



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Herb Cox, Chair
The Battlefords

Ms. Cathy Sproule, Deputy Chair
Saskatoon Nutana

Mr. Steven Bonk
Moosomin

Mr. Glen Hart
Last Mountain-Touchwood

Ms. Nancy Heppner
Martensville-Warman

Mr. Everett Hindley
Swift Current

Ms. Lisa Lambert
Saskatoon Churchill-Wildwood

[The committee met at 15:04.]

The Chair: — Welcome, everyone, this afternoon. I'd just like to, before we welcome the committee and the officials, I'd just like to extend my welcome to all of our delegates here from PNWER [Pacific NorthWest Economic Region]. We thank you for coming this afternoon and partaking for a little while of our committee meeting. So thank you for coming, and welcome to Regina.

I'd just like to acknowledge our committee members that are here today. Ms. Sproule is here today. Mr. Bonk, Mr. Hart, Ms. Heppner, Mr. Hindley, and Ms. Lambert, our members are here today.

We have two documents to table this afternoon: CCA 49-28, Crown Investments Corporation of Saskatchewan report of public losses, January 1st, 2018 to March 31st, 2018; and CCA 50-28, SaskPower responses to questions raised at the April 25th, 2017 meeting.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Power Corporation
Vote 152**

Subvote (PW01)

The Chair: — This afternoon the committee will be considering the lending and investing activities of SaskPower, vote 152, Saskatchewan Power Corporation, loans, subvote (PW01). Mr. Duncan, would you care to introduce your officials please and make your opening comments.

Hon. Mr. Duncan: — Thank you very much, Mr. Chair, and committee members. Good afternoon. It's our pleasure to join the committee today. Joining me here at the table is Mike Marsh, to my left. He's the president and CEO [chief executive officer] of SaskPower. Troy King is to his left. He is vice-president, finance and chief financial officer. Rachelle Verret Morphy is vice-president of law, land and regulatory affairs. She's sitting to my right. And behind us is Ian Yeates, executive director, in the president's office.

Mr. Chair, we're pleased to be here today to discuss SaskPower's borrowing requirements for the '18-19 fiscal year. SaskPower is continuing its plan with growth and renewal as Saskatchewan's electricity use continues to rise. In 2017 SaskPower broke the record for peak electricity use twice. The most recent was December 29th with a new peak load of 3792 megawatts or 45 megawatts over the peak set in January of 2017. That's about what it takes to power 45,000 homes.

These records aren't only being broken in cold winter weather. This past summer, we set new consumption records three times in two months. Each year in the last decade, we've seen power usage go up in Saskatchewan, and it's forecast to continue to rise over the next 10 years.

Another important driver at SaskPower is infrastructure renewal. With a large portfolio of infrastructure at or near the end of its life cycle, SaskPower has committed nearly

\$450 million to improve reliability of Saskatchewan's power grid and increased power capacity in 2018-2019. This work includes projects from replacing power poles and converting street lights to LED [light-emitting diode], to replacing underground cables, building new transmission lines, and completing work at the Chinook power station near Swift Current.

And finally, I'd like to touch on the clean energy plan, as we continue to make progress towards our 2030 goal of reducing greenhouse gases by 40 per cent over 2005 levels and increasing our renewable generation capacity to as much as 50 per cent by 2030. On a smaller scale, SaskPower offers programs designed to help smaller producers generate their own renewable energy and bank against future use or sell it back to the grid. As well, we continue to make progress through competitive procurement of utility-scale wind and solar projects.

When it comes to our larger utility-scale projects, we have to be very deliberate in our plans. As committee members can appreciate, it's not as simple as putting up turbines and panels. The costs of distribution, transmission, and backup generation are important considerations. We need to go about this in a way that balances our priorities of maintaining a sustainable and diverse generation mix with the delivery of reliable, cost-effective power to the people of Saskatchewan.

So, Mr. Chair, those are my opening comments, and we look forward to taking committee members' questions.

The Chair: — Thank you, Mr. Minister. Just like to maybe remind any officials, the first time you speak to please state your names for the *Hansard* record. Okay, I would now ask, do any members have any questions? I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. Thanks to Mr. Doke for bringing the folks from PNWER. I hope you find this interesting. We generally are able to ask a fairly wide range of questions in committee, so we look forward to the opportunity to do that here and get some further information on, for example, initiatives that SaskPower is undertaking. So I don't know if you'll stay for the full two hours, and I hope you don't. No? Okay. Yes, it'd be a long haul.

And thank you, Mr. Minister and officials, for being here this afternoon. To Mr. King, congratulations, I think, on being the not-acting anymore. You're fully in the position, so congratulations to you for that. And thank you for following up with the questions, the material, and tabling it. We've been working on better follow-up for those kind of questions. So I've been working with the Clerk and the Chair, and I think what we'll do is to work better at getting those. It's on me too, so I think we need to work harder at that.

To begin with, just very quickly, I shared with you, Mr. Minister, a consent form to discuss some problems a lady from Creighton is having with her power bill, and I raise it with you now just to ask what the best direction is for her to go. She's received a massive power bill increase. And she lives in Creighton and is wanting some assistance with maybe timing her payments. So is the best place for her to go to the contact us

page, or is there someone she should contact?

Mr. Marsh: — Now that we've been made aware of . . . Sorry. Mike Marsh, president and CEO for SaskPower. Now that we've been made aware of this, we can take that back. We'll have our customer programs group and our VP [vice-president] of distribution and customer service look after it directly.

Ms. Sproule: — Thank you very much for that. What I do want to touch on today before we get into other things is that my colleagues from the North have advised that power rates and bills have gone up astronomically for some folks. For example, in this particular residence in Creighton, it's around \$900 a month now. And people are questioning why the rates seem to have gone up so high in the North. I don't know if you're getting similar complaints, but is there any move forward on maybe . . . I know rural, for example, rural folks get a lower rate for power. Is there any discussion for some alleviation of these incredibly high power rates in the North?

Mr. Marsh: — To address that question, first of all the rates that northern customers see are the same rate, the same power rate. So your cents per kilowatt hour is the same as what you would see for the same customer in the South. Energy consumption in the North has been an issue for many, many years and probably will be. As we look at housing in the North, for example, most of the homes are heated with electricity. They don't have natural gas north of Lac La Ronge. In the far North particularly, you know, the opportunity to have fuel oil or propane is limited. So again, most of the homes are heated with electricity.

The standard of housing in a lot of these cases is certainly not up to the standard of today. And these are the types of things that our customer service program, together with our Aboriginal affairs group and working with different First Nations communities around the province, this is an area that they target: education and awareness programs and programs that we can support in helping communities understand energy efficiency, the value of insulation, the value of windows, and the like.

We have just recently had a number of meetings with members of the First Nations communities from areas of the far North, with First Nations Power Authority to attempt to come up with a program. And by and large, the First Nations Power Authority is starting to look at energy conservation programs as a way to help First Nations communities in the province as well. So we will work with that group, and certainly when a request comes to us from a First Nations community, our customer service people are out there to talk to them about this issue.

Ms. Sproule: — Thank you. Certainly I think all the issues you identified, especially with rate hikes, are having a significant impact on folks in the North. And I look forward to progress in that area.

I'm going to start off with the budget documents. And I'm just going to go back to last year where we talked about it, so I have to find it. I think it was near the end of our conversation last year. There we are.

The first thing I guess I wanted to talk about was last year there

was some discussion on wages for SaskPower employees and the 3.5 per cent reduction that had been targeted in the budget of last year. We don't see that target this year, but last year you indicated that there would be management of the wages at SaskPower. So you could give us an update on that.

[15:15]

Mr. Marsh: — Certainly. I'll just make a couple of comments and then I'll maybe have Troy step in with more specific numbers. Internally at SaskPower, we have embarked — well, we embarked about two years ago now — on an optimization program to help drive cost and efficiencies out of our operation and maintenance expense. With over 75 per cent of our OM & A [operating, maintenance, and administration] expense being labour — wages, salaries, and benefits — it's important that we control that.

And we have attempted through maintaining a tight rein, if you will, on rehiring. Many of the vacancies that happen inside the company are not refilled. And to the extent that we, you know, we compare ourselves to where we were three or four years ago, we are significantly less staff than we might have been had we continued on that same path. We do continue to hire and to replace positions for sure, but we have certainly contained our hiring, and that has helped drive a lot of the costs.

In addition to that, we've revisited other programs in the company to help improve the dollar spend and the amount of savings we can achieve annually, and this is an important item for us. It certainly helps when we explain our position and what we've done to keep rates low as we talk to the rate review panel and to industry stakeholders there.

But we continue to manage this as a prudent exercise and an optimization program inside SaskPower, and we'll continue to do that for the foreseeable future.

Ms. Sproule: — Thank you, Mr. Marsh. I'm just wondering where the International Brotherhood of Electrical Workers bargaining process is at at this point, and if you can just update the committee on that.

Mr. Marsh: — We are still in an open period with the International Brotherhood of Electrical Workers, Local 2067. Their current contract expired at the end . . . December 31st of 2016. So we are 17 months into an open period, and we are in the process of engaging the IBEW [International Brotherhood of Electrical Workers] for talks at the table. Those will continue as necessary over the next few weeks and months.

Ms. Sproule: — Okay. And you had replied last year when we asked if there'd be cuts to executive compensation, you said, absolutely. So I'm just wondering if that has happened.

Mr. Marsh: — Well my salary was certainly cut last year by three and a half per cent, as I know other people in government and in the Crowns were. And we have contained our salaries by not, you know, providing large increases. I will tell you that the bulk of the work that continues is being done by people that are left in the organization in smaller departments. We continue to provide merit increases as required. There hasn't been any direct rollback of out-of-scope wages, and certainly not

in-scope because that's a collective bargaining process.

Ms. Sproule: — Just wondering about Westmoreland Coal. This is a little bit on a different topic. But we understand that in the States they're having a difficulty with receivership and bankruptcy and all those kinds of issues. Do you have any update for the committee on how that will impact their operations in Saskatchewan?

Mr. Marsh: — Yes, I can speak to that as well. I'm in regular contact with the president of Westmoreland Coal. He calls and provides updates on where recent activity, both in the investment markets and with respect to their potential bankruptcy, as it's being talked about in the press. Yes, they are in a tough financial situation. Their stock price has fallen considerably. They continue to assure SaskPower and other operators in Canada that they will be here to operate. We have seen no direct evidence that they're, you know, they're going to be in a difficult situation here in Canada. Indeed, even if there is a bankruptcy proceeding in the United States, they operate under a different legal entity here in Canada, and they maintain they would continue operation.

Now that being said, it's only prudent as we look forward to mitigate any risk we may have. We certainly have contingency plans in place in the event something should happen.

Ms. Sproule: — In terms of contingency, do you mean an alternate supply?

Mr. Marsh: — Well not an alternate . . . The supply would still come from the mines in the South but it would be a potential to look at different ways to operate the mine.

Ms. Sproule: — All right, thank you. In the budget on page 14 you identified — government has identified — that the major Crown projects for SaskPower include \$883 million. I'm just wondering if you could give us a breakdown of what that \$883 million will represent.

Mr. Marsh: — I'll ask Troy King, our chief financial officer, to answer that question, please.

Mr. King: — It's Troy King with SaskPower. So the bulk of our capital we split into three different categories. One we call our sustainment investment, the second we call growth and compliance, and the third we call strategic and other. So about 40 per cent of that spend is going to go into the sustainment category. So by sustainment, I mean that those are the dollars that we have to reinvest in our existing generation, transmission, distribution assets to keep them operating at an acceptable level.

Around 55 per cent is going to go into the growth and compliance, so that's going to be for new assets. So for new generation, on that side our facility at Chinook is where the bulk of that is going to go. It's going to go to new transmission and distribution lines and to customer connects.

And then the smallest portion of our capital budget, about 5 per cent or a little less than 5 per cent, is going to that strategic category. So that would be things like our AMI [advanced metering infrastructure] program. That would be some fuel

supply, some information technology-type investments.

Ms. Sproule: — Thank you very much. So in terms of the upgrading and that 40 per cent, can you break that down in terms of how much is going to the main projects, of that 883 million?

Mr. King: — You want it just by category? I can give it to you . . . I'll start by category and then you can tell me whether you want more. So about 84 million's going to go into the transmission sustainment, 82 into distribution, 140 into generation, 18 into technology and security, about 30 million into buildings and furniture, 2.5 million into mining land, seven and a half million into meter purchases, and about 18 million into vehicles. That should cover \$381 million.

Ms. Sproule: — Okay. Do you want to go forward with the growth and compliance?

Mr. King: — So on the growth, on the transmission side, \$179 million. On the distribution is 30. On the connects, we have transmission connects of about 32 and distribution connects of 102. And then on the new generation, we have the Chinook power station at 143 million.

Ms. Sproule: — Thanks. Total of?

Mr. King: — I'll put my glasses on. 487 million.

Ms. Sproule: — And then finally . . . Well strategic, we don't need to go into that at this point. So Chinook, if you could give us an update. Is that on time and on budget? When's it going to be completed? Any updates that you can share with the committee on the Chinook power station?

Mr. Marsh: — Certainly the Chinook power station currently is on budget and on schedule, and currently the forecast commercial operation date is fall of 2019. We want to have that facility online for the winter of 2019-2020.

Ms. Sproule: — Now I just want to look. Last year, 1.3 billion on capital in '17-18. What's your capital investment in '18-19 budgeted for?

Mr. King: — So the total capital investment, and that's before netting customer contributions, is \$933 million.

Ms. Sproule: — '18-19?

Mr. King: — Oh, sorry. '18-19. Sorry. Yes.

Ms. Sproule: — And that 933 million is incorporated in all of the three programs that you just discussed, right?

Mr. King: — Just those numbers that I was going over before. And those are gross, so those are before customer contributions.

Ms. Sproule: — Okay.

Mr. King: — Everything I'm giving you.

Ms. Sproule: — Because you had said 883 million in three categories, and then you said total 933. So that extra 50 million?

Mr. King: — It is customer contributions. So that's money when we do a customer connect. SaskPower pays for a portion of it and we ask our customers to pay for a portion of it. So when the numbers are being presented there, they're net of those customer contributions. And we always talk about it at a gross level.

Ms. Sproule: — All right. Thank you. Just on page 155 of the Estimates there's a, I think it's a forecast. Let me pull it up. There it is. Your forecast for '17-18 was quite a bit lower than your estimates for the Crown corporation loan, the disbursements. Could you first of all just sort of explain what that category is, and then why it's dropped so much in your forecast and also for this budget year?

Mr. King: — In our borrowing, any time we give an estimate on our borrowing, it's usually made up of three things: so one, we look at our capital expenditures that we forecasted for the year; we look at the estimated cash flows that we expect to generate from operations; and then we look at any debt that we have to refinance during the year. So for the 2017-18 estimate . . . And I believe you're looking at the \$728 million? Is that the number?

Ms. Sproule: — Yes.

Mr. King: — Okay. So the difference between that and the forecast of 457, the main driver in there is the change in capital expenditures. So they went from 1.336 billion down to \$971 million.

Ms. Sproule: — And what was the reason for that change?

Mr. King: — There's a number of categories that changed. The first thing we did early on is we looked to take about \$200 million out of our capital budget after our rate increase had been reduced. One of the biggest items in there was the Tazi Twé project. We had budgeted \$82 million for that and at the point that we took it out, it was looking like we weren't going to be proceeding with that so we took it out of our forecast. The others were adjustments, minor adjustments to all the categories as we firm up those numbers throughout the year. So that was the first reduction down to 1.12 billion.

As the year proceeded, again the remaining reductions come from various categories within that same list of categories that I just provided to you. So, some of the bigger ones were on the generation side. On sustainment we saved about \$12 million. We only spent 120; we had budgeted about 132. On the transmission side we saw a number of projects that didn't require the growth investment, so we saved about \$100 million there. And on the AMI side, our project was deferred a little bit, so it was about \$11 million on that side. But it's really a number of reductions in all those categories.

Ms. Sproule: — All right. Thank you. And for this year's estimate, it seems even lower. Is that just moving along in the general trend of some projects not going forward?

Mr. King: — Yes. It's down slightly. So it's at the . . . The borrowings for this year is forecast to be 369.9 million compared to 457.6 for last year. And really again the main thing is the capital spending has gone down. So from 970.5 million is

the forecast for '17-18, down to 933.5 for this coming fiscal year.

Ms. Sproule: — And are you anticipating any further rate increases in relation to that?

Mr. King: — So right now we've just received the three and a half per cent rate increase. We have no rate increases right now that are . . . Right now we're just going through the process of reviewing our forecast for the coming fiscal year, for the '18-19, and we'll be going through the governance process with our board and with cabinet in the summer to decide on future rate increases.

Ms. Sproule: — So those aren't in the budget? All right. On page 154, and this is probably relevant to the discussion as well that we just had, but we see the loan repayments and that for this year you aren't estimating any loan repayments. Could you sort of share with the committee why that would be that there are no loan repayments this year?

[15:30]

Mr. King: — Okay. So the loan repayments are really just based on the due date of the loans. So we don't repay early. We wait until the maturity date and then repay the borrowing. So it's just a matter of there's no debt that is due to be refinanced this coming fiscal year. So that's why we have nothing in the forecast.

Ms. Sproule: — Thank you. Page 70 of the budget, and now that we're looking at revenue now instead of borrowing, we see that your budget for last year, the forecast is quite a bit lower than budget . . . Well I don't know what quite a bit is in your world. \$40 million lower, but you're anticipating that the revenues will be up again this year. So can you share with the committee why the forecast is lower and why you're anticipating revenues to go up to basically last year's budgeted forecast or budget?

Mr. King: — So the revenue increase for this coming fiscal year would be based on the rate increase that we did receive, the three and a half per cent plus the growth that we're assuming for the fiscal year.

Ms. Sproule: — Okay, thank you. Just going now to CIC [Crown Investments Corporation of Saskatchewan] third quarter report. I guess that's the rate increase that we were just talking about so I don't have to ask you that. Now you had gone to the rate review panel for a 5 per cent rate increase request but, as you know, the panel declined and suggested 3.5 per cent instead. I guess there's two sides to this, but first of all, and you talked about it a little bit already, what is the impact on that refusal by the rate review panel on your operations? And I think you've mentioned some of the changes, but if there's anything else.

And is there . . . You know, when you keep going to the ratepayer for these costs, obviously it's hard on individual ratepayers. Are there any other things you're looking at for revenue generation to assist with that?

Mr. King: — So on your first question, the impact of the

reduction in the rates from 5 per cent to three and a half was about \$38 million, and that is reflected in the budget numbers that you see in front of you. Our main focus is not on new revenue generation, but on managing our costs. So as Mike had mentioned previously, what we used to call restraint and now we're calling our optimization program, we're continuing to look for ways to reduce our own internal spending. Our focus has been mainly on the OM & A side, but it's really in all cost categories including capital spend and our fuel and purchase power budget.

For this last fiscal year we were able to achieve \$42 million in savings from our optimization program in the OM & A category. We had forecast 32 and we were able to beat that by \$10 million. So over the last three years it's about \$150 million we've been able to save.

Going forward, again we continue to set aggressive targets in terms of those savings and that's really where our focus is, on managing our costs and managing the impact on our ratepayers.

Ms. Sproule: — On page 6 of the CIC third quarter report, they reported that your expenses were increased by a 29.6 million expense due to the deferral of the Tazi Twé hydroelectric project. Why would it cost you to defer?

Mr. King: — What happened to Tazi Twé project, that \$29.6 million represents the money that we had spent up to that point in time to prepare for that project. So that would be legal costs, that would be engineering costs, and it took place over five years. So during that period of time we were capitalizing those costs in anticipation of moving forward with the project. Once we had made the decision that we weren't going to proceed with the project, we were required to write those costs off, and that's what that expense is.

Ms. Sproule: — And perhaps while we're talking about it, could you give the committee an update on the future of Tazi Twé? Is there anything to report?

Mr. Marsh: — No, we have nothing to report. Electricity demand from the mining sector remains low as a result of some of the closures and the downturn in the uranium sector, and that's the predominant demand in the far North. Without that load it's very uneconomic to proceed with that station, so for now we don't see any chance that Tazi Twé would be resurrected in the next few years. It's more likely a longer term decision.

Ms. Sproule: — Thank you. Just looking at the payee disclosure report for Crown Investments Corporation and the SaskPower report of payments, just a couple of questions coming out of that . . . Well maybe more than one or two. First of all, I wanted to look at out-of-province travel expenses. So in the last year — I believe this was '16-17 is the most recent one we have — executive senior management out-of-province travel expenses were \$61,000. Could you just detail what trips were involved in those expenses?

Mr. Marsh: — Generally I can say that most of the executive expenses were to attend meetings such as the Canadian Electricity Association. We occupy positions on that association as board members, or on the transmission council, on the

generation council. There is technical conferences and the like that we send our people to, but for the most of the executive it's really the CEA [Canadian Electricity Association] is the predominant . . .

Ms. Sproule: — Thank you. Were there any out-of-country travel expenses in there?

Mr. Marsh: — I cannot recall off the top of my head. We can certainly check for you.

Mr. King: — It's possible that there would be some to the United States or . . .

Mr. Marsh: — Yes. The United States, there would be for sure.

Ms. Sproule: — Right. Could I ask you to provide that to the committee when you have an opportunity to get that information?

The next one is every year you report . . . In this report there's a payment information excluded from public reporting, and then the second one is payments to which the payee disclosure policy does not apply. So there's two categories there. And I took a little look at sort of how this has unfolded over the years because I want to understand it a little bit better. Back in 2010 there was an actual breakdown — and years prior to that — of those payments, not . . . Obviously there's disclosure issues with them but, for example, in 2010 and before, prior to that, there would be a breakdown in category F, which is the payment information excluded from public reporting, in four categories.

There was first of all payments made in trust to legal and accounting firms, so I assume that's lawsuits. The second one is commercially sensitive. The third is prejudicing the competitive position, and then the fourth is prohibited by law. Can you share with the committee why that breakdown is no longer being provided in your payee disclosure report?

Mr. King: — That's a very good question. I can't tell you why it's not being done. I guess we follow the template as provided to us. I can give you that breakdown, if you'd like, for 2016-17. I do have that.

Ms. Sproule: — Yes.

Mr. King: — So under the commercially sensitive, it's \$12.2 million. In the prejudiced competitive position is 13.6. And prohibited by law is 6.9. And we have nothing in the fourth category of trust payments.

Ms. Sproule: — All right. And could you break down for the committee the difference between a commercially sensitive issue and one that prejudices competitive position? So what are the differences there?

Mr. King: — Well I think they're very similar in nature. If you go back to when we first started doing the payee disclosure, these were the three categories upon which the Crowns were given as an exemption from reporting. And what we did at that time is we contacted each and every one of our vendors to request to them whether they had concerns under any one of

these categories. And a lot of this was based on self-disclosure, so the vendors would disclose upon which category they thought they were exempt from reporting.

We worked very closely with our legal team to go through them. Often we were challenging back with the vendors as to whether or not it officially met that category. But a lot of it is really based on their interpretation, whether they thought there was some commercially sensitive information into it or whether it would prejudice their competitive position. And then the prohibited by law is much more clear. It's really based on the legal contract between us.

Ms. Sproule: — All right. So when does it become unsensitive? Like do you go back and release this information once it's no longer sensitive or does it remain sensitive forever?

Mr. King: — I can say that we did a lot of work at the beginning of the process to review these. I can tell you we haven't spent as much rigour as we have in the past at challenging these. There are a very small number of vendors. There's four, six, seven . . . There's only seven contracts that remain on it. And we do look at it from time to time. So we wouldn't ever go back, but when we do have an opportunity to renew our contracts with them, we look to exclude that information and so that it'll . . . exclude those restrictions so that we're able to provide that information in the future.

Ms. Sproule: — I know like for me 32 million is a lot of money. And I know on the grand scale of the operations that it's not a large percentage of your work, but it seems like a large number. And I appreciate your explanation there, and thank you for that.

The next one I wanted to look at though was the category G, and this is I believe relative to power purchase agreements. And that's a much, much larger number obviously, \$340 million this year. And it's been well over . . . well I guess 180 million back in the early 2000s, 190 million. But it's grown. Actually no, I had the wrong number — 150 million about in the early 2000s. But it's obviously growing and it's a very large number.

My question for you is this. I looked at the number of payees that are involved in this, and in the early 2000s, late 2000s, there's around four. It went up to six, nine, jumped up to 19 in 2013, and then it jumped up to 26 payees in '15-16. So is this because you have an increase in power purchase agreements? And which types of . . . I know you can't disclose which agreements, but what types of agreements of power purchases do they represent? Is that the wind power agreements? Or maybe just break it down if you can, whatever you can break down.

Mr. King: — Generally speaking, about 20 per cent of our power is produced through power purchase agreements. I don't believe the PPAs [power purchase agreement] themselves are confidential. Or sorry, the PPAs are confidential, but the groups that we have the agreements with is not confidential. Everyone, I think we're very open to disclosing who they were. So the biggest ones we have are with the Meridian facility, the Cory cogeneration facility, and the North Battleford . . . with Northland Power, so NBEC as we call it, North Battleford Energy Centre — are some of the bigger ones. But they cover

all, not only natural gas. They cover wind. They cover our heat recovery facilities, landfill, and a lot of smaller energy recovery-type PPAs.

Ms. Sproule: — Thank you. So in '15-16 there were 26, and then last report in '16-17 there were only 18. So why was there a drop in the number of power purchase agreements?

Mr. King: — I think what's happened there is just a number of the smaller ones that are very insignificant got grouped into a single category, is why you saw that drop.

Ms. Sproule: — But it is the number of payees. So it's still individual payees, would it not be?

Mr. King: — It could be. I would have to check on what's in it. There's a category called small power producers, which I'm thinking is a number of them were grouped into a single group. But I can double-check on that.

Ms. Sproule: — Okay. So the commercially sensitive category and competitive position seems to vary wildly from year to year. So this is just based on I guess applications by the individual companies to remain private for commercial sensitivity.

Mr. King: — No, they shouldn't be changing year to year. They're fairly consistent. We have a very consistent list from year to year. We haven't been adding vendors to it, so you shouldn't see much of a change year over year. In fact, if anything, it should be getting smaller. I don't believe we've been adding to it.

Ms. Sproule: — Okay, I want to make sure I've got this right. Yes, 184 million, 170 million, 193, 209. I didn't write all these down, did I? This is only until I have the breakdown.

Mr. King: — I'm referring to the number. So the dollars may change from year to year, but the number of vendors has been fairly consistent. So yes, you may see variances in the dollar amount.

[15:45]

Hon. Mr. Duncan: — Mr. Chair, I'll just maybe, if I could offer Ms. Sproule . . . Troy's not working off of the same . . . I think you're working off of the payee disclosure list, which I don't believe Troy has in front of him. But we'll work to reconcile your document with the information that he has in front of him.

Ms. Sproule: — Thank you, Mr. Minister. And obviously I can only go back to 2010 and back because it wasn't broken down after that. But of those three and four . . . Like it was three and four. It went from eight down to four. But yes, you're right. It's around three or four each time. How long does that . . . I'm trying to understand why it would remain commercially sensitive for as long as it has if they're the only ones providing it. If it's not a competitive process, if they're secure in their arrangement with SaskPower, what . . . Can you maybe just explain, without giving it away of course, what is sensitive about those particular companies.

Ms. Verret Morphy: — Rachelle Verret Morphy, SaskPower. So these are essentially legacy contracts that we've had in place for a number of years. As Troy mentioned, we have gone back to a number of vendors and asked for their consent. And essentially something that is commercially sensitive is in the eye of the vendor. So when we negotiate these contracts with the vendors, we work very hard to make sure that we have the ability to disclose the information, so the payment information, for purposes of the payee disclosure list. These three or four vendors that we're talking about are contracts we've had in place for a while, and they simply have continued to state that they believe this information is commercially sensitive for them. As we go forward, we've taken a different approach over the last few years, and that's why the number has stayed relatively small.

Ms. Sproule: — All right. Well I think for purposes of transparency and accountability, it's always best to see those in the disclosure report obviously. So thank you for your work in that area.

Moving on to . . . I have to decide where I want to go next here. I think I'll leave the payee disclosure report itself just for the moment because I know we're not going to have a lot of time together. One question on payee disclosure that I will ask now is the payments to Manitoba Hydro. SaskPower reported a payment of \$15.519 million and NorthPoint also recorded a payment of 2.876 million. So could you break down for the committee what those two payments would represent, both NorthPoint Energy's and SaskPower's?

Mr. King: — Okay. So both those payments, I don't have the details but the bulk of those payments would be for import energy. So the difference between SaskPower and NorthPoint: SaskPower's would have been for our own internal use within the province of Saskatchewan; NorthPoint, if it's for them is likely for trading activities. So they might have taken that power and wheeled it somewhere else. So it could have been to the south or through Saskatchewan.

Ms. Sproule: — Right, okay. That makes sense. Thank you. I know you don't have the report in front of you. So just one more question on that at this point in time and I think you'll be able to answer this, is SaskPower paid NorthPoint \$11.1 million and NorthPoint paid SaskPower \$3.3 million. Could you explain what that would entail?

Mr. King: — Yes. That's just really intercompany agreements that we have between the two corporations. So at the end of the day, when you see SaskPower's consolidated financial results, all that intercompany expenses and revenues is wiped out. So it's just a matter of us either repaying them for energy they might have bought on our behalf, paying for wages and salaries going back and forth between the two entities, just things of that nature.

Ms. Sproule: — All right. Thank you. Let's just move on to CCS [carbon capture and storage] now. It's the next topic I have up in my binder here. A couple questions. In terms of sale of CO₂, you had mentioned awhile back you were hoping to find a second offtaker of CO₂, not just Cenovus. Is there any progress in terms of those sales to this point?

Mr. Marsh: — There has not been any other contract entered into with any other entity. We continue to have discussions from time to time, but there is no other offtaker secured under contract.

Ms. Sproule: — Thank you for that. Part of a briefing note that we had a few years ago from 2015 talked about Cenovus. And the statement in the briefing note — and I know you don't have it with you right now — but it basically said any CO₂ that can't be taken by Cenovus will be stored safely and permanently at the Aquistore project.

Now if I understand correctly, and I have information on this letter in here somewhere, currently this is your most recent status update from April. And it said the facility was available 95 per cent of the time; however, the production was only 72 per cent of its maximum capacity. And we've talked about this in the past and I know your target is around 65 per cent capacity and that basically reflects what you can sell as a product.

But in terms of the Aquistore project, the goal is to remove CO₂ from the atmosphere. So if you can remove 90 per cent, even though you can only sell 65 per cent, will there ever be any efforts on the part of SaskPower to actually maximize the removal of CO₂ and not just the 65 per cent that's available to be sold?

Mr. Marsh: — That's a very good question. Currently we are, you know, working through a period, as you well know, where we've had a number of outages over the past two to three years. We continue to improve the operating performance of that plant, and our objective is really to provide stability and good operating performance in a stable environment.

So we're trying to maintain adequate production from that facility to satisfy our requirements to Cenovus. And we continue to push a significant amount of CO₂ underground to the Aquistore facility. We're not running the plant at capacity. And as we continue to improve that performance over the next while, we're going to be injecting more and more. We also have some maintenance work that has to be done at the Aquistore facility. Like any physical plant, it needs maintenance from time to time. So that is under way as we speak and we'll be back in production later this summer. So the long-term objective is to continue to increase production on that facility.

Ms. Sproule: — You had it at 72 per cent last month. Are you going to continue at 72 per cent if, all things considered . . . And I understand, you know, operation maintenance, you know, shutdowns that are necessary. But when things are running well and it's 95 per cent available, will you ramp it up gradually to 100 per cent, or . . .

Mr. Marsh: — Our objective for this year is to achieve 800 000 tonnes of CO₂ again. And we did that in the second year of operating performance. We had a number of maintenance outages in the third year. We're again setting a target to achieve 800 000 tonnes for this current year, current calendar year. Yes.

Ms. Sproule: — All right. The operating costs are continuing to go higher and higher. I know I didn't have the full amount. I asked a written question on that recently. But for April to

March of 2017, which is now your fiscal year, it was 14.7 and until February 28th of 2017 it was almost \$15 million. So it's going up. What do you anticipate, or do you have any estimate of what the O & M [operating and maintenance] costs were for the last fiscal year, '17-18? There must be a typo on this — April 1st to February 2018. Sorry, I'm looking at written question 225. Yes, so the last number should be 2018, right? February 28th, 2018?

Mr. King: — Yes.

Ms. Sproule: — Okay, so that is this last year.

Mr. King: — Yes. The last 11 months.

Ms. Sproule: — Okay. Do you have the amount for the final month, or is that something you're still working on?

Mr. King: — Yes. So for the full year it's \$16 million on the carbon capture side and 12 million on the power island side. So 28 million total.

Ms. Sproule: — So these numbers keep going up. Any idea of . . . What are your targets for lowering it, or is that expected that these costs will continue to going up as you go forward?

Mr. Marsh: — No. As we've answered in previous years, we continue to look to optimize the performance of that station and the carbon capture facility. We continue to work to improve the performance so that we can reduce operating and maintenance costs. Our objective is to continue to work to keep O & M costs as low as we possibly can. Again we're in the first few years of operation of this facility and as we've already explained, last year we had a significant outage which probably added to the additional expense that you see over the last year.

Ms. Sproule: — When you say last year, you mean the April 2017 . . .

Mr. Marsh: — April 2017 to 2018. Yes.

Ms. Sproule: — Right. Okay, thank you. I just want to make sure I'm not missing anything. One of the issues we've talked about frequently is the decision to expand CCS, and I know there's been various targets. I think minister Boyd said, 2016 we'll decide. And so I understand that this is a kind of a rolling story, but is there any updates you can provide us in terms of where SaskPower's at with the board, what your executive officials have . . . Have you made a final recommendation or is this still something that's being look at? And if so, why?

Hon. Mr. Duncan: — Well I would say, Mr. Chair, that it is something being looked at. Obviously it's an important decision point for SaskPower and the government and that we have to make. There's a number of factors that go into decisions like these. I think we've talked about in the past the work that we're doing on trying to achieve an equivalency agreement, which may adjust some of the dates with respect to the operation of 4 and 5.

So you know, there's a process under way. The board of SaskPower has had a number of meetings about 4 and 5 going back to last year, continuing into this year. Ultimately CIC will

put together information for the CIC board and I guess at the end of the day, cabinet will take the information that's gone through the board, provided by the management of SaskPower. We'll also take into consideration the deliberations of the CIC board and ultimately we'll have to make a decision, but at this time we're still working our way through that process.

Ms. Sproule: — Thank you, Mr. Minister. In terms of the equivalency agreement, can you update the committee on perhaps . . . Well I think you tabled a copy of the memorandum of agreement that was signed in December of 2016, I believe. But in terms of the equivalency agreement, maybe you could walk us through that. What does that mean? What are the commitments as the part of Saskatchewan? And I know you mentioned before or previous ministers have talked about the 2019 deadline. And is that still in place? Or through the equivalency agreement I know you've sort of bought some room, but if you could explain that for the committee.

Hon. Mr. Duncan: — Yes. So the process going through 2018 . . . I'll back up a little bit. So late in 2017 we did a partial proclamation of our provincial Act. That would then allow us to put in place provincial regulations. So the intent is that by January 1st of 2019 we'll be in a position to stand up provincial regulations, and the equivalency agreement would call for the federal government to stand down the federal regulations as they would apply to the province of Saskatchewan.

What needs to happen though, in the interim, is both the equivalency agreement . . . So this is more the federal process, but it will obviously inform much of our work this year, but both the equivalency agreement and the federal order in council that has to go through the cabinet, the federal cabinet, they must be published in two stages. So there's the draft publication and then the final publication. The final version is published in *Canada Gazette*.

So we estimate that the draft agreement will be published this summer and that the final equivalency agreement, certainly our hope, by the end of this year or sometime in the fall that would be published as well. So the equivalency agreement and, I would say, the corresponding regulations are kind of going in tandem, but that's kind of the sequence of what we need to take place. So it's a two-stage process for both the equivalency agreement itself as well as the federal order in council.

[16:00]

Ms. Sproule: — All right. Thank you. That helps a lot, actually.

There was a CBC [Canadian Broadcasting Corporation] story — I'm trying to find the date of it — November 23rd, 2017, and it was . . . They talked a lot to a fellow named Mr. Brett Dolter from the University of Regina. And one of the things he talked about is the jobs on the line if in fact SaskPower does not go ahead with the expansion of carbon capture and utilization and sequestration. So I'm just wondering if you have started looking at the impact on the jobs. I think there's around 1,100 people in a precarious position if the CCS isn't expanded. So what sort of work have you done on that yet? Or are you still waiting until the final decision is made?

Mr. Marsh: — No. Obviously, as the minister indicated, these are major decisions. Any decision on BD4 [Boundary dam 4] and 5 or other coal units that will remain in the fleet, and there were four others beyond that — two at Poplar River, one at Shand, and the Boundary dam 3 and Boundary dam 6 in Estevan — certainly there would be impacts to staffing. As we look towards the near-term decisions, we are certainly looking at what impact there may be on having to move staff, or if decisions were made to go with carbon capture, then that would probably result in an increase in staff for those stations.

But certainly when you look at the pros and cons of moving forward, you're looking at the impacts for staff in that area, for other factors that would affect the economy in that particular area, and of course those have to be taken into consideration in the final analysis.

Ms. Sproule: — Okay. I think I will leave carbon capture for the time being, seeing how time is fleeting. Wood pole maintenance program, I know it's an ongoing program, 1.2 million-and-counting poles in Saskatchewan, and you've chosen to . . . You've got a program called the distribution wood pole maintenance program, and there's a helpful blog on your website talking about the five frequently asked questions.

I've received some concerns from some citizens regarding this program and the use of a chemical in these poles. And the chemical's called, if I can get this right for *Hansard*, pentachlorophenol. And the question about that is the health risks, associated environmental risks. Did I say it right, Mr. Minister? Do you think? . . . [inaudible interjection] . . . Okay. If you need help, I can write it out.

In 2015, penta was added to Annex A (elimination) of the Stockholm Convention on Persistent Organic Pollutants and, in three years, the chemical will be phased out. Poles are being planted now that are going to be giving off toxic penta for 50, 60, or 70 years to come.

That's the quote from this person that wrote to us, and I'm just wondering if you could comment on that. Is he correct, or is he . . .

Mr. Marsh: — I certainly am not an expert on that particular subject. I will say that the poles that we use and the way they're treated follow the standards of the day. And over of course the last 50 years, there's been a number of standard changes that we abide by. So we will certainly be looking at the implications for SaskPower, but we will abide by any change in the regulations concerning treatment of wood poles.

Ms. Sproule: — Could you confirm for the committee if this pentachlorophenol is being used in poles currently, and if there's any plan to phase it out?

Mr. Marsh: — We can get back to you with an answer to that question.

Ms. Sproule: — Thank you. Smart meters, I'm wondering if we can get an update on the smart meter pilot. Again there's a blog on your website from Cheryl Robertson in SaskPower. And she talked a little bit about it, but this is February of 2018. So she indicated that you're moving into your next pilot and are

going to install 7,500 more commercial and industrial smart meters in 2018. Maybe you could report to us how that's going and what the residential deployment plans are.

Mr. Marsh: — Yes, the installation of commercial and industrial smart meters is the program that we're working on in 2018. We have deployed just under 600 meters today in what we called phase 1 of this program or pilot phase 1.

The second phase is to roll out 7,500 meters to additional customers, predominantly in the oil field sector where three-phase commercial meters are being used. That program has not yet begun, and we will be probably starting deployment in the summer or late summer and in through the fall time. Ultimately there will be, I think, slightly over 40,000 commercial and industrial meters installed in the province by the time the program ends sometime in probably 2019, 2020.

Ms. Sproule: — Any problems with the meters to date, the ones that have been installed?

Mr. Marsh: — No, they passed all the testing programs that we have put them through. I believe there's significant information on the website as well about the testing that these meters have undergone.

And your last question about residential meters, we have not started that program yet. Again, as we work towards the development of a residential smart meter that meets our specification, which we know to be one of the, one if not the best meter specification in Canada today, that rollout is not scheduled until later in 2019. And that will probably be a program that will roll out over a number of years from 2019. Let's say four, five, six years; the actual timeline hasn't been decided yet.

Ms. Sproule: — Thank you very much. Mr. Chair, one of my colleagues would like to ask a couple questions, so I'll turn . . .

Mr. Belanger: — Thank you very much, Mr. Chairman, for your graciousness. I want to first of all thank the minister and his officials for being here today to answer a number of questions, not only from my colleague at the start of her estimates, but also from the member from Cumberland. And I want to go back to the power bill challenges of northern Saskatchewan and offer my perspective as well.

First of all I would say that from our perspective we are very proud to have SaskPower as one of our Crowns. I think northern Saskatchewan people are proud to be owners of SaskPower and continue working with SaskPower and supporting SaskPower over the many years. And as I've mentioned time and time again, protection of the Crowns are pretty important to not only myself but the people of the North as well.

Some of the challenges around the provision of power in northern Saskatchewan, because of the distance from some of the distribution sites or the power generation sites, whether it's hydro dams in the North or some of the larger power sources in the South, that the North still has its challenges of being served, as you are probably aware. In recent years we saw a number of families begin to struggle with the affordability issues and some

of the issues that aggravate the problem — and I'll give you a couple of examples of that — really are putting a lot of strain on some of the northern householders in terms of meeting their monthly payments.

There's two areas that I want to explain to you that are problematic. First of all, there are many people in the North that go on a monthly payment plan, where they describe where you're allowed . . . you should be putting in so much a month. I'm not sure what the program is called, but many people take advantage of that. And I think some of them are rather low because I'm seeing now people are bringing their power bills in to our offices and they're saying, I just got a \$1,400 power bill, and how am I going to pay for this? So over the period of a year SaskPower has gone through a payment plan, and then after that year all of a sudden, bang, the homeowner gets the true reading or the actual reading and they find out they owe 12 or \$1,300 more at the end of that year.

I think SaskPower policy says you have 90 days to catch up on the arrears, whereas they're allowed to build up those arrears for 12 months, as opposed to the catch-up policy of three months. So a lot of families are struggling with that big power bill at the end of each year. A lot of them don't anticipate that. Is there anything you're going to try and do to mitigate that year-end shock? And I think 90 days is a bit tight for them. So either we have to have better rates of monthly . . . I'm not sure what the program is called . . .

A Member: — Equalized payments.

Mr. Belanger: — Yes, there you go, the equalized payments. Maybe we need to have more on the equalized payment to lessen the shock at the end of the year. Is there any discussion on how SaskPower could mitigate those annual shocks of big power bills for those that are on the equalized payments?

Mr. Marsh: — Yes. I mean, your point's taken. The issue of getting estimates over several months and then getting an actual bill does cause some hardship certainly for some of our customers. I think particularly over the past winter, we did see a bit of a rise in that because we had such a cold winter. And the cold winter in the North with electric heat, your consumption is up significantly. And I think that contributed certainly in the last few months, as people became aware.

I think one of the biggest things that we can do is modernize the grid, and that one of the first steps in modernizing that grid is getting smart meters into place where you would get an actual monthly bill which is accurate each and every month. And you wouldn't have to rely on the continual estimates — estimate, estimate, and then an actual read — which causes, you know, part of the problem.

In terms of the 90 days to pay, I think you would find that in a lot of cases we've extended terms much, much longer than 90 days in an effort to accommodate our customers in the North. And we've taken partial payments to keep people going. We will find every opportunity to make it work.

In the end, you know, I think one of the other things, and I talked about it earlier, is getting to the heart of the consumption issue and what can be done to help people conserve energy,

develop conservation programs in the First Nations communities and around in order to reduce the overall consumption altogether. In the long run, that's the best solution of all, and that's where we've actually invested some money and have people, you know, attend meetings and talk to people about this issue.

Mr. Belanger: — Yes, and I would certainly encourage that discussion to be ongoing and really having good, thoughtful dialogue. And the reason why the northern people are having such a struggle with their power bills right now is because . . . Well there's two factors. Number one is we don't have natural gas, okay? La Ronge I think and Creighton . . . I'm not sure if Creighton has it. I don't think Creighton has it, but I think La Ronge and a few other communities in the vicinity of the pipeline do have it. But the rest of the North, we don't have natural gas.

So what's happening is, in the past we had the diesel that was heating up homes, including some government-owned homes like Sask Housing. But recently Sask Housing made a decision to get away from diesel because of the leaks and the spills and that kind of thing, and the tanks basically being . . . or springing leaks. They're starting to have real problems. And then they would, of course the diesel would soak into the ground, soak into the subfloor, and create more problems.

So the housing authorities are making decisions to move away from diesel and go into electric heat. So that's going to add further problems. And the housing authorities basically try and counsel the homeowners by saying, look you'd spend 3 or \$400 on diesel fuel if you were still renting off us, and then now you're paying that in power. That is not the case. You're paying a lot more because they're consuming more, as you've indicated. So my point being, there's no natural gas, there's heavy reliance on electricity. So I think you should focus your efforts on conservation on those communities facing those troublesome factors.

We don't have the luxury of natural gas, the northern people don't, so we rely heavily on electricity. And when you have a rate hike, it significantly creates a lot of problem for household budgets: pensioners living on fixed income, social assistance folks that may be on the TEA [transitional employment allowance] program. The TEA, for your information, is transitional employment allowance where they give them a set amount each month and tell them, budget away. Well guess what? Those people that are on TEA and not on social assistance, well they have to manage their budgets in an effort to give them the opportunity at independence. But if all of a sudden you got a power bill that's 2 or \$300 more than they anticipate per month, it really throws their whole ability to manage their household into turmoil.

[16:15]

So while I appreciate the fact that you're looking at the smart meter to make a more accurate reading and that conservation is something that you're looking at, I would ask you to double your efforts and almost have a laser-beam approach towards the northern communities because it's a continual problem that we get in our MLA [Member of the Legislative Assembly] office. And credit to SaskPower when we call them, they're very

patient with us. You know, and there are times when SaskPower will turn the power back on because we will work with them.

And as an MLA we try to be responsible. We tell people, look, if we get your power reconnected, don't get it disconnected again. Don't keep coming back to us if you're not going to resolve the matter. But in some instances, you know, the big shock at the end of the year for a big power bill, and then you throw in the rate increases, and you throw in more reliance on power as a source of heat, you can see how the problem all of a sudden gets more and more aggravating for families.

So it's a long way of explaining to you that I think we have to really triple our efforts into, if SaskPower's looking at ways to reduce consumption, to bring in smart meters where they have accurate readings, to adjust your equalization payment plan so there isn't that shock at the end of the year, to educate people and have public meetings on what we can do to mitigate those costs. These are some of the things that we've picked up over the last several years especially.

So how would you basically respond to some of the points I'm making when it comes to a special focus on the North?

Mr. Marsh: — Well I would, you know, I would only add that, you know, your point about doubling our efforts in the North are in this area, around energy conservation and to try to find workable programs. I believe we've increased our capacity and our capability substantially in the last couple years as we deal with this. And again as I indicated earlier, I've had face-to-face meetings in the last two weeks discussing this issue with representatives of First Nations communities in the North, and we'll continue to do that. We'll continue to find ways to help communities mitigate that consumption problem. And to the extent we can offer reasonable terms, we're going to continue to do that.

Hon. Mr. Duncan: — And I would just maybe add, Mr. Chair, that certainly this is something that is a great interest in by the Government of Saskatchewan. So we know that they're obviously the issues that you've identified in SaskPower. And Mr. Marsh has certainly identified the path that we think that we can, you know, encourage people, particularly when it comes to energy efficiency.

But there are other avenues available, and I would just say that, you know, certainly in the short term . . . I'm probably not talking about the far North. But we are applying for federal dollars to help tie people, more people, more communities — particularly a number of First Nations communities — into the gas system, the natural gas system, so that, you know, we can remove some of that reliance on diesel or electrical generation for heating and get them onto the SaskEnergy grid. So that certainly is a priority for us, and we are actively pursuing some federal dollars to add more communities that are a part of the grid.

I know that — and I'll speak for another minister, but certainly it was one time my portfolio — I know that there's great interest at SaskEnergy in working with the oil and gas industry when it comes to, for instance, mobile LNG [liquefied natural gas] delivery and transportation so that we can hopefully find a,

I would say, bit of a longer term solution for some of those communities, but one that doesn't require the significant infrastructure investment like pipelines.

Obviously that's what has prevented a number of these far North communities from being on the gas line system, is just the cost of the infrastructure. But there's I think some great advancements in terms of mobile LNG delivery and capacity. And so I know SaskEnergy has worked with a number of companies to try to advance that just in the last year, year and a half.

Mr. Belanger: — Yes, I can certainly concur that that is an admirable objective — to bring natural gas service to the First Nations and to the northern communities. I know there's discussion that talked about the LNG, the ability to have a central heating system in some of these northern communities and truck in the natural gas through LNG possibilities and then heat from there, because that would reduce your overall power consumption. But in the meantime we're stuck with high power bills, so it's important to have that objective in mind, and we encourage those discussions to continue. And there is a sense of urgency on that front to ensure that, you know, we do all we can to move that process along as quick as we can.

But is there any discussion around . . . Like, for example, when you talk about natural gas heating homes, a good example I would use is the power project, the Tazi Twé project. I was assuming — and I shouldn't assume — that when we had the discussions with Black Lake on the hydro development of, you know, for power generation, that there's probably a pretty significant advantage for the First Nations to have their own power distribution system in terms of affordability.

Where's that project today? Because that's one of the solutions that they looked at. What if we build our own generation, our own power generation system to meet our needs and at the same time contribute to the grid? So that project was obviously not proceeded with, and could you update us on that? Because that would have been one of the grand solutions to this whole mess we're dealing with in the North.

Mr. Marsh: — On the Tazi Twé project, we made the decision last year to defer a go/no-go decision on this just as a result of the collapse in the electrical demand from the mining communities in the North. The bulk of the energy that would have been produced at that station would have gone to serve industrial mining load. Load from residential communities in the North is by far the smaller percentage of that. And because of the drop in the mining load and the uncertainty, I think, in the long-term forecast for uranium prices and production, the decision had to be made to defer that project indefinitely. And that's where it sits today.

I indicated earlier that in the near term, certainly it doesn't look promising that that project will see the light of day. Perhaps in the longer term there may be an opportunity if load picks up in the North, mining demand picks up, would require an electrical generating station up there.

The distances, as you know, are huge in the North. And the length of the transmission lines running from Island Falls all the way up to Key Lake and up to points north and beyond are

several hundred kilometres in length, and a very, very small amount of customers, really, on that line. If we cannot generate it and sell it in the North, to try to ship that energy south makes it a very uneconomic project at that point if we cannot utilize that energy in the North.

But I will tell you that we have worked with Black Lake for the last number of years, and we continue to work with the Black Lake First Nation. We actually have helped them put one or two individuals in place that we have helped train up around energy conservation programs, and they're starting to do work in the community, to do assessments of homes and other buildings. And I think we have a good relationship that we want to continue with Black Lake. And I know that's the kind of program that we're encouraging other communities to look into. And we're there to support and help that.

Mr. Belanger: — I've got just one more question and then a short comment, and I'll thank my colleague for some of the time allotted today. There's a lot of discussion with the federal government on energizing or providing alternative energy to the northern communities. And I'm speaking of further north in Black Lake and Stony Rapids and Camsell Portage.

Has there been any discussion? Because in some of the far northern parts of Canada, there's still diesel fuel being used to heat a lot of communities. And the Northwest Territories and of course Nunavut and Yukon Territory, a lot of discussion on the possibilities of propane and other forms of power generation for these communities. Has there been any discussion or any plans by SaskPower to move the ability to transmit power into, say, into the Northwest Territories from your northern hydro dams? Is there any kind of . . . Have there been any discussions on that front at all?

Mr. Marsh: — Over the years we have had discussions with Northwest Territories Power company and others who are certainly interested in looking at those options. That particular case wasn't looked at. Actually from the Northwest Territories' perspective, they have lots of capacity that they could develop for hydroelectricity in the North, and their interest would be to actually try to move that electricity south and into Saskatchewan. So we have not looked at building a line to move it north. But alternately, the economics of building a line to come south, we've come up against the same issue as if we would have built the Tazi Twé station. You now have all this excess electricity in the very far North that you'd have to transmit all the way through that transmission line, and it becomes very uneconomic at that point in time.

I think the solutions that are being looked at or being contemplated to having distributed generation in the North in some form or another may have some potential in the future to take the load off diesel generation in the North and emissions in the North. And those are the types of projects, I think, that far northern communities are starting to look at. So combinations of potentially wind and solar, and I know in some cases fuel cell technology is being talked about. And for the much longer term it's, I think there's publications that have been written around small modular nuclear reactors, if that technology ever gets developed to that point.

Mr. Belanger: — The statement I'd like to make, Mr. Chair, is

. . . well thank the minister for the information and thank the officials for their presentation. I just want to reiterate our point in the North when we talk about collaboration with the Sask Housing Corporation, as an example. They have obviously transitioned from diesel to power. The issues around the equalization plan; the issues around no natural gas service; the issues around affordability; the issues around the shock at the end of the year; the issues around having actual meter readings each month or teaching people how to do that — all these issues mitigate the incredible challenges northern families face when it comes to paying their power bill.

And I hope that you would encourage the minister and the officials to be extra patient when people do get behind on their power bills. And so far, through my office, it's been actually not bad. We've worked very well with SaskPower, so I commend your northern operations guys. They've been pretty fair and reasonable when we get involved. We do the same thing to the customers. We tell them, look, don't let this happen again, because it's not my role to keep going back to the well. If there's issues, we try and resolve them.

So I would just ask you to be extra patient and extra vigilant and extra focused on the North because of the extra challenges we have with high power bills. And I'm only a month behind mine right now, so I just wanted that listed for the record. Thank you. Thank you very much.

Hon. Mr. Duncan: — Thank you. Mr. Belanger, I just want to thank you for your comments, but I would also say that Ms. Sproule has already raised one issue with the committee and provided consent. And I won't go through the whole thing even though we have consent, but I will pass this on: just to say that SaskPower had been working with this customer and is in the process of reconnecting the customer and has made arrangements. So I hope that's an indication of SaskPower's willingness to work with customers, particularly in the North, that face some, perhaps some difficult challenges, especially in light of this pretty cold winter that we had this year. Okay. Thank you.

Ms. Sproule: — Thank you very much, Mr. Chair. I just wanted to go back now if we could for a moment to Aquistore. And one of the questions I have for the committee or for the SaskPower is, if you don't find any new sales of CO₂ and you go ahead with Boundary dam 4 and 5 for carbon capture, will Aquistore . . . Are you confident that Aquistore can handle I don't know how many tonnes a day that would mean of injection into the deep well? So is that something you've looked at? And what's your confidence in the Aquistore project if you do decide to go ahead but don't have any commercial outlets to sequester the carbon dioxide?

Mr. Marsh: — That's a good question. You know I think our first order of business would be to try to secure another offtaker, you know, if we were to proceed down that path. The existing well, I think, has already demonstrated that it can achieve injection rates, I'm going to say, that would not allow for the full output of unit 3, 4, and 5 to be injected into Aquistore. There would have to be another well dug or sunk in order to provide that kind of injection.

Again those are all the things that we are looking at as we look

at the multitude of options as we make that final decision.

[16:30]

Ms. Sproule: — All right. Thank you. I just want to move forward now on to flare gas power generation projects. I know you announced on Friday a new deal that's been struck between SaskPower and First Nations Power Authority. It's worth, according to the article that I saw in the news, 300 million in potential revenue over 20 years. First question I have is, would it be possible to get a copy of that agreement tabled with the committee?

Mr. Marsh: — Yes, we do have to look into that to see if there's any provision there that the other party would not want to have released.

Ms. Sproule: — Thank you for that. If you could inquire and get back to committee, I'd appreciate that. In terms of using flare gas for power generation obviously that's, for the minister who wears two hats, it's a good new story. And I know there was a release back in November where you announced that there are two new flare gas power generation projects which came into commercial operation in '16 and '17. Can we start there and you maybe describe what those two projects are?

Mr. Marsh: — You know, I'm going to have to defer on that one because I didn't come prepared to answer that question. I know, I think one of them is a 1 megawatt facility in the province. The other one . . . I apologize. I can't recall.

Ms. Sproule: — Thank you, and that's totally fine. I know in the news release you said it's 1.75 megawatts of electricity. So maybe the other one is 0.75, so it would be in that range. Do you know where they are, these projects?

Mr. Marsh: — Not exactly.

Ms. Sproule: — Okay. I just wondered if there's any connection between them and that First Nations authority announcement.

Mr. Marsh: — No, these were two different oil companies that we contract with.

Ms. Sproule: — In terms of being sort of a win-win situation, we see the First Nations Power Authority entering into a new business line essentially in operating these flare gas generation projects.

And also I know, Mr. Minister, there's certain challenges federally with the methane regs, and certainly an ongoing persistent problem in the oil patch there. No one has done this commercially to date, although I know the Ministry of Economy has had — what are they called? — the S-10 and S-15, which are guidelines for capturing rather than releasing these associated gasses. So obviously there hasn't been a big commercial uptake to date if only 1.75 megawatts is being produced.

So what's the additional incentive? Maybe if you could explain why First Nations Power Authority is interested in this commercial venture where no one else has dared to go.

Mr. Marsh: — Okay, certainly. I think up until recently we have looked at how much we can afford to pay for projects like this in a very conservative way; in other words, we would compare it against the absolute least cost option that we had available. So for example, a oil company that might want to burn flare gas and generate electricity from it, we were only prepared to offer a price that was relatively low. And of course, they didn't . . . They wanted more for that.

As we looked at the opportunity to get a portion of our generation from fugitive emissions, which would otherwise have to be vented, and to help take certainly an environmental liability away from the province, we looked at what that cost might look like and put it into a slightly higher price point, if you will, which made it more attractive for operators that would want to generate their own. So it allows them to generate on their own facilities and on their own land. We have to look at the interconnection cost to the grid and look at the locations in the province where the uptake would be the most and figure out where, you know, where we can start to develop this opportunity.

We estimate in the province of Saskatchewan there could be 2 to 300 megawatts of potential flare gas if all of it was captured. And I think, you know, I don't see that happening certainly in the first few years, but there is certainly an opportunity to use those emissions and for us to buy it at a price that is affordable and doesn't cause undue impact on rates, as we just talked about, and makes it attractive enough that the companies will want to undertake this challenge.

Ms. Sproule: — So if I understand this correctly again, would this First Nations agreement only be on First Nations land? Is that where the power will be generated? Or is it . . .

Mr. Marsh: — No, not necessarily. We have the agreement with the First Nations Power Authority, and we entered into what's called an operating agreement which allows them to go out and structure a contract with a developer to do flare gas generation. So they still have to go out and find a willing partner. They have to go out and construct a deal that's economic. We're only prepared to pay a certain price for that energy, so they have to make sure they can bring in the project at less than that so they can earn a bit of a return on that revenue stream.

Ms. Sproule: — So in terms of what's in it for ratepayers, do you have any sense of what the extra, the higher price, will cost ratepayers at this point?

Mr. Marsh: — It's absolutely minimal in terms of rate impact because we're not . . . Again, we have 4500 megawatts in our fleet so, at the very outside, adding another 2 or 300 of generation from this source at a slightly higher price is not going to affect rates in a significant way at all. We're talking a fraction of a percentage point. But it allows an industry to develop that otherwise would not.

Ms. Sproule: — I guess what we'll have to watch for is, is what's in it for SaskPower? What's in it for the First Nations authorities, and obviously for the operators or the oil patch operators? So I'll guess we'll get more details as we go along.

How is First Nations Power Authority doing on other types of power generation? Are they still planning to go ahead with the 10 megawatts for solar? Is that still happening?

Mr. Marsh: — Yes. On that particular project we'll be in discussions with First Nations Power Authority this year. We're very close to being able to announce the successful proponent of the 10-megawatt competitive RFP [request for proposal] that was put out last year, and we will be working with First Nations Power Authority to develop their 10-megawatt set-aside agreement in short order.

Ms. Sproule: — Will they be working with the same proponent as will get the first 10-megawatt project, or is that separate?

Mr. Marsh: — We don't know. That's up to them. They can choose whichever developer and whichever consulting firm they want to use to help bring that project together.

Ms. Sproule: — All right, thank you for that. One of the issues that was raised at a workshop I was at in Saskatoon by . . . it's a new manufacturing facility in Saskatoon Brandt is operating, and they were worried about procurement rules. And I don't know if that's been raised with you at all, but concerns that they're operating and creating a state-of-the-art manufacturing facility in Saskatoon in the north end, but they're having difficulty getting contracts because of the lack of . . . I don't know what the word is, lack of consideration for local production. Or there was definitely some concern that the purchasing, the procurement is being done out of province.

And I don't know if SaskPower has special procurement rules, or do you have to follow the provincial procurement rules, but what sort of considerations can be given for local production and manufacturing? There are things they can do now like wind turbine, or not the turbines themselves, but the posts that are used to hold the turbines up. So it was an unhappy manufacturer who was talking at a SREDA [Saskatoon Regional Economic Development Authority] conference. So I'm just wondering if you've had any discussions on that and would be able to have local considerations for your procurement?

Mr. Marsh: — Okay I'll make a couple comments. I may ask Rachelle to step in and maybe talk to a couple more details.

I will say that generally SaskPower enters into competitive procurement processes for the absolute majority of the equipment that we procure, whether it's for generation equipment, transmission or distribution equipment. New generation equipment like wind turbines and towers typically have been selected by the proponents because they're independent power producers and they have their own lines of . . . or supply chains that they would go to, to get a competitive price. Because we are, you know, we are the owner of these facilities, we go to market for an independent power producer who would then go and search out all the subcomponents and the sub-vendors that would be required to bring that project to completion.

On our own internal procurement, we have followed the New West Partnership Trade Agreement in the past. We also work closely with Priority Saskatchewan to find ways that Saskatchewan vendors and contractors can be used, if the value

of their service is certainly . . . It can be demonstrated to SaskPower.

But we are very mindful that we operate in the public spotlight. It's in our best interest to find the best value. A lot of times that means the lowest cost. In some cases, it's not necessarily the same, and we have to look at each individual procurement that we are doing in order to make that value assessment.

I understand, you know, the concerns of some of the manufacturers. We've also added work to a lot of local manufacturers in the province that was otherwise going to the States for some of our equipment. For work on major components in our power stations, for example, we're doing more work in Saskatchewan than we were doing previously.

But specifically on the wind towers for the wind turbines, I can say that those procurements are going to be handled through an RFP where we would be selecting a proponent to develop the entire project. And they're responsible for then all the subcomponents and the vendors. And to the extent we can encourage local participation, such as we have done with the Chinook power station, and encouraging partnerships with local contractors and vendors by the prime contractor, then we will do that.

Rachelle, is there anything else we could add?

Ms. Verret Morphy: — Sure, just a couple of points. Although we're not able to evaluate vendors or give them points for being local or within the province, there's a lot of things that we're doing to work with them to help them become more familiar with our business, to understand our procurement needs, to help them gain the capacity so that they can be competitive in our procurements. And I think the benefit of that approach is that they become competitive not only in Saskatchewan procurements but also around the world.

Ms. Sproule: — Thank you very much. Moving on, I just wanted to touch on the CCS global consortium and then, I believe, the Knowledge Centre. Is it fair to say that the consortium has now morphed into the Knowledge Centre? Is that correct?

Mr. Marsh: — Yes, in 2016 the Knowledge Centre was formed. The original concept was the consortium, as you say. That was the words that were used. But in 2016 the Knowledge Centre came into being. It's being funded through a partnership arrangement with BHP. A number of employees from SaskPower have been seconded to the Knowledge Centre. Their expenses and salaries are being paid for through the partnership agreement with BHP, and they do not come out of SaskPower's salary and OM & A costs.

Ms. Sproule: — I just wondered if you could explain a bit of the structure of the Knowledge Centre? Because I understand it's registered as a non-profit corporation, but there is a sole proprietorship that does the business part of that. And can you share with the committee why that sole proprietorship was created and for what purpose?

[16:45]

Ms. Verret Morphy: — Sorry, I don't understand the reference to the sole proprietorship. Is that on the incorporation documents?

Ms. Sproule: — Yes. If you look at the incorporation documents, the non-profit corporation is the owner, or the entity, and then they have formed a sole proprietorship. And I'm just wondering why they would do that and for what reason? This is a law question.

Ms. Verret Morphy: — Yes, I don't have direct knowledge of that. But I can look into it for the committee.

Ms. Sproule: — All right. Thank you. I know SaskPower's role is peripheral in many ways, but you're still integral to the existence of the Knowledge Centre and the work. Do you know if the Knowledge Centre has signed any MOUs [memorandum of understanding] in the last year? Or do you have any update on their activities?

Mr. Marsh: — I am aware that they were working on one. I am not aware that it has been concluded as yet. Again, we could get back to you on that particular question.

Ms. Sproule: — Thank you. Yes, I would like an update of what the Knowledge Centre has achieved in the last year. I know on December 13th there was an article saying they signed with two Chinese organizations on carbon capture during a trade mission, and these are MOUs. If there are MOUs signed, would it be possible to get a copy of them? That would be my next question.

Hon. Mr. Duncan: — Mr. Chair, we'll contact the Knowledge Centre and endeavour to provide that information.

Ms. Sproule: — Okay, thank you. Next up then would be the test centre. I believe it's at Shand, is that correct? Hitachi was the original partner in that. I believe it was around \$70 million to construct and Hitachi was a partner. I'm just wondering, I believe the rent that Hitachi paid while it was there was \$35 million. Was that considered their payment for half of the construction or was that over and above? Did they contribute to the construction of this test centre or did they only pay rent?

Mr. King: — Okay, so the capital cost for SaskPower was about \$70 million and that's what we contributed. They would have contributed some assets in-kind for the facility, but the dollars that we received from them was what would be considered to be rent. And the bulk of that rent would be to recover the capital cost of the facility for SaskPower.

Ms. Sproule: — All right. Thank you for that. Can we get a description of the total value of the assets in-kind? Is that something that's available?

Mr. King: — No, we wouldn't have what they would have brought. They would have brought their own . . . Whatever equipment they might have contributed to the project itself, it would have been theirs. We didn't take an accounting of that. So we just were really focused on our own assets that we put into the facility.

Ms. Sproule: — So then they weren't really assets in-kind if

they didn't remain with SaskPower. Or did they remain with SaskPower when they left?

Mr. King: — I'm not sure. I know when they left some things stayed and some things went with them. I can't tell you exactly what the split was at that time.

Ms. Sproule: — All right. So Hitachi left in March, I believe, of 2017, so over a year ago. And in early January you've announced that Cansolv is going to be a new tenant. Have they moved in? Has Cansolv moved in?

Mr. King: — Cansolv has moved in, yes.

Ms. Sproule: — Could you share with the committee what the terms of their arrangement are? Is that something . . . Can we get a copy of the agreement or is it . . . you know, the financial aspects of it?

Mr. Marsh: — We'll get back to you with the information to answer that question.

Ms. Sproule: — Thank you. Do you see any further benefits for SaskPower coming out of the test facility? Or was the Hitachi . . . I mean, I don't know if you received any benefit from Hitachi being there other than the payments they made. So how is this facility helping the Saskatchewan people?

Mr. Marsh: — Well this second agreement with Cansolv is intended to provide them a space that they can actually continue to test the exhaust gas through their process and to make improvements as they determine are necessary to improve the efficiency of the overall process at Boundary dam 3. So we see a direct correlation between any work they can do there and helping improve the optimization of that plant.

Ms. Sproule: — And are they committed to a one-year lease? Or is it a five-year lease? Do you know how long the agreement is?

Mr. Marsh: — I believe it's a two-year lease.

Ms. Sproule: — Thank you.

Hon. Mr. Duncan: — Mr. Chair, I would just quickly provide the committee, Ms. Sproule, to your question on MOUs. So this is just exclusive to Chinese organizations, but there are four MOUs that the CCS Knowledge Centre has with agencies in China, including two new ones that were just signed, looks like last week. So one with the China Buildings Material Academy and one with Sinopec Energy Saving and Environmental Protection Engineering Technology Company Limited.

Ms. Sproule: — Thank you very much, Mr. Minister. And any copy or redacted copy thereof that we could get of those MOUs would be appreciated.

Hon. Mr. Duncan: — We'll check with the Knowledge Centre.

Ms. Sproule: — All right. Just going to Cenovus now for a moment. I don't have the written question in front of me where you provided the, I call them penalties, you call them . . . You have another word for it.

A Member: — Shortfall payments.

Ms. Sproule: — Shortfall payments. Thank you. If you could just review those with the committee and then sort of provide us with your anticipation for those payments in the future. Or is this something that we can see the end of in the near future?

Mr. King: — Would you like me to review the numbers that we provided?

Ms. Sproule: — If you could, and just put them on the record. Yes, thank you.

Mr. King: — Okay. So the question went back to 2014. And so in 2014 we received 2.8 million in revenue and paid out \$11.8 million in contract shortfall for a net shortfall of 9 million. In 2015 for 12 months we received 10.3 million, paid out 7.2, for a net of 3.1. In 2016, the stub period of three months before we changed fiscal years, we received 4.8 million in revenue, paid out point four, for a net of 4.4 million. For 2016-17 for the 12-month period we received 17.3, paid out 3.6, for a net of 13.7. And for '17-18 — and that was year-to-date, so I believe that was to the end of February — we received 12.5 million in revenues, paid out 5.5, for a net shortfall of 7 million.

So in total to date, received \$47.7 million in revenue, had a 28.5 million in shortfall payments, for a net benefit of 19.2 million.

Ms. Sproule: — So total of 28.5 shortfall over the lifespan of the carbon capture unit. Obviously this was not something that was anticipated when the contract was initially entered into as you netted out, but I'm not sure something that SaskPower was anticipating would be a regular payment. Is that correct?

Mr. Marsh: — Well you know, again the way that this particular contract was structured requires us to pay a shortfall when the carbon capture is not operating. At the time I believe . . . You know, we might have answered this question a year or two ago as well. Cenovus was indicating at the time that their production requirements or their offtake requirements would be higher, which meant our production would be higher.

Since then with the depressed oil prices, their offtake requirements are a lot lower. And as we've continued to deal with some operational issues in the first few years, our production capability has not been as high in some years or in some months as we would like it to be.

As we go forward in time, you can see by the monthly reports that the plant is operating better and better, but it's again getting to the point where we can have annual production capacities in the higher range which would . . . I'm not going to say it will ever eliminate the shortfall requirements just because we could be off on a Tuesday and we would have to pay them for the loss of CO₂ for that Tuesday because they have to bring it in from somewhere else. But it would certainly minimize it even further than what you see in the numbers in front of you.

Ms. Sproule: — Okay, thank you. In terms of the amine troubles that were happening last year, I'm just wondering if you could give the committee a bit of an update, because I know you said the plant capacity's down because of operational issues with amine. If you could give us an update on the way

that those problems were being worked on.

Mr. Marsh: — Well last year we did have significant issues with what we call amine degradation. And we had an extensive overhaul in 2017 that allowed us to install new equipment, replace some equipment, provide additional technology that was necessary to just improve the amine process so the rate of degradation is reduced.

It's still a chemical reaction that has not been totally resolved yet. And we do continue to have some very smart people working on this issue, and smart people in other places around the world have put their minds to this. But it's an issue that again will resolve over time.

I believe we're going to see a significant improvement this year. As I've indicated, 800 000 tonnes is our target. That can't be accomplished if you have very poor amine processes. So we're confident that it's getting better each and every year, and we're looking forward to a good production year this year.

Ms. Sproule: — And I may have asked this before, but of those 800 000 tonnes, how much of that can you off-sale to sell to Cenovus?

Mr. Marsh: — I would say . . . I don't have the exact numbers in front of me and I'm just trying to do the mental math in my head here, but that would be probably 60 per cent. The rest would go into Aquistore.

Ms. Sproule: — Into Aquistore.

Mr. Marsh: — Yes.

Ms. Sproule: — So if I can do the math on that, it's a couple hundred thousand tonnes would go to Aquistore? That would be a quarter.

Mr. Marsh: — Probably about a hundred. Like, there's in excess of 140 or 150 000 in Aquistore today as a result of the last four years. So the bulk of that went in in the year we were producing 800 000.

Ms. Sproule: — All right.

Hon. Mr. Duncan: — Just for the record, Mr. Chair. So going forward into the future, SaskPower won't be delivering to Cenovus. Cenovus has sold their interest in the Weyburn unit to Whitecap Resources. So the contract moving forward is with Whitecap, not Cenovus. Just clarify that, so to get it on the record.

Mr. Marsh: — It's a good point. My apologies, I'm talking Cenovus but it is Whitecap Resources.

Ms. Sproule: — Yes. No, I apologize. I was aware of that myself.

Couple more questions, I think we can go a little bit past five, since we started a little bit late.

The Chair: — Yes, we did start 3:05 . . . [inaudible].

Ms. Sproule: — All right. In terms of the land that was purchased at the GTH [Global Transportation Hub], is there any further developments occurring there? Or what's the update on the GTH land?

Mr. Marsh: — I can tell you we have not started any development yet. In 2015 we pressed pause on that project as a result of our optimization and our restraint program, and we started to look at all our capital programing. This is one that we had some discretion to move out a few years. We've gone back to look at how we're going to put a plan together for that facility, and we want to make sure that we start out with a small footprint and an affordable one. We expect to be bringing something forward for approvals probably later in 2018 here, again possibly into 2019, but right now we're working on a path to have something later this fall.

Ms. Sproule: — You had talked at one point about perhaps selling some of that land. Is that still one of the considerations?

Mr. Marsh: — It's a potential option for us. Again until we know what the final footprint is going to look like with this revised plan, then we'll make a decision whether we can release any of the land that we have at the GTH. We also hold land on Highway 6 North at our existing Regina regional location which, if some of that land is developed, we could end up selling parcels of that land that would be in excess of what we need as well.

We've held that land for over 20 years and in the past it was certainly the other option that was looked at, but again I think that site was not originally chosen because of access, highway access, sewer and water issues with the RM [rural municipality]. So we are looking at bringing out a new proposal forward through our governance process this year.

Ms. Sproule: — We'll look forward to that. Last year you talked about the next gas power plant, natural gas combined-cycle station. You hadn't determined a site for it yet. Have you now determined where that will be located?

Mr. Marsh: — No, we have not determined a specific site yet. We do know that our preferred location is somewhere in the Regina-Moose Jaw corridor. That's an area of significant load for us. Its access to transmission lines is very good. And we will be, you know, looking at making a detailed site selection as this project progresses. I would say within the next year we would have that site identified.

Ms. Sproule: — Thank you. Do I have time for one more? You remember last year when we talked about grants-in-lieu and the changes that were made by the government. Can you tell us how much of the grants-in-lieu that you collected was directed to the GRF [General Revenue Fund] in the last fiscal year rather than to municipalities?

Mr. King: — Okay, so in 2017-18, SaskPower collected a total of \$26.7 million . . . or sorry, was required to pay \$26.7 million in yield tax. We paid 19.3 million to the GRF, and 17.4 million of it we paid to various municipalities, or are going to be paying to various municipalities.

Ms. Sproule: — So what was the total?

Mr. King: — It's 26.7 million.

Ms. Sproule: — And 19.3 or 9.3 went to the GRF?

Mr. King: — 19.3.

Ms. Sproule: — And 17 or 7 to the . . .

Mr. King: — 7.

Ms. Sproule: — Oh I heard 17. I'm sorry. Okay.

Mr. King: — 7.4.

Ms. Sproule: — And in the years past, would that be the similar breakdown, or do you pay more to the GRF now?

Mr. King: — No, in past years it all went to the municipalities.

Ms. Sproule: — Yes.

Mr. King: — Starting last year, we started paying a portion to the GRF.

Ms. Sproule: — All right. I could keep going if you want or should I shut 'er down?

The Chair: — Seeing no further questions, we will adjourn our consideration of the lending and investing activities of SaskPower. Ms. Sproule, do you have any closing comments?

Ms. Sproule: — Thank you very much, Mr. Chair, and committee members. Thanks to the minister and the officials for, again, another fruitful discussion and one that I always enjoy. I look forward to our review of the annual reports in June, so we'll have an opportunity to reconvene then. But at this point in time, just much thanks to everyone for the good work that SaskPower is doing, and to all your officials and staff as well.

The Chair: — Minister Duncan, do you have any closing comments?

Hon. Mr. Duncan: — Thank you very much, Mr. Chair. Just really quickly want to thank the committee for having us today, Ms. Sproule for her questions, as well as her colleague, Mr. Belanger. I just want to thank the officials that are at the table here, as well as all the people across the province that they are representing, the men and women of SaskPower. So thank you, Mr. Chair.

The Chair: — I also would like to just add my thanks to the committee members for being here today and for the questions and the timely answers. Thank you very much. I would now ask a member to move a motion of adjournment. Mr. Bonk has moved a motion to adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned until Tuesday, May 15th, 2018 at 3 p.m.

[The committee adjourned at 17:04.]