



# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

**Hansard Verbatim Report**

**No. 40 — May 6, 2019**



**Legislative Assembly of Saskatchewan**

**Twenty-Eighth Legislature**

## **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 15:01.]

**The Chair:** — Thank you and good afternoon, everyone. I'm Herb Cox, the Chair of this committee. With us today we have Cathy Sproule, the Deputy Chair; Steven Bonk; Glen Hart is going to join us in a few moments; Nancy Heppner; Everett Hindley; and Lisa Lambert.

Today before we begin, I'd like to table the following documents: CCA 68-28, SaskEnergy Incorporated: Responses to questions raised at the April 9th, 2019 meeting; CCA 69-28, Crown Investments Corporation of Saskatchewan: Report of public losses January 1st, 2019 to March 31st, 2019.

**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 for SaskPower, vote 152, Saskatchewan Power Corporation, loans, subvote (PW01). Minister Duncan, if you would please introduce your officials and make any opening comments you have.

**Hon. Mr. Duncan:** — Thank you, Mr. Chair. Good afternoon to you and to the committee members. Today I'm joined by Mike Marsh, the president and CEO [chief executive officer] of SaskPower. He's sitting to my right. To my left is Troy King, vice-president of finance. And seated behind us: Rachelle Verret Morphy, vice-president, corporate and regulatory affairs; Tim Eckel, vice-president, asset management; Shawn Schmidt, vice-president, distribution and customer services; and Ian Yeates, executive director in the president's office.

So we are pleased to be here today to discuss considerations of estimates for SaskPower for the 2019-2020 fiscal year. When it comes to our financial health, our objectives are clear. We must continue to manage our spending so that our finances are going toward the areas of greatest need and potential rate increases are minimized. As we plan for the future, our company must work with the gap between the power that we supply and the demand that continues to rise.

Our vision for a cleaner energy future is aligned with our commitment to reduce SaskPower's greenhouse gas emissions. We're looking at all options available to help us meet this target and deliver reliable, cost-effective, and sustainable power.

Moving forward we will continue to invest heavily in the health of our electricity system. Capital investment is forecast to be \$873 million in 2019-2020. In the coming years, our capital investments will continue to be focused on strengthening our electricity system and moving us closer to a cleaner energy future for our customers and the communities that we serve.

Since 2012 we have invested \$37 million to improve the grid for Regina's central business district. This year alone we're investing \$9 million to make the power grid stronger for the city's downtown. This work will make sure that our business

customers have the power they need and will help our crews find and fix outages in the future, which will reduce outage times.

We're bringing LED [light-emitting diode] street lights to Saskatchewan through our LED street light conversion project. For 2019-2020, we're changing 8,000 lights in parts of Regina, Saskatoon, Moose Jaw, and Lloydminster. This project will update the nearly 100,000 street lights that we have in the province over the next 10 years and will increase the lifespan of the lights, lower maintenance costs, and reduce environmental impact.

This year we will inspect 113,000 wood power poles in areas of Unity, Meadow Lake, Kipling, Moose Jaw, and Prince Albert, and Nipawin. This represents a \$4.5 million investment to increase safety for our employees and customers and continue to provide reliable power across the province. We're investing another \$8 million to replace 2,000 poles.

These are just some of the highlights of SaskPower's capital investment in the province to continue to ensure that Saskatchewan has safe, reliable electricity at the lowest possible costs. Mr. Chair, these are the conclusion of my opening comments, and with that we would be pleased to take your questions.

**The Chair:** — Thank you, Minister. And I would just like to remind officials when they first speak, if they would introduce themselves, please. I would now ask, do any members have any questions? I recognize Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Mr. Chair. Thank you, Mr. Minister. Always a pleasure to be able to enter into consideration of estimates with SaskPower and certainly to discuss the considerable achievements that your corporation achieves.

I'll start off as I did last year, with some concerns coming out of northern Saskatchewan and also from the Piapot Indian reserve. But I'll start with a news story that came out of MBC [Missinipi Broadcasting Corporation] last week regarding Southend. And I understand SaskPower has met with the chief of Southend. And one of the issues, well the main issue is high electricity consumption rates; for example, the community school last year paid \$700,000 for electricity, which seems very, very high. And I understand SaskPower is going to conduct a billing and consumption analysis for Southend ratepayers. But the study that the chief submitted suggests that Southend residents are being charged two to three times more for their electricity than other northern communities.

I know we discussed it last year. There are a number of perhaps technical and local issues that need to be dealt with, and we discussed those. But \$700,000 for a school does seem to be considerably high, in particular in an area where there aren't a lot of available funds. So I'm just wondering if you want to comment on that and perhaps share with the committee what your view to a solution for that is.

**Hon. Mr. Duncan:** — Thank you, Ms. Sproule, for the question. Certainly I've had the opportunity to meet with the chief and a couple of council members just in the last couple of weeks. I

believe Mr. King and Mr. Schmidt joined me for that meeting. But I know that the CEO as well, I think, has had some contact on this issue.

I think, as you're aware, it has been reported in the media that there was a consultant that was hired to look at not just the power bills, the bills themselves from just I think a sampling of buildings in that community, but I think also there was the suggestion of a discrepancy between that particular community and other communities, certainly within the Peter Ballantyne Cree Nation.

So I think we've made a couple of commitments to work with them, to I think look at the information that they've provided, as well as look to see why there may be the appearance of a discrepancy.

I think one of the things that we were able to share with the chief and the members of council are a couple of things. One, there was some questions that the consultant's report seemed to identify that power rates seemed to be higher in the summertime. So the June bill seemed to be the higher power rate. That raised the question of, if this is an electric heat issue, well we're not using the heat in June as we would be in the winter months. And I think the explanation to that is that often when it's, let's say, a quarterly meter read, or certainly when it's not a monthly meter read, that oftentimes your first catch-up bill in terms of your consumption will be, you know, it might be the May or the June bill. And so that may be an answer to that, a partial answer to that.

We did offer to the chief and to the band councillors that were here some interim help, I think, while we're still working with them. One is just the ability for, whether it's the resident of the home or perhaps at a band level, that they could do some work around ensuring that their community members know that anybody in Saskatchewan can read their own meter. So rather than have that balloon bill, say in June after a cold winter, if they want to have more timely bills, then SaskPower does have ways for people to read their own meters, report that number in, and then have an accurate bill on a monthly basis.

I'll maybe stop there. I don't know if Mr. Marsh has a few words on this.

**Mr. Marsh:** — Mike Marsh. Just a couple of comments: we really appreciate the concerns in the North. This situation is not specific just to Southend, I think, as you well know. Many of the communities in the North which use electric heat predominantly have very high bills, and we totally understand the concern. I will tell you that our customer service group has been working closely with a number of First Nations across Saskatchewan.

To the points the minister made, monthly meter reads in the community would certainly help get accurate bills. It would not prevent the issue entirely because there will be accurate billings per month, so you wouldn't have that catch-up bill. The issue really comes down to, for a lot of these communities, energy conservation and programs that we can help provide to those communities. With that I'd like to ask Shawn Schmidt, our VP [vice-president] of distribution and customer service, just to comment specifically on the conversations with Southend.

**Mr. Schmidt:** — Hi, my name is Shawn Schmidt. Thank you, Mr. Chair. To both Minister Duncan and Mr. Marsh's comments, we've begun some work together. We struck a task force to begin to work with Southend and understand some of their concerns. They did bring together a number of bills that they wanted us to do further analysis on, so we've begun that process. We will be working with them in this task force, similar to Black Lake, looking at opportunities for them to manage the consumption of kilowatt hours, the electrical usage, and ensure that we can help them find ways to minimize their energy usage through methods of good insulation and ensuring the envelope of the home is as efficient as possible.

**Ms. Sproule:** — How many First Nations are you working with on this task force?

**Mr. Schmidt:** — Right now, Southend. We completed some work prior with Black Lake. We've also been meeting with a number of other First Nations to date, more to do with meeting with their band council and looking at billing issues and inquiries they have. So we have a task force that's been meeting with them on a different issue.

**Ms. Sproule:** — So in your view this is entirely a consumption issue?

**Mr. Schmidt:** — Yes. The northern residents of Saskatchewan have both their electrical use that we have normal in southern Saskatchewan, but also the natural gas heat that we have in southern Saskatchewan, they have to make that energy usage up through heating their homes with electric. So it's looking at what opportunities that we can find to reduce costs and make sure the envelope is as energy efficient as possible.

**Ms. Sproule:** — So getting back to the school then, at \$700,000 a year, that's a \$5,000 a month bill and that's something that the school is responsible for. Is that something you think is even feasible for, you know, bands struggling with access to funds?

**Mr. Schmidt:** — We'd have to do more study on that. I'm not sure if I would understand the particular issues on that school. And I think there's an opportunity for us to use an advanced meter infrastructure on that particular facility to understand what the consumption looks like on a daily pattern. But that would be more to come.

**Ms. Sproule:** — You're of the view that will be looked at in the upcoming months? I know last year, Mr. Minister, we talked about the possibility of natural gas or even liquefied natural gas as a potential for alleviating some of the heating concerns. Is there any update on that?

[15:15]

**Mr. Schmidt:** — I did have a chance to meet with SaskEnergy, looking for opportunities, and we did discuss liquefied natural gas. And so we started looking at the costs on what it would take to transport the fuels up there. And when we calculated what it would cost to translate those bullet containers of liquefied natural gas into Southend, the costs alone on transportation would exceed the energy for the community. And so that right away has proved to be not a viable opportunity.

**Ms. Sproule:** — And natural gas, is there any further discussions there or is it the same issue?

**A Member:** — The same issue.

**Ms. Sproule:** — All right, I just want to move to southern Saskatchewan for a minute. I was out meeting with the chief of the Piapot First Nation last Thursday, and again they have a number of concerns as well about some of the power bills. And the consumption issue comes into play here because they have a brand new unit, and I have four bills over the period of a year for that particular unit. And the electrical charges on this brand new home that actually has propane heat varies, but \$280 on April 4th this year; \$257 on December 6th; September 7th, 152; and on August 7th, 2018, 168.87.

Now this is significantly higher than my own personal residence in Saskatoon, but I'm told by the chief this is a brand new housing unit. It has energy-efficient appliances. It is presumably insulated, and they're using propane heat. So the chief's question really is, is it the difference in the rural, urban rates? Is it the residential rates? Because it seems to be about twice as high as what my urban residence is, and I have a very old home that is not well insulated. And I know they've spoken with SaskPower officials about this, but it seems that this is a pattern occurring on First Nation reserves, and now we're hearing from Piapot as well.

What is SaskPower doing to assist these First Nations? I think the answer was they needed to do an audit of the line, but they felt that that wasn't something that they could afford. So is there any way SaskPower can help them out with that?

**Mr. Marsh:** — Well every time we get into a situation like this, we of course always have discussions. We like to review the history of the billing with the owner and then really look at the devices that are in the home. Yes, the home may be a fairly new home, but there may be, just like many homes today, a number of different devices, three or four televisions, I don't know. But we're happy to look at the consumption, the consumption record, and to try and drill down and figure out what is, you know, causing the high consumption rate for a customer like that.

**Ms. Sproule:** — I know the chief reported that most people on the reserve are incredibly fearful of their power bills. They unplug everything. They are doing everything they can to ensure that their consumption is as minimal as possible, and yet they feel that they are still getting these incredibly high power bills, which of course is a huge cost either for the individual or, if it is a band-owned house, under Social Services. So when you say we'll look at consumption, is that something that you can, I guess, assure the band that when you are looking at consumption, if a line audit is required that you would assist the band with that audit?

**Mr. Marsh:** — We would be, you know, in this particular case we'd be happy to look at this specific issue that you've raised. And if there's another one or two, we'd be happy to do that while we're out there.

**Ms. Sproule:** — Yes. Thank you for that, and I look forward to getting an update when we meet again probably sometime later this year. Okay. Thank you for that.

I'm moving on. The next thing I wanted to talk about was the price on pollution that's now being reflected in SaskPower bills, and of course talk about the output-based pricing system for heavy emitters.

I just want to make sure I understand this correctly. There's two parts to the federal bill: first part is the fuel tax or what you refer to as an economy-wide price, and then now the second part is the output-based pricing system. I know under your Prairie Resilience, you've initiated a heavy emitters arrangement that the federal government has recognized, but SaskPower is exempt from that. Is that correct?

**Hon. Mr. Duncan:** — That's correct.

**Ms. Sproule:** — I just want to review a bit of a timeline here. So in May of 2017, the feds released their technical paper outlining the elements of the carbon price backstop plan, which will be imposed on provinces that don't have one. In January 2018 the feds released a technical paper on the regulatory framework, so that's about 15 months ago now, on the OBPS [output-based pricing system] — I'll just use the acronym — outlining the designs. So we knew about it 15 months ago. And at the same time they released for comment draft legislative proposals relating to the *Greenhouse Gas Pollution Pricing Act*.

In 2018 in May they published a document that was titled, *Carbon pricing: compliance options*. So that was a year ago. In June the pricing Act was put into force, which had the two parts to it, part 1 and part 2. And I'm talking here about OBPS; it's much easier to say. September 1st, the provinces had a deadline to submit their climate change plan, and at that point Saskatchewan did not submit a plan. So then on October 23rd, the feds announced they would be imposing pricing on the province which did not submit a plan.

October 31st, there was an order amending part 2 of schedule 1 of the *Greenhouse Gas Pollution Pricing Act* to add Saskatchewan, among other provinces, to the schedule. And October 31st, the *Greenhouse Gas Emissions Information Production Order* set out the quantification, reporting, and verification requirements for covered facilities like SaskPower. So the requirements of the *Greenhouse Gas Emissions Information Production Order* took effect January 1st, 2019. Have I got that right so far?

**Hon. Mr. Duncan:** — Probably. That's about right.

**Ms. Sproule:** — Okay. So my question then is, has SaskPower begun fulfilling the requirements of the *Greenhouse Gas Emissions Information Production Order*?

**Mr. King:** — Yes. So SaskPower is responsible under the output-based pricing system, or the OBPS, to make payments on our carbon emissions above certain thresholds. And the thresholds differ for different types of generation sources, whether it's coal or natural gas. We are right now, as we are calculating that amount, the amount will be due, as it stands, will be in June of 2020, is when we will have to make a payment for the calendar year of 2019.

**Ms. Sproule:** — In terms of doing the work that's entailed, did it involve hiring new employees, or what additional costs have

you incurred to fulfill this order?

**Mr. King:** — We haven't hired any additional employees for this.

**Ms. Sproule:** — Thank you. December 20, 2018, we'll keep going here in the timeline, the feds then published an update to part 2 of the OBPS called *Policy regarding voluntary participation in the Output-based Pricing System* for clarification. And just in March 19th, 2019 the feds released for consultation a set of draft regulations under the Act that would provide targeted reliefs, seek commitments on additional regulatory proposals including:

expanded relief of the fuel charge for electricity generation for remote [and northern] communities [including relief for marketable natural gas];

a rebate for exports of fuel under certain conditions;

integration of the Saskatchewan output-based performance standards system with the federal fuel charge; and

expanded relief of the fuel charge for farmers to include delivery at a cardlock facility when certain conditions are met.

Now the integration of the Saskatchewan OBPS, if I'm correct, those are the regs that you passed in December 31st. Has that agreement gone through the gazetting process yet? I think it was supposed to be done at the end of March. Is it fully operational at this point in time?

**Mr. Eckel:** — Tim Eckel. The output-based has been approved. As far as whether or not it's been gazetted, I'd have to confirm that detail for sure. But it has been approved in principle.

**Ms. Sproule:** — Right. And is SaskPower a part of that process? Because your regulations don't apply to SaskPower.

**Mr. Eckel:** — We're under electrical generation regulations. We've been working with the province through the Ministry of Environment to submit our proposals through that ministry.

**Ms. Sproule:** — Sorry, you're under what regulations?

**Mr. Eckel:** — The electricity generation. They have special regulations for electrical generators.

**Ms. Sproule:** — And the regulations that you passed on January 1st or December 31st dealt with those as well?

**Mr. Eckel:** — Yes.

**Ms. Sproule:** — The question I have here is, has SaskPower submitted feedback or participated in the consultation on the OBPS as it has been requested at the end of December 2018?

**Mr. Eckel:** — Yes, SaskPower has been providing feedback either directly to the federal government or through the Ministry of the Environment. In most cases we've been coordinating with the Ministry of the Environment.

**Ms. Sproule:** — Would it be possible to get a copy of those submissions to the federal government?

**Mr. Marsh:** — If we can, we will release them.

**Ms. Sproule:** — All right. I'll let you make that undertaking, and as always submit it to the Clerk when that information is available.

In dealing with remote power generation, what is the impact of the federal government's exemptions from remote power generation on your delivery of services to remote and northern Saskatchewan?

**Mr. Marsh:** — Could you maybe ask that question again please? I'm not sure we quite understand.

**Ms. Sproule:** — Fair is fair. I'm not sure I do either. The federal government introduced some exemptions including relief for remote and northern communities. So I'm wondering if that is being reflected in the regulations that you have enacted.

**Mr. Eckel:** — The only northern and remote community we have that, I believe, falls under that is Kinoosao, which is just a small, one community. It was more, I believe, targeted at some of the other ones in the territories and those areas.

**Ms. Sproule:** — So why would only Kinoosao be impacted by that and not the other northern communities?

**Mr. Eckel:** — It's the only community that's served by diesel. All the rest are connected to the provincial electric grid.

**Ms. Sproule:** — So there they're the only ones that are generating their own power basically?

**Mr. Eckel:** — Diesel.

**Ms. Sproule:** — So that's not happening on any other northern communities? They don't have diesel generators?

**Mr. Eckel:** — No. They might have for backup, but they're connected to the provincial grid.

**Ms. Sproule:** — Okay. So in that sense then, the residents in remote and northern Saskatchewan are being also charged for the price on pollution, the same as all other customers? So if the feds are handling it differently, why would SaskPower not take the same approach?

**Mr. Marsh:** — We believe that we're consistent with the way other northern communities are being handled through that federal regulation. The citizens of Kinoosao are not being tagged with any charge on their bill because they don't have a bill from SaskPower. So they're exempt from this whole model.

**Ms. Sproule:** — Do you anticipate that other northern communities will switch to diesel power as a result of the extra costs that are now being imposed?

**Mr. Marsh:** — No, I would not. The cost for diesel is several times the cost of electricity today, so there would have to be a significant increase in that charge to make that an option.

**Ms. Sproule:** — All right. The federal government is planning to finalize these regulations, OBPS regulations, by mid-2019. We know that the reporting requirements are in effect January 1st, but the federal government has yet to circulate the necessary regulations to establish the benchmark emission intensity that will face the larger emitters like SaskPower. Is it fair to say, then, that the financial impact of these regulations is not yet fully known to SaskPower?

[15:30]

**Hon. Mr. Duncan:** — I think that that is fair to say. I think in all of the dates that you provided in the preamble to the question, I think it goes to the, I would say, the complexity for SaskPower and frankly all industries in trying to deal with, I would say, a changing landscape.

So just for instance, on the October 23rd date when the federal government did announce that the backstop would be imposed on four provinces including Saskatchewan at the same time that the provincial output-based performance system would be accepted by the federal government, even since that time the threshold for, just for example, coal-fired electrical generation and the emissions from coal-fired electrical generation changed twice if not three times since that first announcement.

And so all along SaskPower, I think it's fair to say, has been working off of draft information from the federal government to make a determination of as best an estimate as they can for what the first year of the backstop will cost SaskPower customers, that then will be required to be paid by June of 2020. So we're working off, I think fair to say, an estimate based on what we do know from the federal government, knowing that they still are in the process of finalizing all of this. And that's in part one of the reasons why those dollars are going to be set aside so that come that June 2020, when SaskPower has to essentially true up with the federal government, we'll know whether the estimate was close, too much, or not enough.

**Ms. Sproule:** — So when do you think you will be absolutely certain? Is that June of 2020 is when you will know for sure? Or do you expect you'll have some certainty before then?

**Mr. Eckel:** — Okay, right now the thresholds are still in draft. We believe by the end of June, by end of the sitting, they should be finalized and then we would have a better idea of what we'll be paying. The other thing too is keep in mind we're always estimating a year ahead of time how much we're going to run different types of generators, so there's always going to be a little bit of a true-up at the end of the year.

**Ms. Sproule:** — In terms of the figure that you have placed on peoples' power bills, you currently call it a federal carbon tax, and if I understand correctly, the decision of the highest court, Court of Appeal, has said that it's a regulatory charge; it's not a carbon tax. Will you be changing that terminology on your bills?

**Hon. Mr. Duncan:** — I would say, considering the decision was just released by the Court of Appeal only on Friday, we have not had that discussion. And certainly our position that . . . I believe we're going to be appealing that decision as well, so we've had no discussions on making any changes.

**Ms. Sproule:** — It's currently the law in Saskatchewan that it is not deemed to be a carbon tax. So I'm just wondering if you will have those discussions and make that consideration and that it may be reviewed at a higher level.

**Hon. Mr. Duncan:** — This is the first I've really even thought about it, so I'd have to do some more thinking.

**Ms. Sproule:** — Okay. I look forward to a further conversation on that when we meet again. In terms of the formula that's currently being used for that charge, I see that you have a calculation of the amount of kilowatt hours being used times a point zero zero three point zero nine five per kilowatt hour. Can you share with the committee how that figure came to be used as the estimated cost of the regulatory fees?

**Mr. King:** — Again I think I forgot to state my name last time. It's Troy King. So the carbon tax calculation, as Tim was mentioning, what we try and do is estimate the amount of emissions that we're going to have in the coming year and what level of taxability based on the thresholds. So how much we're going to run our coal, how much we're going to run our gas, how much we'll have import or hydro to supply that energy. So in its most simple state, we're taking the amount of carbon tax that we expect to pay, carbon charge, whatever you want, would call it, and we're just dividing it by our forecasted energy consumption, and that's how we've calculated it.

It's slightly different for each customer class, whether you're residential, whether you're large industrial or you're oilfield, and it's really just based on line losses, but relatively speaking it's around that point zero three cents per customer. And as I said, it's an estimate and we will true that figure up at the end of the year.

**Ms. Sproule:** — I just want to make sure I understand how that particular calculation came into being, so point zero zero three cents, I think, per kilowatt hour, is that correct? Is there two zeros?

**Mr. King:** — It's point three cents of a cent.

**Ms. Sproule:** — Okay.

**Mr. King:** — So it's point three of a cent per kilowatt hour.

**Ms. Sproule:** — So in terms of maybe the breakdown for coal and gas and import — I think those are the three main categories you referenced — would the cost be lower for gas than it would be for coal? Like in terms of what you know about the federal pricing system, do you have any idea how, like, that would break down to come to that calculation of point three cents?

**Mr. King:** — So the price is exactly the same. It's \$20 per tonne of CO<sub>2</sub>. What the difference is is the allowable amount of emissions that you can have from each one. So for coal, for example, I believe it's 800 tonnes per gigawatt hour. Natural gas, on the other hand, is 370, so it's a far lower threshold. So it'll depend on which of those units are run and how efficient those units are. Each unit has a different efficiency and the output efficiency can change dependent on whether you're running it up and down or you're running it like a baseload.

**Ms. Sproule:** — So it would be an incredibly complex formula that you use to come to this calculation?

**Mr. King:** — Yes, it's fairly complex. I wouldn't call it incredibly, but . . .

**Ms. Sproule:** — Incredible to me.

**Mr. King:** — Yes.

**Ms. Sproule:** — In terms of Chinook coming online, will that change the calculation at all? Will bills go down because that's a natural gas plant?

**Mr. King:** — Well Chinook we believe will run close to that 370 or better, dependent on how we're able to run it, how often we have to ramp it up and down, so it shouldn't have a material impact on it. What you might get though is if we can run Chinook, we'll be able to back off some of our less efficient natural gas.

**Ms. Sproule:** — Yes, that's what I was getting at.

**Mr. King:** — Those estimates are all included in our assumption.

**Ms. Sproule:** — Thank you. So the decision then to send out an email with lots of red highlights to customers warning that this was starting on April 1st, I'm just wondering about why you chose April 1st as the time to put those words, "carbon tax," on the bills of your customers. And why did you choose April 1st? You've known this was coming for quite some time. You could have done it January 1st. You could do it June 30th. You could be doing it December 31st of next year. And I know some explanations have been given, but I'm just wondering why you chose that particular date to commence your campaign to alert ratepayers that this was now being applied as an estimate.

**Hon. Mr. Duncan:** — I think a couple of things went into the decision. As I said before, keep in mind when the federal government made their announcement, when the Prime Minister made the announcement on October 23rd, even since that time the threshold, particularly on coal, has changed a couple of times. And we're still frankly dealing with draft standards right now.

So it's not to say that, while we knew that in all of these dates that you had mentioned, certainly the federal government have been issuing more and more information on how they were going to be proceeding. You know, I would not want to leave the impression for anybody that, come January 1st, there was any more certainty from that time to the previous October 23rd date. Because again, information had been changing over the course of those couple of months.

Once a decision is made on . . . or the fact that SaskPower is now going to be facing this charge, a couple of decisions have to be made from that. Is it going to be put across all the rate classes equally? Or is it going to be applied to different rate classes at different rates? Is January 1st the date? If that's the date, then can the billing system be changed quick enough to ensure that the billings for January can include the carbon tax?

Once those decisions were being made, it was pretty clear that January 1st was not going to be . . . We weren't going to achieve

January 1st. And I think from my standpoint it made sense because everybody, I think the general population knew the carbon tax itself was coming April 1st, the economy-wide carbon tax, that it made sense.

And especially with SaskEnergy because they're dealt with a different way. They're really dealt with on that kind of part A, on the fuel charge. It was going to affect customers for SaskEnergy come April 1st, and so it made a lot of sense, once it was pretty clear that January 1st wasn't likely going to be met, that April 1st made the most sense because everybody was expecting the carbon tax come April 1st.

The longer that we left the decision — so you mentioned June I think as an alternative — that just means that that amount that's being charged is just going to be higher. So the earlier that it was on the bill, we could spread that cost out at a lower amount. The later we leave that past April though, or whatever date you'd want to choose, it just means that there's a higher amount on everybody's bill.

So once all of those decisions were made and we went through all the processes of the board signing off and I think even, in fairness, ensuring that everybody was comfortable in the consistency of what the language was going to be, it was pretty clear that April 1st seemed to make the most sense.

**Ms. Sproule:** — I guess there's a chance that you might be overestimating too and that people will actually get a rebate. I think you've acknowledged that publicly as well. So again it seemed a bit alarmist I guess to send out the notice from SaskPower. Was that a decision that the board of directors made or the executive officers of SaskPower? Or was that decision to send out those notices, did that come from cabinet or executive council?

**Mr. Marsh:** — This decision was made internally by management. The board was aware of the amount that was going to hit the bill, but the actual details and the mechanisms is really a management decision. And we wanted, you know, it to be absolutely clear and transparent in the message why this was going to be tacked onto a monthly bill for people so that they would separate that from the SaskPower energy charge and basic charge that hits everybody's monthly bill, just to make it crystal clear.

**Ms. Sproule:** — SaskPower would pay other federal charges, would they not? Do you have other charges that you pay federally? You must pay excise tax.

**Mr. King:** — We pay GST [goods and services tax], but we recover virtually 100 per cent of our GST through the input tax credit. We're exempt from income taxes. I can't think of anything significant that we pay federally.

**Ms. Sproule:** — And then provincially of course you pay grants-in-lieu. Why would you choose not to reflect that on the power bill?

**Mr. King:** — I would say the one difference between this and our other ones, this is directly impacted by your consumption. So as you consume more energy, the carbon tax increases. It's a direct relationship, whereas other taxes that we pay are not



necessarily a 1 to 1 ratio.

**Hon. Mr. Duncan:** — And I would just add that it's certainly not the only item that is itemized on a SaskPower customer's bill. Certainly just off the top of my head, I think municipal surcharge is a separate item on a bill, as is GST would be a separate item on a customer's bill.

**Ms. Sproule:** — No, those aren't there.

**Hon. Mr. Duncan:** — Well a municipal surcharge certainly would be.

**Ms. Sproule:** — Not on this, but I guess maybe on a First Nation there's no . . .

**Mr. King:** — [Inaudible] . . . municipal surcharge, GST, yes.

**Ms. Sproule:** — I guess perhaps this is from a First Nation, so it wouldn't be applicable there.

[15:45]

**Hon. Mr. Duncan:** — The other part too is that, keep in mind if the intent of a carbon tax or whatever you want to call it, if the intent of it is to persuade consumers to change their behaviour to lower their consumption, if we don't itemize it on the bill, how do you know what your consumption is for the carbon tax? So for people that would advocate why it was itemized on the bill, it kind of defeats the purpose if it's not a separate line item, would be my thinking.

**Mr. King:** — The other thing I would add is because we're treating this as a . . . It's not a revenue item. We're not going to make a profit or loss on it. It's going to be revenue neutral. It's important to separate that amount so that we can keep it separate from the rest of our revenues and are able to reconcile that and either collect the shortfalls or refund the overcharges.

**Ms. Sproule:** — But if I understand correctly, the revenue-neutral portion is part 1 of the federal Act. Or does it apply to part 2 as well? The payment that people are getting currently, the refund, is based on the part 1 estimation, or is that including all the part 2?

**Mr. King:** — That's how the federal government is treating it with the part 1 and refunding to customers on the income tax. What I'm referring to is how SaskPower is treating it. So we're treating the output-based tax as a revenue-neutral item. So we're collecting that tax. We're putting it into a separate account, those dollars. At the end of the year we're going to finalize the amount of the tax that is owing. The difference between that, if we've over-collected, we'll refund that to customers through a reduction in that carbon tax going forward. And if we're short, we have the option to collect it in future charges. And that's a decision that SaskPower made on our own. That's not something that's dictated by the federal government.

**Ms. Sproule:** — I better keep moving here. Back in October, Minister, you indicated that your estimation at that point was that it would be \$141 million. Is that a number that you're still anticipating or has it changed?

**Hon. Mr. Duncan:** — No, the number that we're currently using as an estimate is 52 million, and that again reflects the change in the thresholds that were initially proposed. So the initial threshold with the October 23rd announcement by the federal government was, I think, lower than it is now. So there was a larger gap that SaskPower was going to have to make up in terms of the threshold between what the federal threshold was and essentially SaskPower's emissions, but they've changed that threshold, so that reflects the lower amount of 52. But the initial October 23rd threshold would have indicated that the estimate at that time was a hundred and . . . whatever the number was I gave in the committee last time, 141.

**Ms. Sproule:** — In terms of how SaskPower's managing this, you're saying it's \$20 a tonne based on the federal regulations. This is SaskPower's cost of being a heavy emitter basically. You're passing that on to ratepayers.

I'm just wondering, and we may have talked about this in the past, but for the carbon capture and sequestration project, obviously that was a response as well to federal regulations and a desire to reduce emissions. Why isn't that being singled out then on the consumption by users? Is it the same reason, that it's not based on consumption? It's just one big account?

**Mr. Marsh:** — I'll perhaps start and then maybe Troy or the minister can add. When we build a generation plant and add it to our fleet, it becomes part of our fuel mix. So whether it's a coal unit, a coal unit with carbon capture, or a gas unit or a hydro unit, every one of those has a certain cost of production that goes into our fuel cost. And then that becomes averaged over the entire province, and the proportion of energy used then is an average of that fuel for the amount of energy that an industrial consumer might use and a residential customer.

So we considered Boundary dam 3 with carbon capture no different than the Chinook power station or the hydro station in the North. It all goes into our fuel mix and forms part of our overall fuel cost in our income statement.

**Ms. Sproule:** — And I know we've had this discussion before, Mr. Marsh, and I know you say it's no different, but it is very, very different when you look at the purpose of the carbon capture and utilization sequestration because the whole purpose of that is to reduce greenhouse gas emissions. It was very, very expensive, as we've talked about much in the past. And I don't know if there's any agreement on the cost per tonne that that unit has brought to ratepayers, but I think it's significant. And I guess the concern is you're now highlighting a tax, as you call it, on consumption that isn't even going to be measured really until next year when we know . . . Like it's future looking, and it's very specifically itemized.

So aren't you worried that customers may take this as an actual real number, and you haven't really let them know that it's just simply a guess, it's an estimate? And it looks pretty real when you look at the bill and you see zero point zero zero three point. You know, like it seems very conclusive, and I think the concern is that ratepayers may be alarmed and may be a bit misled by the fact that that's being itemized in the way it is. Like maybe it's fake news. I mean, like why are you doing it in this fashion when there's no certainty whatsoever and, as Mr. Minister indicated, the rules keep changing and are definitely not settled yet? So it

seems very alarmist.

And I accept your thought that consumers should know, but this fee that we're going to be paying is not on the current consumption. I mean it's going to be averaged out over the year. So it's seen as alarmist, and I'm just wondering maybe your response to that. Is it fake news?

**Mr. Marsh:** — Just very briefly, under the current federal regulations, we are obligated to pay on the emissions that are above the threshold amounts that are indicated. So by June 20th or June of 2020, we are obligated to pay an amount. We've done our very best to estimate as accurately as we can the amount that is going to be charged to each customer based on their particular energy consumption and to keep that as fair as we can.

As Troy had indicated, at the end of the year we will look at how close we are. We expect to be very, very close in those numbers. So whether we're below a million or up a million, we will cover that amount and make that payment to the federal government, and then we'll go forward for the next year with whatever new information is coming out of the federal government.

**Mr. King:** — If I could add to what Mike's already said in terms of being a real number, I think it is a very real number. And as a customer, I think they should take some comfort in knowing that that point three cents that we collect from you on your bill goes into a separate account. Every cent that we collect we put into a separate account and we're going to reconcile with the actual calculation that we do with the federal government at the end of the year. So I think it's very important that that number is known, and that's the amount that we're setting aside, and we're going to reconcile that to the final number.

The other point I wanted to make is in terms of estimates. When SaskPower does any type of a rate adjustment, whether it's through the rate panel or through this, we're always basing it on forecasts. So when we take a rate increase application to the panel, we're forecasting what our fuel and purchase power costs are going to be. But we don't know exactly what they're going to be because there's many variables in terms of how much we're going to use, what gas prices are going to be, all those other variables. So it's not unusual for the utility to set rates or to collect costs based on estimated expenses.

**Hon. Mr. Duncan:** — Now if I could just add, Mr. Chair, Ms. Sproule, I think from my perspective, you know, I wouldn't call it alarmist, but I think we certainly had an obligation to inform the customers of SaskPower that there is now a charge on SaskPower that will do nothing to reduce the emissions at SaskPower. Because keep in mind we had already set a target and are well under way of our target to achieve a 40 per cent reduction in greenhouse gas emissions by 2030 before any of these charges or taxes ever came into force or even were contemplated because that goal was set even before the last federal election. So this year this is \$58 million that will be going from the ratepayers of SaskPower to the federal government that SaskPower will get zero dollars to help reduce their emissions.

So you know, I think that's one of our frustrations with the federal government is, if this is about emissions reduction, SaskPower is well under way to achieve a 40 per cent reduction in emissions by 2030 before we ever got talking about a carbon

tax or a price in this country.

**Ms. Sproule:** — That raises a number of questions actually that . . . Because this is a price that's being imposed upon a heavy emitter, which happens to be SaskPower. That's SaskPower's cost. So why would you not include this cost in your rate adjustments because it's really a cost that's being incurred by a heavy emitter, not by the ratepayers? So could it not have been included in a rate review request, rather than going the route that you are currently going?

**Mr. King:** — We have consulted with the rate panel on our process. They have looked at what we're doing and are comfortable with the way we're proceeding with this. We're treating this like a rate rider surcharge that the panel doesn't necessarily have to look at because there's no debate on what the amount is. It's going to increase on an annual basis. It's going to be set by the federal government. So as it goes from 20 to 30 to 40 and up, we're able to adjust that without going through the rate panel. We also used a . . .

**Ms. Sproule:** — You could have gone through the rate panel instead of doing it the way you're doing it?

**Hon. Mr. Duncan:** — Well I think that could have been the case, although with the rate review panel agreeing with our approach and agreeing that this is a rate rider and not the same as a rate increase, again I think that goes back to, if we did it as a part of a rate increase then it's buried in the overall rate, which I think is less transparent than actually saying, on the bill, because of federal regulations there is now a charge. And keep in mind, when that first number came out in October 23rd of 2018, that 141 million number, over the first five years of this that number was going to be — because the threshold was proposed to be escalating in terms of the cost — we were looking at nearly a billion dollars over the first five years. I think it was 900-and-some million dollars over the first five years.

I don't want to be sitting here and trying to justify or explain to the ratepayers of SaskPower why we buried a billion dollars in the rates at SaskPower over the next five years. So I think that this was the most transparent way. And again if people want to be aware of their consumption and what the carbon tax or carbon price costs, the best way to do it is to itemize it on the bill so people can see whether their number's going up or down.

**Ms. Sproule:** — In terms of the Prairie Resilience heavy emitter program and the fact that SaskPower is a heavy emitter — you've set certain targets by 2030 and those are I think well received — but the challenge here is to continue to seek ways to reduce emissions. And I think that's the point of a pricing system, is to find those further changes.

So really this is a challenge that SaskPower needs to face because of the fact that the emissions are quite large. And it's not to say that the current targets are not laudable, but I think the goal of any pricing scheme is to continue to push those changes further down the line. So why — I guess this is a technical question — but why was SaskPower excluded from the heavy emitters Prairie Resilience plan?

**Hon. Mr. Duncan:** — So the reason why SaskPower doesn't fall under our heavy emitting system . . . and I hope you're here

tonight for estimates, for Environment estimates, because it may be a better forum. But I can say that because there were already the coal-fired and gas regulations at a national level and we have worked our way towards achieving equivalency, and so it really seems to me that we would be double-regulating SaskPower when we're already putting in place regulations that are going to see a 40 per cent reduction in emissions.

[16:00]

**Ms. Sproule:** — Would you have been able to create exemptions though for SaskPower's efforts under the coal-fired regs if you had included it in the heavy emitters category?

**Mr. Eckel:** — The coal and gas regs were already quite stringent already on electric utilities, and so to try put it under provinces, I don't know how they could've relieved anything because those regulations are in place. And the province and SaskPower had already agreed to, you know, our threshold levels for different periods, and so we were working under that.

**Ms. Sproule:** — Thank you. On October 31st, Mr. Minister, in your reply to the Throne Speech, you said, I'm quoting you, "... the goalposts have shifted so much that almost all of New Brunswick's coal-fired electricity is going to be exempt. Pretty good deal. Too bad we didn't get that deal." Can you tell us why we didn't get that deal?

**Mr. Eckel:** — I'll explain that one. Prior to October 23rd, the coal regulation thresholds were at 420, 420 tonnes per gigawatt hour. And then when it came out in October, they moved it to 800 for SaskPower because of the type of coal we burn. We emit about 1100 tonnes per gigawatt hour. In New Brunswick's case, because they burn higher quality coal, they're in that 820, 850 kind of range. So as soon as they moved that threshold to 800, the amount of carbon tax they'd have to pay dropped significantly. So that was the big change there. They weren't looking at a . . . They were just looking at a threshold.

**Ms. Sproule:** — So we didn't get a good deal because our coal is dirtier, basically?

**Mr. Eckel:** — Poorer quality.

**Ms. Sproule:** — Another quote, I guess, regarding the line item on SaskPower bills: "We are obligated under the existing federal legislation to begin collecting it, and so it will show up on the bills for the month of April."

Now we know SaskPower's not selling fuel to an end-user, so it's not part 1. Unlike SaskEnergy, you're not bound by part 1. So what are you referring to saying that SaskPower's obligated under the existing federal legislation to collect as of April 1st?

**Hon. Mr. Duncan:** — So the standard is in place for the calendar year of 2019. We have to make a payment to the federal government no later than June of 2020 to pay for 2019. So we're under an obligation to make a payment. It really doesn't matter whether we collect all the dollars on June 1st of 2020 or we start collecting in April, or we could have started collecting in January, but again I think I went through why that was not going to be feasible. So we're under an obligation to make a payment to the federal government to account for the 2019 calendar year.

**Ms. Sproule:** — Yes. I think, Mr. Minister, the line you said though was, "We are obligated . . . to begin collecting it." Was that true?

**Hon. Mr. Duncan:** — Well I think we're obligated to make a payment no later than June of 2020. My point is I'm not sure how we go to the ratepayers of SaskPower on May 30th of 2020 and say, tomorrow we need to write a cheque for \$58 million, so everybody pay up. We took the position that there is only one source of revenue for SaskPower. That's the ratepayers. And so it made sense to collect on a monthly basis beginning in April to spread it out over as many months of the year as possible.

**Ms. Sproule:** — I can see the sense of that, Mr. Minister, but you actually stated that you were obligated to begin collecting it, and I think that may not be entirely the case. Maybe an unfortunate choice of words. I don't know. But it may be a bit misleading to suggest that you were obligated to begin collecting it.

**Hon. Mr. Duncan:** — Well we're obligated to make a payment. I don't know how you make a payment if you don't collect.

**Ms. Sproule:** — So under part 1 of the legislation, farm fuel is exempt from the carbon tax on regulated price. SaskPower is not bound by part 1. So you had said on April 1st that the exemption for farming doesn't apply to your power bill. Can you explain . . . I can read the quote. You said:

The federal government had been saying all along that farming and agriculture may be exempt from the carbon tax, and while that may be true on a very narrow basis, meaning farm fuel, that exemption doesn't apply to your power bill.

So what exemption are you referring to there?

**Hon. Mr. Duncan:** — I think I'm referring to the fact that farmers pay power bills. And so they are not exempt on their power bills from paying the carbon tax. They may, in a very narrow way, be exempt on farm fuel or their dyed diesel or purple diesel or whatever it's called these days. But that exemption does not extend to the consumption of electricity on their farm, in which everybody is paying.

**Ms. Sproule:** — Okay. I think we've . . .

**Hon. Mr. Duncan:** — Sorry, Ms. Sproule, just to further that, I think the point I was making is that the federal government has been going around saying that farmers are exempt from the carbon tax. That's just not the case.

**Ms. Sproule:** — Of course that would also be under your heavy emitter scheme which has a price, I think, of \$20 a tonne for the heavy emitters. Farmers purchase fertilizer from those heavy emitters, and I'm trying to think of who's all on the list, but certainly they're not exempt from that either then, is what you're saying, even from your own carbon tax that you've imposed under Prairie Resilience.

**Hon. Mr. Duncan:** — I think, Mr. Chair, we're straying a little bit far from SaskPower estimates, but we do have Environment estimates tonight. I'll just say this, that what we've proposed as a part of Prairie Resilience is flexibility for heavy emitters within our system, that there is the ability to pay to a technology fund,

but there are other ways to ensure that they are protected from a competitive basis.

One of the ways and one of the differences between our plan and the federal plan is one of the ways that heavy emitters can avoid paying into the technology fund is just to reduce their emissions. That's not the case, as SaskPower has been able to demonstrate that SaskPower already is well under way to reducing their emissions by 40 per cent, and yet they still have to pay the federal carbon tax. So I appreciate the opportunity to explain the difference between our plan and the federal plan.

**Ms. Sproule:** — Then you are to submit the money you're currently collecting in June of 2020. Where do you submit it to? Like which ministry would be collecting that?

**Mr. King:** — I believe it's going to be to Environment and Climate Change Canada.

**Ms. Sproule:** — Thank you. Just moving on after an hour. Thank you. Talking now a little bit about the coal equivalency agreement. I guess I've asked this already, but has the agreement been signed by yourself, Mr. Minister, and the Minister for the Environment?

**Hon. Mr. Duncan:** — Yes, it has.

**Ms. Sproule:** — When was that?

**Hon. Mr. Duncan:** — I signed it on Friday and I think she signed it the day before or two days . . .

**A Member:** — May 2nd.

**Hon. Mr. Duncan:** — She signed it on May 2nd and I signed it on May 3rd.

**Ms. Sproule:** — Great. That's good news.

So the Shand power station has to shut down in 2030 instead of the original 2042 date. You had announced earlier that you were still looking at a carbon capture, storage, and utilization retrofit if that would allow it to continue operating past 2030. We know the decision isn't expected for a while, but is there any update on that review?

**Mr. Marsh:** — On the Shand power station specifically, we've been aware of a study that the knowledge centre has been pursuing, together with a company out of Japan, which is indicating some promising improvements in the overall carbon capture technology. So we haven't received the final report, and when that final report is received, we'll be able to make a better economic assessment as to whether we'll be able to proceed with carbon capture.

Again we don't expect to be making those decisions for the next few years, and we'll make it at the earliest possible date. But the window is still open for either retiring that unit and converting it to natural gas or . . . pardon me, replacing it with natural gas, not converting it, or adding carbon capture to that facility at some point in time.

**Ms. Sproule:** — I have more questions on CCS [carbon capture

and storage], but I think I'm just going to move towards debt ratio at this point in time. Since July 2016 I think you've had three rate increases. You've actually pitched 5 per cent rate increases three times, but I believe most of those, if not all, were dropped to 3.5 per cent by the rate review panel. And I think just in October you announced you're not planning on applying for a rate increase for the '19-20 fiscal year, but your debt ratio is still quite close to 75 per cent. So I'm just wondering how you can afford no rate increase this year.

**Mr. King:** — So in terms of our debt ratio, we've seen a continual drop in our debt ratio since it peaked in '16-17 at 75.5 per cent. It fell to 74.9 per cent at the end of last fiscal year. And while this year's fiscal year isn't complete, forecasting is going to be at 74.1 per cent. So right now we are able to manage our debt-to-equity ratio in a positive manner without going to additional rate increase this coming year.

**Ms. Sproule:** — That moves us into equity stripping. In this year's budget, Crown Investments Corporation is being asked to provide an equity repayment of \$100 million. I spoke with CIC [Crown Investments Corporation of Saskatchewan] last week about that equity repayment, or however you want to call it, stripping. So they gave us some figures in terms of that \$100 million, and I'm just wondering . . . We didn't get a clear number from SaskPower how much of that \$100 million is an equity repayment that SaskPower is making to CIC. So can you share with the committee what you expect your equity repayment will be to CIC in '19-20?

**Mr. King:** — Okay. So from what CIC has directed us, and we were making an equity repayment of \$34 million as of March 31st, so that's already been made. And then we have a second equity repayment that we're potentially going to make, we're planning to make, on March 31st of 2020 of \$33 million.

**Ms. Sproule:** — So the one for 34 million in the past fiscal year was not part of the budget that the government produced last year. Is this something that you had been in discussions with CIC for some time? Or when did you decide to provide CIC with that payment for the previous fiscal year?

**Mr. Marsh:** — Ms. Sproule, when it comes to end-of-year payments through CIC, these discussions usually don't happen until the very end of the year. For example, dividends over the past number of years. Depending on the net income of the company, a decision will be made at that year-end time and the direction is given. As a Crown, we follow that direction. So whether it's a dividend payment, in this case an equity repayment, we go through the process of making that happen.

**Ms. Sproule:** — So basically you do as you're told by your parent company.

**Mr. Marsh:** — On those particular instances, yes.

**Ms. Sproule:** — And do you know why . . . Obviously the government hasn't taken a dividend from SaskPower for many years. Except in 2013 or somewhere around there, there was a \$120 million dividend payment. Does it impact your finances at all if they choose a dividend, if CIC chooses a dividend over an equity repayment?

**Mr. King:** — There's no significant difference to us. It's all coming out of our equity.

**Ms. Sproule:** — So why would they do it differently this year? Do you have any understanding of why it's been taken as an equity repayment rather than a dividend?

[16:15]

**Mr. King:** — I don't know that. That would be a question for CIC.

**Ms. Sproule:** — No, they said it was a question for you. I don't have the quote from the minister, but he felt this was something I should be raising with SaskPower. I just want to read a quote from the CIC Chair. Yes, okay, I think I'm good on that.

I guess the only question, there is one question arising out of that, is why would CIC make this payment? However it's characterized, this is, you know, \$67 million that's coming out of SaskPower's cash flow or available money. And we know you have an infrastructure maintenance issue. So when CIC said to you, give us that money, did you say, sorry, no, we need it for infrastructure maintenance?

**Mr. Marsh:** — No. I think if you go back in time though, the last time a dividend was paid was 2012. Since that time, we've had periods of high capital expenditure. And we took the position, and I think we've made this point in committee before, that we opted to take less net income and keep rate increases as low and as moderate as we could, so between 4 and 5 per cent in that 2013, '14, '15, '16 period.

We're now achieving close to our return-on-equity target. We have more net income this year than we've had in the previous four or five years. It was an opportunity. This happens in the Crown sector and it's just the normal course. And that's why we've been allowed to use our net income without any dividends for the past five years because of our capital program and because of our focus on infrastructure.

**Ms. Sproule:** — Thank you. Just going back to debt ratio, I just have one more question there. Your projections in your '17-18 annual report were that for '18-19 it would be 75 per cent. I believe you came under 75 per cent. And then your '19-20 projection was 74. Is that still your projection going forward into this fiscal year?

**Mr. King:** — For '19-20?

**Ms. Sproule:** — For '19-20, and then I guess '20-21 as well. You'd have a projection for that.

**Mr. King:** — So right now our debt ratio is around 74.1 per cent at the end of '18-19. And for the coming fiscal year we're looking at about 73.6 per cent. That's what we're forecasting.

**Ms. Sproule:** — Do you have a forecast for '20-21?

**Mr. King:** — Yes, 72.2 per cent.

**Ms. Sproule:** — That's the right direction. Okay. Moving on, SaskPower outages. As you know, in late November, early

December there were some very large outages, even up to 200,000 households that lost power during the height of the blackout. It was the largest outage since 1981 and there was a comment made in the media that this was because of frost.

I know, Mr. Minister, we discussed this in question period as well, but there was a quote from Robert McCullough, who is from the States, 40 years of experience consulting for North American public utilities. And his quote was, about the frost, he said, "Frost doesn't cascade up to a region-wide outage. The system should be resilient to handle frost." So my question is, does SaskPower still maintain that frost was part of the cause of this outage? And did it cause the cascading effect?

**Mr. Marsh:** — Ms. Sproule, frost was absolutely the reason for this outage. I think if you look at all the Environment Canada reports for southern Saskatchewan, southeast Saskatchewan for the week prior to that outage, which occurred on December 4th, there was a tremendous amount of humidity in the air, just around the freezing mark. We had a buildup of what's called rime ice on the structures and on the shield wire and the conductor wire on our transmission facilities. Over a period of a number of days, it began to grow. That creates a significant weight on a span of wire. Several hundred if not 1,000 pounds of ice on a line eventually tears that line down. We had over 30 transmission structures affected by this rime ice and this frosting that occurred, and that took out a large number of the shield wires in southeast Saskatchewan, which resulted in those shield wires dropping down into the conductor.

The shield wire is the wire at the very top of a transmission line that is there to take the lightning hits in the summertime. And it's not a very large wire but it can build up with ice. And when you have a conductor the size of my finger and you have this amount of ice on it, that's a significant amount of weight. And that is what happened.

I do not know this individual from California, but maybe he should spend some time in Canada and experience it. I will say that it's not uncommon that we have frost and rime ice build up, but typically it only occurs for a day. And when the sun comes out on a Saskatchewan day it'll melt off and there is no outage. And we don't get significant buildup because it's very small.

In this particular case, we had a weather pattern that hung in for well over a week that resulted in this significant outage. I think the important point is that our crews, the contractor crews, we all worked very hard that day to restore power to the province.

**Ms. Sproule:** — No, there's absolutely no question that the crews worked diligently, and I think people are very, very thankful for the work they did. In terms of this unusual weather pattern, is there now some provisions being made within SaskPower to deal with this if it happens again? Is there any way to sort of prepare for this extended weather pattern where we see a lot of disruption in weather these days? So what are the plans for this if it does happen again? Are you treating it as a 1 in 1,000 year event or 1 in 500 years? What's the plan going forward?

**Mr. Marsh:** — Well I think there's two ways we're addressing it. Number one, being prepared for this eventuality, taking advantage of weather reports and perhaps further inspections to understand how this is growing rapidly out in the field in the days

leading up to a major event. But more importantly, every time we upgrade infrastructure in the province, whether it's distribution or transmission, we are adding an element of hardening or resiliency to the grid. So we'll be installing stronger structures. We'll be installing little heavier gauge wire and conductor, for example. Using different structural components, which not only, you know, mitigate against ice but also against high winds which occur in this province quite regularly, winter and summer.

As you know, we've had a number of outages resulting from summer storms and tornadoes and plow winds and things like that. What we're experiencing is a large number of weather events unlike we have seen in the past decades. So as these grow we have to be mindful of that. We have to make sure we're investing our dollars wisely and hardening the grid certainly in priority areas so that we can mitigate against most of the weather that comes at us. But of course you can never guarantee that mother nature will not throw something at you that you can't deal with.

**Ms. Sproule:** — I know when we talk about flooding, there's that 1 in 1,000 year risk or 1 in 500 year risk. Do you look at these kinds of weather events in that kind of way? Like do you calculate how often you expect something like this to happen?

**Mr. Marsh:** — On flooding you're correct. That's kind of how we look at it. Some of these storms, we don't look at it quite that way. And when you have two 500-year events within a few years, you know, it begins to be suspect. So we look at the latest standards in the industry, the latest technical and engineering standards that are needed for our line design work in all facilities that are above ground, and underground for that matter. And we look at improving that with devices and with higher standards going forward.

**Ms. Sproule:** — If I recall correctly, Mr. Minister, you in the House had indicated it wasn't frost, that it was dust. Do you remember the conversation we had then?

**Mr. Marsh:** — Sorry, that was a different outage and that was related to what we call a contamination issue on the insulators that support the conductors on the transmission lines. And what happens in our climate, of course, especially in the spring, you have a lot of dust in the fall time, you have freezing conditions in the wintertime, you have rain that can have contamination in it, and you get what's called tracking on the insulators, and contamination. And that causes an arc or a flashover between the conductor and the structure itself. And we can have pole failures. You can have fires on the poles. It typically occurs in the spring. We always look forward — in other utilities this occurs as well — look forward to a good spring rain to help clean things off and make sure we can run through the summer.

**Ms. Sproule:** — Just wondering in terms of the December 4th outage, did you submit an outage report to the North American Electric Reliability Corporation?

**Mr. Marsh:** — I believe that has happened, yes.

**Ms. Sproule:** — Do they agree with your assessment that it was caused by frost?

**Mr. Marsh:** — I don't know if we've had a response. We can

check on that, but I would assume they would have.

**Ms. Sproule:** — I think one of your officials is . . .

**Mr. Marsh:** — There's been no formal acknowledgement, but certainly a verbal one.

**Ms. Sproule:** — Okay. Would it be possible to table their response to you?

**Mr. Marsh:** — If there is one, we could do it in this instance, I believe.

**Ms. Sproule:** — And the audit report itself?

**A Member:** — Yes.

**Ms. Sproule:** — Okay. Thank you. Auditor, she identified that in '17-18 you did not have resources to do maintenance on your equipment. That was assessed as high or very high priority. I know we will have an opportunity to speak about this when the auditor is here, but I'm just wondering what kind of risks or outage frequencies are exacerbated by this lack of prioritizing maintenance.

**Mr. Marsh:** — I'm just going to make a couple of comments and then I'll ask Tim Eckel to step in. First of all, the December 4th outage was on the transmission grid which is the high-voltage system in the province, so 138 000 volts and above. The auditor's report was on our asset management system or program for our distribution assets, and that's on our 25 000 volt and below. So every time you drive down a highway — Highway 11, rural Saskatchewan — you see poles with three lines on it. They're about 35 feet high. That's our 25 kV or 25 000 volt system.

So that's the distribution grid and that was the focus of the Provincial Auditor's report concerning how we were doing against what we planned to do and how the information that we use to make decisions are kept.

So I'll ask Tim Eckel, who's our VP of asset management to maybe explain what happened and what's been done about it.

**Mr. Eckel:** — Okay. Yes, the auditor did review our practices for our overhead assets. She made some recommendations which we agreed with, and a number of them which we have already implemented and have processes in place. We've also expanded it to our underground assets to ensure that we're taking the same view of those assets.

I guess the thing to keep in mind was the auditor did identify that our practices for wood poles, which is our largest and most important asset for overhead assets, she felt was mature and we were assessing risk well. So since that time we did a risk assessment of our seven other assets, which we feel are the vital ones for overhead. And we've started implementing practices on how we're going to, you know, ensure that everything's prioritized, that we document things if for some reason we change practices.

**Ms. Sproule:** — Thank you. Just recently we had an announcement from SaskPower regarding consolidation of your Regina operations from 13 locations down to six over the next

few years. Can you share with the committee what's the plan? What are those six locations? We've discussed this in the past but GTH [Global Transportation Hub], I think you have 140 acres there? But you had mentioned you may be downsizing that. So is that part of the plan?

**Mr. Marsh:** — Certainly. We made an announcement a couple weeks ago regarding what we call our Regina properties strategy as we go forward. You're correct. We have 13 sites in the city. We have had people and equipment in over 20-some buildings in the city for a number of years. We lease some of those properties. We own some of those properties.

[16:30]

The issue now is really to get consolidated into fewer spaces so we don't have people spread out around the city. It's a much more efficient way to operate a business, as you can appreciate. And over time we have just, in keeping up with the growth in the economy in Saskatchewan over the last 10, 15 years, we have now in excess of 3,200 employees in the company. Sixteen hundred of those are in Regina.

So what we are doing, we made the announcement that we're purchasing a building on 2101 Scarth Street. That building is known as the Affinity Credit Union building. We are buying that used building, I think it was built in 1958. We'll be renovating that building. Together with the renovations that are now occurring at head office on a two- to three-floor at-a-time basis, will allow us a downtown footprint, will allow us to exit out of the leases that we do have with other commercial property owners and for some of the facilities in north central Regina on 6th and Lorne. We have our fleet building. We have our warehousing operations. We have a couple of other buildings there as well. Those will be the first buildings that will then move out to the GTH once we begin work on what we call phase 1 of GTH.

Appearing before the committee in the past, there were questions about why haven't we started moving on that. We took the position in 2015 during a period of restraint, and we had to rationalize a lot of our capital spending, that we would defer any construction out at the GTH until we had a more solid plan. We went back to the drawing boards and developed a phased approach. That way we can go ahead with phase 1, 2, or 3. If we decide we don't need phase 3 at the end, we may only have phase 1 and 2, just depending on how the growth of the company and the needs look at the time we need to make that decision.

So we're starting phase 1 about \$67 million dollars, which includes some engineering work and site-planning work that will identify the footprint that we're going to need, the location of the buildings. And it will not be one big structure. It will be a number of buildings on that site out at the GTH.

And yes, if we don't need the 140 acres at the end, we may sell or sell back to the GTH or sell to another company any property that we don't need. That decision hasn't been made today, and that will probably be made kind of in the next few years as we make a decision on the second phase. And then our footprint will be a lot more solidified by that point.

**Ms. Sproule:** — I can't remember if we've discussed this or not,

but in your purchase agreement with the GTH, when you do sell land, do you have to sell it back to the GTH or are you able to sell to a third party vendor or purchaser?

**Mr. Marsh:** — You may be correct. We may only be able to sell to the GTH, so we will confirm that and get back to you.

**Ms. Sproule:** — Thank you. Noted for the committee. Your bargaining process with the International Brotherhood of Electrical Workers, can you update the committee on that?

**Mr. Marsh:** — All I can say, we continue to be in negotiations with the IBEW [International Brotherhood of Electrical Workers] Local 2067 on a collective agreement with SaskPower. There has been a period of time now where there has been no agreement. I believe it was December 31st, 2016 was when their agreement expired. We continue to be at the table with them, but we do not have an active memorandum of agreement or ratification by the membership on any tentative agreement as yet.

**Ms. Sproule:** — I'm just wondering if you have a contingency plan for a strike. I don't know when they would be in a strike position, but maybe you could share with the committee when will they be in a position to strike, and if so, what would be the contingency plan for the ratepayers?

**Mr. Marsh:** — You know, any decision like that would be up to the union. I think I would have to leave it to a question to the IBEW to answer that one definitively. I think it's safe to say that they are looking at executive elections in the IBEW in June, end of May or June. I would expect, you know, the outcome of that election will determine their course of action. So I cannot speak for dates for what they might . . .

**Ms. Sproule:** — Do you know when they would be in a position to strike, under your collective agreement with them?

**Mr. Marsh:** — Well I think they would have to follow the standard process, which is serving the company with notice, 48 hours notice, and then they would be in a legal position to actually strike.

**Ms. Sproule:** — So it could be within 48 hours then. That's all the notice you would get?

**Mr. Marsh:** — That's true. I think that's the same with most agreements. Yes, again they would have to take a strike vote before they get to that point. So there's another process they would have to go through.

**Ms. Sproule:** — Okay. Thank you. We talked last year about the construction of Chinook power station. You were hoping to have it online for the winter of '19-20. Is that still on track?

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**Mr. Marsh:** — It's still on track for the winter of '19-20. We plan to have that unit operational in November.

**Ms. Sproule:** — All right. When we spoke last year about rate increases, Mr. King, you had indicated that you would be going through a governance process with your board last summer to decide on future rate increases. I think you indicated there won't be any, but can you confirm that again for the committee?

**Mr. King:** — Yes, there's going to be a zero per cent rate increase for this coming fiscal year.

**Ms. Sproule:** — Thank you. We talked a little bit last year about the way you report in small power producers in terms of the exemptions under the payee disclosure report. And you were going to double-check, and I think you may have responded partly to this in your letter in September, but you were going to double-check about grouping them into a single group and therefore keeping the numbers smaller in terms of the disclosure exemption in part G of the payee disclosure report. I don't know if you recall that conversation, but I'm just wondering if you do group them into a single group, and how many are grouped into that single group?

**Mr. King:** — Just give me one moment here. There's about 16 contracts that are grouped into that amount.

**Ms. Sproule:** — And I think you suggested that that was to keep things simpler, but really why wouldn't you have the total number of people that the policy doesn't apply to?

**Mr. King:** — There's no real reason. I don't think it's something that we're withholding. The reason those ones aren't is that the policy itself specifically doesn't apply to these PPAs [power purchase agreement], and that's why they're exempted. But I think noting that there's 16 is not an issue.

**Ms. Sproule:** — Okay. In that payee disclosure report under part G, you make a reference to minute no. 23. And I had to bother our Clerk to find out where minute no. 23 is and she provided me a minute no. 23 that was actually more recent, a few years ago. This actually, apparently, came from September 29, 2005. So there are more than one minute 23, so you might want to put the date just so I don't have to bother our Clerk about that very minute, minutia thing.

Maybe we could move to CCS now. I was looking at your most recent report online, and I believe that was from March 2019. It looks like your 12-month average is, I think — it didn't print very good — 43 820 tonnes of captured carbon dioxide. Is that correct?

**Mr. Marsh:** — That's approximately correct. Yes.

**Ms. Sproule:** — It's a 12-month average, but you show 13 months on the chart on your report. And I'm just wondering what 12 months that refers to. Yes, because you've got March to March, which is 13 months.

**Mr. Marsh:** — I'm not familiar with that. We'd have to look at that carefully.

**Ms. Sproule:** — Okay. I don't think that's critical for me. Basically what my question is, I know you were hoping to average about 80 000 tonnes a month. Is that your target for when it's operating fully?

**Mr. Marsh:** — Slightly less than that. We had set a target — as you recall, three years ago actually — to achieve 800 000 tonnes. And we hit that in a running year, not exactly in the calendar year. That was 2016, we had 792 000 tonnes captured. 2017 was 507 and 2018 was about 626 000 tonnes. So the second-best year on

record, but certainly didn't achieve the 800 000.

Now we did have a significant outage last summer, if you recall. We had a storm, a tornado actually, in the Boundary dam area, which took out that power station and resulted in the loss of the power plant and the carbon capture facility for a period of time.

**Ms. Sproule:** — I think for the first quarter of this year it looks like you are under 60 000 per month. So if we take that and extrapolate 60 000, you won't hit 800 000 this year either, then. Or is your hope that you will hit 800 000 tonnes this year?

**Mr. Marsh:** — No, we probably will not hit it. But we're certainly trying to . . . Once the unit comes back online, which is supposed to be back online today after a maintenance outage this past month, again we work to optimize that plant and try to achieve as much production as we can for the offtaker's requirements.

**Ms. Sproule:** — I think your current offtaker, Whitecap, is the only one. You had talked about trying to find other offtakers. Has that gone anywhere in the last year?

**Mr. Marsh:** — There has not been any other offtakers secured in the last year.

**Ms. Sproule:** — Yes, that's one of my questions about Shand and perhaps Poplar River. I guess Shand would be the biggest consideration for carbon capture. Is there an oil field near Shand that you would be able to seek out an offtaker?

**Mr. Marsh:** — Shand is very close to Boundary dam, so it's very close to the same pipeline. That infrastructure would be relatively easy to put in place, and certainly the oil fields in the southeast part of the province are in that proximity.

**Ms. Sproule:** — Okay. In terms of Whitecap, did you pay any penalties to Whitecap in '18-19? And I guess, how much did you pay?

**Mr. King:** — So I was going to give to you in a couple of parts here. So we had a shortfall payment of \$3 million for the year, and with \$13 million of revenue for a net of 10.

There is a separate payment that we're potentially going to have to make based on an outage that we had in June. So there was a storm that occurred in June that took not the carbon capture facility but BD3 [Boundary dam 3] off-line for two months. And as a result of that outage, we potentially have an additional shortfall of \$4.9 million. And if it's proven that we have that 4.9 million of shortage to pay, about 3.2 million of it will be covered through insurance, so for a debt of about 1.7 million additional shortfall, depending on the conclusion of that investigation.

**Ms. Sproule:** — Yes, I think the last time we spoke, you indicated that you were hoping it would be recognized as an act of God and that it wouldn't . . . So you haven't resolved that yet then.

**Mr. King:** — That hasn't been finally resolved yet, yes.

**Ms. Sproule:** — I know also there's a potential lawsuit with SNC-Lavalin. Can you update the committee on the status of that



litigation?

**Ms. Verret Morphy:** — Rachelle Verret Morphy. We're currently in a legal proceeding with SNC-Lavalin, and we can't comment further on it at this time.

**Ms. Sproule:** — Right. So I think statement of claim and statement of defence have been filed. Is there any other documents that have been filed with the court?

**Ms. Verret Morphy:** — As per the agreement, it's proceeding through a confidential arbitration process.

**Ms. Sproule:** — Thank you very much. Aquistore, I remember reading somewhere that SaskPower actually owns part of Aquistore. Is that correct?

**Mr. Marsh:** — SaskPower owns all of Aquistore.

**Ms. Sproule:** — Currently how much carbon are you storing at Aquistore? Or can I say over the last . . . in 2018?

**Mr. Marsh:** — We don't have exact information. I can tell you it's approximately 200 000 tonnes has been stored at Aquistore since that facility first started taking the carbon dioxide. We can get you information on how much has been sequestered through Aquistore.

[16:45]

**Ms. Sproule:** — Thank you. Maybe on a monthly basis for 2018 and, I suppose, as far as you can go for 2019. I will bring it up again the next time we meet.

Are there situations in the last year where Whitecap indicated they did not want to offtake, and so you would have had to put it in Aquistore?

**Mr. Marsh:** — Well we're not aware of any. They've certainly elected to take or nominate the amounts they want to have delivered each day. So that's what we comply with. That's their nomination amount, so we would produce enough CO<sub>2</sub> to meet those requirements. And they in many times don't meet the maximum capacity of the plant. So that's why we have some excess on some days to put into Aquistore for the sequestration underground and also for all the monitoring and data acquisition that's occurring through PTRC [Petroleum Technology Research Centre] on that facility.

**Ms. Sproule:** — So it's on a daily basis that Whitecap makes its order, basically?

**Mr. Marsh:** — I believe it's a weekly nomination, and they would nominate an amount that we are then obligated to produce.

**Ms. Sproule:** — Way back awhile ago, we talked about I think the capacity would be of the plant, CCUS [carbon capture, utilization, and storage] plant, would be actually a million tonnes a year, was I think what you had originally advertised. Then you indicated that your goal would be 800 000 tonnes a year. And the discussion was, it's not that you can't produce a million tonnes a year, but you choose not to because you don't have the offtaker taking more and you haven't found another offtaker. But in terms

of reducing emissions, will there ever be a situation where you think the plant would be operating at optimal production, I guess is the word, and then would store all that excess that the offtaker isn't using in Aquistore, the deep underground storage?

**Mr. Marsh:** — Yes, those statements were made. I think that this facility would produce a million tonnes. I think we've come to realize that the actual achievable capacity is going to be closer to, achievable maximum capacity, will be closer to 800 000 tonnes. When you take the outages on the power station and then you take the outages on the carbon capture, some of them don't line up. So that means if one or the other isn't working, then you're not capturing any carbon.

And so we've set targets of about 800 000 tonnes annually. The offtaker has elected to not request as much as that, so that's one reason why we're not producing. And again, you will see in the blogs, and we want to be totally transparent about this. We continue to manage the amine issue there and that has resulted in some loss of capacity. We can still meet the 800, but a combination of these things are just resulting in us not getting to that 800 000 each and every year.

**Ms. Sproule:** — And I guess we should confirm for the committee that the 1 million tonne figure is no longer a viable figure and that 800 000 tonnes is a more viable maximum capacity.

**Mr. Marsh:** — If that plant could run at peak capacity 24/7, 365 days a year, a million tonnes is the theoretical capacity. The practical capacity is, we have to take in account the outages that occur, the maintenance requirements on those two facilities together, and that brings us to the 800 000 number.

**Ms. Sproule:** — Which has only been reached in one year of operation.

**Mr. Marsh:** — Only been reached in one year.

**Ms. Sproule:** — Yes. I want to talk a little bit about — we don't have much time left — a blog that you guys put out, if I can find it, regarding the small power producers. I have to see if I can find it. I'm sorry. There were two. I'm having trouble finding that actual blog. I'll keep looking for it. But when we talked about flare gas power generation projects, there was two that came into operation in '16-17. Kineticor flare gas power project came online in Shaunavon in March of 2016. When I looked on your blog and you listed all of those, Kineticor is no longer listed, so I'm just wondering if it's still in operation or why it's not listed as a flare gas power generation project on your blog.

**Mr. Marsh:** — I'm afraid we don't have the answer to that, but we'll undertake to get an answer to that question for you.

**Ms. Sproule:** — All right, thank you. I did find the blog. It was February 15th, 2019, and in that blog you've listed the successful renewable generation applicants and also the successful carbon-neutral generation applicants. And maybe that's a misunderstanding on my part, because would the flare gas projects be included in the carbon-neutral generation list? Is that considered . . .

**Mr. Marsh:** — Yes, that's the purpose of the program, is to take

advantage of flare gas reductions and help reduce, take carbon out of the atmosphere.

**Ms. Sproule:** — So back in — when did you guys give me this information? — I think it was September. Yes, you had indicated there were two flare gas projects, which was Kinetitor and the other one is Teric Power near Kerrobert, which came online in August 2017. As of February 2019 there seems to be many more that are listed. Are all of these applicants up and running yet? Or how many of them are up and running?

**Mr. Marsh:** — The ones on that list that you're looking at, none of them are operational yet. They've just put a proposal into the system, and I think their dates will be over the next year to two as they get their projects developed.

**Ms. Sproule:** — So the ones that are in existence would be in addition to these applicants that are on the list. So as far as you know then, there's only two that are up and running right now. Is it Teric and Kinetitor?

**Mr. Marsh:** — I believe so. Again we'll confirm that.

**Ms. Sproule:** — And do you know of any more coming on stream in this fiscal year?

**Hon. Mr. Duncan:** — I think the plan is to . . . So the two existing projects were, I think, prior to putting in place a power generation program for the industry. I think there's more and more interest from the industry to try to use some of their waste gas for the purposes of electricity, and especially as, I think, more regulations are coming from Energy and Resources around issues of venting and flaring. So I think SaskPower saw, I think, the wisdom in partnering with the industry to try to bring on some more generation. So the two would have been prior to the program.

Then a formal program was created, and my expectation or my understanding is that these were the successful applicants through the late 2018 intake of the program. I don't have the list in front of me, but I think there were more applicants than we had because we put a cap on the program. It would be in here somewhere, but I know we essentially reached that cap on the first year. So it'd be my expectation that there will be another intake later this year for a late 2019 or early 2020 likely announcement for adding additional generation.

**Ms. Sproule:** — Of the successful applicants — I think it's called the power generation partner program — are any of these being managed through the First Nations Power Authority?

**Mr. Marsh:** — We have a set-aside agreement with the First Nations Power Authority for, I believe, 20 megawatts of flare gas. Those projects are not moving quite yet but they are certainly in development and we expect to see something on these in the next year.

**Ms. Sproule:** — Have they identified which companies they'll be working with yet, or is any of that public?

**Mr. Marsh:** — Well I believe there was an announcement a year ago at the university. We had Flying Dust First Nation and a company out of Alberta is the actual developer of the flare gas

project. And I'm not sure where they are in terms of their development cycle. I haven't had an update recently.

**Ms. Sproule:** — Flying Dust has some land in the Estevan area or Weyburn area, yes. All right. Whitecap has been successful in applying; it looks like they're going to do 5000 kilowatts, which would be 5 megawatts? Or 50?

**Mr. Marsh:** — 5000 kilowatts? That's 5 megawatts.

**Ms. Sproule:** — Five megawatts.

**Mr. Marsh:** — Yes.

**Ms. Sproule:** — So is that in the same oil field where they are currently offtaking?

**Mr. Marsh:** — I don't know the specifics.

**Ms. Sproule:** — Don't know.

**Mr. Marsh:** — We would have to get that detail.

**Ms. Sproule:** — That's fine.

**Mr. Marsh:** — I've just been advised it's near Coleville, Saskatchewan, which is near Kindersley. So it's in a different location. Yes.

**Ms. Sproule:** — Thank you for that. I'm getting close to the end, but I still have more questions. Last year I had asked about Westmoreland Coal and whether they were self-bonded, and you had undertaken to provide the committee with that information. You did give some information, but it wasn't about whether they were self-bonded. So I'm just wondering if I could revisit that and ask you to provide that information to the committee.

**Mr. King:** — Just to be clear, whether they're self-bonded?

**Ms. Sproule:** — Yes.

**Mr. King:** — Okay.

**Ms. Sproule:** — That was your September 18th response or September 10th, I think. But it didn't fully answer that question.

**Mr. King:** — Okay.

**Ms. Sproule:** — I'll skip that one for now. Cansolv and the test facility, can you just update the committee on the work that Cansolv is doing right now at the test facility and how it's facilitating your development of future plans for CCS?

**Mr. Marsh:** — Okay. Cansolv was using the facility in 2018. They are no longer in the facility. That facility is now being used by SaskPower engineering teams that are also looking at, again, some technical issues around carbon capture. So Cansolv was there for the better part of 2018, but are no longer on site.

**Ms. Sproule:** — I think when we spoke, you were hoping that some of the work that they were doing, the engineering work that they were doing would be helpful with the amine technology. I may be misrepresenting that. Yes, you said, on June 27th:

Cansolv is the tenant . . . and they continue to conduct tests to improve obviously the amine, the entire amine process. And until we have a clear indication of how long this condition may exist at the plant, then we may look at such an action. But right now we have not.

So I was asking about whether you would get money back from them if the amine wasn't working properly. But were you able to . . . Like what is your relationship with Cansolv?

**Mr. Marsh:** — With respect to Cansolv, the agreement that we have with them, we'd buy the amine through Cansolv and it's, of course, a proprietary amine that we're using. The work that they did at the carbon capture test facility is kept by Cansolv.

[17:00]

I believe there's been some information shared with our teams and every piece of this continues to enhance the learnings and understanding about the technology, but I can't tell you that everything they did resulted in 100 per cent improvement, no.

**Ms. Sproule:** — I have time for one more question, and I wanted to ask . . . We had talked about the knowledge centre, International CCS Knowledge Centre. I believe there were six companies that you gave me the names of that were contracted to be there, but I had also asked if we could look at the agreements, the MOUs [memorandum of understanding] that you signed, and they weren't yet available in September when I asked you. So I'm just wondering if those agreements, if you've now been able to arrange for providing those agreements to the committee.

**Mr. Marsh:** — Ms. Sproule, are you referring to the MOU signed between the knowledge centre and other entities?

**Ms. Sproule:** — Oh boy, I've got to find this again.

**Mr. Marsh:** — If that is the case, of course, that's the property of the knowledge centre. We do not have access to those MOUs.

**Ms. Sproule:** — Yes, I think the minister had said that he would check with the knowledge centre. That was in May.

**Mr. Marsh:** — We can see what the latest status is on what MOUs might be available for release. I'm not sure that any will be.

**Ms. Sproule:** — Understandable. Thank you for that. Thank you very much, Mr. Minister, and officials. I believe I have no more time left, so I just want to thank you for, as always, a very good discussion. And again, I think SaskPower is definitely my favourite Crown, so thanks for all you do.

**The Chair:** — Seeing no further questions, we will adjourn our consideration of the lending and investing activities for SaskPower. Mr. Minister, do you have any closing comments that you care to make?

**Hon. Mr. Duncan:** — Just really quickly, Mr. Chair, I want to thank the members of the committee and yourself, and Ms. Sproule for questions. Just to, at the risk of correcting Mr. King, the payment is made to the Minister of National Revenue, not to Environment Canada. Sorry about that. And I'd be happy to table

some pictures from the rime frost incident of December for the committee's perusal. Thank you.

**The Chair:** — We'll have to get a tabling document number to put them before the committee.

While we're doing that, I'll just offer my thanks to the committee and certainly to Stacey and to Hansard and to everyone recording these proceedings, and thank the committee members for their work. I certainly thank you, Mr. Minister, and all of your officials. It's been a very productive afternoon and thank you for that.

Okay, we'll file those documents just offered by the minister under CCA 70-28.

I would now ask a member to move a motion of adjournment. Mr. Hindley has so moved a motion to adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's carried. This committee now stands adjourned until Tuesday, May the 7th, 2019, at 6:30 p.m.

[The committee adjourned at 17:04.]