



CCA 61-28

Tabled by Chair

Date Sept 10, 2018

SEP 10 2018

Herb Cox
Chairman
Standing Committee on Crown and Central Agencies

Dear Mr. Cox,

In our most recent attendance of the Crown and Central Agencies committee dated June 27, 2018 there was additional information requested that SaskPower officials did not have at the time. I can advise the following information has been provided by SaskPower officials:

- 1. Powerex, is that the BC company? Last year was or '16-17 was 1.8 million. Is that the lease fee then?**

The payment to Power Ex Corporation of \$1.8 million was for both electricity purchases and transmission fees. SaskPower pays an annual lease fee of about \$3 million for firm transmission in British Columbia. The fee is normally payable to BC Hydro.

However, in a separate agreement with Power Ex, SaskPower has the option to assign the transmission line lease on a daily basis to Power Ex. In return, Power Ex ensures that energy is delivered to the Alberta border on SaskPower's behalf. On the days that SaskPower utilizes that option, it pays the lease fee (plus the energy charge) directly to Power Ex.

- 2. Do you have assurances from Westmoreland about their reclamation obligations at Poplar River and Estevan in the likely event that they go bankrupt?**

Westmoreland Coal, through its Canadian subsidiary Prairie Mines & Royalty ULC, has \$14.7 million of License and Permit Bonds in place with Saskatchewan Environment. SaskPower is responsible for compensating Prairie Mines & Royalty ULC for the bond premiums related to the existing coal supply agreements. Saskatchewan Environment has the right to exercise those bonds.

3. The drop in the number of power purchase agreements that are reflected?

The number of PPA vendors in Section G in 2016-17 did decline from the 2015-16 Payee Disclosure Report. The reason for this is the number of payments to small power producers. In 2017-18, we elected to group the small power producers and count them as 1 to eliminate the fluctuations so going forward this shouldn't be an issue.

	2015-16	2016-17
PPA	12	13
SPP	14	5

4. In the Payee Disclosure report it shows that there was \$28,000 of out-of-province travel expenses for the board of SaskPower Superannuation. Could you share with the committee what were those out-of-province travel expenses related to?

In 2016, the PCSP Board Members incurred \$26,813 of costs related to out of province travel. The costs were paid from PCSP funds and SaskPower did not incur any direct out of province travel expenses related to the PCSP. A detailed summary is listed below.

Dairen Beblow		
49th Annual Canadian Employee Benefits Conference San Diego, California (November 2016)	\$	3,251
Canadian Investment Institute Vancouver, British Columbia (August 2016)	\$	2,983
Kerry Friesen		
49th Annual Canadian Employee Benefits Conference San Diego, California (November 2016)	\$	4,054
Robert Haynes		
Canadian Investment Institute Vancouver, British Columbia (August 2016)	\$	3,082
Ken Pielak		
49th Annual Canadian Employee Benefits Conference San Diego, California (November 2016)	\$	4,570
Canadian Investment Institute Vancouver, British Columbia (August 2016)	\$	3,900
Brian Ross		
49th Annual Canadian Employee Benefits Conference San Diego, California (November 2016)	\$	2,819
Canadian Public Sector Pensions & Benefits Conference Vancouver, British Columbia (August 2016)	\$	2,154
Grant Ring		
Canadian Investment Review Investment Innovation Conference Phoenix, Arizona (October 2016) - Sponsor Invitation (no cost)	\$	-
Grand Total		\$ 26,813

5. **The payment to Cansolv in the '16-17 year. Cenovus Energy received \$2.6 million on page 26. Is that in relation to the penalties, or is that another item?**

Cenovus Energy Inc. – 2,609,588.45 - CO2 shortfall payment.

6. **Cansolv was given a payment of \$13.6 million in '16-17 by the corporation. What would that have been for?**

Cansolv Technologies Inc. – 13,599,016.86 – Amine solution – BD#3.

7. **In '16-17, Sensus Canada received a \$1.5 million payment from SaskPower, and that's in the payee disclosure report. As well, Xylem Canada, which is the parent company of Sensus, received a \$155,000 payment. What was that for if you have a credit? You have a credit with them already, so why are you paying them additional money?**

Sensus Canada Inc. – 1,518,366.45 – Annual flexware software maintenance & AMI system project management fee.

8. **The Goby Law Office was provided a trust payment of \$700,000. I believe that's a law firm in Estevan. Could you tell the committee what that was for?**

Goby Law Office, In Trust – 706,616.60 – Land purchase.

9. **Miller Thomson LLP has a trust payment of \$600,000?**

Miller Thomson LLP, In Trust – 595,000.00 – Land purchase.

10. **There's a payment to Pelican Rising Ministries for \$65,000. So it's not under the grants; it's under the supplier payments. So I'm just curious what service they would've provided to the corporation.**

Pelican Rising Ministries Inc. – 64,990.00 – Land purchase.

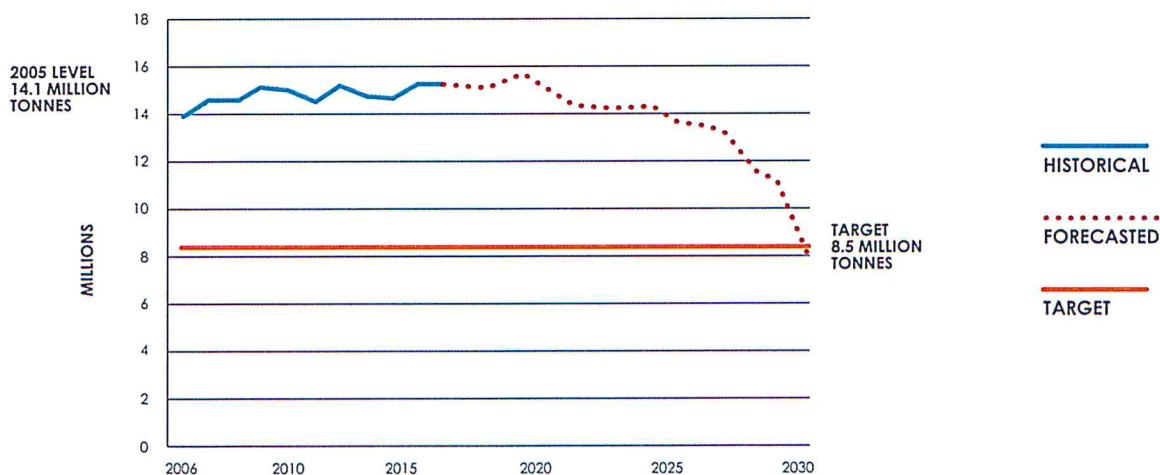
11. There's a payment to the Queen's Bench for \$132,000. If you could provide the committee with some details around that?

The payments to the Court of Queen's Bench relate to the transfer of funds as per a notice of seizure.

Aug 16 2016 Notice of Seizure	\$76,414.20
Sept 29 2016 Notice of Seizure	\$55,958.61
TOTAL	\$132,372.81

12. Do you have a figure for the emissions profile, like how many tonnes of GHG you will peak at and then what the drop will be?

Our goal is to reduce greenhouse gas emissions by about 40% from 2005 levels by 2030. You can see that our emissions profile rises slightly until 2020, after which it drops dramatically. This reflects the addition of natural gas to support the further integration of renewables, followed by the retirement of conventional coal facilities and addition of low- or non-emitting generation sources.



13. The tender for the thermal reclaimer, is this related to degradation of CO2 amine solution or SO2 [sulphur dioxide] amine solution or both? Is that done altogether?

The thermal reclaimer is used to purify the CO2 amine solution and is specifically designed to clean this solution.

14. How much are you adding, having to add . . . Like what percentage of the amine has to be absolutely replaced rather than reclaimed?

This matter is the subject of contractual confidentiality and non-disclosure obligations. We have addressed the amine replacement and the costs associated with a December 16, 2016 blog.

(<https://www.saskpower.com/about-us/our-company/blog/2018/03/a-word-from-the-president-on-smart-meters-and-carbon-capture-and-storage>)

15. Has the SO₂ amine been replaced or topped up since the CCS was launched?

Yes, both have been required.

16. Who owns the thermal reclaimer?

SaskPower owns the thermal reclaimer.

17. Why would SaskPower pay for repairs to equipment that someone else owns? Is it not their responsibility to make sure the equipment works properly?

SaskPower owns the thermal reclaimer and we are repairing our own equipment.

18. What was Cansolv's original prediction in terms of the degradation of the amine?

This matter is the subject of contractual confidentiality and non-disclosure obligations.

19. There were two new flare gas power generation projects which came into commercial operation in '16 and '17. Could you provide me more of a description of where those projects are and who they're with?

A) Kinetikor Flare Gas Power Project

It is located near Shaunavon, SK and came online in March, 2016.

Kinetikor brought a new flare gas power generation process into commercial operation, providing one megawatt of electricity to the Saskatchewan power grid. The power produced is purchased by SaskPower under a 20-year agreement.

The project was initiated when SaskPower's Flare Gas Power Generation Program was launched — a program designed to help oil and gas operations reduce their environmental footprint by turning waste flare gas into usable electricity. In addition, this project will allow further research and development into the emerging technology.

B) TERIC Power Ltd

It is located near Kerrobert, SK and came online in August 2017.

The project, which was developed by TERIC Power Ltd. in partnership with Kaybob Energy Corp., uses flare gas from oil wells owned by Sphere Energy Corp. The project is contributing 750 kilowatts (kW) of electricity.

Every new project allows for further research and development into the emerging technology.

Flare gas power generation is a part of Saskatchewan's diverse generation mix.

20. Could we get copies of the MOU's signed, redacted if necessary. Is that something you could look into?

We have reached out to the CCS Knowledge Center to ask that they start the process of reviewing the MOU's with the parties involved with the intent to table copies of the documents with the Crown and Central Agencies Committee. This process may take some time to ensure commercially sensitive information is properly protected.

21. When was the exact date the agreement with FNPA and SaskPower to set aside solar allocations?

At the present time there isn't a formal agreement signed, but we've certainly been in discussions with them. The intention was, once we had received the pricing through the competitive RFP process that we would be then engaging First Nations Power Authority in a project of a similar size at a similar competitive rate, and that was the reason why it was set aside. The intention is to get a competitive rate through First Nations Power Authority as well. With the recent awarding of the Solar RFP we are about to begin the process.

22. How many provinces in Canada have the reverse metering? Are there any right now that you're aware of?

Net Metering programs are offered in all Canadian provinces although program design varies depending on the specific circumstances of the jurisdictions. Net Metering programs have also had a long history in the United States. Some states have determined that the programs are not sustainable and Net Metering often results in cross subsidization. To support the financial sustainability of the programs, several jurisdictions are reviewing their programs.

23. The Sensus \$5 million research and development fund, can you update the committee on the status of that?

Per the settlement agreement, Sensus continues to invest in a new residential smart meter. Significant research and development has been completed.

24. Was that Sensus communication chip involved in the initial problems that SaskPower had with the Sensus meters? Was that the cause?

The Sensus communication chip had no involvement in the initial problems. The root cause was due to contaminants getting inside of the meter and causing the meter to short out.

Sincerely,



Dustin Duncan
Minister Responsible for SaskPower Corporation