: — I do, thank you very much. Good morning to the minister and his officials. And thank you very much for coming in on probably the nicest day of the year so far. My first question is, as I drove up this morning, I believe I saw you drive up in an interesting looking car with SaskPower on it. Could you tell me about that vehicle?

Mr. Watson: — Well thanks for that question. Actually we did drive up in that car for a specific purpose. That is actually a pure electric car, battery operated only. And we have it, we bought it coming up two years ago in order to test it, actually to see how it would operate in the Saskatchewan environment. It's made by Mitsubishi and we've been driving it around. We let employees drive it around for functions or events and, quite frankly, to show it off.

It's very interesting, the questions we get, of course. Everybody doesn't believe it's a true electric car. It will probably get about 110 kilometres on one battery charge. You could charge it at either 220 or 110, like you can plug it into a normal plug at home. It takes a bit longer to charge with a 110. It takes overnight really to charge at 110, but at 220 it takes about 4

hours to charge right up. And it's pure electric, as I said. It'll get you around the city quite easily, as about 110 kilometres. Now if it's minus 40 out and you have to have the heater blasting away, then I don't think you want to go too far out of town with it, put it that way.

But it certainly is something that's teaching us how a true electric car . . . We didn't go with a hybrid, like because we thought it was important to try a pure electric car. We think it's a long way away from being viable in Saskatchewan, but you're getting larger urban opportunities here. Saskatoon and Regina particularly are becoming urban cities where people would live and stay in the city most times. And these type of cars would be quite viable for city municipalities, quite easy to have pure electric vehicles for them for the future and stuff like that.

So we just want to show it off, just to make sure that we are aware of the technology, the environment to use it, and be ready because we're sure the municipalities particularly will be coming to us with requests of how we can help them out.

Ms. Sproule: — I guess my next question then is, how much did it cost?

Mr. Watson: — I believe it was about \$32,000.

Ms. Sproule: — All right, thank you very much for that. Very interesting. I think what I'd like to start off this morning is with some questions around the relationship between SaskPower and the government, and particularly how money flows between the two entities in relation to dividends to GRF [General Revenue Fund], and grants back and loans. I understand the government loans money to SaskPower at the government interest rate. So if you could perhaps show me, we could even start with . . . Maybe we'll focus mostly on the 2011 report because I think there's a crossover in the four years. So we don't need to look at each year. But just starting with the 2011 report, in the consolidated statements, where would the dividend show up, and how much was it for 2011?

Mr. Watson: — I'll start answering and then Sandeep will jump in with your answer. The governance structure . . . [inaudible] . . . SaskPower being a Crown corporation in that we have a management team that runs the company. Generally we're responsible for managing the day-to-day operations of the company. We're responsible for looking and reviewing the long-term strategic plan, agreeing that long-term strategic plan with the board of directors.

And we do get outside counsel on that, quite frankly. The last time, last . . . This year, sorry, when we were putting the long-term strategic plan in, we actually had some advisers come in to Regina to advise us about not only economic environment within Saskatchewan but Canada and the world, because it impacts our customers, our major customers. So we took a lot of time doing that when we come forward with our long-term strategic plan.

The governance structure is that we report to the board of directors. The board of directors then reports to the holding company on the operations side, on the operating side. CIC is the holding company, and that's through all our funds. Requests for funds come through the holding company, and properly a

governance, proper governance holding company structure. And then when we need funds or we're dispersing funds, it flows through CIC all the time. We don't go to the GRF. Okay, Sandeep.

Mr. Kalra: — Okay, for dividends I have to look in 2012 financial statements. It's on, if you have the annual report, it's on page 72.

Ms. Sproule: — I haven't had that report with me, Mr. Chair, but that's the 2012 report? Are we allowed to discuss that today or . . .

The Chair: — Well, I think we have enough with the '08, '09, '10 and '11. It's up to the officials. If some of this stuff crossed over from 2011 to 2012, you're certainly all right to ask. And to answer, it's just they may not have some of the answers for the . . . They may not be prepared. So they can always, the officials, and the minister can indicate if they don't have the information because they just brought the officials that deal with them reports. But I'll leave that up to the minister and his officials to see what information they have available to them.

Mr. Watson: — Technically we did not pay a dividend in 2011. We did not pay a dividend in 2011.

Ms. Sproule: — I'm sorry?

Mr. Watson: — So technically we did not pay a dividend in 2011.

Ms. Sproule: — Okay. Were there any dividends paid in any of the years under consideration today?

Mr. Kalra: — There are dividends of 46 million in the year 2008.

Ms. Sproule: — Could the official tell me what page that's located on?

Mr. Kalra: — The 2008 annual report on page 64, it shows consolidated statement of income and retained earnings.

Ms. Sproule: — Okay, dividends.

Mr. Kalra: — Yes. At the bottom of that, it shows net income for the year, retained earnings at the beginning of the year, and how much dividends were paid out from the retained earnings of 46. And it shows the retained earnings at the end of that year.

[10:15]

Ms. Sproule: — All right. Thank you. I don't know if it's best to go to each report separately, but in 2009 then the dividend paid out was none?

Mr. Kalra: — Yes. There was no dividend paid out in 2009, '10, and '11.

Ms. Sproule: — Okay. So 2009 there was none, 2010 there was none, 2011 there was none, and there was one in 2012 but we can . . . I just have some general questions around the process. So in . . . Let's look at 2008 then. When there was a \$46 million

dividend paid to CIC, how does the process work? Does the board of directors get a request from CIC for a dividend? And how is the calculation made to, whether or not to provide a dividend?

Mr. Watson: — I can start as a general answer for the member. Generally CIC has a policy in place for all the Crowns, and it's a formula that they have in place for the Crowns so that they can do short- and long-term planning for their financials. And the formula is different for each Crown. But the formula is . . . comes and show you expectations. It's only on exception from that formula do you get, you don't pay a dividend, and then it comes individually, yes. From CIC through the board to the management is how the governance structure comes through.

But we generally do know in our planning stage what the expectations are ahead of time, and then we pay the dividend appropriately. It could vary up or down, depends how . . . especially with SaskPower. If we have a good year, then it could vary up. If we have a bad year, it could vary down. It's a bit of a dynamic situation.

There is stuff, certainly at SaskPower, that are beyond our control: water flows, floods, all that sort of stuff, that could vary our bottom line with no control at all. Act of God stuff like last summer when we had the storms through that could affect our income. So it's, although there's a formula that we use for planning purposes, it . . . And that's what we depend upon. We expect to do that now. As mentioned earlier on, since 2008 we've had a dividend holiday with '09, '10, and '11 where we kept all income in the corporation.

Hon. Mr. Boyd: — And the purpose of that, Madam Minister, or madam member, is it's been the view of the government that SaskPower will need very substantial amounts of reinvestment going forward to meet the needs and the challenges of growth here in our province and to upgrade facilities across the province that haven't been upgraded in a very long time. So it's been the policy of the government to not ask for a dividend since 2008, and that remains the case today.

Ms. Sproule: — So the formula that's been referred to then is one that the government can choose to use or not. And is it based on profits, the formula?

Hon. Mr. Boyd: — Well I guess I would say it's not different, no different than how it's been managed in the past. CIC set some targets with respect to these areas, these discussions around return on investment, around dividend policies, all of those types of things. But it's been the view of the government over the last number of years that, given the level of investment that SaskPower is making, that we felt that they should retain all of their earnings to be reinvested, as has been the case.

Ms. Sproule: — Okay. Then I'd just like to move into a little bit about the grants. What grants did the corporation receive from the government in 2008? Well in all of the years in question.

Hon. Mr. Boyd: — The only grant that SaskPower has received was from the federal government in 2008 for the carbon capture and storage project that they were involved in helping to fund.

Ms. Sproule: — Okay. I'm just looking at page 79. There was a note in the consolidated financial statement referencing government grants. That's why I was asking the question. "Government grants are recognized as deferred revenue when there is reasonable assurance that they will be received and the Corporation will comply with the conditions associated with the grant." But what you're telling me is that in the period in question, the four years we're talking about, there were no government grants other than the federal one that you referred to.

Hon. Mr. Boyd: — None, other than the federal.

Ms. Sproule: — Okay. Now in terms of borrowing money, I see there's things like short-term advances, long-term debt. There's debt retirement — I'm just referring to some of the terms in the financial reports — equity advances and the like. Now we could deal with them all separately or I guess, to begin with, could you describe the relationship with the government in terms of the lending that takes place with the corporation? Short-term advances, long-term debt, and how the debt's retired.

Mr. Watson: — Again I'll start off with a general answer, and then Sandeep can get into the details. We work direct with the treasury department within the government. We're actively keeping them apprised of our short- and long-term borrowing requirements and actuary requirements. We've been actually pretty dynamic lately in the last several years working with them, taking advantage of some pretty attractive short-term borrowing rates that we've been taking advantage of.

So yes all our funds again, requests, go through CIC. Then they go to the treasury department for consideration. We actively give updates as to our short- and long-term borrowing, actual borrowings, and our short- and long-term requirements, again through CIC and then to the treasury department on an active basis.

You know, a side note is that it's very good for us to borrow through the government with the rates we can get through the government right now. So it's a very positive thing for us to do.

Mr. Kalra: — Okay. I think Robert has covered it. If you look at the balance sheet on page 66, that gives different, looking at 2011 . . . So page 66, the consolidated statement of financial position, in the liabilities and equity section, there are, you know, different types of debt. So bank indebtedness, we have a small line of credit with the bank. It's 6 million was outstanding this year. Short-term advances, it's from the Ministry of Finance, 251 million. Long-term debt, it's also from Ministry of Finance, 2.7. So those are our major sources of borrowing.

There is a finance lease obligations which is treated as quasi-debt, which is on the books as well, which is not from the Ministry of Finance, but that results from, you know, various agreements we signed for purchasing power.

So that's the extent of debt on the books. And we manage it on a daily basis. You know, the cash requirements, whatever is needed is borrowed on a short-term basis, and then we term it out. When we have a substantial amount on the books, 100 million, 200 million, then we go and term it out for a long term.

Ms. Sproule: — Okay. I know there's somewhere in the statement an indication of all the long-term debt that exists and the interest rates that are being paid. I'm not sure what year . . . We could look at page 83 I guess on the 2011 report, and I just have a question. I mean back in the '90s, we know the difficult financial times that the government was in, and there's some fairly high interest rates on those. Is there any ability to pay those off in advance of the . . .

Mr. Kalra: — [Inaudible] . . . of maturity?

Ms. Sproule: — Yes.

Mr. Kalra: — You end up paying a lot more for that because the expectation . . .

Ms. Sproule: — There's a penalty.

Mr. Kalra: — Yes. So you end up paying a premium for retiring those. In case we're able to retire in some cases, you know, it's not a recallable debt.

Ms. Sproule: — Right. I'm sure this is something you've looked at carefully.

Mr. Kalra: — That's right.

Ms. Sproule: — I just was curious about whether there's any ability to do that. It's remarkable to see the drop in the interest rates as we go through those years.

Now there's another thing that's referred to in the annual statements called the principal debt repayments. There are no really scheduled debt repayments coming up there. I guess there's one this year. Why would that be since there's no requirement?

Mr. Kalra: — Yes. When we term out the debt, we generally open a borrowing which is outstanding, already outstanding, and we add more to that. And right now lately, we've been adding borrowings to 2042, for example. So when the repayments take place, they will take place, you know, when that big lump of Crown debt matures. So there is no need to retire any long-term debt.

But the short-term debt, you know, gets circulated or recirculated on a monthly basis. We either issue more short-term debt or if the short-term debt gets to a certain level, which is roughly 200, \$300 million in retirement out, then we say we'll go to the market, borrow long-term and repay short-term. So that's how it works.

Ms. Sproule: — Okay.

Mr. Kalra: — And the short-term is almost on a daily basis, on a weekly basis. Long-term is as and when it becomes due.

Ms. Sproule: — Just out of curiosity, how many staff would you have employed that are just working on that?

Mr. Kalra: — On cash and debt management, we have two people.

Ms. Sproule: — Two people.

Mr. Kalra: — Yes.

Ms. Sproule: — Thank you. Okay. I'd like to move now, just while it's at the top of my head, to the executive team. And I note that in your financial statement, your annual report, you indicate the pay rate for the executive team and there's the range that the members of the executive team are paid. And yet when I look at the, I think it's the report of payments for the year-end, the actual pay seems somewhat higher than what's listed in your annual report. Could you explain the difference between those two figures, the actual remuneration versus the ones that are listed in the annual report?

Mr. Watson: — What report are you referring to, annual report?

Ms. Sproule: — It's the one that comes, Crown Investments Corporation's payee report . . .

Mr. Watson: — Payee list?

Ms. Sproule: — Yes.

Mr. Watson: — This is '11's payee list?

Ms. Sproule: — I have '11 and '12 here, but we're not discussing '12 today. But we can, if you want.

Mr. Watson: — Now we refer to a January report 2011 compared to the payee list of 2011? Because the payee list will come out a year later.

Ms. Sproule: — I'm looking at the one for December 31st, 2011, year-end.

Mr. Watson: — So that would have come out last year. Yes. In June of 2012.

Ms. Sproule: — Yes.

Mr. Watson: — Correct.

Ms. Sproule: — Yes.

Mr. Watson: — Okay. I'm not sure of the question again. Sorry.

Ms. Sproule: — The question is, some of those remunerations for your senior executive team are higher than what's listed in the range in the annual report.

Mr. Watson: — Yes. For full disclosure in the annual report, we list the salary levels, and that's according to best practices of executive salary levels. In the payee list we not only put the salary levels, we put also any bonuses that might have been paid as well as any sort of other compensation that may come in — benefits and also out-of-province travel is included in that.

Ms. Sproule: — Yes, the out-of-province travel expenses are separate from the remuneration in this information. So basically anything over your salary range in the remuneration column

would include bonuses and benefits? And what kind of benefits would that be?

Mr. Watson: — Well the benefits would be the normal thing, you know, dental, medical, benefits like that. There's a contribution to the defined benefit pension plan. There is compensation for your business expenses that are there. There is any professional development because we encourage that a lot, quite frankly, within our things. And vacation pay in there. So it's everything. It's all listed in.

We do check that every year against best practices, quite frankly, of what we are and we go for, quite frankly, to make sure that we're positioned against Western compensation. We limit ourselves to Western compensation. We do take the four Western provinces. We just don't take the guys to the west of us, we take the four Western provinces and we go for a 50 percentile that we, you know, that we try for with total compensation in that avenue. But it is everything in there: vacation, short-term incentive, any sort of benefits that you get.

[10:30]

Ms. Sproule: — And in terms of bonuses, how does the management team determine what bonuses will be paid?

Mr. Watson: — We don't determine it. The board determines what bonuses are paid to management. However, it's a very formal process in that before the year starts, we agree the short-term incentive plan and the key performance indicators that are around that. Key performance indicators have financial aspects to them. In other words, we have a net income target, we have a target of return on equity, we have a target of debt ratios. We also have customer service targets of customer satisfaction. We have an employee target of employee satisfaction and employee numbers. In other words, it's become important for the business to ensure that we re-employ people. In other words, we want to hire new people and it becomes so critical for the business in the future, we felt that that was a key performance indicator that we had to keep in there.

So key performance indicators are agreed by the board and in fact also even agreed by CIC and then from that there's a set formula, a percentage that's paid on the financial results and a percentage that's paid on the other results. If you are below 80 per cent of your financial targets, you do not get paid any bonus, and then it goes to a maximum of 110 per cent. If you're well above, you could max out at 110 per cent. So you can't keep going up, in other words, the bonus. There's a maximum paid, and it is signed off. The board's the one who signs off on the bonuses and the formulas, and then we pay it only after the external auditors have done the full audit for the year-end results and ensure . . . And in fact the bonus amount of course is put into the year-end results before they're finally tabulated. So you know, it's not taken out beforehand.

Ms. Sproule: — Thank you. I was going through the composition of the management team and noticed that there's, you know, some shifts over the last five years in terms of the makeup of the team. And I'm particularly interested in the VP [vice-president] of corporate relations that was established in 2009. And I think in 2011, as you know, that was occupied by an individual who now became a Member of the Legislative

Assembly, and so he would have ceased to be in that position I suppose upon election. I'm not sure exactly when his job was terminated.

I noticed that in 2011, that area of corporate relations was moved to your customer relations position as a joint position and that in 2012 it is no longer in existence. So can you explain — and I would imagine you would determine the makeup of your vice-presidents — why that position was created in 2009 and why it no longer exists?

Mr. Watson: — I can't . . . Well first of all, 2009 was before my time frame. However I can comment on the necessity for the type of person required in the organization, that corporate communications actually is one of the key positions in the corporation that's required. And it is such a communications program that we need, being especially a regulated monopoly, in communications with our customers, communications with our partners, our stakeholders, and the shareholder particularly.

Again this province, the makeup of the province is unfortunately most times when there's complaints, the complaints go to our minister's office. And his office has to liaison with our company very close, and that's the way it is. And quite frankly, you know, it's a dynamic situation. We probably know better than most publicly traded companies about customer problems because they pick up the phone and call their minister right away, which is actually . . . I don't have an issue with at all.

Now the fact of a communications person, it's an essential thing. So when, to get back to details, when that person decided to run for public office — which in fact we encourage and any major corporation should encourage, quite frankly; I've been in other corporations that encourage it — the practicality is his position with us ends as soon as the election results are confirmed. The moment they're confirmed, his position with us ends.

And it's a very formal process that happens, and then he's on his own, literally. He has to, at that moment turn in, turn in anything that he has from SaskPower. I can tell you, personally being involved, he turned in everything before he actually even went into the election mode. So he was not involved in any part of SaskPower's business when he was in, when he was going out on the streets. And I was personally involved in that, so I can tell you that that was adhered to.

After he left or even contemplating that he may win, I then looked at the management team. And at that time, quite frankly, I went out and looked for a particular person, Diane Avery, who I felt could not only come in and do customer service but also take up the communications side. Separate than that, I actually had a person, Donna Dressler, who I had report direct to my office, take up the stakeholder relations — in other words, the relations with the government — that way so that we could keep it key. Now will it transpire in the future that we have another VP of communications? Yes, probably. Yes.

Ms. Sproule: — So at this point is Donna occupying that position? She's not a VP though?

Mr. Watson: — No, she's not occupying that position. We

actually took the position and gave the communications side to Diane Avery.

Ms. Sproule: — To Diane.

Mr. Watson: — And then the strategic and stakeholder relations we gave to Donna Dressler, who's reporting directly to my office.

Ms. Sproule: — Okay. So she's not a VP at this point?

Mr. Watson: — No.

Ms. Sproule: — But if I understand correctly, you will likely re-establish a VP for that type of work?

Mr. Watson: — I think so, yes, at some time. Right now it's a dynamic situation, but it is an important position. And I'm sure at some time in the future we will shift. The executive team in any organization should always be a moving thing, you know. And I'm particularly a CEO that likes to move VPs around, to take them out of their comfort zone, comfort zones, and stuff like that. But we've got a very good team. And I think it's a team that will take us well into the future, quite frankly.

Ms. Sproule: — And I understand, obviously smooth stakeholder relations, you need certain individuals to be able to do that position as well. It's not just somebody that can come off the streets.

Mr. Watson: — You're not saying that you have to be patient, do you?

Ms. Sproule: — I guess the other point is that I understand totally, in terms of running for election when I was a public servant at the time. And *The Public Service Employment Act* required the same thing, that I was deemed not to be an employee.

Mr. Watson: — Yes. It's a very formal process.

Ms. Sproule: — It's a rigorous thing, and I know for accountability and transparency that's important. The only other question I have in relation to that position was that in the 2012 report there was a \$22,000 payment to that individual. And I'm just wondering if that was, if you could explain why payments were made in 2012 for that position.

Mr. Watson: — That payment was part of his short-term incentive. And it was earned up until the moment he left the corporation for that year. So it was earned short-term incentive, so it was pro-rated to the moment he was elected.

Ms. Sproule: — So it was earned in 2011.

Mr. Watson: — Yes.

Ms. Sproule: — Okay, thank you. All right, moving on. While I'm looking at the reported payments, I started going through it and noted there's a number of well-paid individuals working in your corporation. I actually started counting the number of individuals that are remunerated over \$100,000. I got to the Ds and I'd already counted 300. So I'm assuming there's well over

1,000 people in your corporation that would earn over \$100,000 a year. What types of positions would be making those kinds of monies?

Mr. Watson: — Well I can tell you it's . . . Is it 1,800 over \$100,000? It's about 1,800 employees that probably make over \$100,000, and that's all in. We employ engineers. We employ tradesmen who do lots of overtime work, quite frankly. We employ power production operators. We employ highly skilled IT [information technology] people. We employ, as I say, managers at every level. And it is a very engineering, technically intense business.

And quite frankly, you'll start seeing not only, like linesmen because of the overtime they do particularly, and the engineers and stuff like that. Even IT people; it's becoming fundamentally important for the business to have IT people. And it's just the way it is: I mean, you know, \$100,000 competing against top-notch IT people.

Even coming out of our own colleges and universities in the province here, you're competing again — them looking elsewhere quite frankly — because you want the best and the brightest. And that's what we want. And they're coming out of university and colleges these days, and they are the best and the brightest. They're looking around. They want to stay in Saskatchewan, and we want to keep them. So it is a competitive problem we have, to be quite frank with you. And it's . . . no sense in . . . It's going to get more and more competitive in the future.

Ms. Sproule: — And what is the total number of employees?

Mr. Watson: — Total number is about 3,200.

Ms. Sproule: — All right, thank you. Okay. I'm just wondering if we could talk about your forecasting for gigawatt hours and load forecasts over the last few years. I had received some information from the minister's office regarding global numbers for these years, but I'm just wondering if we could drill down a little bit into some of those numbers, in particular the load forecasts. And if we could start with 2008 basically, what were the power requirements for the last five years broken down by the various sectors? So if we could drill down into the sector usage if you have those figures. And then if we could go through . . .

Mr. Watson: — Yes, I'll assume that . . . 2008 and our forecast for power was 12 756 gigawatt hours. Oil fields was 3500 . . . Is that right? . . . [inaudible interjection] . . . Gigawatt hours. So oil fields were 3516. Commercial was 3589. Residential was 3167. Farm was 1319. Reseller was 1569 and corporate use was 123. So therefore with losses, being 2008, that's line losses and stuff like that.

For 2009, our power would be 13 363; oil fields, 3511; commercial, 3610; residential, 3291; farm, 1221; reseller, 1,380; and corporate use, 118 with losses of 2068.

For 2010, forecast would be 13 128; oil fields, 3467; commercial, 3656; residential, 3219; farm, 1282; reseller, 1337; and corporate use, 113 with losses of 1979.

And then finally in 2011, it's 13 702; oil fields, 3794; commercial, 3570; residential, 3324; farm, 1311; reseller, 1337; and corporate use, 114 with losses of 2005.

Ms. Sproule: — And just to be clear, those are . . . Are those the gigawatt figures that you've given me?

Mr. Watson: — Yes.

Ms. Sproule: — Okay. All right. My next question is then, what were the annual targets for savings through demand-side management?

Mr. Watson: — On demand-side management, our accumulated savings is a going-forward number. So although I'll give a number ahead of time, it's a number that we started out in with 2008. 2013, our forward accumulated savings would be 63 gigawatt hours; 2014, 72; 2015, 81; in 2016, 91; and in 2017, 100. Again that's going, that's forward. It's the years we were back . . . [inaudible] . . . but they're forward expectations, so I don't want to confuse you with that.

Ms. Sproule: — All right. What types of measures is the corporation using to achieve those targets?

[10:45]

Mr. Watson: — Well that's a great question. And I hope you've seen the fridge, return your old fridge, beer fridge. I mean us guys are sad to see them go, but returning the old beer fridge is one of the major ones actually that was significant for us.

We have a residential lighting program that we did, especially taking, converting your incandescent lights to LEDs [light-emitting diode] particularly. Appliance program, any sort of residential appliance with the fridge being the big one, the appliance program.

We had the block heater program that we had. And in fact the first winter we did the block heater giveaway — and it's good for us — in fact we ordered 80,000 block heaters, and we didn't have enough. So we're going to continue the next year. Last year when we did it, we ordered 110,000 and barely had enough. So people are picking up on it. And although they're block heaters for cars, meant to be for cars, we really don't care what they use them for because they turn the power off when people don't want it on, right? So if they use it for lighting they turn off or whatever, it pays for itself over and above. And it's incredible the acceptance that people took on the block heaters.

We had commercial plug-in load, where financial incentives to install parking lot controllers, where you plug in a thing.

We had the municipal ice rink program, where we retrofit the resources with SaskEnergy, in co-operation with that. We have the commercial lighting program for incentives for high-efficient lighting for commercial facilities. We have the energy performance, energy management services to large commercial institutions. We have the renewable programs, financial incentives through net metering rebate program.

We have the demand response electricity pricing program for

large industrial customers, and that means that if we have a serious issue with our load, we can ask them to reduce their load requirements. So that actually helps us balance the load for the long term, so it's good for business for both of us. And SaskPower facilities program, the actual program to make our own operations more efficient, and other things like that. Last but not least, the industrial energy optimization program, energy managed through industrial facilities.

So it's a dynamic thing. It's something that we will continue to do on an ongoing basis. And we'll keep programming. The fridge program is still . . . It's amazing the number of fridges still coming back, that we still get from people. It's spectacular, actually. It's quite good.

Ms. Sproule: — A couple of questions coming out of that, and one that I have to ask from my constituency assistant, because she has a photo she took of the corporate headquarters in Regina, SaskPower corporate headquarters at night. And it was lit up, and she was wondering why those lights were on and why they can't be turned off to save energy.

Mr. Watson: — Well not to give a flippant answer, but lots of times people are working. Especially in the wintertime, it gets dark pretty early. And people are working until 7, 8 o'clock at night easily, lots of times. It's an old building. We don't have individual lights for individual offices. They're generally the floor and stuff. And I think we've tried to modernize it a bit, but it's a building that's been I think 50 years now and not touched.

So we need to change it for sure. We need to make it more efficient. But we actually actively try and make sure the lights are off. We have a program and stuff like that. And people don't leave them on unless they have no way of turning them off because of technical issues or they're working there, quite frankly.

Ms. Sproule: — So there could be . . . When she took the photo, every floor was lit up. There were no lights off. I don't know what the time of the evening it was, so I can't confirm that. But is there an ability to turn them off by floor, the lights?

Mr. Watson: — There's an ability to turn them off by floor, but it's by floor, right?

Ms. Sproule: — Right. That's not uncommon in older buildings.

Mr. Watson: — No, it's not uncommon at all.

Ms. Sproule: — In terms of the projections in the going-forward numbers for the demand-side management, how is it looking for 2013 then? You were hoping to achieve a target of 63 gigawatt hours.

Mr. Watson: — Yes, we're actually very optimistic about what we're going to be able to do with demand-side management. And also I was remiss not to tell you that we have specifically — through Diane Avery who I mentioned earlier on, and in fact Donna Dressler at Aboriginal relations — are having an active program with the First Nations where we'll go into the First Nations communities and sit and talk to them about their energy use.

There is lots of confusion in the First Nations community about energy use. And it's a dynamic program that we're doing on a request basis or in fact, when we see there's an issue, we'll proactively go out to the communities and do that. And we're actually starting up a program for Peter Ballantyne Cree Nation where we're going to actively see, first of all, all their councillors because education comes from the top. And then we'll start seeing the individual reserves as and when we can.

Ms. Sproule: — It's a massive undertaking for that First Nation. I think they have 12 separate communities in the North.

Mr. Watson: — Peter Ballantyne?

Ms. Sproule: — Yes.

Mr. Watson: — Yes, there's lots. And it'll take . . . It's more of an education. It's not — and I can say, I mean, I started with First Nations — but not just First Nations, an education for everybody. I mean everybody, I think everybody either has a teenager or a young person who lives at home who doesn't know a light switch turns off. They know it goes on, but they don't know they turn off, right?

Ms. Sproule: — Yes.

Mr. Watson: — And even at home with your charging of your BlackBerrys, your iPhones or everything like that, you know, there's times when you don't have to charge it 24 hours a day.

Ms. Sproule: — The irony is my laptop is about to run out of power. But I do have a question on my screen here, and it's relating to, again, demand-side management. The figures I've received is that in 2010 you were targeting savings through demand-side management of point three per cent each year up to 2017. Is that correct?

Mr. Watson: — Yes, in the 2011 financial results on page 34, the demand-side management, we said, 2010 our target was 38. And we actually achieved 29. In 2011 our target was 38 and we achieved 38. And in 2012 I can tell you that we did receive our target. In 2013 we will be on target for that.

Ms. Sproule: — That's in megawatts. Can you convert that for me to the savings in a percentage figure? Is there any way to do that?

Mr. Watson: — Could I convert that to savings in a . . . No, I would make a mess of it if I tried that.

Ms. Sproule: — Is there any of your officials who could provide that? Because I'm just looking at the number I was given of point three per cent. It was a number that came from the corporation.

Mr. Watson: — I can, while they're looking for the number, I can . . . If you add up in the 2011 report on page 34, the 38, 40 was 80, and another . . . That's about a 100-, 200-megawatt gas plant, which would probably take you about 300 to \$400 million to build, that we're saving. So that's a general number for you to take into account. Anything that we can save actually saves us a huge amount of capital in the future.

Ms. Sproule: — Absolutely. I'll tell you why I'm asking the question, is that we had some other figures from other areas. And the numbers I've been given is that California is saving about 1.4 per cent consistently for the last 30 years. And some think tanks are saying that actually 2 per cent savings are possible on demand-side management, up to 2 per cent of savings. That's obviously aggressive and optimistic, but is there, you know . . . Why isn't SaskPower being more aggressive on this side if those numbers are achievable?

Mr. Watson: — Well I'll generally answer your question for you. If you take 2010, our target . . . well 2011, that's when our target was 38 megawatts. And we achieved 38 megawatts. Our peak usage in that year was 3200 megawatts. So we're over 1 per cent that we're saving, right? We are a big industrial load total.

So I mean in fact our whole, a majority of our load is through the industrial. That's the big mines and the big corporations. So out of the 38, you know, out of the 3200, at least 16, 1700 would be used for big industrial, which doesn't fluctuate much at all. So if you actually took that 38 number and took it into half of that amount, we'd be well over 2 per cent we're getting from the residential and small business, to break it down that way.

Ms. Sproule: — Okay. In terms of the big industrial users and that load, what are the . . . Do you break your targets down by user? And how would you approach that and how would you work with getting their demand-side numbers down?

Mr. Watson: — With the big users, and in particular our top 20 users or something like that, we actually sit down and manage with them as a partnership basis. They are more keen on actually having . . . using less power than anybody. So we actually work with them on a proactive basis.

The demand-side management is more working with the individuals, the residential, and the small businesses who just use the power because they think they need to use it. That's our program. So there's two different types of program we have. We take the demand-side management, being a total. But we do work with them two different ways: the residential, small business and then the larger users.

Ms. Sproule: — Were you able to find that figure at all?

Mr. Watson: — The figure that . . .

Ms. Sproule: — The percentage that I referred to.

Mr. Watson: — Oh, the per cent of actual.

Ms. Sproule: — The target, your actual percentage target? No?

Mr. Watson: — We're told that it's one and a half per cent of capacity. That's pretty good, eh?

Ms. Sproule: — That's very good, yes.

Mr. Watson: — Yes.

Ms. Sproule: — Thank you. I'm just going to go into some

more figures then. From your load forecasts you gave me the gigawatt figures, and now I'm wondering if there's any information in terms of power requirements for each of those areas that we referred to earlier.

Mr. Watson: — Well for power customers, the forecast . . . You know, I'm not sure what you're looking for for individual use breakdown.

Ms. Sproule: — Do you have any predictions for power requirements broken down by sector?

Mr. Watson: — Again, we have power customers. We have oil field customers, commercial customers, residential, farm customers, reseller customers, corporate customers, and the losses and total energy requirements. Now the total energy requirement forecasted that we have going out, we renew that every year.

Let me just verify something. I was just verifying to make sure that we had it. So in 2008, our total energy requirement going forward for 10 years would be 20 600 gigawatt hours for a total requirement. And then 2018, there'd be 28 000 gigawatt hours.

So let me go on that basis for you and go back over each one of them so that you have that. So for the power customers, 2008, our forecast for gigawatt hours was 7244. We go up to 12 756. That goes to 2011. Our new forecast was 8006 in 2011, going up to 13 702 in 2011. For oil field customers, in 2008 our total was 2668, going up to 3516 in 2018. And in 2011, to put bookends around it, it was 3008 in 2011, going up to 3794 in 2021. Our commercial customers in 2008 was 3309, going up to 3589. And in 2011, it was 3466, going up to 3570 in 2021. Sorry.

Our residential customers in 2008, there was 2764, going up to 3168 in 2018. In 2011 our forecast was 2899, going up to 3324 in 2021.

Farm customers was 1320, going up to 1319 in 2018. In 2011 it was 1275, going up to 1311 in 2021.

Our resellers in 2008 was 1346, going up to 1569 in 2018. In 2011 it was 1269, going up to 1337 in 2021.

Our corporate use customers was, in 2008, it was 119, going up to 123 in 2018. In 2011 it was 113, going up to 114 in 2021.

Our losses, I won't worry about those. So our total energy requirements was 20 604 in 2008, going up to 28 051. In 2011 it was 21 839, going up to 29 160 in 2021.

[11:00]

Ms. Sproule: — If you have any graphs or tables that you can share with the committee indicating those numbers, fine. If not, I'll revisit them after today and prepare it. But if you have anything in paper that you could share, that would be appreciated. It will all be recorded in *Hansard* so, either way.

The last question I want to ask in this area is what percentage savings is SaskPower planning to achieve by demand-side management methods for the next, you know, 20, 30 years.

Have you any of those figures? And what demand-side management methods do you use to make your analysis?

Mr. Watson: — Sorry, I just wanted to verify . . . Our present target is that we're going to have a cumulative savings of an additional 100 megawatts by 2017. The reason . . . The way we test it, we test it within the industry standard protocols. The tests include total resource cost test, in other words measures the net cost of demand-side program as a resource option based on the total cost of the program including both the participants' and the utility's cost of ratepayers' impact measure, the utility cost test, the benefit cost test, which measures the net cost of demand-side management program as a resource option based on the cost incurred by the utility, including incentive costs and excluding any net costs incurred by the participant. And the participation cost test measures the economic impact to the participating customer in adopting an energy-efficient measure. The ratepayer impact measure measures what happens to customers' bills or rates due to changes in the utility's revenues and operating caused by demand-side program. Those are the ways we test our standards.

Ms. Sproule: — Oh, and by the way, I wanted to say thank you for the block heater because I've really appreciated having it, and I think it's a great program.

Just some questions now generally about Boundary dam and the carbon capture project that's going on. If you ignore the hoped-for revenue from future sales of the technology, what would be the per-tonne cost of capturing carbon at Boundary dam?

Mr. Watson: — That's not a public figure. Not that we don't want to answer your question, but it's not a public figure. That is not given out anywhere in the world right now.

Ms. Sproule: — Okay. The next question then would be, how would SaskPower account for the contingent liability associated with the risk of future natural gas carbon price rises and is there a line item in your budget in any of these years for that?

Mr. Kalra: — It's an operating risk that we have. It's not part of our financials. We do state that . . .

Ms. Sproule: — I'm sorry, it's not what? Sorry.

Mr. Kalra: — It's not booked anywhere as a future, you know, possible cost, but it's shown as one of the risk factors. It's described as one of the risk factors, that if the natural prices go up, it can have a substantial impact on our financials. So right now our unhedged portion for one year out, so year-end plus one, is roughly 50 per cent.

And our consumption for next year is between 60 and 70 million gigajoules. So 50 per cent of our exposure is unhedged, so every \$1 change in natural gas prices would have an impact of roughly 30 to \$35 million on our financials. So we do hedge 50 per cent, but we do leave 50 per cent open, both for operational reasons and also to participate in the market. So to flow with the market, you know: prices go up, we go up; if they come down, we come down with it. So it's partially hedged, but it's partially exposed and it's described as a risk factor. But it's not kind of booked anywhere as a possible loss. We don't know

which way the prices would go.

Ms. Sproule: — Okay. You had indicated that you're planning major investments in the infrastructure. And is it safe to assume that electricity prices will rise as a result of that? And if that is the case, what would be the annual expected rise in price over the next 10 to 20 years which we'll be required to pay for that investment?

Mr. Watson: — We don't forecast rates. We go for an application every year. We look at our costs. We do long-term estimating of course, but I can tell you, being in the business for three years now, it can wildly change from year to year.

However, we do also have long-term projects that we put in place. When we put in, for example, Boundary dam, the clean carbon capture facility, we rebuilt the power island and we rebuilt the power island for the purpose of being carbon capture ready. So that was the first time we've completely, completely rebuilt a unit, which was quite an interesting thing because it's like taking an old car engine apart. You really don't know what you're going to get until you take it apart. We had the experience of, when we lifted the old turbine out, we then saw that we actually had to redo the entire base for the new turbine, that the base had eroded more than we actually saw, and in fact any of the vibrations or anything had worn in like a good old motor. And then the other thing, major thing that surprised us a bit was the boiler in that, you know, once we got the boiler emptied and looked at it, we had to do some renovations that we were not expecting, plus the regulations changed, more rigorous for boilers. We knew they were changing but the cost of doing it was the first time ever so we didn't realize that.

As for the capture island, it's coming through on time and on budget. It's, as the minister stated, it's getting now worldwide recognition — I mean worldwide recognition — from that. And this is something that it will create, in my view, a brand new industry and in my humble view, quite frankly, we'll start a brand new industry in southern Saskatchewan for the world because of the program.

We do have a fixed contract, long-term contract to sell the CO₂, so we have that in place. We also have an ability to store CO₂, permanently store CO₂. So with what we're learning with the, not only what we're learning with the power island because it's the first power island built like its type in the world; it's the first carbon capture facility built like its type in the world; and it's the first time that we'll be actually commercially selling, in Canada, CO₂ for commercial use, in other words, enhanced oil recovery. We do do it in the Weyburn area now but that CO₂ comes up from the Dakotas. And we've done it . . . They've been doing it for 10 years now and independently verified and monitored, and also there's permanent storage of CO₂.

So almost anywhere in the world now who has any, burning any coal now for power production or will be burning coal for power production . . . China's still building coal plants. Japan has just relaxed its regulations to build coal plants. Thailand is building coal plants. Indonesia, Australia, 80 per cent of their power comes from coal. India, still building coal plants. Lots of interest particularly in Southeast Asia, and I say all of Southeast Asia. Korea even has a significant interest. And then we get significant interest in anywhere from Great Britain, all of

northern Europe, all the northern Europe, anywhere from Norway to Poland to Germany. Significant interest from Turkey on it and significant interest from South Africa. So anywhere.

Arguably, coal is arguably the safest fuel you can transport. If it falls off the truck, it just falls off the truck. You know, you don't ever want a ship to sink but if a ship sinks it just goes to the bottom; it doesn't do anything, right? But it's got to be cleaned up and we're showing how the world can do transitions through this cleaning up of it. So we're very optimistic about it, particularly with the long-term sale of the CO₂.

The last aspect, so we'll prove out the power island, we'll prove out the capture island, we'll prove out the storage, we'll prove out the enhanced oil recovery. We don't have to prove that anymore. It's been proved out, but the commercial aspect of enhanced oil recovery. And then we will prove out the financial model. How does it actually financially come in? And we're fully optimistic that it'll come in with what we estimated. With the sale of the CO₂ and with the government subsidy, it will come in as building . . . It will come in the same economics as building a new gas plant. So that's what we want to test on the financial side.

Ms. Sproule: — Okay. Just a couple of questions arising from that. When you talk about the sales for enhanced oil recovery — I think we talked about this last time as well — the question is what's being actually returned to the surface when the oil is actually extracted. And what are your figures and, you know, is that actually going to sequester or deal with the goal to sequester if it's all being released? And I know it won't all be released, but I've heard as high as 60 per cent could be released.

Mr. Watson: — Well unfortunately I can't comment on that. You'd have to ask the people using the oil what their success rate is. It does get reused, and I think it's higher than 60 per cent that gets reused. They put the CO₂, liquid CO₂ into the ground. It attaches itself — there's probably a chemist out there who's cringing with my explanation right now, but anyways — it attaches itself to heavy oil and in fact it expands it. And it'll force it back out . . . [inaudible] . . . without any other pressure. It attaches itself to the oil molecules, and then when it gets to the top again they take it back out again. Now they don't get 100 per cent take out, but I think it's significantly higher than 60 per cent off, for sure, but you'll have to ask them specifically.

They do reuse the CO₂. And in fact one of the things that, potential they're finding out is that we usually, when they want to try and get more heavy oil out of the ground, they'll flood it with water first and try and get it out. Well that works, but it makes the oil a bit toxic or gets . . . I'm using the word . . . I shouldn't use the word toxic, but it changes the makeup of the oil. And they're finding that if they actually put pure CO₂ into the ground, it even chemically adheres itself to the oil much better, comes back up with the oil, and then they can pull it off. So it's much better for the field even environmentally than . . .

Ms. Sproule: — Well they're not using all that water.

Mr. Watson: — Yes.

Ms. Sproule: — When you say they reuse it then, they would

just take it out when it comes to the surface and then . . .

Mr. Watson: — They strip it off the oil.

Ms. Sproule: — Do they liquefy it again and put it back?

Mr. Watson: — Yes. Put it back in. Yes.

Ms. Sproule: — So what percentage of the captured carbon are you planning to sell? Ideally would you want to sell 100 per cent and not store any of it?

Mr. Watson: — Well to answer your question properly, Cenovus, who has agreed to take it, wants all of it — 100 per cent.

Ms. Sproule: — Okay.

Mr. Watson: — We will want to try and keep some back — I'll say a small amount because I'd rather sell it all — a small amount to prove out the permanent storage of it, right?

Ms. Sproule: — And that's the Aquistore project?

Mr. Watson: — Yes.

Ms. Sproule: — Okay. I had another question. This power island, can you just sort of generally tell me what that is?

Mr. Watson: — Yes. It refers to the power. It's the actual turbine, the boiler and the turbine to produce the power. It's a big boiler that they put coal in the top of it. It burns at a supercritical thing, heats up the steam. The steam blasts away at the turbine and spins it, and that's where they produce the power. That's a power island. It's unit 3.

We have, down at Boundary dam, we have retired Boundary dam unit 1, a 60-megawatt unit. That effectively takes about half a million tonnes out of the air, about a half million tonnes of CO₂ out of the air.

We are retiring Boundary dam 2 in 2014. That'll take another half a million tonnes of CO₂ out of the air.

Ms. Sproule: — Just by retiring it?

Mr. Watson: — Yes. They're over 50 years and they're just too small to refurbish. With Boundary dam 3, we're taking 1 million tonnes out. 1 million tonnes is equivalent to about 250,000 cars. So by the time we take out Boundary dam 1, and stop Boundary 1 and 2, and clean up Boundary dam 3, we'll be taking out equivalent of close to half a million cars, which probably all the cars in Saskatchewan, we're actually literally taking off the road.

[11:15]

Ms. Sproule: — Oh darn, I had another one out of that. Okay. If it comes back to me, I'll ask.

I'd like to take a look at some of the recommendations that were made in 2010 by this legislature and the standing committee on — by this committee actually, the Crown and

Central Agencies. And there was a number of recommendations made on April 5th, 2010 regarding Saskatchewan's energy needs in the final report. And I won't ask about all the recommendations, but there's a few I'd like to get an update on, if that's possible, and they're all listed on page 35. And I don't know if you have them in front of you or I could read them out. Well I will read them out for the record. But I'll give you a couple of moments to . . .

Mr. Watson: — Sorry, we don't have that in front. I apologize.

Ms. Sproule: — Okay. I'll try it and if you can respond, fine. If not, we can just take notice and you could provide me a response for that? That's great.

The first one, I'm interested in hearing what SaskPower intends to do with the recommendation, is recommendation no. 6, and that's regarding interties. And the recommendation was, “. . . the Government of Saskatchewan work in conjunction with the Federal Government to develop a national grid.” This is probably more a question for the minister than the corporation.

Hon. Mr. Boyd: — The province has indicated on a number of occasions that we're prepared to and interested in participating in the national grid. I think that there is a fair bit of work going on with respect to that with Manitoba and also with Alberta. So, you know, nothing has changed in terms of that initiative. The province still has and remains interested.

Ms. Sproule: — Thank you. Okay. I guess the other question I wanted to ask in relation to the power island and the carbon capture project . . . There's two. One is about the fly ash, and if you could tell me a little bit about that project. And then secondly — I think we discussed this last time as well — but the efficiency of Boundary dam, I guess, the power island, when carbon capture is actually actively capturing carbon.

Mr. Watson: — Sure. Well thanks for the question on fly ash, because that's a good . . . That actually says another thing that we're doing down there is that we've built, previously built a facility attached to Boundary dam that we're capturing, we're actually going to . . . Right now we're getting about a million tonnes a year of fly ash, but our intention in the long term is to capture about 80 per cent of all the fly ash that comes out of the plant.

Ms. Sproule: — That 1 million tonnes, what percentage is that?

Mr. Watson: — Yes, good question. I'm going to make a guess that it's about 20 per cent of it coming off now. Down in the Boundary dam area, if you've seen it at all, they have these big ponds where we put the fly ash in. Fly ash settles to the bottom and they keep, you know, filling them up until the pond actually goes hard as a rock. And then they cover it with dirt and make it as if it's never been there, like they grow anything on top of it and stuff like that.

The idea is to get up to 80 per cent of the total fly ash coming off Boundary dam — the whole facility — and sell it. We have a high-speed loading area now where a company actually buys the fly ash from us and then transports it to anywhere, even northwestern United States, Western Canada, because it's a very good chemically . . . make-up for concrete, for making

concrete. So our expectation is to keep increasing the production in that until we get 80 per cent, which again is another great thing.

We keep talking about CO₂ emissions from Boundary dam 3. We're going to get 90 per cent of the CO₂ out of the air. We're also going to get close to 100 per cent of the SO₂ [sulphur dioxide] and NO_x, nitrous oxide, out of the air. And we do have a contract to sell the sulphuric acid to a company for commercial use. So it's a bit more than just building a power island and capturing it. There's a whole commercial operation behind this that we're taking advantage of also.

Ms. Sproule: — In the fly ash, the chemical makeup of that, is that all carbon or are there other compounds?

Mr. Watson: — I don't know. It's grey. It's grey looking.

Ms. Sproule: — It's grey looking. So then the efficiency of Boundary dam, the impact . . .

Mr. Watson: — Oh, sorry. I apologize. Boundary dam unit 3, when we actually put the new turbine in, it'll get up to about 135 megawatts. The capture island, it takes about 20 megawatts to run the capture island. So that's what it takes. So it'll be net about 115, 120 megawatts. And we put that into our long-term economics, by the way. We take that into account for our long-term economics.

Ms. Sproule: — So when you say the capture takes 20 megawatts, that's . . .

Mr. Watson: — To run the capture island.

Ms. Sproule: — To run it.

Mr. Watson: — Yes. Sorry. The parasitic load, as the minister . . . Yes.

Ms. Sproule: — That's a good word — parasitic load. And the efficiency of the unit itself, unit 3, would that be impacted or is it over and above . . .

Mr. Watson: — No, that's the net numbers.

Ms. Sproule: — Sorry. Those were what I was trying to remember. Back to the recommendations, on the demand-side management, conservation, and efficiency — recommendation no. 7 reads:

SaskPower has indicated a potential savings of 100MW due to demand side management and conservation initiatives. Various presenters and experts have indicated this is a low target. Your Committee recommends that SaskPower increase their demand side management and conservation targets to align with other jurisdictions that have had documented successes with similar initiatives.

And I guess we've discussed this in detail already, but I think you did indicate that it was . . . 100 megawatts was sort of your target. Is there any reaction to the recommendation that this seems to be low?

Mr. Watson: — Well sorry. First of all, yes we do take the recommendation very seriously. Our report back through CIC is that, quite frankly, let us get started. Let's stick with that for now. We don't accept that as being the final number. But let us get started and we fully intend to come back and come back with better numbers, industry numbers for sure.

Ms. Sproule: — Is your response to CIC available?

Mr. Watson: — I don't know. That would be a discussion. So I don't know if anything's been documented.

Ms. Sproule: — Were you required to report in writing after these recommendations came out to the ministry?

Mr. Watson: — It was before my time. To answer your question properly, I'm sure we are.

Ms. Sproule: — And would the ministry know whether SaskPower was required to . . .

Hon. Mr. Boyd: — We will check on that for you. I don't honestly recall.

Ms. Sproule: — Thank you. The next recommendation was no. 8, and this was also on demand-side management. The committee recommended that SaskPower evaluate its net metering program and determine its potential for expansion. So could you explain to the committee any plans for expansion of the net metering program?

Mr. Watson: — Yes, well we are actively, we actively are promoting a net metering program. We are re-evaluating it now, quite frankly, to come out with a better net metering program. And we have had one and we continue to develop that program along the way. But it is a work in progress, continually a work in progress.

Ms. Sproule: — Any particular aspects you can share with the committee?

Mr. Watson: — Sorry?

Ms. Sproule: — Is there any particular aspects of your re-evaluation and your continuing development that you could share with the committee?

Mr. Watson: — Well first of all just so there's . . . for information, we have 362 customers on a net metering program. In other words, they produce power and then we net out the difference between the two of them. We are going to encourage more of that.

We don't subsidize it like other jurisdictions do. Like there's no feed-in tariff or anything like that. We don't subsidize that for net metering, but it is a benefit to people who have particularly varying loads and stuff like that.

So that's what we're trying to do, is get it so that we can make a reach to more of them, and we're in the middle of working that through right now, looking at industry best practices.

Ms. Sproule: — So if you're . . . I'm just trying to imagine how

you could encourage it without providing some sort of feed-in tariff. What other ways could you encourage an uptake for this kind of program?

Mr. Watson: — Good question. We particularly, to answer your question properly, I'm sorry, is that we are particularly looking at what went wrong elsewhere, that certainly in our humble view there's other jurisdictions that put in a feed-in tariff that made the wrong people profit. It didn't become the intention of . . . It became the intention to vary the power input or distribute the power requirements of a grid. And what it did is it concentrated the benefits to a select few, quite frankly, in other jurisdictions.

So we're trying to put a program that makes it easier for most everybody to get into the program without impacting the general rates of course. We think that, first and foremost, that the rates, you know, have to be stable and that that's first and foremost.

Ms. Sproule: — It's a bit of a dichotomy, isn't it. Because to encourage people to produce their own power, to distribute the grid more evenly, you would lose revenues. Is that the problem?

Mr. Watson: — Well it's business wise. It's not a problem for the power company because the less power you have people using, the less we have to go build, right, or build for.

Sorry, they've just reminded me. Yes, there is a rebate for people to sign on to help them get their initial cost, and the thing we were looking at is more of the green options program to get people in more green . . . green options as feeding into the grid rather than just anything else. So solar, wind, you know, that sort of thing particularly we're looking for. We do have the rink program where we're testing three windmills at rinks around the province. Let's see how that works out.

Ms. Sproule: — Okay. The next recommendation, maybe you could provide an update on this. The recommendation was that SaskPower examine net metering options for customers who have more than one meter on an account.

Hon. Mr. Boyd: — We'll have to get back to you on that update on that, okay?

Ms. Sproule: — Okay. I would also ask about the next one — better avenues to promote net metering programs in the small power producers program. Do you want to get back on that one as well?

Hon. Mr. Boyd: — Yes.

Ms. Sproule: — Okay. On to the next one is the renewable energy resources recommendations and there are six that this committee made to SaskPower. The first recommendation, I think we've already talked about that SaskPower continue to add renewable energy resources to the generation mix. You have indicated that you are doing that. A question in relation to that is that wind power can avoid carbon production, I guess, 20 to \$30 a tonne, which is less than Boundary dam.

In addition to that, Saskatchewan has a world-class wind and solar resource. Distributed wind also offers substantial rural

economic development opportunities. So the question I have is, given this, why has SaskPower consistently stated that 5 per cent wind is the limit in Saskatchewan when we know a number of US [United States] states are already at 20 per cent plus and seven others are in excess of 10? Ontario expects 10 per cent from their wind and solar by the end of next year. So the question is, why limit at 5 per cent?

Hon. Mr. Boyd: — Well I'll maybe just answer in a general way and then perhaps Robert can answer in more specifics. First of all, I'd be interested to know where you got that information from. There has been occasions when there has been information provided that is inaccurate, and I'd be interested to know where that information has arrived at. When it's stated in that fashion, it sounds like it is absolute fact. You know, on occasions we find out that that isn't the case.

I would say this, that SaskPower and the Government of Saskatchewan is certainly not opposed to wind, the use of wind energy. It can't be considered base load however. And it also doesn't blow all of the time, even in Saskatchewan. We do have a significant wind resource here in our province, yes, and we are making better use of it all of the time. But we also have to balance — and I think we've gone down this path before, Member — but I think we have to balance the costs associated with some of these renewable energies with our generation . . . in our generation mix.

[11:30]

So I don't think we should try and leave the impression that somehow or another it's a cheaper energy source, because it most certainly isn't a cheaper energy source. And when you consider all of the parts of that equation, it becomes a fairly costly exercise, a costly generation source here in Saskatchewan. And also to suggest that there isn't a carbon part of it, the very mill itself, the very windmill itself, is made of, you know, in some cases a composite, in some cases aluminum, some cases steel. Obviously there's a carbon footprint associated with it. So let's be clear. If we're going to get into this type of discussion, then let's lay all of the facts on the table so that the people of Saskatchewan would have them before them when they make their choices about these types of decisions.

We are, and I'll state it again, as a government and through SaskPower, interested in wind. We're adding to that component. We will continue to do that, but we'll do it in a fashion that manages the costs associated with energy. I think when we went down this path once before, there was a discussion about some Scandinavian countries and how they have moved very dramatically in that fashion. We checked after that conversation that we had in the legislature, and several of those Scandinavian countries have two, three, four, and up to five times the power rates that we have here in Saskatchewan.

So I think we want to be careful about just throwing out these numbers without a full and wholesome discussion about all of the other parts of it that are not presented.

Ms. Sproule: — Thank you very much, Mr. Minister. Just to give you the sources that I'm using for that, there's a website, and it's called American Wind Energy Association, and their

website is www.awea.org. And in a news release on March 13, 2013, from a person named Dave Georges, he states . . . This is from Washington, DC:

The growth in wind energy in the U.S. can also be seen in its increasing role in the generation mix of individual states. Iowa and South Dakota reached generation levels greater than 20 percent throughout the entire year of 2012. In a total of 14 states, American wind energy provides 5 percent or more of generation.

Iowa was ranked first in wind generation, with 24.5% generation from wind energy. South Dakota was a close second with 23.9% generation from wind energy. North Dakota ranked third. Minnesota closely followed, ranking fourth with over 14% wind energy generation. Kansas, which doubled its installation of wind power during 2012, jumped ahead to No. 5 position in wind generation, surpassing the 10% mark, reaching 11.4% generation from wind energy.

Now I appreciate the comments regarding price, and I certainly don't have any information in front of me regarding any increases in cost. I am told though that wind turbines can repay all the carbon used within their construction within seven months, and I will get a cite for the minister for that source of information.

Hon. Mr. Boyd: — We will also though, at the same time when you're presenting that information, we will check on the power rates of those various states that you outlined there. I'm not sure that . . . Occasionally these types of information, this type of information is a little bit self-serving when a company that is an active promoter of wind energy puts out this information. It's often absent, some of the what I would consider sort of critical facts that people want to keep in mind in that discussion.

Ms. Sproule: — That's certainly true, and I think that can be said for any technology, and you know that as well as I do. So I'm just asking the questions right now because this was one of the recommendations from this committee in 2010 that SaskPower consider adding renewable energy sources to the mix. Apparently . . .

Hon. Mr. Boyd: — Which we are doing.

Ms. Sproule: — And other jurisdictions are doing it at a faster rate. Whether or not the price of energy is increased, I don't . . .

Hon. Mr. Boyd: — Well they may have made the conscious decision that they would be prepared, or their people that they represent would be prepared, to pay a higher rate. What we are trying to do in Saskatchewan is, is at the same time add to the renewable fleet, we're also trying to keep our power affordable here in Saskatchewan to encourage development and to encourage a larger and more sustainable tax base going forward.

So I think there's a balancing act there. Yes, I would agree with that. And yes, information can be presented in a number of different ways. But if we're going to have this discussion, I want to make sure that people have all of the facts before them before you start judging whether or not we are going down the path quick enough or not fast enough for some.

Ms. Sproule: — Absolutely, Mr. Minister.

Hon. Mr. Boyd: — There would be some, naturally, that would say we are going too slow in terms of these types of things. I recall one time for example being on the John Gormley show. It was the middle of winter, 30 below outside, not a breath of wind, not a breath of wind. And not a breath of wind and a caller coming in and saying, I don't know why we just don't go to all wind energy here in Saskatchewan and shut it all, the rest of it, down. Well it would have been a very cold day in many houses in Saskatchewan that day if we went down that path.

And I think that's the balance that we're trying to achieve here, is making sure that on those days when we need base power, not only to heat our houses and the places that we work but to continue with commerce here in Saskatchewan, continue with the mining operations, continue in terms of oil extraction and all of the other various businesses from agriculture through to forestry that are energy consumers. It's not as easy as just simply saying, let's shut down all of the coal fleet or let's shut down all of the natural gas fleet because there's a better, a perceived better energy source out there. We need to keep in mind that there are all of these other factors. And if you attend some of the things like the Energy Council meetings that are held around North America that Saskatchewan is a participant in, there's usually very, very, very good discussions about that energy, that mix of energy that jurisdictions are looking at.

When you look at other places, as was demonstrated in a number of occasions, I think they may not have the same choices that Saskatchewan has. We have some two or 300 years of supply of coal here in Saskatchewan, and of course that's why the public policy decision was made to look at carbon capture and sequestration at the Boundary dam facility. That was the public policy questions that were asked at that time and answered at that time.

Ms. Sproule: — I guess if we're going to have the discussion, then why . . . Maybe we could go back to the cost per tonne of the carbon capture project at Boundary dam, the costs that are relevant to the discussion.

Mr. Boyd: — We'll get that information for you. We'll get that information with respect to that for you. Any time that you embark upon these types of projects, the first one is obviously going to be pretty expensive, and I think everybody understood that going in.

But now we have . . . I think, frankly, the world is beating a path to our doorstep to take a look at the project down there and see what's being done, see the very valuable work that is being done by the SaskPower folks with respect to it. And yes, there is a cost to it. There's no question about it. We have clearly indicated that there is a cost associated with it. But we have some two or 300 years of supply of coal that we are interested in continuing to use here in Saskatchewan to provide baseload power.

Mr. Watson: — Maybe I can help support some facts here. When we finish putting in the Chaplin wind farm down at Chaplin, our wind production in the province will be about 400 megawatts, which would be about eight and a half per cent of our total. We can see taking it up to, if it's opportunistic, up to

about 10 per cent of our total.

We are dramatically different than any other jurisdiction almost in North America in that we have 1.1 million people, the geographical size of Texas, and they're not in one spot. Concentrating any significant wind in the South where it's . . . [inaudible] . . . to try and feed the North is just not possible. The line loss would be enormous.

So therefore going down and looking at the other recommendations, we have gone forward. In the interest of cleaner energy, we have a deal for the biomass facilities in Meadow Lake and in P.A. [Prince Albert]. We are progressing the run-of-the-river hydro facilities in the North in order to keep the power near where we need it. In this province it's particularly very important to keep the power where you need it because it's too far away. So therefore to build any facility or even have any facility, single facility, above a 300-megawatt facility is just not the right economics.

So it's not just that the place is . . . the wind is the best place in the . . . It could be the best place in North America to blow. It is the geographical scope of the place too. So it's not practical for us to go, business-wise, for us to go. Now if somebody wants to tell us do something different, that's fine. But practically, business-wise, it's not practical above 10 per cent.

You know, even solar, there's a question in here about solar. We are going to try a solar farm, a small solar farm, this year. But I'm going to tell you, it's going to cost more money than almost anything else we produce because the economics are quite not there yet. Although this is the brightest place in Canada in more ways than one, it's not economically the best place. But we are going to try a solar so that we can tell the shareholder they can look at the responsible way of what economics are for each thing.

You know, the run of the river in the Far North, of hydro, right now, by the time we have over 20 per cent hydro, and we're going to have eight and a half per cent wind and then biomass — a 36-megawatt facility plus a 10-megawatt facility — we're going to have close to 30 per cent of ours being very good environmentally friendly power coming off, you know. And then the rest is made up of gas and coal, and coal is reducing fast. So it's a pretty good number if you take it that way.

Ms. Sproule: — Thank you for those comments. I just want to go back to clarify one. When I had asked previously about the cost per tonne, I believe you indicated it wasn't an available figure because it's not going to be made public. And, Minister, you indicated that it would be made available.

Hon. Mr. Boyd: — Well I think we can have a general discussion about that. Clearly there is, I think there's enough public information available. You know the number of tonnes of CO₂ that's going to be captured. You know the approximate price of it. You can take out the power island and a few things of that nature and you can come up with an approximate price yourself.

Ms. Sproule: — Thank you. That's helpful. I understand that solar technology is expected to be at parity by 2017. Have you any figures that would indicate that?

Mr. Watson: — We don't. We know that solar's moving fast. The economics of solar panels is moving fast. But right now it looks like it's about 20 to 30 per cent higher than what we can produce most power for right now.

Ms. Sproule: — I know there's a lot of numbers out there. We've discussed some of these other recommendations already in the renewable energy sources section, but I'm just wondering about hydroelectric. The committee also recommended that SaskPower continue to pursue hydroelectric power, in particular run-of-the-river hydro projects and partnerships. Do you have any update on that recommendation?

Mr. Watson: — Yes. I'm glad you asked. We do have a specific update. It's called Tazi Twe, Elizabeth Falls, in the Far North, the Black Lake community, where we're working very serious with them about building a 42-megawatt run-of-the-river facility on the reserve itself. We're progressing that as fast as we possibly can, quite frankly, but even as fast as we can, it probably won't get built before 2018, completed before 2018. Our intention is to . . . The Black Lake community has expressed interest, and we have cabinet approval to let them invest up to 30 per cent equity investment in the facility, so they'll become partners in the facility. And we of course will be training the Black Lake community to actually run the facility up there. So significant benefit for them up there.

In the Far North, there's approximately seven to eight run-of-the-river facilities that are opportunities for us over the next 20 to 30 years that we are going to progress as we go forward. Again, this is a difference of the wind versus stuff. Wind in the South doesn't help us in the North at all. Even to stabilize the grid in the North, we do have to add hydro facilities in the north, quite frankly. So you know, even putting a gas facility up there is not optimal. So we do have to have facilities in the North to serve the North.

Ms. Sproule: — Absolutely. And certainly we wouldn't expect run-of-the-river projects in Black Lake to supply Regina with power, you know, conversely. I mean that's the idea of diversification of the grid, and it makes total sense.

That's very encouraging to hear. I know I was involved with the Elizabeth Falls project somewhat in my previous life, through the federal government. And I'm glad to hear that it's proceeding forward and will be operational hopefully in five years. And certainly it has an opportunity for First Nations economies as well and I commend . . .

[11:45]

Mr. Watson: — Yes. It's truly . . . Sorry to interrupt. It's truly good. But we are putting this on the priority because it's truly a good project all around. We were down last week to see the federal environmental just to make sure that, you know, things were on track and everything. And they're quite enthusiastic about the project because it is going to be a very unique project; you know, partnership right upfront with the First Nations and stuff like that.

Ms. Sproule: — There was some talk about, I think, believe, the James Smith Cree Nation had also indicated interest in some

hydro project on the Saskatchewan River. Is that proceeding or . . .

Mr. Watson: — It's not a top priority with us. There's probably three locations on the Saskatchewan River that have been looked at over the last 100 years, over and above where we have now.

But the issue with the Saskatchewan River, it's pretty . . . For a river, it's slow moving, and it's pretty flat for a river. To do any facility on the river, you'd have significant damming that you . . . significant water back up. And even if you decided to do that, we're now dealing in a new environment these days of species at risk, where the sturgeon seem to like that part of the river. And you can't build water ladders for sturgeons. They just don't like those things.

So it's all kinds of reasons that . . . It's still . . . We keep every project on the books but it's . . . We certainly believe the true run of the rivers in the North are the things we should be focusing on for the next 10 to 20 years.

Ms. Sproule: — Thank you. We've talked a little bit about solar power, which is recommendation 14, and simply that SaskPower continue to monitor, and it appears you're actually going beyond that with trying your own test facility. And I think as you monitor the prices, as they become closer to parity I assume the corporation will be looking at it more seriously.

Recommendation 15 is a recommendation that SaskPower monitors biomass generation options, and so in terms of that source of renewable energy, what is SaskPower . . . How are you monitoring it?

Mr. Watson: — We're doing it. We have an agreement with Meadow Lake Tribal Council to build a biomass facility, a 36-megawatt biomass facility in Meadow Lake, and then through Paper Excellence, the pulp mill up in P.A. So we're doing it.

Ms. Sproule: — I think we had this discussion when we spoke last time, but when is Paper Excellence going to be up and operating? Do we have a target date?

Mr. Watson: — We don't have a date from them.

Ms. Sproule: — No date yet. Is there any other biomass opportunities on perhaps smaller scales? Are you looking at smaller?

Mr. Watson: — No I shouldn't say . . . No the two facilities, those two facilities, take up quite a bit of the fibre availability in the province as it is. If there's a smaller one, we'd be encouraged to listen to them for sure but they would have to go and secure their fibre first. The only other thing we're going to potentially have a look at that's not on the recommendation, but just to give you an indication we're looking everywhere, is the test geothermal facility we're going to possibly test.

Ms. Sproule: — Is that the one down in Estevan or is that a different one?

Mr. Watson: — The Estevan people we're talking to. We're

interested in that. We haven't come into any final arrangements with them, but we are interested in furthering discussions with them, yes.

Ms. Sproule: — In terms of a mix that SaskPower thinks would be the best mix, using non-renewable and renewable energy sources, what is the mix, the optimal mix at this point in time? I think you said 8 per cent or 10 per cent perhaps solar or wind.

Mr. Watson: — That's a fairly dynamic question and it probably changes every day and every year for sure. Certainly our recommendation is to keep the model de-risked. In other words, don't go too far dependent upon one technology in that gas-burning plants seem to be the flavour of the day because gas is so cheap today. We firmly believe that it's not going to be cheap for the long term but also we shouldn't depend on gas, you know. We'll increase the production of gas in the fleet. Over the next 40 years, gas will go up to about 40 per cent of the total of the fleet. Coal will drop to about 30 per cent just by protecting the fleet, and then we'll make the rest up with, you know, arguably renewables.

Ms. Sproule: — Okay.

Hon. Mr. Boyd: — I think it . . . Madam Member, I think it's fair to say that SaskPower and the government are presented with a number of ideas on a regular basis, both for baseload and renewable energy sources. The biomass one is an interesting one. You know, we were presented I think on at least two or three occasions that I can think of, for additional biomass. But what they were talking about was chipping whole trees. Some people would say, you know, because it's biomass, we should be doing that and . . . But to cut down, you know, whole trees, chip them and then burn them, which is what we're talking about here — when you're talking about biomass, you're actually talking about burning the fibre to create energy — we thought it was, you know, not in the public best interest to cut down whole trees in Saskatchewan and burn them to create energy.

So as I say, I think SaskPower is constantly . . . We are lobbied constantly by various companies to take a look at their technologies. SaskPower I think does a very, very good job at evaluating all of those different technologies and essentially de-risking them for the consumer, the power consumer here in the province.

Ms. Sproule: — Thank you, Mr. Minister. I mean I'm reminded as well of the issue of the use of corn in the United States for ethanol. It's the same kind of, you know, you can feed people with it or you can use it to create energy and burn. One of the biomass technologies I guess that's fairly new, and I know the Saskatchewan Research Council is looking into it, are high-efficiency burners that . . . I forget the name of the technology, but I know the Research Council's doing a pilot project right now and they're using fibre from the Meadow Lake mill. Are you familiar with that? It's a small scale type of, almost portable biomass burner that can be used to generate power on location basically.

Mr. Watson: — No.

Ms. Sproule: — No. Okay.

Mr. Watson: — You know something we don't know.

Ms. Sproule: — I'll check it out maybe at the break and . . .

Mr. Watson: — We do get lots and lots of requests from everybody around the world who thinks . . .

Ms. Sproule: — There's a million ideas out there, isn't there? Yes.

Mr. Watson: — I just want a correction, just corrected that the fact the 10-megawatt biomass P.A. is up and running now.

Ms. Sproule: — At Paper Excellence.

Mr. Watson: — At Paper Excellence at P.A. Yes. They have an opportunity to add in another 70 when they're ready to go.

Ms. Sproule: — There's 10 megawatts right now?

Mr. Watson: — Yes, that's my correction.

Ms. Sproule: — Thank you. All right. The next section of the recommendations is distributed power. And the recommendation was, “. . . that SaskPower pursue possible cogeneration partnerships with communities and industry.” I know you have done some of that. I don't know if it's since 2010 or if there's any new projects that have come on since 2010. Can you comment on that?

Mr. Watson: — Well we actually . . . The specific comment is, we would actually encourage. And that was one of our first options, is cogen, quite frankly, because it gets the stakeholder where they need the power right there.

We're having difficulty getting them to the altar, quote unquote, because they want to build themselves a mine to start off with. So cogen's a great idea, but they want to build themselves a mine. And in fact, we got ourselves into a bit of a pickle where we were discussing with one operator about building a cogen facility. And then at the twelfth hour, not even the eleventh hour, they said, no we're not going to do it right now. So that's when we had to . . . Thank goodness we had a parallel plan to expand Queen Elizabeth power plant to get the power up and running.

So we're full, all in for cogen. There's not any opportunities right now. People are reviewing their options. But we're all in with cogen. We have been a bit persnickety, saying if they're going to do cogen, they have to give us a commitment they're going to do cogen because if we needed power consumption at a big mine like a Jansen may take, we have to know five years ahead that they're going to take the power because we don't have that much power sitting around.

Ms. Sproule: — I guess for the minister then, in terms of getting them to the altar, are there any considerations that the government is looking at?

Hon. Mr. Boyd: — Well I would say we talk to communities and individual companies, individuals that bring forward ideas, all of the time in terms of cogen. But I think the advice from Power has always been very valid, we thought, in terms of that.

There are a number of proposals that you will see will come. If we produce extra power, we would like to sell it into the grid. Well that's difficult to manage in terms of, you know, forecasting loads going forward. SaskPower needs to know whether that power is going to be available or not in order to put that into the equation for looking at the demands going forward. So under those circumstances, that type of discussion is a challenging one for SaskPower and for the government. But that's, you know, often the type of presentation that there is.

There's also sort of the changing economics of these types of proposals coming forward. They'll say, and I've seen it on a number of occasions that if, for example, biomass, if it's affordable to whole chip rather than to produce lumber, then they, to go into a biomass one, they would want to shift their focus towards that. Well we're not quite sure that we want to cut down, you know, 60-foot spruce trees and chop them up into chips to go into a biomass facility just simply because lumber prices are at a low ebb. So that's the challenge with some of those ones.

I understand the, you know, I understand why companies would want to take a look at cogen, because they would want to, you know, change their mix depending on the economics of the lumber industry at that particular moment. But that may not be . . . I don't think it necessarily serves the interest of Saskatchewan all that well. So those are the, you know, yes I would say two or three a month would come by myself and probably a lot more would go by SaskPower in terms of discussions about various ways of producing power and selling it into the grid.

Ms. Sproule: — It's the economics that drives the discussion, right?

Hon. Mr. Boyd: — Well I think the economics drive the discussion. I think there's also some public policy questions around that. I think that was part of the discussion around the First Nations Power Authority, was driven as not just about economics but about initiatives in terms of First Nations investment and employment. That was a part of the discussion. I don't think it's always just simply economics. I think there's a number of things that go into that discussion and then you sort of try and, you know, prioritize them from there.

Ms. Sproule: — Thank you, Mr. Minister. Moving on to recommendation 18 which has to do with educational institutions in the province, and the recommendation from this committee would be that the government, in partnerships:

. . . continue to develop our own centre of excellence for the study of energy options. This would include the work that is being done on carbon capture and sequestration as well as all renewable energy sources, next generation advancements and smart grid technology.

And we know the work that's being done on carbon capture at the University of Regina. Can the government update or can the minister update on any discussions for a centre of excellence on the study of energy options?

Hon. Mr. Boyd: — Nothing formally that I think is in place. But I would say that all of that expertise is housed, frankly,

within the operations of SaskPower. I think that they do a very, very good job in terms of looking at all of the options that are available and then bringing them to the government's attention, first through CIC and in any other fashion that they may be interested in. I think that this is . . . You know, I understand the recommendation. I would just respectfully say that I think a lot of this work is already in place with SaskPower. If we wanted to formalize it a little bit more, I suppose that's possible, but at this point there hasn't been a sense that there was a great need for that to be more formalized than it already is in terms of the work with the U of S [University of Saskatchewan] or the U of R [University of Regina], PTRC [Petroleum Technology Research Centre], etc.

Ms. Sproule: — Thank you. I mean certainly we see moves from the government on behalf of food security and water security and creating those centres of excellence within educational institutions, which I know you appreciate the value of. And when I spoke to the president of the University of Saskatchewan a few months ago, she was indicating how important those types of centres are in academia because, as you know, SaskPower's a corporation with a bottom line. So that, although the expertise is housed within SaskPower — I agree with you — certainly the focus for a corporation is much different than for an academic institution so, you know, where innovation is tried out without any bottom line considerations.

Hon. Mr. Boyd: — You know, I think your points are very valid with respect to that and, you know, I would respectfully add that I think our government has a very good track record in creating these types of initiatives and involving the universities and other facilities, frankly, into that discussion. I think we're quite proud of the accomplishments around those areas of excellence that have been put forward and, you know, notably, as you point out a number of them.

Ms. Sproule: — I guess in terms of this recommendation from this committee, I would encourage the ministry and the government to continue to consider a more formalized option for this type of research in the same fashion and to take a close look at it for the purposes of energy options.

Hon. Mr. Boyd: — Agreed.

Ms. Sproule: — Thank you. Last one I think, and then we could maybe take a break, is on recommendations 19 and 20. And again I think we've discussed this a little bit already, First Nation and Métis involvement in energy options for the future. And certainly we know that Mr. Watson has indicated some of those projects already. I won't refer to recommendation 20 because it's a legal obligation so we don't need to discuss that. Are there any other engagements with First Nations and Métis peoples in terms of participating and evaluating future energy options?

Mr. Watson: — Well . . .

Ms. Sproule: — That you can talk about, I guess.

Mr. Watson: — Yes. No particularly the one thing that we're real encouraged on is that the First Nations Power Authority, we signed a memorandum of understanding with the First Nations Power Authority. This is a body that is now going out

with a standard to look for particularly power opportunities throughout the First Nations in the province. We have allocated them an initial 10 megawatts that we will guarantee that we'll develop for them, if under the right economic terms, and then future considerations. So we actually at SaskPower have funded them for \$100,000 a year for three years in order to get them going. They are to be consultation, administration, and support for First Nations across the province in order to identify and bring forward power opportunities. We think that's a significant step forward.

We are again talking with the Black Lake community in a project that we are all interested in getting done right away. As for any development we have, we did contract with Kitsaki through the Lac La Ronge Band to do the clearing of the I1K, the northern section of the I1K. And then we are in serious discussions with Peter Ballantyne to do the clearing of the southern part of the I1K. The general contractor, Valard, who's going to construct the I1K for us, has the requirements to employ First Nations in order to not only help construct but maintain that line. We have set an internal policy within SaskPower that we're going to get up to 5 per cent of our procurement dollars from First Nations. Doesn't seem like a lot but that's a lot of money for the First Nations to start off with.

On the duty to consult and accommodate, we do have a formal process that we do with any sort of facility or any transmission or power production. We have a formal process through our Aboriginal relations for consulting and accommodating process, so we, quite frankly, think that we're one of the leading edges in being able to work with the First Nations as power utilities. Saying that, we have serious discussions with Manitoba Hydro on best practices with First Nations they deal with, and also BC [British Columbia] Hydro for best practices with First Nations. So we're also looking elsewhere. Not to mention, of course, Ontario, which is also a leader in First Nations interaction, so we think we're doing pretty good and we're also looking at best practices around the country.

The Chair: — We will have a break now and reconvene at 1 p.m.

[The committee recessed from 12:04 until 13:00.]

The Chair: — Our meeting is re-adjourned. Before we continue the line of questioning, I'll just, I have one item to table, CCA 104/127. It was some questions that were asked on the May 6th meeting, so I'll table them. And then we have just a little bit of housekeeping business before we continue on. Mr. Parent?

Mr. Parent: — Yes, I'd like to make a motion:

That the Standing Committee on Crown and Central Agencies authorize the attendance of the Chair and Deputy Chair at the Canadian Council of Public Accounts Committees and the Canadian Council of Legislative Auditors annual conference to be held in Regina on August 25th to 27th, 2013.

And further, that if the Chair or Deputy Chair cannot attend, they be authorized to designate another committee member to attend in their place.

The Chair: — Thank you. Any discussion on the motion? All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Motion carried. Okay, we can go on to the business on hand. SaskPower is still before the committee. Ms. Sproule, do you have any more questions?

Saskatchewan Power Corporation

Ms. Sproule: — Thank you very much, Mr. Chair. I would have some questions at this time on the 2011 Annual Report. I guess the first thing I wanted to ask the corporation about was the key performance driver no. 2 on page 32 of the 2011 report. And in that section, it's on the environment, and I'll just read the paragraph I'm interested in and some questions on it. It says:

With approximately 40% of our total capacity fuelled by coal, any new CO₂ emissions regulations will have a significant impact on the future of our company. Our company and customers will incur increased costs as SaskPower transitions to lower-emitting generation sources, adds emission controls to existing generating facilities and increases renewable energy capacity.

During the year, SaskPower submitted a detailed response to the federal government respecting the proposed regulations. Suggested revisions were provided that will allow our company and other industry stakeholders to be better positioned to help achieve Canada's objective of reducing GHG emissions to 17% below 2005 levels, while also allowing SaskPower to . . . [And then there's four things listed there.]

Basically my question to the corporation is what preparations or changes have been visited upon the corporation as a result of the new regulations, federally and provincially? Or what is the impact of the new management of greenhouse gases?

Mr. Watson: — Thanks very much. Back starting really in 2010, the federal government was already in dialogue for new regulations for greenhouse gas emissions for coal-burning power plants. They particularly started on this one because it was an encapsulated industry that they could go after.

We had consultation with them throughout '10 and '11. And then gazette notice 1, which is their draft gazette notice really, came out in the fall of '11, and dramatically was . . . I wouldn't say dramatically, sorry, was considerably different than we thought the dialogue had carried on with. We heard that the regulation was coming out going for as low as 375 tonnes per gigawatt hour and a coal-burning plant would be 45 years end-of-life. Then you would either have to shut your coal-burning plant down or convert it to get to 375 tonnes.

Just for example, California is at 500 tonnes per gigawatt hour, approximately, and UK [United Kingdom], which has very strict regulations now, is at 550 tonnes equivalent, close to. So these would have definitely been industry leading, and in fact there's not many gas plants, if any that I know of, that can even get down to 375 tonnes per gigawatt hour.

The five CEOs of the five corporations in Canada that are coal-burning CEOs — that being Atco, TransAlta, SaskPower, New Brunswick Power, and Nova Scotia Power — put together a program, a commitment quite frankly, and went down to see the federal government, not only the Canadian Environment ministry, but also the PMO [Prime Minister's Office].

SaskPower of course, working very close with our provincial government and counterparts, worked on a joint recommendation and in fact a joint commitment that we would commit that once a coal-burning plant hit 50 years, then it would either have to convert to get gas emissions, CO₂ emissions, to 420 tonnes per gigawatt hour or you'd have to shut it down. Generally, that's it. There's some other nuances built into it, but that's generally it. We concurred with that.

We worked very close with, as I say, Sask Environment and very close with the fact of the Saskatchewan government and had support all the way through. What that did for us actually, for an industry, it actually . . . We get, by 2030, to the same number that everybody wants to get to — at the 375 tonnes per gigawatt hour industry — but we save approximately \$28 billion by getting there. Not to mention, we also significantly capture SO₂, as I mentioned before, and NO_x significantly.

So the impact is, is that we actually are converting Boundary dam 3 to be carbon capture. We're going to capture it at 90 per cent, which means our emissions for that unit will be about 140 tonnes per gigawatt hour. So much better than even the standard, right?

The regulations come into law in 2015. I think it's July of 2015. And therefore you either, when a plant hits 50 years end-of-life approximately, 50 years end-of-life coming up to it, that you either have to convert it or you have to shut it down. If you decide you're going to convert it for carbon capture, in other words to get it down to 420 tonnes, then you get five years to build it, to do that conversion. So as a result of that, SaskPower will be able to, quite frankly in our view for the long-term, keep the existing coal fleet in production: that's the four Boundary dam units, 3, 4, 5, and 6; the unit at Shand; and then the two units at Poplar River.

Presently, we are working very close with Sask Environment on provincial regulations. The government has, federal government has, with Nova Scotia, an equivalency agreement where Nova Scotia will regulate their local industries on an equivalency basis with the federal regulation. And therefore the responsibility goes down to provincial level. Not speaking for Sask Environment, however they're working on that. And we fully support that.

Ms. Sproule: — Thank you. Does the minister know when the Saskatchewan regulations are planned to be introduced and declared in force?

Hon. Mr. Boyd: — No, I'm not aware of that. The question is better placed to the Ministry of the Environment.

Ms. Sproule: — Thank you, I appreciate that. Going into the financial statements, I see 2011 was a big year for changing over to a new financial system, the IFRS [international financial reporting standards]. So I appreciate the . . . Or IASB

[International Accounting Standards Board], I guess it is.

A Member: — IFRS

Ms. Sproule: — IFRS. Thank you. So I see that the conversion happened in 2011. Is that correct, when you made the transition?

Mr. Kalra: — From the beginning of 2011, yes.

Ms. Sproule: — Okay. Lots of work. Page 66 in the consolidated statement of financial position, there's a line there for provisions for \$145 million at the end of the year. Can you explain what those provisions are?

Mr. Kalra: — Yes. There's a note there. It refers to note 22. That's on page 84, and there are two major provisions there. One is for decommissioning of our power plants. So at the end of the life, some of the plants would need to be shut down. And these are decommissioning costs which are present-valued, and this is the present value of that estimate. And the estimate changes or we start getting closer to that date, the amount of the provision would increase.

The other one is the environmental remediation. And this is for remediation liabilities of roughly 43 million which would be, let's say, that it would be incurred in 2015. And this has been, you know, once again discounted back to 39 million. So this is mainly for PCB [polychlorinated biphenyl] remediation at some of our facilities.

Ms. Sproule: — Sorry, PCB?

Mr. Kalra: — Yes, that's right. Yes.

Ms. Sproule: — And what does that stand for?

Mr. Watson: — Big, long, long word. Chemical compound in transformers.

Ms. Sproule: — Oh, that. Okay. I'm sorry.

Mr. Watson: — Yes, PCBs in transformers and other . . .

Ms. Sproule: — I thought you meant . . . Okay. Sorry.

Mr. Watson: — I'm sorry, I don't mean to be . . . [inaudible] . . .

Ms. Sproule: — Momentary lapse here. I know the discussion . . . The power plant, the power poles, and all those things that had to be removed way back when had PCBs in them, is that right?

Hon. Mr. Boyd: — The transformers.

Ms. Sproule: — Transformers. Thank you.

Mr. Watson: — Transformers, yes. Yes, back in the old days, power poles had the creosote or something like that. That's no good anymore.

Ms. Sproule: — So one of the lines on page 84, there's a

couple of spots there where it said no funds have been set aside by the corporation for settling either decommissioning provisions or environmental or remediation liabilities. I assume there's a sound fiscal reason for doing that?

Mr. Kalra: — Yes. It's not common practice to set aside cash for that. It's been expensed, so the expense is taken in the right time period when, you know, the liabilities are identified, and it has been flowed through for the rate recovery purposes. But when the actual cash needs to go out, we borrow at that time and, you know, or through the internally generated cash from the business, these expenses would be paid out. So it's common practice that we're doing here.

Ms. Sproule: — So the 145 million that's in the balance, is that cash though?

Mr. Kalra: — No, that's the expected cost discounted to today's, in this case 2011 date, that is expected to be expensed to remediate or to decommission our facilities.

Ms. Sproule: — Thank you. It takes a while for me to get my head around this.

Mr. Kalra: — It's okay.

Ms. Sproule: — The other thing you refer to on that page, in the note 22, or the auditor's do, is the onerous contracts.

Mr. Kalra: — Yes.

Ms. Sproule: — Can you describe what an onerous contract is?

Mr. Kalra: — Okay. An onerous contract is, we get into, for example, a lease. We don't need to use that facility anymore and we're not using that. We can't sublet it, but we're on the hook to pay that out till the end of the lease. So that would be an example of an onerous contract.

Ms. Sproule: — So the one that's referred to here is one in Saskatoon where you actually were able to sublease it, but it shows up differently on the financials.

Mr. Kalra: — The net difference, so we may not be able to recover everything through a sublease.

Ms. Sproule: — Okay, thank you. In one of the explanations of the financial instruments on page 74, I notice in 2012 you mention hedges but you don't mention them in 2011. Is that something that's fairly new this year that wouldn't have been in place in 2011?

Mr. Kalra: — I'll take a look at the 2012, just to see . . .

Ms. Sproule: — Yes, I'll try and find the page reference for you.

Mr. Kalra: — In 2012 on page 80, there is a description which says, in financial instruments, the second heading which says, hedges, which wasn't there in 2011. And the reason for that is we designated some of the bond forwards. Bond forwards are we are looking to borrow long-term debt, let's say one year from now, but we think that the rates may go up so we want to

lock in those rates today. So what we do is we get into a bond forward which locks that rate one year from now.

One year from now when that instrument settles, there would be a loss or gain. Depending upon whether the interest rates have either gone up or come down, there would be a gain or loss. That gain or loss is not expensed through P and L [profit and loss], and hedge accounting is used. It smoothes over the remaining life of the borrowing, so over the next 30 years. So that's what it's trying to describe. We had started doing bond forwards in 2012. It wasn't there in 2011. That's why this new note was added in 2012.

[13:15]

Ms. Sproule: — I guess the reason I'm interested in that term is because I've heard talk of the hedging of natural gas prices and things like that. Do you take into account when you're considering your wind capacity about the hedge value of wind?

And I'll read a quote from a report from the Lawrence Berkeley National Laboratory where they say, "Adding wind power to a portfolio of generating assets will partially hedge or insulate that portfolio against the risk of rising fuel costs over the long term." So is that something you take into account when you're including wind in your load?

Mr. Kalra: — Not from a financial reporting point of view. I think what they're trying to say is if the wind power is replacing conventional power, let's say in this case natural gas, natural gas is subject to go up and down. So to the extent that you're not using natural gas and it's being replaced by wind, it's providing an economic hedge, but that does not get reflected in the financial reporting anywhere. It's the supplier mix which Robert had talked about earlier on.

So we have a diversified fuel mix. There is some hydro, some coal, some gas, and some of the other resources. And as a result of this diversified fuel risk, we have a diversified fuel mix. We have lowered the overall risk, that any one thing . . . So we have one drought here, we don't have rates going through or the cost going through the roof because hydro's only 20 per cent. Gas prices go up, it's 30 per cent, but at the same time it's hedged 50 per cent of the 30 per cent. So the impact is only 15 per cent. So those are all economic hedges; they don't show up in the financial statements as a hedge instrument anywhere.

Ms. Sproule: — They're just basically apples and oranges in a way.

Mr. Kalra: — I think that those are hedges for cost purposes. Those are real hedges, those are economic hedges, but they're not treated as financial instruments as such. And that's why you won't find them in the financial statements.

Ms. Sproule: — Thank you for that explanation. Back to the annual report 2011. On page 76, there's a description at note 5 of other revenue. And there's two I'd like to ask you about a little more detail on, and one is the wind power production incentives of \$6 million in 2011, and then the miscellaneous revenue of \$22 million.

Mr. Watson: — The \$6 million in the wind was a federal

rebate that the federal government had given, so that's what we used it for. As for the other, we'll let . . .

Ms. Sproule: — Is that ongoing, the federal rebate every year?

Mr. Watson: — It's not; it's discontinued.

Ms. Sproule: — It's discontinued. So 2011 was the last year for that rebate?

Hon. Mr. Boyd: — While they're looking for that information that you . . . I just got a bit of an update on the electricity rates in some of the countries that you were talking about before.

Ms. Sproule: — The States?

Hon. Mr. Boyd: — In Germany or Denmark and Italy. Our consumer rate, our residential rate is 11.13 cents per kilowatt hour. In Denmark, where they have 17 per cent as of these figures, I believe 17 per cent wind, their rate is 39.6. So three and a half approximately times what ours is. In Germany where they have 25 per cent renewable energy, their rate is 34.2 cents per kilowatt hour, fully three times what ours is. In Italy, it's 28.6.

The point I'm trying to make, Mr. Chairman, is that there is a cost to increasing the . . . if you want to move to that type of energy. And we are moving more towards renewables all of the time. But the rate shock to our economy to move dramatically in that direction would be significant to say the least — very, very significant. If you look at . . . this is converted euros to Canadian dollars, so 39.6 cents would be the conversion in Denmark. So like I say, over just about three and a half times what our rate here in Saskatchewan is. The average residential customer per month is . . .

Mr. Watson: — About \$120.

Hon. Mr. Boyd: — So you take it up to three times that, it's approaching some pretty significant dollars that people would be paying for just electricity here in Saskatchewan. So with a climate like what we have with, you know very long winters, lots of snow, very cold temperatures, energy is an important consideration in terms of cost of living for people here. So keeping our energy affordable is, I think, very important. And also keeping our economy competitive is very important in terms of the power rates that we have.

Now, that doesn't mean for a moment though that we won't look towards continuing with the mix of renewables in there as a component of our energy sources going forward. But let's also keep in mind that some places in the world where they have a much higher rate of renewables also have, like I said earlier, two, three, and perhaps even higher costs of their electricity than what we do here.

Ms. Sproule: — Thank you for that update, Mr. Minister. And certainly I hadn't mentioned Germany and Denmark today, but I thank you for that update. I did mention North Dakota and Minnesota. I'm just wondering . . .

Hon. Mr. Boyd: — Well I'm referring to the last conversation that we had in the legislature when . . .

Ms. Sproule: — I know I was citing those particular countries.

Hon. Mr. Boyd: — You, I think, gave everyone a pretty good lecture about how well Denmark was doing in relation to the rest of the world in terms of renewables and . . .

Ms. Sproule: — My question is about, do you have any numbers for North Dakota or Minnesota . . . [inaudible] . . .

Hon. Mr. Boyd: — No, not now. But we will have.

Ms. Sproule: — I would appreciate that.

Hon. Mr. Boyd: — Yes, we will have.

Ms. Sproule: — Because those are probably more representative of what we're facing in terms of climate and all the things you've mentioned.

Hon. Mr. Boyd: — Well I'm not sure whether you would compare the climate of Iowa to Saskatchewan in January.

Ms. Sproule: — No, I had specifically mentioned North Dakota and Minnesota. Those would be the closest, I think, to our . . . and Denmark's climate as well.

Hon. Mr. Boyd: — Even there, I'm not sure you could compare directly the climate of . . .

Ms. Sproule: — No, I don't think we could compare directly anywhere but . . .

Hon. Mr. Boyd: — Perhaps Siberia.

Ms. Sproule: — Perhaps Siberia. Maybe we could find out what they're paying for power as well. I appreciate the points, Mr. Minister, I certainly understand that we don't want to foist huge increases on our citizens for the use of power. We have a cheap source in coal, as you mentioned, and I think this government is doing a fine job on reducing the impact of coal-fired generation. I mean that's clear. We're world leader in that area.

Hon. Mr. Boyd: — Well, I couldn't be happier to hear you say that. Because some of your remarks earlier, I think would lead many to believe that you felt that we weren't moving quickly enough into the area of wind power.

Ms. Sproule: — Well I think it's something we would encourage and certainly this committee has encouraged the corporation to look into. So we would continue to encourage the corporation to do that for the obvious reasons. One is that wind is free which I don't think you . . .

Hon. Mr. Boyd: — No it's not. It's anything but free.

Ms. Sproule: — The wind itself, the commodity itself, you would say . . .

Hon. Mr. Boyd: — The fuel is free. The tower that you put up to capture that most certainly isn't free.

Ms. Sproule: — Yes, of course, Mr. Minister, I understand. I

appreciate that.

Hon. Mr. Boyd: — And when you talk about considering all of the costs, consider all of the costs.

Ms. Sproule: — Well I think that has been done. And I certainly encourage the corporation to continue to take careful looks at that and increase the mix. That's really what's been suggested by this committee previously, and I would continue to recommend that.

Hon. Mr. Boyd: — Well if and when we see power increases, keep that in mind.

Ms. Sproule: — Will do, Mr. Minister. Thank you for the notice.

Mr. Kalra: — I have the answer for you.

Ms. Sproule: — Thank you. Where were we?

Mr. Kalra: — \$22 million. Some of the bigger items there are late payment charges.

Ms. Sproule: — Pardon me?

Mr. Kalra: — Late payment charges; joint use charges, joint users for Telecoast to use, for example, our poles; meter reading fee; and income from equity investment — so those would make up the bulk of that 22 million. There are some other smaller charges as well.

Ms. Sproule: — Where are meter reading fees imposed? Does everybody pay that as part of their power bill?

Mr. Kalra: — Yes. It is part of the bill, part of the rate base.

Ms. Sproule: — Okay. The next note refers to purchased power and fuel, fuel and purchased power. And at the bottom where the note has some text, it says:

Gas costs include fuel charges associated with the electricity generated from SaskPower-owned gas-fired facilities and the cost of fuel related to PPAs with the Cory Cogeneration Station, Meridian Cogeneration Station and Spy Hill Generating Station.

So they talk about the gas costs and then the imports is “. . . electricity purchased from suppliers that produce power outside Saskatchewan.” And wind which would include “. . . the cost of electricity obtained through SaskPower's PPAs with the SunBridge and Red Lily Wind Power Facilities.” And then the other of 17 million would include the cost of electricity “. . . through PPAs with NRGreen heat recovery facilities and the cost of demand response programs.”

In terms of purchased power, what percentage of power is purchased by private entities in comparison or beside the amount that the corporation produces itself?

Mr. Watson: — You mean our power purchase agreements?

Ms. Sproule: — Yes.

Mr. Watson: — You're asking for year . . .

Ms. Sproule: — Let's use 2011.

Mr. Watson: — 2011 with IFRS accounting, Namibia co-generation was \$39 million. Spy Hill was 47. Natural gas management activity fees was 32 million. Optimization activity was 9 million for a total of gas of 196 million.

Gas for coal was Boundary dam was 109 million, Shand was 42 million, and Poplar River was 68 million, for a total of 219 million. For wind, it was 9 million. Imports was 24 million. Hydro was 20 million and other was 17 million, for a net fuel purchased power of 485 million.

Ms. Sproule: — And what I'm trying to figure out is SaskPower's purchasing power from these arrangements. SaskPower is also generating power. And so what would the ratio be between the power that's purchased and the power that's generated by the corporation.

Mr. Watson: — In raw power?

Ms. Sproule: — Yes.

Mr. Watson: — Yes, I'm on page 18 of the annual report. Supply, our available capacity, first paragraph, is 4094 megawatts and includes 3500 available from the company's own assets and 581 megawatts through long-term power purchase agreements.

Ms. Sproule: — I'm looking at the pie chart beside it. And it doesn't break it down that way, does it? So it's about . . .

Mr. Kalra: — Fourteen per cent.

Ms. Sproule: — Fourteen per cent? The 500 megawatts is 14 per cent. What is the corporation's policy with respect to that ratio? Is there any sort of future plans for increasing the mix or decreasing the mix or maintaining it? What would be the goal of the corporation?

[13:30]

Mr. Watson: — Well our policy is, quite frankly, the corporation's policy is a business policy. We look at all options and look at the best business model for our options. We will be looking at future opportunities for power, private power production, certainly in wind and for gas. We are looking for private power production, certainly in solar and also in possibly geothermal and biomass. As you are aware, with hydro facilities we are looking for equity investment from the First Nations in that facility.

So anything that becomes a good business decision to de-risk the business model — in other words, have private power production that we can buy at a reasonable rate in a long-term contract — we'll look at. It's a practical thing. There's two reasons. First of all, it has to be a reasonable price in our model. And the second aspect is that we have a lot that we have on our plate as it is as a corporation. We can't do it all ourselves, so we need private power production.

I can make sure that everybody understands, because I think this gets confusing sometimes, is at SaskPower we do not build anything ourselves. Everything is built by private enterprise — our power production units, our transmission facilities, even our refurbishing of Boundary dam, and the building of, refurbishing the plant — the building is all private.

Yes, we're pretty darn good project managers, pretty good engineers and project managers. And in fact I think we're some of the best. I mean our projects have been consistently coming in on time and on budget. And we do do comparisons with other jurisdictions to see how our projects are cost-wise and stuff like that. So we do everything as a project, manage it ourselves.

We are looking for opportunities. We actually are even subcontracting out the maintenance of our transmission facilities and even the maintenance of our distribution facilities. There's lots that has to be done over the next generation, and SaskPower needs lots of partners in order to get this accomplished. And we're quite proud of that fact actually.

Ms. Sproule: — In terms of private ownership, you didn't mention coal, but you would consider that as well, a coal-fired plant?

Mr. Watson: — We would look at any business model, to be candid with you.

Ms. Sproule: — I wasn't sure if you omitted it for a reason.

Mr. Watson: — No, no. It seems that, to be candid with you, it seems that the large, large plants, big hydro, big production plants — capital, very capital-intensive upfront — that the capital that private enterprise would have to go out and get could be quite pricey compared to what we could organize. So we do do a comparison between the two and, you know, we look for the best possible opportunity, quite frankly.

Ms. Sproule: — I know there was a criticism a while back — I think it was 2009 — that the private power purchase agreements weren't recorded as a liability on your statement of financial position. I think the quote from your annual report said it represents a commitment, not an obligation, under Canadian GAAP [generally accepted accounting principles]. Are these now being recorded in the new system?

Mr. Kalra: — After converting to IFRS in 2011, the liabilities and the assets of both are on our balance sheet.

Ms. Sproule: — Can you tell me where they show up as liabilities in 2011?

Mr. Kalra: — Sure. So on page 66 on the balance sheet, in the liability and equity section there is a line called finance lease obligations — note 21, 552 million. So that's the obligation on those PPAs [power purchase agreement]. And the note is on page 83, which gives more details as to what the expected cash outflow is and what is the present value of that outflow.

Ms. Sproule: — So these obligations are referred to as a finance lease, is that the terminology?

Mr. Kalra: — That's right, yes.

Ms. Sproule: — Thank you. Oh yes, on page 80 of the 2011, there's an ownership interest referred to in the MRM, I think that's Muskeg River mine cogeneration station north of Fort McMurray. When did the corporation enter into that agreement, and can we get an update on how that's going?

Mr. Watson: — We think it's 2002, but we'll confirm that for you. And in fact the contract is very good. We net approximately \$4 million net year out of it, net profit out of that facility. So we went to the government and suggested that it would be a pretty good business opportunity to hang on to the investment, and they agreed. Because there's no commitment. It's a fully, the facility's fully built out and everything, and it's just a matter of running it to the optimum level now.

Mr. Kalra: — The profit for the year shows up in the same note on note 17. If you look at the first table under MRM, balance . . .

A Member: — What page are you on?

Mr. Kalra: — Sorry. I'm on page 80, note 17. The table beneath MRM shows, the second line below that, so balance of that investment and the profit for the year is 6 million. And if you look at the next page, page 81 at the top, so that shows numbers for last year, so revenues minus expenses, profit 6 million. So that's roughly the . . . [inaudible] . . . rate of profits. And the cash distribution is roughly 4 to \$5 million a year from that facility.

Ms. Sproule: — Thank you. I know Northwind Power . . . or not Northwind Power. You have a subsidiary . . .

Mr. Kalra: — NorthPoint.

Ms. Sproule: — NorthPoint, thank you. Is it involved with this at all? Is this the type of project NorthPoint would go after? But that's a separate set of books, isn't it?

Mr. Watson: — Yes, NorthPoint's separate. NorthPoint is in fact a trading company in that we buy . . . Not only do we have to at times buy electrical power, buy gas; we also sell electrical power and gas. And you need an arm's-length subsidiary to do that, just to be a Chinese wall, because you can't . . . The regulations, the North American regulations you sign on to to join the North American grid is you can't favour your own company per se when you buy or sell power outside your jurisdiction.

Ms. Sproule: — Okay. I think I understand the distinction. So is the corporation, I guess during that time period, have you pursued any other out-of-province cogeneration projects?

Mr. Watson: — No.

Ms. Sproule: — Is that the only one that the corporation currently has?

Mr. Watson: — Yes.

Ms. Sproule: — Okay, thank you. On page 82, there's a reference to long-term debt at note 20. And I just wanted to get a general idea of advances from the Government of

Saskatchewan's General Revenue Fund. The balance that shows at January 1, 2010, was \$2,493 million. Is that the sum total of all the amounts that are borrowed and not repaid to the government at this point?

Mr. Kalra: — That's the long-term debt. So if you wanted to look at the total debt outstanding . . . This is just the long-term debt. There are short-term advances as well, which is just above that on note 19. So those two would be the borrowing short-term advances and the long-term debt.

Ms. Sproule: — Okay. Thank you. I think it's pretty obvious, but I needed it to be pointed out.

And then principal debt repayments on the next page, page 83, I know there were none scheduled except for this year. And I think we touched on that earlier, but could you just explain again why there's only one debt repayment scheduled?

Mr. Kalra: — I think if you look at the table right above that and it shows . . . the second column. The first column is the date of issue and the second column is date of maturity.

Ms. Sproule: — Oh, okay.

Mr. Kalra: — Okay. And if you look at the third or the last column, outstanding amount, 97 million. So 97 million is becoming due for repayment on July 15, 2013. So if you start going after that, the next date is 2020, '22, '25, '31. So those are the years when we have to repay the amount which is stated in the last column.

Ms. Sproule: — Thank you. Again, it was obvious but I needed it pointed out. Thank you.

We've talked about provisions. Note 23 on page 84, we have touched on this as well. There's no share cap capital of course. Now there's advances from CIC to form equity capitalization. Is that different than the loans from the government?

Mr. Kalra: — That's right. So if you go back on the balance sheet which is on page 66, so the loans are the numbers that you saw earlier on — 250, 1 million, and 2.7 billion. The equity advance is right at the bottom, third line from the bottom, which says 660 million. So that would be at the start of the company or some engineers, the 660 million was injected in the capital. So that's the equity advance which is separate from the debt.

Ms. Sproule: — So it's a liability in a sense, but it's reflected as equity?

Mr. Kalra: — It's just a little bit different, because liability is debt which has a fixed maturity date so we have to repay it. With the equity advance we don't . . . there is no repayment.

Ms. Sproule: — Okay.

Mr. Kalra: — Except for nominal dividend payments that, you know, are given out. But that's not contractual maturity.

Ms. Sproule: — Except for dividend payments . . .

Mr. Kalra: — So when the dividends are given out, dividends

go out from the retained earnings. And that reduces the overall equity balance, so 1.8 would come down.

Ms. Sproule: — Oh, okay. Okay. So as those dividends are paid, the equity balance would be adjusted?

Mr. Kalra: — Yes. So profits have increased the retained earnings and the equity balance, so profit for the year for example, \$150 million would increase 1.8 to 1.9, \$2 billion. And dividends are paid out. It reduces the equity balance which is outstanding on the last column which is . . . the last row which says total equity.

Ms. Sproule: — So would it be ideal for that to be to zero at some point?

Mr. Kalra: — No, because the capital structure of the company is that it's roughly between 60 and 75 per cent debt finance and the rest is equity finance. So you need that; otherwise the company is not seen as self-sustaining. The debt is not seen as self-sustaining, and it's seen as taxpayer-supported debt rather than ratepayer-supported debt.

So in order for SaskPower to be seen by rating agencies as stand-alone . . . Cash and rating entity, that balance is needed. And the ideal structure that we've come up with is debt of no more than 75, no less than 60. That's the ideal balance.

Ms. Sproule: — I think I need to go back to school. But anyways, thank you. I think that is pretty much it for the financial notes.

On page 125 of the 2011 annual report, there's a five-year financial summary. And I just would like to get a sense . . . Just on the first line, Saskatchewan electricity sales, they seem to go up; it looks like about \$300 million since 2007. And I know that you've changed your accounting system, but let's just for the sake of it say it's gone up. What ratio would that be between inflation and consumption in terms of those sales?

Mr. Kalra: — Well I'll need a couple of minutes to get that. So part of that increase is because of rate increases, and part of that is the volume increase between 2007 and 2011.

Between 2007 and 2011, the revenues went up by 1,667 minus 1,356, so roughly 311 million. And the impact of the rate increase was, in 2009, 116 million and 68 million in 2010. So roughly 184 million out of that was because of the rate increase. So 311 minus 184 would be volume, 127.

Ms. Sproule: — 127 million is the volume increase, and 184 million is the rate increase.

Mr. Kalra: — Rate increase. Yes.

Ms. Sproule: — Okay. Thank you.

Mr. Kalra: — You talked about the change in accounting policy. It has not had any impact on the revenue line. So if you look at, there are two columns for 2010: 2010 in IFRS and 2010 in Canadian GAAP. So the revenue number remains. The Saskatchewan electricity number is the same.

[13:45]

Ms. Sproule: — Oh, okay. Right.

Mr. Kalra: — Yes.

Ms. Sproule: — That's a helpful column. Okay, we are getting there, folks. I had a few questions now. Let's look at NorthPoint Energy Solutions. And just some general questions again; it's not particular to any of the years in question. But I just want to make sure I understand the activities of this subsidiary.

And the first question I have is that there's a note — so let's look at 2011; here it is — it's under the description of business. And I assume that comments don't change much from year to year — let's hope. Status of the corporation, there was a bit of a change. It says, "Northpoint continues to be responsible for proprietary trading activities." And the question I have is the statement that says, ". . . the electricity trading transactions that do not relate to the generation assets of SaskPower are reflected in these . . . statements." So what does that mean, basically?

Mr. Kalra: — Okay. SaskPower had . . . NorthPoint does essentially two types of activities. One is on behalf of SaskPower. So if we have surplus energy and there's opportunity to export it, and our cost of production is less than the export price, then we can export that opportunistically and then make some money.

And the other way round, if the price in, let's say, the Alberta market is lower than our cost of generation and if we need some electricity, they import it for us. So they do certain activities. This has been one example. There are similar examples as well on behalf of SaskPower. So this electricity activity is on behalf of SaskPower.

Ms. Sproule: — So it's in SaskPower's financial statement?

Mr. Kalra: — That's right.

Ms. Sproule: — Okay.

Mr. Kalra: — Everything gets consolidated ultimately, but this would be in SaskPower. What's proprietary trading is which does not originate in Saskatchewan or which does not terminate in Saskatchewan. So it'll be from market A to market B, or B to A, and both the markets are outside of Saskatchewan. So that's called proprietary trading and that shows up as activity in NorthPoint's books.

Ms. Sproule: — Okay, that's helpful. Thank you. I think I only had one more point. Related party transactions, now that was note 9 in 2012, but it's no. 8 I guess on the last page of 2011. And the second sentence is what I'm interested in:

NorthPoint . . . has a variety of other transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to NorthPoint by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan.

Could you give me some examples of those transactions?

Mr. Kalra: — So any activities which involves the other Crowns; so for utilities, whether it's telephone or insurance or some of the other activities, would all be included in here.

Ms. Sproule: — I'm looking for one figure, Mr. Chair. That might take me a couple of minutes, if that's all right. I'll just sort through this. I know it's in here and I don't know where it is, 2011.

Maybe, you know, the officials could help me find it. There was a statement in the financial statements about . . . It was a quite large figure that could not be disclosed because of legal obligations. I think it's in the financial notes somewhere. I think about 8 million. There was legal reasons why the number couldn't be disclosed. It could be liabilities. Now if I could just find it. It was like 200 million or something like that.

Mr. Watson: — We're not sure, but . . .

Ms. Sproule: — Okay. I'll have to keep looking for it.

Mr. Watson: — Could it have been payee disclosure rather than . . .

Ms. Sproule: — Yes. What page is that on?

Mr. Kalra: — I'm trying to find that.

Mr. Watson: — The payee disclosure document for 2011?

Ms. Sproule: — Maybe that's where I saw it. Too much paper. Payee disclosure — ah yes, I think you're right. Yes, here it is. It's on — I don't have a page number, do I? — page 28 of the 2011 payee disclosure. Thank you for helping me find that.

Mr. Kalra: — So I think the, probably the only thing which is excluded where we don't give the details. And the amount, if we're looking at the same thing: 139,476,891. Is that the amount?

Ms. Sproule: — No, it's commercially sensitive payments excluded from public reporting. Commercially sensitive is \$236 million. Prejudice the competitive position and prohibited by law is \$20 million, and then prohibited by law is 4 million. It's on page 28 of the payee disclosure report for 2011.

Mr. Kalra: — Okay. Can I quickly take a look at that? Thanks.

Ms. Sproule: — I understand that you can't actually disclose it, but if you could give me a sense of any general indication of what those figures represent, without disclosing anything that can't be disclosed, of course.

Mr. Watson: — Yes, it's built around supply contracts for fuel. We don't separate what supply because it would, if we did separate it, then it would give away the supplier. So it's about supply contracts that are commercially sensitive.

Ms. Sproule: — And then the ones that prejudice the competitive position and prohibited by law, 20 million, is that the same kind of idea?

Mr. Watson: — It would be built around the same thing. It would be . . . The only reason we would and, you know, in fact we're mandated to, that we have to disclose everything possible. The only thing we don't is if it does become a competitive issue with a supplier that would compromise any, not only the present bid, but any future bidding because they are quite protective of what their cost structures are.

Ms. Sproule: — Okay. And then prohibited by law, would that be along the same line as well, or would that be more of a legal protected settlements?

Mr. Kalra: — Yes, it's in the contract that there's a confidentiality clause that we cannot disclose it.

Ms. Sproule: — It's in the contract.

Mr. Kalra: — Those would be the contracts which would be prohibited.

Ms. Sproule: — All right, thank you. I think just a few more questions in relation to the payee — I'm not familiar with the name of this report — payee report.

Mr. Kalra: — Payee disclosure report.

Ms. Sproule: — Payee disclosure report. Thank you.

Mr. Watson: — It is our favourite report.

Ms. Sproule: — It's your favourite report?

Mr. Watson: — Yes, our favourite report. Yes.

Ms. Sproule: — There's lots of information in here.

Mr. Watson: — Yes.

Ms. Sproule: — Where do I want to start? I guess I have a couple of questions about out-of-province travel expenses. One of your board members had a \$10,000 out-of-province travel expense for that year. Can you describe what that was used for?

Mr. Watson: — Yes, there's the 10,154 is for a board member who is from outside the province. We pay reasonable expenses.

Ms. Sproule: — And there's more than one member from outside the province. Is that correct?

Mr. Watson: — There's two, yes, from outside the province. We're now back down to one from outside the province.

Ms. Sproule: — And is the other one Andy McCreath?

Mr. Watson: — Yes.

Ms. Sproule: — Okay. And which one is no longer on the board?

Mr. Watson: — Andy.

Ms. Sproule: — He's gone.

Mr. Watson: — He's unfortunately a bright young board member who unfortunately had too much commitment.

Ms. Sproule: — That's the way it goes. All right, on to your executive team. I note that Mr. Monea has out-of-province expenses of almost \$80,000. I mean it's obviously outstanding amongst all of your VPs so I'm just wondering if there's . . .

Mr. Watson: — Yes, clearly that is Mike Monea on our carbon capture initiative. He had started that program back in, well, several years ago, and it really started to ramp up. And we certainly keep close track of it, but it is directly attributed to our carbon capture facility.

Ms. Sproule: — So he would be travelling around the world basically or Canada?

Mr. Watson: — Yes, it'll be significant probably for one or two more years so that we can try . . . What we're really trying to do is monetize and materialize the lessons learned. So you have to go to conferences and you have to actually see suppliers.

We have a very, very good working relationship with Hitachi. As you know, they're local manufacturers. We have a very good working relationship. And we've actually struck up a strategic team with Hitachi representative and SaskPower representatives for strategic relationships. And I mean, I'm talking strategic issues, world issues that Hitachi may take elsewhere. Part of that commitment is their team will come here once a year, and we'll go there once a year for joint meetings. And it is at the most senior level, executive vice-president level at Hitachi.

So we promote that sort of thing. We very rarely go to trade shows outside the province, particularly international trade shows. We really do stick to specifically seeing corporations or partners in that, you know, that sort of thing.

Ms. Sproule: — Thank you. I know your minister has certainly spoken highly of that relationship with Hitachi and SaskPower.

Mr. Watson: — Just to go on then. I think it's so important because it has . . . And I know the minister is fully supportive. Here's a \$100 billion company, you know, one of the largest corporations in the world, and they've picked SaskPower as one of their strategic initiatives. So we're really going to keep working on that.

Ms. Sproule: — I think that's remarkable, and I certainly want to congratulate you and your executives for that.

I'm going to ask a few questions now under suppliers and other payments starting at page 21 just to get a sense maybe . . . I have 5 or 10 that I would like to get a little more information on. And the first one, on page 21, is an incorporated company called ABB. And there's a \$11.6 million expense there.

Mr. Watson: — Well I'll generally start answering the question for you and then if there's more . . . [inaudible] . . . ABB's an engineering firm.

Ms. Sproule: — Okay.

Mr. Watson: — They do lots of engineering work for us. As I mentioned to you, we use a lot of contractors for engineering expertise. We're good project managers. We do have some good engineers in place, but we use a lot of outside help for engineering. So they would be specifically used for engineering work and project management work.

Ms. Sproule: — That's enough for me. Alberta Innovates Technology Futures, \$105,000. What is that?

Mr. Watson: — No idea. We'd have to get back to you on that one.

Ms. Sproule: — Okay. I know it's a small amount, or at least in the context of your entire business it's a small amount. The next page under the Bs, Babcock & Wilcox Canada for \$20 million. I noticed in 2012 it was actually \$40 million, but in 2011 . . . What kind of firm is that?

Mr. Watson: — Babcock & Wilcox again is an engineering firm and a building firm. They specialize in boilers and steam pipes and fittings and stuff like that. They are an instrumental supplier to SaskPower. In fact they're one of the instrumental contractors for Boundary dam also.

Ms. Sproule: — You know, I'm very curious about all of these, but I promise you I'm not going to ask about them all because we'd be here forever. Boyd Excavating, just curious. No, I'm sure there's no connection to the minister; I just saw the name there and realized it was the same family name.

[14:00]

Mr. Watson: — Yes, it would be a Saskatchewan-based company that we would use. We use them all the time.

Ms. Sproule: — Yes, I know.

Hon. Mr. Boyd: — Just a wild guess, but I think it might be the one that won an ABEX [Achievement in Business Excellence] Award here for one of the best businesses in Saskatchewan, young gentleman that came forward and attributed his success to Premier Wall.

Ms. Sproule: — Oh, is that right? Thanks. Okay. I notice in 2012 there was a huge amount owing to Crown Investments Corp, but there wasn't in 2011 . . . Or a huge payment to Crown Investments Corp in 2012. It was like \$200 million. I can leave it for the 2012 agreement. The Crown Investments Corp was listed as a payee, and it's not listed in 2011.

Mr. Watson: — We'll answer that for 2012.

Ms. Sproule: — Okay. That's fine, if I remember to ask. Ministry of Finance, \$235 million, what's the nature of that payment?

Mr. Kalra: — Our Ministry of Finance would be on interest payments.

Ms. Sproule: — Interest?

Mr. Kalra: — Yes.

Ms. Sproule: — All right. Saskatchewan Watershed Authority was paid \$20 million?

Mr. Watson: — Yes, we rent the water.

Ms. Sproule: — Do you return it?

Mr. Watson: — Return it? Yes, we do. It's the water that flows through the dams or flows through our facilities. We hold it for a little while and then we . . .

Ms. Sproule: — And then you let it go, and you pay \$20 million. Is that an average payment? Would that be representative?

Mr. Watson: — It's about . . .

Mr. Kalra: — It's roughly the same number.

Mr. Watson: — Roughly the same number a year. Yes.

Ms. Sproule: — It's a good deal for them, for us.

Mr. Watson: — It's standard practice rather than jurisdictions.

Ms. Sproule: — I didn't realize. I thought water was just fungible. Like it's not captured, but I guess you capture it in the dam so you have to . . .

Hon. Mr. Boyd: — It's one of those things that's not free.

Ms. Sproule: — It's not free, just like wind.

Hon. Mr. Boyd: — Yes, like wind.

Ms. Sproule: — Right. Okay. The last question I had on this list was the last page of the . . . I guess page 28. There's a Zewei Yu operating as Greenlinks International. Do you know what that company is? You could get back to me if you don't know, that's fine.

Mr. Watson: — Yes, we don't . . . No, I'm not sure. We'll have to get back to you.

Ms. Sproule: — Would you undertake to get back to me on that?

Mr. Watson: — Yes, for sure.

Ms. Sproule: — Thank you. Then in the NorthPoint Energy Solutions reported payments, the short report. But on the first page under E, there's a 101 million in suppliers and other payments. Can you tell me more detail about that? If I'm not wrong, I think there's more detail on page 2, is it? Yes, sorry, I found the answer myself, it's on page 2. And there's a couple of suppliers there I had questions about. One was Powerex Corp for \$8 million?

Mr. Kalra: — Powerex is the subsidiary of BC Hydro. And this would be for one of the other electricity purchase contracts from them.

Ms. Sproule: — Okay, And finally, TransAlta Energy

Marketing. Is that an Alberta equivalent?

Mr. Kalra: — Alberta, yes that's right.

Ms. Sproule: — The greenhouses are now being incorporated back into your reporting.

Mr. Kalra: — SaskPower. That's right.

Ms. Sproule: — They're are still continuing operations, though?

Mr. Kalra: — That's right.

Ms. Sproule: — All right. I think that's that for that. I just had one more bit of information. Some of our staffers were looking up North Dakota's power rates, so I thought I'd share then with the committee what's available online anyways. And this is from 2011, the source is the Energy Information Administration from the North Dakota Department of Commerce website. According to that, the residential rate per kilowatt hour in the United States is 7.31 cents, which is actually quite a bit lower than ours. Commercial is 6.88 and industrial is 6.20. And it looks like on the . . . There is also information available there for the US average, and there the residential average is 11.2 cents per kilowatt hour, which is pretty close to our rate. So I just wanted to share that with the committee, and perhaps there are other numbers available.

Hon. Mr. Boyd: — Well let's be sure, make sure we're comparing apples to apples. Is that American dollars or Canadian dollars? Is there anything else that would have attached to it? Is there a feed-in tariff or any of those kinds of things in those states? Are there, I'm not sure that all of those would be included in that.

Ms. Sproule: — Right, and I'm just presenting them to you for that base level information. And certainly the minister has resources available to verify that and perhaps confirm or amend as needed to make those, factor in those items that the minister has listed. But it's a good place to start maybe. And as your staff can go through it, I appreciate if you have any further information?

Mr. Watson: — Okay.

Ms. Sproule: — Thank you. Oh, couple of more. This is 2010, the payee . . . was it payee report?

Mr. Watson: — Payee disclosure report.

Ms. Sproule: — Payee disclosure report, 2010. Just a couple more under the grants and contributions, page 58. I'm just curious about, there was a half a million dollars went to the city of Estevan? Oh sorry, that's the grants in lieu of taxes, so I'm not going to ask about that. But there was a grant of \$280,000 to the city of Estevan in 2010. And do you have any further information on the substance of that grant?

Mr. Watson: — We'll have to get back to you on that one.

Ms. Sproule: — Yes? Okay.

Mr. Watson: — We'll let you know.

Ms. Sproule: — So you'll undertake to provide me with that information?

Mr. Watson: — Yes.

Ms. Sproule: — All right. I think, Mr. Chair, that is the extent of my questions for today.

The Chair: — Seeing no further questions with SaskPower, I would ask maybe a member that we conclude consideration of the 2008, '09, '10, and '11 annual reports for Saskatchewan Power Corporation and subsidiaries.

Mr. Parent has so moved that we conclude, that this committee conclude its consideration of the '08, '09, '10, and '11 annual reports of the Saskatchewan Power Corporation. All those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Motion carried. Before we adjourn, would the minister like to do a wrap-up?

Hon. Mr. Boyd: — Yes. Thank you, Mr. Chair. I would want to thank Robert Watson and Sandeep and the rest of the SaskPower team for a very good forwarding of answers here this morning and this afternoon. We appreciate the work that they do on an ongoing basis.

To the member from the opposition, thank you for your questions regarding the operations of SaskPower.

The Chair: — Ms. Sproule, would you like a closing remark?

Ms. Sproule: — Yes. Thanks, Mr. Chair. And thanks very much, Mr. Minister, and to all the officials from SaskPower for the good work you do and the forthright responses to my questions. So thank you very much. I look forward to the next one.

The Chair: — Well thank you, and thank you to the minister and the officials for appearing before the committee, and the members for some very informative questions.

I would ask a member now that we move a motion of adjournment. Mr. Bjornerud has moved a motion of adjournment. All those in favour? Agreed. Carried. This committee now stands adjourned until the call of the Chair.

[The committee adjourned at 14:09.]