# STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

## Hansard Verbatim Report

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**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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Mr. Trent Wotherspoon
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Published under the authority of The Honourable Don Toth, Speaker

[The committee met at 09:00.]

### Inquiry into the Province's Energy Needs

**The Chair**: — Well good morning. Welcome everyone to the meeting of the Standing Committee on Crown and Central Agencies. Today is day number seven of the committee's inquiry into Saskatchewan's energy needs. I'm Tim McMillan, Chair of the committee. I would also like to introduce the other members of the committee: Mr. Weekes, Mr. D'Autremont, Mr. Allchurch, Mr. Bradshaw, Mr. Wotherspoon. And substituting in for Mr. Belanger today is Mr. Vermette.

All of the committee's public documents and other information pertaining to the inquiry are posted daily to the committee's website. The committee can be accessed by going to the Legislative Assembly of Saskatchewan website at legassembly.sk.ca under What's New and clicking on the link to the Standing Committee on Crown and Central Agencies. The hearings will be televised across the province on the legislative television network with audio streaming available for the meetings outside of Regina. Click on the website for information regarding locations, cable companies, and channels. The meetings will also be available live on the website with past proceedings archived on the website as well.

Before we hear from our first witness, I would like to advise witnesses of the process of presentations. I'll be asking all witnesses to introduce themselves and anyone else that may be presenting with them. Please state your name and if applicable your position within the organization you represent. If you have written submissions, please advise that you would like to table your submissions. Once this occurs, your submission will be available to the public. Electronic copies of tabled submissions will be available on the committee's website.

The committee has asked all submissions to be in answer to the following question: how should the government best meet the growing energy needs of the province in a manner that is safe, reliable, and environmentally sustainable while meeting any current and expected federal environmental standards and regulations and maintaining a focus on affordability for Saskatchewan residents today and into the future?

Each presentation should be limited to 15 minutes with questions to follow. The first presenter has asked for an extension to that and potentially we'll be asking questions during the presentation. So we have chatted earlier that we still have our timeline that we have to hit, but we will try and work the best to get the most information to the committee members.

Once the presentation is complete, the committee members may have some questions. I will direct the questions and recognize the members to speak. With that, even as we're going through, we'll kind of play it by ear. If it gets unruly, we'll go back to me recognizing speakers, but if we are getting through it I think we can just ask questions on the fly. Maybe members should state their names for the Hansard people.

Members are not permitted to engage witnesses in any debate, and witnesses are not permitted to ask questions of the committee members. I would also like to remind witnesses that any written submissions presented to the committee will become public documents and will be posted to the committee's website for viewing.

Just thinking of Hansard, I think maybe it is best to get my attention and the presenters' attention, and I will state your name just so Hansard has it on record. With that, please take it away with your presentation.

### Presenter: Meadow Lake Tribal Council Resource Development Inc.

**Mr. Voss**: — Good morning everyone. My name is Ben Voss. I'm chief executive officer of MLTC [Meadow Lake Tribal Council] Resource Development, which is the business arm of the Meadow Lake Tribal Council. And I'm joined by my colleague Erin Duff who's an analyst with MLTC Resource Development as well. And I'll be presenting today on some background information on MLTC and some energy projects that we're working on.

We've tabled with you a PowerPoint presentation as well as a written document submission, and we're going to go through the PowerPoint presentation as efficiently as we can and welcome any questions you have at the end of the presentation. If for some reason you seek clarity during the presentation on a particular item, we'd be happy to quickly address that to make it as efficient as possible.

A little background on myself: I'm a professional engineer, born and raised in Saskatchewan, originally from Spiritwood. I farm there with my dad, and I work both out of Saskatoon and Meadow Lake. I was brought on as the CEO [chief executive officer] of the MLTC business companies last year, 2008. And what we'll be presenting today is a bit of background on what the company has been up to. And some of you may or may not know the history of the Meadow Lake Tribal Council, so we'll touch a little bit on that to give you some context of what we're discussing today.

The framework of our presentation talks today mostly about Northern power developments and our vision for that. And if you go to slide three, we've got an overview of today's presentation. We want to talk about why we are here, a little background on MLTC and our partners, details on the power generation options that we're proposing, and some go-forward recommendations.

Slide four, just to give you a little context of the landscape in Saskatchewan today. And we're going to refer also to some of the presentations that were made to the committee previously.

So we view SaskPower as a very fundamental component to any discussion about electricity, and it's all intrinsic to the fact that they have a monopoly in the power industry in Saskatchewan. SaskPower stated in their presentation last week to the committee that the overall objective is to create and maintain a sustainable energy supply, one that balances economic, environmental, and social requirements. We fully support that statement and our presentation frame is in line with those principles.

SaskPower's indicated they need to rebuild or replace 4100 megawatts of electricity in the next period of time, which is a substantial amount of energy production. That's estimated to have a capital cost in the neighbourhood of 8 to $10 billion with additional costs associated with transmission and distribution which all of you have heard about. I don't need to remind you, substantial capital requirements.

There's a considerable amount of uncertainty, I guess would be the view, that SaskPower isn't certain what generation technologies they're going to choose, what fuel options, and where those facilities will be located, but they've discussed a number of scenarios.

As you may know, Saskatchewan has one of the highest greenhouse gas emissions in the power generation sector in Canada. That is a part of the mandate the committee's asked, is that we seek environmental options that can meet the federal environmental standards and future standards that may happen. And greenhouse gas regulation is clearly one of those factors that is being considered.

We know that Saskatchewan's growing. We all have experienced the economic growth in the recent years. And load growth is a direct measure of economic growth, so that 3 per cent projected growth is by some views conservative; by some views it depends on what happens with the economy. But clearly industrial and economic expansion leads to more electricity demand.

And one of the reports that's been tabled to the government in the last year is the UDP [Uranium Development Partnership] report, and you may have heard a commentary about that as well in other presentations. UDP report speaks specifically to the fact that for increased development in the North, particularly around mining, reliable and abundant electricity is a major component. In other words, infrastructure's needed for economic development.

Slide five, the opportunity that we've looked at is MLTC's identified reliable, low-cost, and environmentally preferred power solutions from northern Saskatchewan. We've recruited partners with the expertise and capabilities to implement these projects. We've spent a substantial amount of time and money investing into the feasibility and understanding the process to implement these projects. We think that the government can play a leading role in facilitating these projects moving forward and developing policy that'll support that.

The potential for major power generation near Meadow Lake and in northern Saskatchewan, especially in the mining belt, is the focus of our development activity to date. The projects are currently being proposed as independent power producer projects. Our IPP [independent power producers] is what we'll refer to in the presentation going forward and that requires a power purchase agreement or a PPA with SaskPower in the current regime.

A little background on MLTC. We're a collection of an alliance of nine First Nations in northwest Saskatchewan. We cover a fairly large geographic territory. There are five Cree First Nations and four Dene, with approximately 12,000 members and about 40 per cent are under 25. It's a statistic you see consistently across the Aboriginal population in Saskatchewan.

There's been many independent looks at MLTC and its model and its success and its track record, and there's lots of validation that says MLTC is one of the most successful tribal councils in North America.

On slide seven there's a list of each of the individual bands that make up the tribal council: Flying Dust First Nation, Birch Narrows Dene Nation, Waterhen Lake First Nation, Makwa First Nation, Buffalo River Dene Nation, Island Lake First Nation, English River First Nation, Clearwater River Dene Nation, and Canoe Lake Cree Nation. I'm happy to represent the nine communities today as part of the tribal council's management team. And our tribal chief is Helen Ben. She is elected by the nine bands to represent them at the tribal council, and I'm happy to speak on her behalf today as well.

MLTC was really developed over many years, but it came to substantial development in the 1980s when it started working closer with the provincial and federal government on delivery of programs and funding. Health, education, training, self-government, political negotiation all became key components to what the tribal council did. But one of the other major aspects was that business opportunities became a key driver of what the tribal council was all about.

So on slide eight, if you look, we give you kind of a quick snapshot of our business history and what we've been involved in. MLTC is really well known for its activity in forestry, and that's been the heart of its major business activity to date. In the late '80s, MLTC became a minority partner in the NorSask saw mill, which was a troubled saw mill at the time. It became a very unique partnership between the union, the management team, and two other forestry companies that bought the mill out of receivership, turned it around, made it very profitable. And by 1998, MLTC was in a position to borrow a substantial amount of capital from the private sector, buy out the other partners, and end up as the sole owner of the mill. It's a classic business case that we see happening all around the world, and it's happening in our own backyard, driven by First Nations.

So we have, through this transaction, built a substantial track record in attracting capital and management to business financings that position us well for doing large-scale industrial investment. Through the profit streams that we are able to derive out of this first investment, we were able to then make investments in other businesses and sectors, including transportation, hospitality, and others. And that has led us to today where we now have an enviable business portfolio of investments that have an estimated value of approximately 100 million. We have managed those very effectively. They're considered to be mostly debt free. And we've positioned these companies to weather the economic downturn.

Forestry, as you know, is really experiencing an unprecedented amount of pressure, but we are the most well-prepared sawmill in North America for this downturn. We went into it debt free and we're still debt free. And we're operating. We're the only operating saw mill in Saskatchewan. And that's 100 per cent owned by First Nations, so we're quite proud of that.

Over the years as well, MLTC has distributed significant capital

out to its nine shareholders, and that capital has been reinvested into other businesses as well. So some of our bands are substantial business owners unto themselves, and that's because they were able to derive wealth from the tribal council and reinvest it locally.

So now if you look at the next slide, it gives you kind of an org chart. I won't go through that in detail; you can look into our tabled report for more specifics. But over and across all the different companies that we're involved in, we employ approximately 2,400 people, and 58 per cent of those are non-Aboriginal or approximately 40 per cent are Aboriginal and First Nations and Métis.

[09:15]

We have a diversified list of jobs — everything from upper management to front line labour jobs — across Saskatchewan, not just in the Northwest. We employ a lot of people in Saskatoon and other major centres. So we feel we play a major role in driving the economy and being primary investors that are Saskatchewan-based.

Slide 10, give you a little bit of perspective on the kind of partners that we've attracted to our power generation options. Pristine Power is a Calgary-based company, TSX [Toronto Stock Exchange] listed, and they have been working with MLTC for a little bit over a year. They're one of the few independent power producers in Canada that are actively pursuing projects of the nature that we're pursuing.

They have substantial depth and experience in building power plants in Canada. Combined experience across their management team and capacity of the existing plants that they've run matches even SaskPower's capacity. So they've built 5000 megawatts of power production and operated that and have combined 300 years of experience in their management. So we feel they're very well qualified in terms of the power industry, and we've developed a very good and positive relationship with them towards a business partnership.

Pristine has built now new plants in Canada. They have several projects under development and in operation in Ontario and BC [British Columbia]. They are very interested in Saskatchewan.

Slide 11 gives you a little bit of background on their management and their board. I won't go into too many specifics with that, but Pristine has focused its attention on the natural gas and biomass fuel options for power generation. And that's where our focus is as well.

Slide 12. MLTC and Pristine have been working together to explore these power options that we described earlier in the presentation in the Meadow Lake and northern mine belt — and I'll describe those projects more specifically a little later on — and we have put together a business deal that we think is fair and reasonable amongst the parties. It defines our partnership, the investment that each party's bringing, and the ownership in those projects if we can bring them to fruition. Our goal is to put together a Saskatchewan-based independent power producer.

MLTC brings fuel supply, location, local political stability, a business track record in Saskatchewan, and financing. And as well Pristine brings power industry experience, technical and engineering capacity, operational capability, supplier relationships, a proven industry track record, and also brings financing.

What have we done to prepare for and be ready for launching credible and real projects in the power industry in Saskatchewan? We've spent a lot of time thinking about how we're going to put together something that makes sense and that can fit within the Saskatchewan context. And we haven't been very active in the public eye developing this, so this will be one of the first instances we'll be essentially announcing our activity in this sector. So this committee hearing is really not a public announcement, but it is the first time the public will have heard that we're active in this. So we've been spending a lot of our own capital in the development of these projects quietly, and we've recruited a lot of expertise to assist us in evaluating the projects to make sure that we're ready, when we're going to launch the projects, that they are very real projects.

So we've recruited an excellent management team, including myself and others from across Canada with expertise in the business, finance, and structuring of these types of transactions. And we've gone through a process at MLTC to substantially strengthen our governance structure, our business structure, and make us well positioned to partner with outside capital and other partners in the business sector. So we feel we're an excellent First Nations business partner, period.

We've spent an incredible amount of time in the last three or four months analyzing all the different scenarios and options, and we engaged independent third party analysis to validate those with credible due diligence, appropriate processes to make sure that what we came out the back end with were real projects.

We engaged Meyers Norris Penny, a credible Saskatchewan-based firm that you'll all be familiar with. They assisted us in evaluating a wide range of options. They tabled a report with us at the end of September that validated our strategy, tested the financial models, completed substantial due diligence on Pristine and gave us and our shareholders the assurance that we're working with the right people and we've got good projects that make sense.

Two power projects were identified as the major findings from this, as the major priorities that we need to focus on. We've put together a strong partnership with Pristine. The power projects are complimentary and strategic to our current forestry investments. We think we can maximize MLTC's position in those projects, which is a key element to our strategy. And we think these projects are capable of recruiting and securing external financing that's required to be able to put these projects together because we're looking at these projects being privately financed, and we're not at this point seeking capital from SaskPower or government to finance them.

On slide 14, this is a little bit more specifics about what we're talking about. We're looking at developing power options for Saskatchewan and particularly the North. MLTC and Pristine have invested substantial time and money exploring the right projects to fit with Saskatchewan and SaskPower. We know

that we can't build something that isn't going to fit with SaskPower and isn't going to fit with Saskatchewan. The real simple way to look at it is you need the right power in the right place at the right time.

The partners have actively followed the recent bid processes and have assessed how to best propose the projects to SaskPower and Saskatchewan. The partners have consulted with SaskPower and understand its needs and processes and have determined how projects could move forward. An independent power option is the key to developing a competitive, sustainable, and reliable and profitable power project in Saskatchewan.

So to give you a little more specifics on what we're talking about, on slide 15, we're talking about two power project scenarios in northwest Saskatchewan. The first is, and this is probably our priority project, is to build a natural gas baseload generation facility in Meadow Lake that will have a biomass integrated fuel stream. This is a very innovative concept. A lot of people hear about biomass generation and natural gas generation, but they often don't hear about them coupled together. And it makes a lot of sense because you get the benefits of both. I'll describe this in more specifics on the next slide.

The second project scenario we're looking at is to build smaller scale, 100 per cent biomass-driven, distributed generation near the mining locations in northern Saskatchewan. These would be smaller, up to 10 megawatts. They would be used on a combined heat and power basis — in other words, they generate electricity and we recover heat. And these would be done in close co-operation with the mining industry.

It's clear that northern Saskatchewan needs more power. Everybody understands the mining sector and its importance, and its continued expansion is dependent on reliable electricity. The projections for increased mining activity in the next 20 to 40 years, particularly in the Athabasca Basin, are very substantial and it's going to require a lot of infrastructure.

We've explored using wood pellets, which is a residual product coming out of the forest industry, as a source for mine heating applications. We've looked at it in terms of bioenergy and we see the power side is a logical fit. If we're going to have continued economic development and strong and reliable private-sector-driven investment in the North, we need good infrastructure. And power is really the base of that.

Slide 16, the Parkland Meadow Lake. So for those that don't understand the terminology, combined cycle natural gas is a high-efficiency way of generating electricity, using natural gas as a fuel. It burns the natural gas in a turbine and then recovers heat and generates steam on the back end to further generate power using steam. We can burn biomass to generate more steam and couple that with the steam to make bigger back-end steam generation.

Our goal is to produce up to 15 per cent of the power capacity with biomass. We know that this configuration qualifies for a unique tax classification under the federal government's guidelines which has been allocated to low impact and renewable energies. So this scenario is one of the lowest cost, lowest impact power generation options available today. It is the most attractive to private financing.

I can emphasize that there are several synergies that come with this type of a product. We have available land and available facilities to interconnect a facility that would make it a very quick implement with limited impacts in the region. We have a site that has a gas line, a water line, available land, industrial zoning, and a biomass fuel supply, and it takes less than two years to build a plant. And our costs are below SaskPower's costs, and our delivered power price at a profitable level is below SaskPower's prices that they've put in front of this committee.

So we can generate power cheaper than SaskPower. We can build it cheaper than SaskPower, and we can build it faster than SaskPower. So we think that's important.

We've also engaged in preliminary transmission studies that show that there would be no grid upgrades and no changes required to handle interconnection of up to 100 megawatts in the Meadow Lake region. So we've validated that there isn't a substantial capital investment required by SaskPower to allow interconnection of a project of this nature.

We would supply the near-term projected growth in mining, oil sands, forestry, oil, gas, and other industrial expansion in the region, which is projected to be very substantial. And we think this close proximity to the development minimizes transmission losses — which you've all heard about — and we think it's the right power in the right place at the right time.

The second project scenario we're looking at is also very important and very strategic. Using biomass fuel cogeneration in the North is a great way to deal with problems that are happening in the mining system right now due to unreliable power. Unreliable power means that the transmission lines aren't capable of delivering power all the time. They have lightning strikes, snowstorms that knock out the power line. There's no generation on site other than diesel backups that are not sufficient to supply the mining activity. That's a big problem for the mining industry, and they've learned to live with it until a solution like this can be put on the table.

This is a proven technology. It's the lowest cost option for northern remote power, and it substantially offsets the need for additional capital investment in transmission. This again has only a two-year time frame for implementation and has the lowest greenhouse gas profile. It's 100 per cent renewable — in other words, it has a net zero greenhouse gas emission profile because it's 100 per cent biomass fuel derived. And it also qualifies for class 43.1, which is important in the industry for obtaining accelerated depreciation and good tax benefits.

Northern distributed power generation offers very reliable, clean power to the mining industries and other northern development in the future. And having the available power is going to obviously encourage more development in the North, which we think is very important.

Again we've engaged transmission studies, and anything up to 10 megawatts shouldn't be a problem for the grid to interconnect. We can supply the current mining activity, and

that will also allow for those mining activities to grow because they're limited right now because of available power. The supply of reliable power can also replace the need for a costly new transmission line which is being proposed. So the solution to power generation in the North, we view, is a distributed solution, not necessarily hundreds of million dollars in transmission lines.

Slide 18 will describe a little bit our view of why this is so important and strategic to MLTC and its relationship to forestry.

The committee's heard time and again through the multiple presentations that you've seen that biomass is going to be a big part of the power generation solutions for Saskatchewan, but the only way you're going to build biomass power generations is if you've got a sustainable supply. Who's going to supply the fuel? And the only people that can supply the fuel are the stakeholders in the forest business, and you want to be partnered with people that are going to be around for 25 years. So we're a logical partner and developer of sustainable biomass energy. And it makes sense because we have a saw mill, we own the only operating forestry licence, and we operate it to the highest degree of environmental certification and sustainability available internationally.

We've spent a lot of time and money with Pristine and ourselves to look at how we build a sustainable fuel supply at the lowest possible cost. We have to look at the forestry resource in a very innovative way and with strong business principles. We have to look at all the non-economical wood residues that are available from the mills; roadside debris, which is the stuff that's left in the bush after we harvest the trees; mill residues that are considered non-economic right now in the industry; and looking at northern forestry resources that are too far away from the mills to make sense to harvest today. These are all options available to us, and we have the infrastructure, the capability, the management, and the investment to be able to build these things out.

MLTC's model for sustainable forest management, FSC [Forest Stewardship Council] certification. For those of you that don't know what it is, it's an international certification of the highest standard of international sustainability on forest management practices. We have that with our forest management agreement. Saskatchewan Environmental Society has also given us their seal of approval on our forest management practices. We have the stakeholders in Saskatchewan agreeing that we manage the forest well. If we're going to build energy systems, that should all follow through very effectively so that we feel the public would support it.

The regional benefits in the forestry side would be substantial if you build an energy component in. There'd be expanded woodlands operations, more job creation, and greater certainty with the forestry sector. We'd have new revenue streams that would take some of the volatility out of the cyclical nature of the forest commodities.

[09:30]

Slide 19 gives you a little bit of a picture of what we see, the process, in the biomass side of things. I won't spend a lot of time on this because it's described in our report, but you can take trees and you can do a lot of things with them. The highest value outputs are really lumber and major forest products, but when you make lumber out of trees, a third of that tree is still considered a non-merchantable product. Trying to put those into value-added products is what we're looking at. All this technology is proven. It's implemented globally. It's in BC. It's in Ontario. It's all over Europe. This is not a new concept, it's just something we're trying to implement in a sustainable and profitable way here.

Slide 20 gives you a bit of a concept of the kind of distributed biomass power generation in the North that we could see happening.

Technology suppliers are everywhere. We're not professing that that there is one vendor that we want to sort of hang our hat on. We're looking at the best solution for the site. At this point, Pristine's engineering team is recommending that we go with an organic Rankine cycle. That's a non-steam-based biomass generation system that's easy to operate and requires very little manpower on site, which is an advantage in a remote application, uses a hot oil system, which is safer and also less environmentally impactful. And the system is a skid-mounted system, which allows us to move the equipment if and when there's a need in the future.

The idea here is you build a small power plant in a remote location. You transport in fuel — that being a pellet or a briquette — so you process wood into a dry fuel form, truck it to the power plant. The power plant burns it, produces heat; the heat is converted to electricity. Additional heat is recovered which you can use for processing in the mine industry for heating applications. And the whole system operates on two or three people. That kind of a concept is what can attract capital, and we think that's the model we need to apply in the North.

If we look at slide 21, developing the fuel supply is something that's very important with this, and that's a major role that MLTC is intending to play with this. Wood pelleting, as we'll call it — or the processing of the wood residues into fuel — would require us to build up to 300 000 tonnes a year of capacity, which is very substantial. That wood volume is equivalent of what we currently process in our saw mill, so we would need to harvest more wood or gather more forest fibre to be able to supply these two power plants.

We've built pilot-scale facilities right now that we're testing and doing other research in, so we're proactively engaged in the process of developing the assurance around fuel supply. We think that NorSask would be an ideal location for some of this fuel supply development, and that the residues coming out of NorSask are well suited to this. And as we all know, the increased activity in forestry would be a big benefit to Saskatchewan right now.

Slide 22. What's needed to move these projects forward? And that's an important thing to ask right now. We're at the point where we've got some real projects here, and we can't move them forward without a power purchase agreement. We're in an environment with a monopoly Crown corporation that we can't sell power to anybody other than SaskPower. So if we want to build an investment of this scale — we're talking about a $400

million capital investment for all these projects — we need a power purchase agreement. That's the only way we can do it.

We're presenting an unsolicited proposal to SaskPower this fall. We've been working with them; we want to keep working with them. We think it's a positive relationship that we can develop. And we think, with the right policies, it can unfold very effectively. We need a process to manage these projects in a fair and reasonable manner that needs to be implemented so that SaskPower views these projects as priorities.

We have a concern that, with the magnitude of the capital investment that's required across the whole province, the North might be ignored. It's not considered, you know, a large-scale component to the power grid in the North, but it's so strategic. If we don't get some power investment in the North, the development isn't going to occur.

So we all know there are priorities for capital. Large-scale, you know, developments in the South might take that priority and so we see policy development that will facilitate this as being huge.

We think the government needs to also ensure that there's a meaningful participation of First Nations and Aboriginal people in the economy and we think power projects are an ideal structure. We see other examples in Ontario and BC where they've taken very aggressive and proactive approaches to inclusion of Aboriginal people in power development. Ontario alone has set aside $250 million in loan guarantees and have set up power premiums for First Nations inclusion in power development. We're not saying that that has to happen here but you have to understand that other jurisdictions are moving very fast in this area and we need to also keep pace with that.

We also think that the North needs to be viewed differently and that any power development in the Northwest in particular should involve MLTC. I want to emphasize that biomass opportunities need a sustainable fuel supply and MLTC owns the only operating saw mill and manages the only FSC-certified forest in Saskatchewan. Therefore, wouldn't it make logical sense that MLTC would be a partner in any biomass power generation?

Slide 23, just expanding more on the case for why independent power is needed. This whole commission has been established because we know we need more power. We need clean power and we need low-cost power and we need reliable power. They all fight against each other. You can have any one, two of the three. They can be clean and low-cost but not reliable or they can be low-cost and reliable but not clean. So if you want all three, it takes a lot of work and we think we've put together some scenarios here that get as close as possible to all three.

So we've posed a couple of questions just generically, not to the committee. But with all the demand for power across the whole province, will the North be ignored or at minimum delayed? Will this jeopardize development in the North? And our answer is, independent power developers with a stake in the North can develop the power infrastructure that is cost-effective, reliable, and environmentally sustainable.

How can we be sure this is safe, reliable, and competitive for the people of Saskatchewan? We've sought out independent validation and the proposed projects . . . And this is not the first time that an IPP has been developed in Saskatchewan. There are several examples all over the place. You look at Cory potash mine, Husky upgrader, etc. Assurance that the projects are safe, reliable, and competitive is usually provided by independent validation and we think that's an easy process.

Why MLTC? MLTC has the business track record, the reputation, the political stability, the strong governance, and the regional presence to develop these projects. And the projects will have a substantial benefit to Saskatchewan because the profits stay right here and the money is spent here. We're the only Saskatchewan-based proponent of this kind of scale, and we think this an important component in power development, particularly in the North.

We want to take the time to respond a little bit to SaskPower's position that they've presented to the committee, and we think that there are some issues that need to be discussed. We don't think that SaskPower has to build all of the power plants themselves. There are, as I've said, many examples where others have built and invested those power plants and worked in partnership with SaskPower. MLTC and Pristine have developed power generation options that cost less per kilowatt hour than SaskPower, and do not burden Saskatchewan with more debt.

Power generation solutions in the North would substantially reduce the need for more transmission line investments, reducing the need for more rate increases to fund those capital investments. SaskPower has considered up to 300 megawatts of biomass power generation in its consideration of new options. But we don't think they've talked to us about biomass fuel supply, and I don't think they've considered the cost of that fuel to be sustainable under the numbers they've used.

And we don't think that SaskPower has considered the involvement of First Nations and Aboriginal people as stakeholders in the economy and particularly in the North. Nowhere in their reports or presentations did they discuss the importance of inclusion of First Nations people. We think that's a substantial issue that needs to be addressed.

So just some concluding remarks and then I'll open it up for questions. MLTC and Pristine are proposing real, effective solutions to Saskatchewan's growing power requirements. The projects being developed by the partners are cost-effective, reliable, sustainable, and timely.

The impacts to Saskatchewan are substantial and beneficial. We'd reduce the burden on SaskPower to develop all power generation at their cost. We'd be bringing outside capital investment to Saskatchewan. We'd be building infrastructure that will allow development in the North. We'd have meaningful involvement in First Nations people in the economy through a true business partnership. And we'd be developing environmentally preferred power which addresses many of the issues that we want to see addressed, low-cost and environmentally secure power.

We encourage the government to facilitate and accelerate policies that will allow these types of locally driven projects to

move forward and obtain the necessary power purchase agreements with SaskPower in a timely fashion. Thanks.

**The Chair**: — Well thank you very much for your presentation. Before we start, because you had asked for a slightly longer presentation, it does limit our questioning time. We have had a practice of five minutes alternating questions.

So I guess I will just remind our members, because we have a limited time, if we could be a little more vigilant on that than regular, that would be terrific.

I had a couple of quick questions first. SaskPower, I can't remember if it was five and a half cents or six and a half cents that they're currently able to produce power for, and that's the number that you can meet or beat?

**Mr. Voss**: — What we did is we looked at the numbers that SaskPower presented to you in terms of natural gas and biomass and all the different fuel options, considering also the environmental cost down the road. We definitely can produce power lower than the projected numbers, not the current numbers. Okay?

Just to give you a sense, we're looking at the Meadow Lake power plant to be able to . . . To be effective, we would like to see a price around 7 cents a kilowatt hour for . . .

**The Chair**: — And that could be ready to go in two years?

**Mr. Voss**: — Yes, 18 to 24 months. Yes.

**The Chair**: — The other question I had, when you're talking biomass, you know, you need to feed the monster. If the Americans' economy takes a further turn for the worse and they stop building houses altogether, you know, at some point your saw mill may not be economical. Is that a vulnerability that — you know, who knows what's going to happen? — but that SaskPower could be relying on your organization to be producing power, and all of a sudden you don't have the wood waste to put through it?

**Mr. Voss**: — Yes. The key to this is understanding how you can ensure there's always going to be a fuel supply. And total reliance on one forest stream is a risk which we have identified. So we wouldn't put all of the fuel development risk entirely on our saw mill. It would be based also on the ability to harvest directly from the forest biomass, haul it in, turn it into fuel, and supply a power plant. And our economics consider that a cost.

So it's not based on really low cost of mill residues coming out and that being transferred over to the power plant at virtually no profit level. We've considered all the issues and, in particular, the northern power sites. Those were based predominantly on harvesting northern fringe timber that's not economic to bring to the mills, and considering the fully loaded cost of harvesting, transporting, processing, and turning that into fuel and delivering power.

**The Chair**: — Okay. Thank you. Mr. D'Autremont.

**Mr. D'Autremont**: — Okay. Thank you. Thank you, Ben. That was a very interesting and a very good presentation. I was very pleased to hear that MLTC believes in growth and that you have a formula in place that will help to ensure that growth continues. It was a very positive message.

We continue to hear from some that growth either will not happen in Saskatchewan or, if it does happen, it's not sustainable. So I'm pleased to hear that MLTC believes that growth will continue in general, will continue specifically in the North and in the mining industry. So I'd like to thank you again for a very positive message.

Looking at your question about, will the North be ignored? I know in the past, in looking at the operations of SaskPower, they were very much focused on strictly on SaskPower. They did what they could to minimize the opportunities for others to produce power.

And the fact is, a few years ago, there was legislation brought in to the legislature that restricted generation to 7.5 kilowatts. You couldn't transport that power across the boundary, so if you had property on one side of the road and property on the other side of the road, you couldn't transport that power across that road. So there was certainly attempts by SaskPower to limit opportunities for the private sector. That changed a little bit with . . . And you mentioned Cory and Husky. I think there is excellent opportunities there for proposals such as yours.

But it surprises me . . . I guess I shouldn't say it surprises me. I was fascinated by your comments that you can do this cheaper and faster than SaskPower. To what do you attribute your ability for speed in this area and SaskPower's slowness?

**Mr. Voss**: — Well, you see, we spend a lot of time understanding why and how SaskPower makes decisions around power generation. And they have a lot of things they've got to think about, and I respect that, that they have a tremendous amount of variable into the equation that determines what power station gets built and when and how.

[09:45]

And a private developer at a smaller scale can move quicker and can take advantage of the current cost environment. For example, so a power plant of this nature cost 40 per cent more six months ago. Today it costs 40 per cent less because of a downturn in the global economy. We can react to that, okay. SaskPower can't exactly react to that because it has a longer planning cycle to determining the basket of options that they have, and they have to coordinate that. We can just work in our own jurisdiction, which allows us to move quicker. They have to consider their aging fleet and everything else and the cost of abandoning that. And I understand that's a difficult issue for them.

We're looking at this as being incremental to the grid and somewhat supporting the replacement of the fleet. But it's in a location in particular that doesn't have an aging fleet. It's really far from the generation today, and it's really close to the load. There never has been baseload generation in Meadow Lake or in the North, and we think this makes a lot of sense.

So I don't know if I've totally answered your question, but I think it's such a complicated issue with SaskPower. I think

they've explained it well enough and how complicated it is, that for them to move quickly on that issue is really hard to figure out.

**Mr. D'Autremont**: — You mentioned in your presentation that you don't foresee any grid upgrade needs based on your presentations. And yet we keep hearing from SaskPower in particular, but other presenters as well, that there is a need to upgrade the grid, specifically to go to a smart grid with the renewables.

Your belief that there would be no need for grid upgrades — is that based on the fact that your generation will be at the load site and that there will not be much generation that would be going down the line then?

**Mr. Voss**: — That's correct. We would be sizing our generation to the local load so there's not a lot of export of the power through the grid. When SaskPower talks about the need to upgrade the grid, there's a lot of needs in the South around, you know, old power poles and that kind of stuff. And there's a need for new technology in grid management and load management.

What we've determined is that if we size these projects appropriately, the load demand locally will take up most of that. And where you get into some technological innovation is around the grid interconnection and the switching where . . . Third parties have referred to smart grids and so on. You don't really change the wires a whole lot; you really change the way power generation connects to the grid, and that's really where the smart grid comes in, in my view.

**Mr. D'Autremont**: — Okay. Thank you.

**The Chair**: — Mr. Wotherspoon.

**Mr. Wotherspoon**: — Thank you, Ben. And thanks for the presentation here today, very good information. And some of the questions that have been asked already are in the same vein that I'll be asking here today. Certainly we know that MLTC has a long history of, I think, excellence in business in this province. So certainly we look at that as a significant strength.

Just to touch back on the factor of cost, I believe it was mentioned that 7 cents a kilowatt is within the range that MLTC would be looking for a purchase power agreement, long-term agreement for. Is that correct?

**Mr. Voss**: — Yes. We'd always like to get more. We understand that the more you ask for, the least likely you are to get an agreement. You know, we've based our economics kind of conservatively right now. But we're estimating we're going to spend $1 million in engineering and technological costs in the next few months to provide certainty to our capital costs within a 10 per cent estimate, which would give us better ability to base the price requirements for a PPA.

And the price that you need is really derived out of, what do you need to attract the capital? And what do you need to attract the developers and operators? So because capital costs have come down and natural gas prices are currently low, you are able to deliver power at a much more attractive price than you could have in a previous year or in maybe in the future. But right now it's very attractive.

**Mr. Wotherspoon**: — Specifically on the 9-megawatt units, the five of them that would create 45 megawatts, how soon would you be prepared to move and have those on stream? Is that the two years that we're talking about for all five?

**Mr. Voss**: — Well I just want to make one correcting comment just so there's no confusion. The northern biomass sites, we're not looking at 7 cents a kilowatt hour for those. Those are more expensive. But it's cheaper than diesel or any other systems that are out there today. So you've got to compare apples to apples.

The time horizons to build these northern sites are, yes, 24 months per site. So depending on how quickly you can develop each site, you can have it up and running in less than two years. There are some dependencies around the cogeneration side, so heat recovery and other things add more complexity, which could add greater timelines. And if we're integrating these with mining activity, then you've got to partner with the mining companies, which adds more complexity as well.

So if we were stand-alone power generation sites, without cogen you can do these things really quickly, and there's no shortages in terms of supply or capacity to plan them. If you add more levels of complexity, it takes longer to put them in place.

**Mr. Wotherspoon**: — What's your best estimate as far as cost of power from those biomass projects?

**Mr. Voss**: — Right now we're still kind of refining the numbers, so I'm a little bit uncomfortable saying an exact number. But it's going to be less than 16 cents and greater than 12 cents, something like that.

**Mr. Wotherspoon**: — Now I think SaskPower had stated in their . . . and we can take back questions to them on this if there's any questions you'd like to ask specifically. They've cited that 6 to 11 cents for biomass is what their target is for sort of own-source capacity or potentially purchase power agreements as well. So if there's any specific questions you want us to take back, maybe follow up with this after this as well.

As it relates to the financing of your partnership with Pristine, what per cent would MLTC retain in that partnership?

**Mr. Voss**: — We've negotiated a 50 per cent ownership scenario for ourselves based on us contributing the capital. So we have to raise the capital or structure the investment in a way that allows us to participate at a 50 per cent level eventually in the project. So we have an option to own half the project, either at the beginning or at some point through the project, which is huge for us.

**Mr. Wotherspoon**: — Was MLTC invited or solicited to participate in a recent RFP [request for proposal] as it relates to natural gas for 86 megawatts that's been awarded just a few weeks ago?

**Mr. Voss**: — As I mentioned in our proposal, we did follow the

bid processes last fall. That's a peaker bid that was announced. We evaluated the baseload process. And there were several proponents that threw in their ideas into the hat on that. Most have withdrawn from the process for various reasons but . . . I won't comment exactly. I don't know their specific reasons. But most felt that the process was very difficult so it wasn't sure how you'd invest a million dollars and get a PPA out the back end.

**Mr. Wotherspoon**: — Right.

**Mr. Voss**: — Just to comment a little bit on SaskPower's power prices, we mentioned in our presentation that we don't necessarily agree with those numbers because we don't think they've costed the biomass fuel.

**Mr. Wotherspoon**: — Right.

**Mr. Voss**: — And it may be if you built a 300-megawatt, one-site biomass that you could get power rates that low. But for northern distributed sites, you've got to consider an awful lot in the economics. And I don't think you can get it that cheap, quite frankly.

**Mr. Wotherspoon**: — No, that's good. Back to the fuel supply then. Touching on your question there and, you know, the chairman asked some questions here. What percentage of your fuel supply right now would be reliant in the current plan, reliant on the operation of the forestry operation?

**Mr. Voss**: — Of our saw mill?

**Mr. Wotherspoon**: — Yes.

**Mr. Voss**: — Okay. We would see about a third of the fuel coming out of our saw mill right now. So two-thirds would be new supply coming in from the forest.

**Mr. Wotherspoon**: — And how significant of an impact would that be if you didn't have that one-third and you were reliant, as you've talked about, going another forestry process to . . .

**Mr. Voss**: — Your costs would go up a little bit, but you can harvest all the fuel if you needed to, if all the mills were shut down in a worst case scenario. And in a worst case scenario, okay, there's a lot of other bigger problems the world's got to worry about too. If there's no demand for lumber ever, then we've got some bigger questions.

**Mr. Wotherspoon**: — Is what you come here with today a fixed position of MLTC or would you be looking to potentially look at other structured partnerships with SaskPower, for example?

**Mr. Voss**: — Yes. We're very open-minded. We felt that the best approach here was to say: you know what, we got some ideas and these are real; like, we spent a lot of time figuring them out; we think we understand the situation but, you know, enlighten us if we don't. And I'm not saying that to the committee, I'm saying that generally.

And there are many stakeholders that need to be part of this, including other First Nations groups. Okay? So we're open to that too. We just happened to take the lead because we had the expertise and the capabilities and the drive to do it.

**Mr. Wotherspoon**: — I thank you for your initiative. And I think that MLTC would be a strong partner with SaskPower.

**The Chair**: — Mr. Bradshaw.

**Mr. Bradshaw**: — Yes. I see we're just about out of time here so just a couple of very quick questions. All of the fuel supply is of the pelleted wood. That would be the California Pellet, I take it.

**Mr. Voss**: — Yes. California Pellet is a manufacturer of pelleting equipment which . . .

**Mr. Bradshaw**: — Well I guess it's kind of a trade name.

**Mr. Voss**: — Yes. And it is one of the companies you can use. There's a bit of an economics analysis we're doing right now on what's the most low-cost option for making a wood fuel. And you can make a pellet or you can make a briquette which is a bigger pellet, and that could be cheaper than a pellet. So it's just a matter of engineering design and putting it together. It's not a question of whether it can be done. It's how to do it as cheap as possible really.

**Mr. Bradshaw**: — I guess, well I'm from Carrot River and I know C & C Wood Products are also talking about starting up the mill over there and one of the things they were talking about is the pelleting process. So would MLTC be in favour of purchasing wood pellets from other sources if it was economical or, you know, type of a thing?

**Mr. Voss**: — If it's economical is always the big question, yes, and absolutely. I mean we've been looking at scenarios around all of the currently distressed saw mill assets and other assets in Saskatchewan, including in our region, as how do they fit in this picture too. And there are ways to redevelop those sites into bioenergy sites, fuel supply sites that'll reinvigorate the economy where those places that have shut down are now suffering. And we think our expertise and our ability to build these projects would be the main driver for reinvigoration and redevelopment of that. C & C is in the pellet business in BC and clearly they're going to look at something in this nature in Saskatchewan. We encourage that.

**Mr. Bradshaw**: — One just real quick question, real quick. Obviously to do the harvesting of the forest fibre and whatnot, you would have to have a road structure built in there. Were you planning on doing the road structure or were you looking to government to do the road structure? What were your plans on that end of it?

**Mr. Voss**: — Well as you may know, we have Mistik Management, which is our woodlands operation that has built many roads. We always would like the government to participate in that road building and maintenance because we support a lot of that infrastructure now for the region.

We're currently looking at harvesting practices that would use existing infrastructure to the maximum extent. There was a lot of forestry activity in the North that is no longer economic that

can be reopened again, and there's old infrastructure that can be, you know, maintained back to the point where it's usable. In any sort of what I'd call virgin territory that has never been touched from the forestry side, you'd be going in with clean road construction and all the rest of it. I think we'd be interested in discussing with the province how to best do that in the same kind of partnerships we've done all along.

**Mr. Bradshaw**: — Okay, thank you.

**The Chair**: — Well thank you very much for your presentation this morning. You know, if we've got anything, every day we're getting good ideas and people that have, you know, pretty positive options for SaskPower to take a good look at. So thank you very much.

As far as the committee, we will recess momentarily so our next presenter can get set up. If there's further questions from the committee for Mr. Voss, if we could do it just off to the side so that our next presenter can get in there.

[The committee recessed for a period of time.]

**The Chair**: — Well I welcome the committee members and our next presenter back. I would like to advise the witness of the process for presentations. I will be asking all witnesses to introduce themselves and state their name and if applicable any position they hold with the organization they are representing. If you have a written submission, please advise that you would like to table your submission. Once this occurs, your submission will be available to the public. Electronic copies of tabled submissions will be available on the committee's website.

The committee has asked that all submissions be in answer to the following question: how should the government best meet the growing energy needs of the province in a manner that is safe, reliable, environmentally sustainable while meeting the current and expected federal environmental standards and regulations and maintaining a focus on affordability for Saskatchewan residents today and into the future?

Each presentation should be 15 minutes. Once your presentation is completed, the committee members may have questions for you. I will direct questions and recognize each member that is to speak. Members are not permitted to engage witnesses in any debate, and witnesses are not permitted to ask questions of committee members. I would like to remind the witness that any written submissions presented to the committee will become a public document and will be posted on the committee's website for public viewing.

With that, I would ask our next presenter to go ahead.

**Presenter: Dave Elliot**

**Mr. Elliot**: — Okay. Thank you. My name is Dave Elliot. I've lived in La Ronge, well, I've lived in the North this time for eight years, but all together about 10 years. During that time, I've worked as the co-op development officer for First Nations and Métis Relations. And I have a territory of about 330 000 square kilometres, so I drive a lot. And while I'm driving, I get to think a lot about things, and one of the things I have thought about quite a bit is about power.

When we were looking at a natural gas pipeline for La Ronge, it looked like it wasn't going to go ahead for a period of time. And so I was asked to look at some alternatives to this process. And about 60 kilometres from here is a part of the Mannville formation. And the Mannville formation goes all the way down to P.A. [Prince Albert], across to North Battleford, and into Alberta. In Alberta it's now being used to produce methane. They force nitrogen down and fracture the structure, and the methane comes out. And we could do the same thing here. A quick estimate of the amount of . . . For La Ronge's current need, I worked it out. We have 1,750 years of supply for La Ronge within 60 to 70 kilometres of here.

So one of the things that we were looking at is going by using what's called in situ coal gasification. That's where you start a fire underground, and you extract the gases from it. Now you have hydrogen. You have carbon monoxide. You have $CO_2$, and you have methane. Those are the constituents. The largest single constituent is carbon monoxide because it's a limited oxygen atmosphere.

So we looked at this and the possibility of setting up a coal gasification in situ. Now the site should be quite good where it's well below the waterline. The coal is actually at about 600 metres, and so it would be a good possibility for coal gasification. Coal gasification is used extensively in South Africa because they were boycotted for oil. And it's quite a well-defined and well-used process.

I interested some engineering students from the University of Saskatchewan to do some free consulting, which was wonderful. And I have their design options for methane production from coal in the La Ronge region, and this is their short paper. There is a longer paper which I've already given to SaskPower, and it outlines the method of extracting the methane which is very similar to what is in Alberta. However if you do it properly, the drilling properly, you could then use, after the methane has been extracted, you could then use coal gasification after that.

So I have for you . . . They called it Toby's Engineering Services, department of geological engineering, University of Saskatchewan — four fourth-year students. And I have that for you as well. So you may want to talk about that.

I've also been investigating . . . We only generate by high-pressure steam at the current time. High-pressure steam is 1,000 degrees Fahrenheit; medium-pressure steam is 600 degrees Fahrenheit; and low-pressure steam is 300 degrees Fahrenheit — the old steam engine steam. Now if we took the current coal generation plants and added medium-pressure steam and low-pressure steam to them, the efficiency goes from 20 per cent to 40 per cent. So essentially we would be doubling our production, and we would have our $CO_2$ creation per kilowatt hour. So that's one of the suggestions I would like to make. I have an expertly drawn, hand-drawn example of that.

But I think that's one of the ideas that should be investigated because it will double our efficiency. And 40 per cent efficiency is what you can get through cogeneration if you go with, for example, with natural gas and then turn it into steam. So you

have a gas turbine and a steam turbine. So any of our natural gas installations could actually double their production by going with the second generator. And you don't have the base cost at the station. You probably won't even have to have the environmental studies that are required for new stations, and so it would be a much quicker process.

There's a solar house in town. It's not being used as a solar house. But it was set up by Vic Ellis. And I remember he told me in 1980 that his cost of fuel was slightly over $100 because he had solar heat. But he was also the person that told me is that if we could get daylight saving time year-round in Saskatoon that we would have 30 per cent more power capacity because of peak loads. So there is, yes it would be moving a lot of people, but from an environmental perspective we could increase our power production because our peak loads would be much lower. So therefore there would be much more that can be done.

So I have information on low-power steam generators, medium-power steam generators, and we also have the traditional high-pressure generators as well.

So the other thing I have looked at is, I know that sometimes the production is down at the Gardiner dam because of low water levels. Now my background is Scottish, and I was in Scotland. I was very interested in how they handled energy. They run their generators at 90 per cent capacity all the time. And I was visiting my aunt, and we had to wait to get the stove to come on. They have a basic lighting system that you can turn on the lights, but for a stove and for heating, you had to wait until the factories shut down at 12 o'clock. And then the heat came on and the stove came on, everything like that. And I said to her, what do they do with the surplus power at night? Well they pump water back into the reservoir. So they spend all that extra energy that's there at night, they spend that in pumping water back into the reservoir so that you have higher water.

[10:15]

So that is some of the things that you could look at as a possibility for power in the future. And if you were able to run all your water dams at the highest levels by pumping water back, you would have to put a weir somewhere back so that you're not filling up all the way to Alberta. But you'd have to put a weir somewhere along the way, which would be the optimum level. But of course we have the engineers to figure those things out. I'm not an engineer — my degree's in history and English — but I have always been interested in science and math and figuring things out.

And so those are some of the things — I know I'm not going to be at the 15 minutes — but those are some of the things that I've been working on and thinking about and talking to people about over the period of time. And I wanted to bring it forward to you because I think what you are looking at is the most important thing that we're going to deal with over the next 25 years. And I hope that I can have a tiny, little part of assisting you in your deliberations.

Thank you very much. I have a copy of Toby's Engineering. I have a copy of how the medium and low-pressure gas works. I have already submitted the full study — it's about 120 pages — to SaskPower, and they have that there already. And if you have any questions, I can answer some technical questions. But mostly I'm just very interested in what you're doing. And if you have questions, go ahead.

**The Chair**: — Well thank you very much for your presentation. We've heard from interested citizens, engineers, companies that want to sell power on the grid. And everybody seems to bring something different, but it's all been valuable to our process thus far as is your presentation. So thank you very much for making it.

I do have several members that would like to ask questions. Mr. D'Autremont.

**Mr. D'Autremont**: — Thank you. Thank you, Mr. Elliot for coming in. Everybody that, as Tim has mentioned, comes forward has some very interesting ideas. This is the first time this kind of a process has been utilized in Saskatchewan, to my knowledge, certainly for a very long time. Power production has been an issue in this province for many years. And this is the first time that the legislature has gone out and held hearings and allowed people — such as yourself and everybody else that's interested — to participate.

You know, the previous administration really didn't do much for increasing power production. There was some conservation efforts. There was some cogeneration processes that were put in place, but there was never any discussion with the public as to what the public would like to see happen. And fact is, we asked SaskPower and we've asked others if they knew of any studies that were done, any public hearings, during the 16 years of the previous administration, and there were none.

And so I'm very pleased to see that yourself and the other presenters are coming forward to participate in this.

I'm somewhat familiar with the in situ projects. I worked on an in situ project back in the early 1970s. Coal gasification, there's a plant down in Beulah, North Dakota that does coal gasification. But one of the problems with coal gasification has been, what do you do with the $CO_2$? And we're now taking that $CO_2$ and inject it into the oil formations in the Midale field and recovering more oil. For the project up here that you're proposing and talking about, what would you do then with that $CO_2$ from a coal gasification project?

**Mr. Elliot**: — Actually you can increase your methane production by re-injecting it, is one of the methods. We would certainly have some $CO_2$ from it, surplus for industrial methods. I haven't really looked into that other than to have a re-injection process to bump up the methane production. That's all I've looked at.

**Mr. D'Autremont**: — Okay. Thank you. There are locations within a closed system where you allow water to flow through your turbine when you need the power and then reverse that at some later point in time. But the ones that I know of are all in closed systems such as a lake . . .

**Mr. Elliot**: — Yes.

**Mr. D'Autremont**: — Where you pump it from one side of the lake to the other side of the lake, sort of thing. But when you're

in a river system, I'm assuming the people downstream continue to want to get water at some point. So how do you work through that kind of an issue?

**Mr. Elliot**: — I believe there is currently a requirement that there has to be flow. There has to be flow at that time. And I don't see that as a problem. If you had a weir of some sort, obviously you could pump water from the river into the weir, and your levels would be higher so you would probably have a higher water discharge over the long term and a more even water discharge. So I think it would prevent some of the problems that we see, for example in Cumberland House, where water levels go up and down dramatically at odd times of the year. So I think that you could better manage the water if you created, in a sense, a lake within the river system.

So I defer to the engineers on those things because they can tell me whether it's possible. I just think about things. And I have many friends that are engineers and stuff like that, and I talk to them about things — lots of things. And the fellow I forwarded it to in SaskPower was Mr. Ball, who's in the research area. And I forwarded the study that was done — that's the proposal and the study that was done out of that. So I've discussed things with him several times. And as I said, on the nuts and bolts, I defer to the engineers. But as I said, you know, there's lots to be said. There's lots of ways of skinning a cat.

Like I said, we didn't think that we would get gas here, so we had to . . . How else could we get gas? So that's what I looked at. They asked me if I could set up a gas line co-op like they have in Alberta. And I lived in Alberta for half my life, so I'm very familiar with the gas line co-ops from there. To me it's the art of the possible. And sometimes people get too rigid in their thinking — too sort of looking at things as, you know, looking at things as this is the way we've done it. And I run into that occasionally in government. I must say that that's happened to me last week.

**The Chair**: — Mr. Wotherspoon.

**Mr. Wotherspoon**: — You really do run into that an awful lot in the last two years.

Mr. Elliot, I thank you for your presentation here today. You know, I think just on the surface your presentation was thoughtful. It's meaningful information, and I think that it's an example of the importance of engaging our citizenry. I know that, I'm certain that the North is lucky to have you as one of its citizens, and certainly our province is, to see you engaged in this process here today and putting forward solutions that, as you've said, you've had to be responsive to. And I think that's the story of Saskatchewan in many ways, is ingenuity at local levels and people rallying around local level solutions. So thank you very much for that.

My hon. colleague on the other side of the floor here seems to want to take time to political spin and self-congratulate himself or themselves. To dignify his response with a counter-response might not be worthwhile, but certainly it can be noted that in the last couple years, the last two years under a new government, we've seen no action on renewable power. We've seen not a single windmill, when it's been proven around the world that this is an area that should be advanced. We haven't seen a single new watt come in that direction.

And my colleague mentioned a project for which we're proud of in leading here in Saskatchewan. And under our government, with dollars from our government, the $CO_2$ enhanced oil recovery project down in southern Saskatchewan, and certainly as well some of the cogeneration that was started under the previous regime is something that we need to continue to look at in this province. And the opportunity to partner with industry and to create further efficiencies is incredibly important when we look at the bulk of our power being utilized by industry.

So as counter to my colleague, I think it's very important that we're here today. And it's important that we realize that it was just a short couple of months ago that the Saskatchewan Party government was tripping over itself in pursuit of nuclear power with little consultation, if any consultation, with Saskatchewan people and with an expensive taxpayer-funded promotion at $3 million and the length of one year to pursue nuclear power. So we're very pleased that Saskatchewan people have resoundingly pushed back against that process, that they were scolded through their own assessment and through the Perrins report, and that the indefensible and irrational position that they once took has brought about a process where people get to have their voices heard. So that's my response to my colleague.

But back to your presentation, Mr. Elliot, when we're talking about some of the in situ coal gasification, would you have any idea from some of your work as to what kind of cost we'd be talking about per kilowatt hour, or would that be just too preliminary at this point?

**Mr. Elliot**: — It's preliminary at the point at present, but my understanding is that it is within the ballpark. It was a reasonable alternative for South Africa, and they've developed it to a very high extent. And it provides the majority of their power, and so it is useful.

There are some technical problems if you choose the wrong site because you can have leakage of gases, etc., from the ground so you have to pick your spot very well. There's been two plants in Russia for I think 70 years, and one of them eventually had to shut down because there was too much leakage through the ground. So your engineers have to pick their spot, and they have to do a good job of it.

And the other thing that you can have problems with is water tables. If you don't have it deep enough, and you start involving the water table, you're going to have contaminated water. So that's a problem that you're looking at.

**Mr. Wotherspoon**: — My last question is simply if they've referenced any larger report that you've sent to SaskPower.

**Mr. Elliot**: — Yes.

**Mr. Wotherspoon**: — Would you endeavour, following this presentation, in the next, in the coming weeks, to send that to this committee as well?

**Mr. Elliot**: — I could certainly send it to the committee. I thought since SaskPower already had it that you would have access to it anyway.

**Mr. Wotherspoon**: — We'd value if you could do that, if you could send it to us.

**Mr. Elliot**: — Sure. I certainly can do. Just excellent co-operation from the University of Saskatchewan. You know, we have students out here working, I estimate that their work would have cost somebody $25,000. And it was done completely gratis and with the help and assistance of the faculty, Engineering faculty. Fabulous work.

**Mr. Wotherspoon**: — Well thanks for leading that venture and that co-operation. Thank you very much.

**The Chair**: — Mr. Bradshaw.

**Mr. Bradshaw**: — Yes. Thank you very much, Dave, for this. And I guess, could you explain this because I really hadn't heard of it before, you know. I knew that there was coal burning down there in . . . How do you say it again?

**Mr. Elliot**: — Genesee.

**Mr. Bradshaw**: — Genesee.

**Mr. Elliot**: — Yes. Genesee, Alberta. The coal's been burning . . . Well it was first noted by Palliser when he did Palliser Triangle work — in 1845 or something like that — there was gas venting out of holes in the ground at Genesee, smoke. And if you drive by there now, it's still smoky. And so, there's been an underground coal fire there for 150 years that we know of, probably. I think the estimate is that it's been going, they think it's been going for 300 years. And I don't know why they haven't just put some pipes down there and generated steam out of that, but because oil and gas have been so cheap, you know, those kind of ideas have not been followed.

[10:30]

**Mr. Bradshaw**: — I guess my question is, now you say you can recapture the $CO_2$ and put it back down there to create more methane. I guess I'm kind of curious exactly how much of an overburden, from what you've read or how much of an overburden . . . or how you say it can get into your water.

**Mr. Elliot**: — Well your water table, I think it's plus 100 metres is what is used as a base. And we're well below that; we're at 600 metres, so we're well below the water table.

**Mr. Bradshaw**: — Six hundred metres beneath the water table.

**Mr. Elliot**: — No, 600 metres beneath the ground. The water table would be for the first 100 metres. But I think, from something I've read, is that there would have to be at least 200 metres, with 100 metres for the water table. And you would have to be at least 100 metres below the water table before it would be considered safe. Okay?

**Mr. Bradshaw**: — Okay.

**Mr. Elliot**: — So we would be 500 metres below the water table in this case, which would be an excellent possibility.

**Mr. Bradshaw**: — And then the excess $CO_2$, you would capture and ship out for an industrial use, I take it. Is that what you're saying?

**Mr. Elliot**: — Well the nice thing about it is you can extract hydrogen off here. If we ever get hydrogen cars, you can extract hydrogen off here. And you can extract whatever you want from this, from this gas stream that you've got — $CO_2$, hydrogen, all those kind of things. It's about 80 per cent hydrogen — no, that's a little high — 60 per cent hydrogen. So if we ever get hydrogen cars, they'll be gassing up in La Ronge if we ever get that here. So that's what we would be looking at.

So you can take any of the constituents of the gas because all you do is you don't have . . . You're not flaring gas into the atmosphere; you're not doing anything like that. There's a pipe coming out the ground, and you can take the various constituents out and do what you want with them. So in actual fact, if you had a market for all of the $CO_2$ and re-injected and had a market for all the $CO_2$, your $CO_2$ footprint would be zero.

**Mr. Bradshaw**: — That was all the questions I had on this. Thanks.

**Mr. Elliot**: — Okay. Thank you.

**The Chair**: — Mr. Allchurch.

**Mr. Allchurch**: — Thank you, Mr. Chair. Well thank you, Mr. Elliot, for your presentation. I'm not going to get into the political rhetoric as some of my colleagues have, but I hope you understand that this process that we have here today — and we're going across the province for nine different locations — it's to simply find out from different presenters about different ways we as Saskatchewan people can utilize our energies that we have and produce energy for the province at a cheap, reliable, and safe way.

In your presentation, I was curious regarding the coal that you have here. How much coal is buried beneath the ground here around the La Ronge area?

**Mr. Elliot**: — It goes from here to Prince Albert to North Battleford to Lloydminster to Mannville. It's called Mannville coal. And it goes actually beyond Mannville, but it is a large coal deposit which has been . . . Part of the study that was done goes through the drilling for oil that was done here in 1956 to 1960, and all they kept hitting was coal and coal. And the coal is, in some places is in two bands, but it's over 30 feet thick in the largest band. And it's a phenomenal energy source that when I started talking to SaskPower they didn't even know about it. But it is a phenomenal energy source. It could be tapped into anywhere along the way from North Battleford all the way up to here. But it ends here because it pushes up against the Canadian Shield.

And there is coal exposed, and that was discovered in 1906 by one of the surveys. The coal was discovered then. And that coal is used for specialized fertilizer because it's been exposed to the air. And there's a company that takes and makes very high-priced fertilizers out of that. So it's being used; the stuff that's exposed is being used.

Also Hudson's Bay Oil and Gas looked at setting up a railroad

from there to Creighton, Flin Flon to use it to fuel their smelter. So they looked at that in about 1956, I think, something like that. So there's plenty of studies about it. It's well known.

And the Mannville formation, like I said, is heavily used in Alberta because, you know, they're restricting coal gasification from formations that have salt, salt water, and the Mannville formation is not salt water; it's fresh water. So what they do is pump tremendous amounts of nitrogen into the formation and then it bumps it and fractures it, and then they suck the methane out.

Now we could do that, and that fracturing would actually make it easier for the process to work in situ of coal gasification. So what I see is a one-two step. The engineers came down firmly on the current technology of methane, you know, methane extraction. And they came down on that side. And therefore I said, that's great; we're already going to have the holes. If we strategically place them, then we could use those to start the underground fire and to extract.

The other good thing about coal gasification is that there's no environmentally bad by-products. Okay? Like there's no fly ash; there's no coal tars coming up or anything like that. So the interesting thing about it is that it's very environmentally friendly. And if you're looking at a clean coal experiment, then this is clean coal. So you know, to my mind, it's an excellent opportunity. And it can be somewhere along that line.

I would encourage you as a government to consider putting it as far north as possible because we have power outages like you wouldn't believe, quite regularly — winter. You know, all we got to do is have a tree fall down and we're out for two to six hours, sometimes 24 hours. So we'd like to have a power source fairly close. I hope I've answered your question.

**Mr. Allchurch**: — You have. Your power source comes from the South through Prince Albert, does it not?

**Mr. Elliot**: — Yes.

**Mr. Allchurch**: — That new line that was just built comes from Prince Albert. And that's your main source of power to La Ronge and beyond. Right?

**Mr. Elliot**: — Yes. Well there is . . . I don't know why they have never attached it, but there is the line that comes from Sandy Bay. The line that comes from Sandy Bay is actually about, I think it's 60 miles north of La Ronge — about 100 kilometres north. And I don't know why they haven't put a power line down from there so we got backup power both ways. That's a question I haven't asked anybody about, but I've always thought about that as a reasonable possibility because it would give us power from two sources. Lots of places have power from two sources.

**Mr. Allchurch**: — In regards to the coal, the methane gas that comes off there, nothing's been done with that methane gas to date, is there?

**Mr. Elliot**: — No.

**Mr. Allchurch**: — This is just your proposal.

**Mr. Elliot**: — Yes. It's just my proposal, although they are doing it in Alberta. And that's where they're getting most of their gas now, is from fracturing coal beds.

**Mr. Allchurch**: — You said you provided a presentation to SaskPower. When did you do that?

**Mr. Elliot**: — I didn't really provide a presentation to them. I phoned Mr. Ball and I sent him a copy of my proposal — you know, the study done by the engineers. And he was surprised at the amount of coal, of course, that was available here. And also we talked quite at length about it. But I never made a presentation to him and another group of people. I would be quite willing to do that at some time in the future.

But I think it's a real possibility that we haven't been looking at. You know, we got excited about the coal at Hudson Bay. But I mean, we got all this coal here. I mean why aren't we looking at that first?

**Mr. Allchurch**: — Well I'm sure that if my colleague, Mr. Buckley, was here, he would mention about residents of the North being somewhat excluded from what's going on in Saskatchewan because of the amount of resources in the North, and yet they can't utilize the resource to their fullest to benefit the people of the North. And here's one example of having a resource, abundance of resource, in the area and yet nothing being done with it.

When did you talk to Mr. Ball from SaskPower in regards to this information?

**Mr. Elliot**: — I talked to him — I'm not sure — it would be at least a year ago. This study was done in . . .

**Mr. Allchurch**: — At least a year ago?

**Mr. Elliot**: — Yes. 2004. In fact the first time I talked to him would be at least a couple of years ago.

**Mr. Allchurch**: — And they never got back to you with anything regarding this?

**Mr. Elliot**: — No. Nobody's phoned me back and said, come and make a presentation, or we like your idea, you know, can we pursue it? It hasn't happened. Mr. Ball's been very helpful, you know, but nobody else from SaskPower has said, let's look at this.

To me it not only affects the North. You know, like it affects Lloydminster, North Battleford, Prince Albert, it affects Weyakwin — I mean, all of them have all this coal underneath the ground, right beside them. And we're looking all over for energy sources other than that. And I know that Mr. Ball was surprised when I talked to him about the Mannville formation. You know?

But I haven't been able to generate very much interest in it. And that's one of the reasons I decided — it was kind of on the spur of the moment — I decided to come out to the committee here because I feel like I've been batting my head against the wall on this thing for a very long time, you know. I started on this in 2003, you know, and I really feel that the interest level that . . . I

couldn't get any money out of our own organization to pursue this and so I went to the university. Now going to the university is my first source of getting something because they're willing to look at new ideas. They're willing to run with them. And so my first choice is to go to the university.

**Mr. Allchurch**: — Well, Mr. Elliot, I live between here and North Battleford. I live at Spiritwood. So there could be coal right underneath my residence for all I know now. I've always heard that up in the North, whether it be on the Athabasca side or at La Ronge, that there has been, for a number of years, a large deposit of coal, whether it be shallow or deep. Evidently your coal supply here is very deep except where it starts to come out of the ground.

**Mr. Elliot**: — That's correct. And when it hits the shield, it moves up out of the ground. But it's not very . . . [inaudible] . . . 10 miles away from where it's exposed, it's 600 metres down.

**Mr. Allchurch**: — Okay.

**Mr. Elliot**: — So, you know, it's a very good possibility.

**Mr. Allchurch**: — Thank you very much, Mr. Elliot, for your presentation. It's been enlightening to talk to you.

**Mr. Elliot**: — Okay.

**The Chair**: — If I could just wrap up with a couple of questions so I can get my head wrapped around . . .

**Mr. Elliot**: — Yes.

**The Chair**: — What you're talking about with the coal bed methane is what they're doing in a fairly large scale in Alberta with the coal bed methane extraction which is mainly feeding into their natural gas pipelines?

**Mr. Elliot**: — Yes.

**The Chair**: — Okay. I'm just thinking my way through this. I can understand SaskPower if they want to put a generating station there. But have you approached any private sector companies — I'm not aware if SaskPower does a lot of natural gas drilling — but any private sector companies that have shown any interest?

**Mr. Elliot**: — I did float it around Calgary, and Nexen looked at it. I sent them a copy of the proposal, and they looked at it.

**The Chair**: — Yes. I wonder. Those oil companies or natural gas companies, they seem to be the aggressive ones that . . .

**Mr. Elliot**: — Yes.

**The Chair**: — It would be nice to see that be something that we could take advantage of in northern Saskatchewan.

[10:45]

**Mr. Elliot**: — Yes. I feel it's a tremendous opportunity.

You talk about not using it. I'll tell you, a friend of mine who's into barbecuing, you can go down the Bow River and the coal is exposed there. He takes the coal and — he's pretty cheap; he doesn't have briquettes — he just uses the coal that he scoops up when he goes by on his canoe and uses it to barbecue. So that's one local use that we have.

But to me, a tremendous opportunity for the province and one that I would like to help nudge along a little bit. And I must appreciate, also thank, the people in government who have encouraged me — like Mr. Ball — who have encouraged me to go on and, you know, look at this and just encouraged me. And some people within my own organization have encouraged me as well. So it's been a mixed blessing, but it's something I've sort of pushed along for six or seven years now.

**The Chair**: — Well thank you very much for your presentation today. I think everyone appreciates you taking the time to come answer questions and . . .

**Mr. Elliot**: — I have one more thing that I forgot to mention, and it's in my presentation. It's another one of my fine hand drawings. What happens right now is that we . . . And one of the things I didn't mention about the low-pressure steam, you know, the high pressure to medium pressure to low pressure, the environmental impact of exhaust can be quite dramatic, okay? I believe some of the pipes are about 700 degrees when the exhaust is coming out of them. What you do is you cut down the end flue temperature to about 200 degrees Fahrenheit so you don't have as much impact.

The other thing I do in my fine hand drawings is I have a situation where I'm suggesting that you look at one high-pressure generator and then you have the exhaust from there go into another generator and the hot water, which we just dump out into the environment, go into that generator. Now the exhaust is let's say at 600 degrees, the water is at 200 — just below boiling — and if you reheat that you can add the 600 and the 200 together and reheat it to 1,000 for very little cost so you can actually get up to close to 40 per cent. Okay? Forty per cent seems to be as far as we can go on efficiency, but it's a very good, high efficiency. So you could actually have several generators together and reheat the exhaust, reheat the water, and put it through that way. Okay? And it's something I missed. I'm sorry.

**The Chair**: — That's fine. Well thank you again. The committee will now recess until 11 o'clock.

[The committee recessed for a period of time.]

[11:00]

**The Chair**: — Well I'd like to welcome everyone back. Before we hear from our next witnesses, I would like to advise witnesses of the procedure for presentations. I'll be asking all witnesses to introduce themselves and anyone else that will be presenting with them. Please state your name and, if applicable, your position within the organization you represent.

If you have written submissions, please advise that you would like to table your submission. Once this occurs, your submissions will be available to the public. Electronic copies of tabled submissions will be available on the committee's

website.

The committee is asking all submissions and presenters to be in answer to the following question: how should the government best meet the growing energy needs of the province in a manner that is safe, reliable, and environmentally sustainable, while meeting any current and expected federal environmental standards and regulations and maintaining a focus on affordability for Saskatchewan residents today and into the future?

Each presentation should be limited to 15 minutes, with questions to follow your presentation. I will direct all questioning and recognize each member that is to speak. Members are not permitted to engage witnesses in any debate, and witnesses are not permitted to ask questions of committee members.

I would also like to remind witnesses that any written submissions presented to the committee will become public documents and will be posted to the committee's website for public viewing. With that, I would ask our presenters to go ahead with their presentation.

**Presenter: Peter Ballantyne Cree Nation**

**Mr. Nataweyes**: — Good morning, ladies and gentlemen. It's an honour to be here this morning. My name is Harvey Nataweyes. I'm a Peter Ballantyne Cree Nation band councillor. My hometown is Sandy Bay, Saskatchewan which I represent the Sandy Bay membership as a band councillor. We live approximately 3 kilometres downstream from the Island Falls hydroelectric station, which is the oldest electrical station in Saskatchewan. It was the first one that was ever built, in 1930. So that's an historic facility for us.

And I guess before I go on any further on my submission here, I would like to . . . We have a six-page submission here that I would like to fill you guys in, as Peter Ballantyne Cree Nation, where we stand in electrical production and where we're at as a First Nation. So if I may, can I go through this six-page document we have? And then we'll have an answer-and-question period after I've read this document. Thank you.

Dear members of the committee:

On behalf of Chief Darrell McCallum and councillors of the Peter Ballantyne Cree Nation, we would like to make this submission to you. Peter Ballantyne Cree Nation is the largest First Nation by population in Saskatchewan. There are 9,400 members in our First Nation. We occupy traditional lands area in northeastern Saskatchewan, including the communities of Pelican Narrows, Sandy Bay, Southend, Deschambault Lake, Denare Beach, Kinoosao, and Sturgeon Landing, and also have a significant urban population in Prince Albert.

We manage and administer all our programs; including education, health, social services, child and family services, public works, housing, and economic development. We also own and operate a number of businesses and development ventures in northeastern Saskatchewan and Prince Albert and other urban areas — some of which you may have heard, such as PBCN [Peter Ballantyne Cree Nation] Petro station and Super 8 in Prince Albert, and also the Northern Lights Casino land and building in Prince Albert. We have many resource development and business enterprises in our communities. We believe we are a progressive First Nation and yet we retain our Woodland Cree culture, language, and identity.

When it comes to the energy needs of Saskatchewan, we want to offer the community our position and make some recommendations. We will restrict our comments to the production of electricity through hydroelectric power development in northeastern Saskatchewan and towards SaskPower, our Crown corporation with respect to electrical energy.

We understand there is a growing demand for electrical production in northern Saskatchewan and in Saskatchewan in general. Electrical production capacity in northern Saskatchewan will not meet demand load in a few short years. Where is this future electrical production going to come from? If I can add to that, in yesterday's P.A. *Daily Herald*, there was a paper there about electrical production where I believe SaskPower has to invest $10 billion in the next 10 years for electrical development. That was in yesterday's paper.

Number two, it is our position that Peter Ballantyne Cree Nation is committed to help meet some of that growing electricity demand. As communities expand, population grows, and especially resource development increases, more electricity is required. It is now time for our First Nation, Peter Ballantyne Cree Nation, to take a leading role in hydroelectric development in northeastern Saskatchewan.

We have a long history of and knowledge of hydroelectric development, as Island Falls dam and generating station was built in 1928 to '30 at Sandy Bay on the Churchill River. This was the first hydroelectric station in Saskatchewan. In 1981 it was purchased by Saskatchewan and is still operated by SaskPower today at a capacity of some 105 megawatts.

Our people helped construct Island Falls and have worked there in many jobs for over 75 years. In 1940 to '42, Whitesand dam, also owned by SaskPower, was built as a control structure on Reindeer River. A number of hydro developments were proposed for our area such as Wintego dam in the '70s and a dam replacement at Island Falls in the early '90s, both by SaskPower. For various reasons these did not go ahead.

Thirdly, now is the time to take a positive approach to hydroelectrical development in the northeastern Saskatchewan along the Churchill River waterways. We believe that we can develop up to 200 megawatts of additional hydroelectrical capacity on the Churchill-Reindeer water system without creating any further environmental impact on the waterways that exist now. This is because the Island Falls and Whitesand development already controls the Churchill-Reindeer River.

Hydro power is green. It is reliable. It is plentiful in our area. The technology exists to produce it at a low cost once it's developed. It is a sustainable, long-term source of electricity, using a renewable resource.

Our people, our Woodland Cree culture have lived with the

waterways for hundreds of years. Now we want to use the water resource for energy development, provided we develop in a sustainable, low-impact way. This is the future for hydroelectric in our area. We believe that a combination of replacing existing facilities, redeveloping facilities, and developing small-scale hydroelectricity is the way to go.

We believe that we could provide an additional 200 megawatts at a minimum from the following hydroelectric developments. At the present time, I believe in March 2010, SaskPower are planning on refurbishing of Island Falls. This project is announced by SaskPower to replace turbines at a cost of 70 to $80 million. It is our position that PBCN be given a priority status when it comes to this project. It is an excellent way to increase capacity using the existing dam and existing water flows. We will work closely with SaskPower on this project.

Two. Replacement of A dam at Island Falls. Now A dam is a controlled structure not providing hydroelectric power. In the early '90s, SaskPower wanted to build a new dam and station producing about 70 additional megawatts and using exactly the same existing reservoir at Island Falls. Now it is our opinion that this project should be revisited. New technology can increase the potential megawatt capacity. An important element is that there is no additional environment impact and no new reservoir. This is a priority project.

Whitesand turbine. In 1995-1997 PBCN and SaskPower produced a feasibility study on the installation of 22 megawatts of electrical production at Whitesand dams. Again, this development would use only the existing water that flows around now as Whitesand dam is a controlled dam. The cost was about $55 million in total in 1977 dollars. At that time, PBCN planned to become sole owners and operators of the turbine project and sell electricity to SaskPower who would then distribute it.

The key is an electricity production sales contract of 30 years in length. The project did not proceed but now again is the time to revisit it. Why? Because it is also a low-impact development that produces electricity using existing facilities. This should be given a priority status for development. PBCN plans to take the lead role on the hydroelectric development very soon.

Number four, other small-scale hydro projects. There are potential several smaller scale projects in our northeastern Saskatchewan area. These need to be studied thoroughly. And some have been already and determined which are economically viable. One example is at Spruce Rapids at Sisipuk Lake, which is a site in 1929 and '30 of the temporary power production facility for the power needs to build Island Falls. Some 20 megawatts were produced there with minimal environmental impact. Today's technology of run-of-the-river electrical turbines holds great promise for numerous small-scale projects that have minimal environmental impact.

Five, PBCN should be given the first priority to develop these hydroelectric projects in our region. We will be able to develop these facilities if SaskPower works with us on purchasing the electricity to be produced. Electricity purchase contracts are the key, and only SaskPower is able to produce and sell electricity. Close co-operation and partnership with them are fundamental to future hydroelectric production.

Number six, PBCN will work towards raising its own financing on some of the projects, or in the alternative, PBCN and SaskPower could become partners on some of these new developments. There are likely a range of options that could be studied. Obtaining financing for hydro development is possible as it is a very positive development, particularly the 30-year electricity purchase contract.

Number seven, the hydro developments we intend to pursue will be a very large economic development stimulus for northeastern Saskatchewan and for all of Saskatchewan. Major projects will bring major benefits of employment, business opportunities, service and supply contracts, and operating jobs. Infrastructure such as roads and transmission lines will also be needed. Many construction jobs will be created with additional operating jobs. High-technology equipment and machinery will also be required.

Number eight, water-resource-based development is a key to our future in northeastern Saskatchewan. The demand for electricity will continue to grow. We do not see it levelling off. Future long-term development in addition to what we propose here may be required. Expansion in mineral development will require more electricity. For example, a plan should be done that outlines hydro project development over 10 to 20 to 30 to 50 years in the future. The projects we outline here could all become a reality over the next 10 to 15 years. This would see an additional up to 200 megawatts of hydro power available.

Number nine, PBCN should be given a priority status in becoming hydro development partners with SaskPower and Saskatchewan in the northeastern region. Hydro development can and should be a positive for all parties. We could provide the stimulus to move the projects forward and help to meet the rural electrical demand in northeastern Saskatchewan and elsewhere. We are ready to enter a new era of co-operation and partnership with SaskPower and Saskatchewan to work towards a positive energy future.

In summary Peter Ballantyne Cree Nation proposes to become developers of hydroelectric power in northeastern Saskatchewan. We have identified a number of actual viable projects. Electricity demand is growing and PBCN can help meet it. A policy of co-operation and partnership should be the policy of all parties — PBCN, SaskPower, and Saskatchewan. New hydro development will stimulate very much-needed economic growth for northern Saskatchewan and indeed all of our province. Our First Nation is standing ready to move ahead to a sustainable, environmental, responsible, and economic viable future. Let us work together to meet our shared energy objectives.

Mr. Chairman, in that handout I've given out, there's another example of a handout here. This is an example of Manitoba Hydro, our visiting province, entering agreements with a First Nations group in northern Manitoba. And this outlines the agreement they have with them and what benefits the First Nations have got under construction of this hydro dam. So if maybe I can read this little article?

[11:15]

**The Chair**: — Absolutely.

**Mr. Nataweyes**: —

> Nisichawayasihk Cree Nation voters verify Wuskwatim project development agreement construction of an estimated $1 billion hydrogeneration project set to proceed.
>
> About 70 per cent of eligible voters turned out in the two days of voting on June 7 and 14 in Nelson House, Thompson, South Indian Lake, Leaf Rapids, Winnipeg, and Brandon with about 62 per cent voting in favour. The results exceeded ratification requirements that stated that a majority of eligible members vote, and that the majority of votes cast are in favour.
>
> Primrose said the result was a victory for all NCN members and a positive sign for the future of the First Nation. "With the knowledge and the wisdom of our elders and resource users, we have worked hard to negotiate the best deal possible and we are proud of our achievement. Ratification of the Wuskwatim project development agreement is a triumph for our First Nation. I feel the spirit of our ancestors in this result. We trust opponents of this project to respect the will of the members."
>
> Councillor and Future Development Portfolio Holder William Elvis Thomas, who spearheaded negotiations, said the vote is gratifying and reflects the efforts to involve members in the complex process and keep them informed. "The vote confirms that our extraordinary efforts to make sure members understand the project and its benefits were worthwhile," Thomas said. "The vote indicates our membership recognizes the project is important to our future and developing the economic base we need to provide for our First Nation."
>
> The historic official signing of the PDA will take place June 26 in Nelson House, Manitoba. Construction will begin upon receipt of licences and approvals commencing with the Wuskwatim access road. The project will take six years to complete and will provide employment opportunities for qualified NCN members and revenues of about $100 million in direct-negotiated construction, contracts for NCN businesses and joint-venture partnerships.
>
> Primrose said the nine-year process leading to the agreement had been valuable to the First Nations, increasing the skills and experience of everyone involved, as well as providing long-term training opportunities now available in Nelson House to the newly opened $8.6 million Atoskiwin Training and Employment Centre.
>
> Atoskiwin Training and Employment Centre has already provided training for over 300 members and many are now ready to apply for skilled jobs in the Wuskwatim project.

Thank you, Chairman. This is just an example document of what's happening in northern Manitoba and this is one of our dreams of hydroelectric development in Sandy Bay. Thank you.

**The Chair**: — Well thank you very much for your presentation. I've got several members that have indicated they'd like to ask questions. Mr. Weekes.

**Mr. Weekes**: — Thank you, Mr. Chair. Well thank you very much and appreciate your presentation. It's interesting. There's certainly a theme from today's hearings about what is happening in the North. I really appreciate that your First Nation has a growth agenda. As a Sask Party member, we certainly campaigned on a growth agenda, and we certainly hope to fulfill that, continue to hope to fulfill that promise, especially for First Nations and northern people to create jobs and a growing economy for the North.

What we were presented with as a committee was, when we look back at what had happened over the years under the NDP [New Democratic Party], there was 16 years of their rule that there was very little upgrade to the transmission and electrical generation infrastructure. So we set up a thoughtful process under the UDP initially and also this legislative committee to look at, you know, the future of power generation in this province.

The common theme that comes through is problems with SaskPower. Previous presenter from the Meadow Lake Tribal Council stated very clearly as well as you have that there's certainly a problem with SaskPower. Could you just flesh out a bit more of what . . . You've listed different examples of where the First Nations and Northern people could be involved in projects. Could you flesh out exactly what type of arrangements you would like? I mean is there a power-sharing agreement you want? Do you want to be a shareholder in a project, or what would be needed as far as financing and those types of issues?

**Mr. Nataweyes**: — Well I think first of all, I think revenue sharing was on the table at one time. Or if it wasn't revenue sharing, it would be partnership in creating a hydro electric facility. And with our economic base with the PBCN, Peter Ballantyne Cree Nation, with all of our other economic development projects that we have in place right now, I think we're confident we would find a financing partner if we were to come into partnerships with SaskPower and the government in regards to developing an electrical dam.

**Mr. Weekes**: — Just to follow up on SaskPower, in the past you have taken proposals to them, I assume, and it's just flat not interested? Or what has been the discussion with SaskPower in the past?

**Mr. Nataweyes**: — Maybe I'll get the advisor here to fill you in on that.

**The Chair**: — Excuse me. If you could introduce maybe the gentlemen who are presenting with you before they speak, it helps the people that are doing the *Hansard.*

**Mr. Nataweyes**: — Okay. I'm sorry, Chairman. This is Dale Reid. He's our advisor at hydroelectric development and our hydro committees at Sandy Bay. He's been working with us for the past two months and will continue to work for us, and he has more history of hydroelectric development on behalf of PBCN than I do. So the question maybe you're asking, he'd be able to answer it a lot better.

And this is Stanley Merasty. He's a hydro committee member from Sandy Bay — Vice-Chairman of the board. Our Chairman hasn't been in good health lately, so he's been working with us in regards to hydroelectric development and business in the community of Sandy Bay.

**Mr. Reid**: — Thank you, councillor. I think in the last two or three years we've seen SaskPower change its philosophy, if you will, about working with independent power producers. They certainly have contracts now in place with some producers for natural-gas-fired turbine projects.

In the North, we've had a longer history with SaskPower. There's been some issues over past impacts and past developments that the Cree Nation felt were damaging to its lifestyle, its community, its culture — particularly in Sandy Bay at Island Falls. When SaskPower took over in '81, the Cree Nation and others wanted to negotiate compensation for various impacts, and there was a period of negotiations as well. An agreement wasn't reached by all parties, and that's all right. That's what happens sometimes.

In '95 and '97, SaskPower and Peter Ball [Ballantyne] jointly funded a feasibility study for turbines at Whitesand dam which is on Reindeer River, the control structure. And they were very co-operative in that sense. We got to the point where it was felt the development could proceed; it was financially and economically viable. And SaskPower talked with us about a contract, 30 years — that seems to be the standard contract length; it gives you enough money to pay off your mortgage, if you will, on the dam — and at a fairly reasonable rate per kilowatt hour. That's generally what the contract would offering. And they were to do their part and we were to do ours. We would build it. We would finance it independently — we had outside financers — and then SaskPower would purchase electricity and distribute it accordingly.

And that's probably the best way on a smaller scale, is for an independent power producer like Peter Ballantyne to construct and operate the facility, and probably as an independent from SaskPower. On the much larger projects, Wuskwatim — as the councillor mentioned — is probably 1.6 billion. Any big hydro project now is very costly. That's where the partnership has to be probably there, an investment partnership with SaskPower and someone like Peter Ballantyne.

We're proposing on the smaller end right now. For the next 10 or 15 years, we can probably raise the funds needed — the majority of them anyway — to move ahead on these projects. The key of course is the contract and the willingness. Even before the contract is the willingness of corporation to move ahead with producers like us in the Northeast. And there may be others in Saskatchewan. And they've done that as they've started out in the last couple of years. They've, you know, signed contracts as well.

So hydro's a little more of course complicated than a gas-fired turbine in one spot. It's initially expensive as we all know, but it's cheaper to operate in the long run. And the resource is always there.

Now the whole objective here is to increase capacity in the Northeast. The North is growing. Communities are growing as well. And any new mining development will take a lot of electricity, any oil sands development as well. So Peter Ballantyne wants to be there at the table. And there may be other First Nations doing the same, we don't know.

But there's been a change recently — to go back to my original point — of the SaskPower philosophy about working with independent producers in different ways, and we see that the positive trend should continue.

**Mr. Weekes**: — Thank you. Just one quick follow-up. Large hydro projects, there's huge environmental impact. What is your band's position, and what do you feel the position of northerners that would be affected by a proposed hydro dam be? Would they be willing to accept it? If you could comment.

**Mr. Nataweyes**: — Well I think also what Mr. Reid indicated was that in 1989, SaskPower had plans of having turbines in our A dam control structure in Island Falls and then that was cancelled in 1989. So instead of rebuilding a new dam in a new location with additional turbines on it, they just refurbished the A dam.

So there was engineering studies done on that dam and the one in Whitesand that he had mentioned, and there was environmental studies done on both locations. And there wouldn't be much of an environmental impact if there was turbines on any one of those two dams that we have at this time. So again I couldn't see the membership, the trappers, the fishermen, the resource users wouldn't be affected as much if there was turbines added on these two control structures.

**Mr. Weekes**: — Thank you.

**The Chair**: — Mr. Wotherspoon.

**Mr. Wotherspoon**: — I thank each of you for coming here today and presenting on behalf of Peter Ballantyne Cree Nation. Very thoughtful, realistic presentation that was put forward here today and positive in nature. Appreciate it.

I think what we've realized throughout this discussion is that there seems to be a really strong balance between wind power and hydroelectric power. And so I think the presentation that you put forward today, in looking at increasing capacity of hydroelectric power in Saskatchewan, fits in very well into working with some of the other renewable power such as wind power or other intermittent sources because the wind doesn't always blow and we don't have the ability to store those. So I think it's very timely that you raise these issues again.

Referencing the words of my colleague opposite, we've come to the North to listen to perspectives of northern people from Peter Ballantyne and from individuals. And instead, my hon. colleague chooses to offer political spin and rhetoric and sort of self-congratulate himself. And he talks about growth. But I think it's important . . . And we all know really what's going on, is that we have a Sask Party government. While they talk lots about growth, what's actually happening is they have a contraction that they've created in their own economy. Now this affects people across the province, but it also affects projects as we look to move forward.

And we know that they've created a massive deficit here in their second year of government. And the way they're balancing this off right now — they're pushing close to $1 billion of a deficit here this year — and the way they're balancing that off is taking huge sums of money, over $400 million this year, from our Crown corporations. How does this affect us? Well if Peter Ballantyne First Nation is looking to be a partner with SaskPower — as I think it should certainly be considered — we've now taken away huge dollars from that holding company to go in to operate and to develop all sorts of projects.

So my hon. colleague, if he's going to speak about growth, he should back it up and he should show that kind of leadership on the economy. Because right now we don't see it, and we don't see a plan. And my hon. colleague should also, when he comes to the North, choose to listen to the people and ask the questions who are before him instead of using it as some sort of an infomercial.

But I am interested in your proposal. We're going to have a chance to sit down with SaskPower here again very shortly. What I would ask you is, is there any specific data or any specific questions that you would like us to take back directly to SaskPower at this point in time?

[11:30]

**Mr. Nataweyes**: — If I may, we are looking forward to that — that's the 70, $80 million refurbishing project that's coming up at the Island Falls hydro station. I did bring it up on September 14 with Bill Hutchinson, the Minister of First Nations and Métis. And the topic of duty to consult and accommodate was brought up at the table. And Minister Hutchinson was supposed to forward my concerns to the Hon. Bill Boyd, the Minister of SaskPower, and I haven't received any correspondence from him yet.

But we ourselves, as PBCN, would like to sit down with SaskPower regarding this $70 million plan they have for the Island Falls hydro station because again there we're looking at maybe training programs, employment for our community, etc. That's why we would like to sit down with them as soon as possible.

**Mr. Wotherspoon**: — We'll certainly take that concern and desire back to SaskPower and also through this committee. We do know that, not long ago when the Sask Party was tripping over itself to look at nuclear power at the cost to taxpayers of $3 million and a time frame of a year, they had a Sask Party MLA [Member of the Legislative Assembly] out trying to buy land for Bruce Power, for the private power company.

And at that point I know there was huge concern . . . [inaudible interjection] . . . Oh, the statement is oh, the Sask Party MLA was no longer an MLA, so he was just previously one. And at that point in time we know that there was no duty to consult going on and that an individual very close to the Sask Party was out purchasing land. It caused huge concern from landowners — and not just First Nations, but also ranchers and farmers throughout that area.

So that's something we will certainly take to the table, specifically with duty to consult on this project. Is there any specific aspects you want to make sure that are highlighted?

**Mr. Nataweyes**: — I guess we're looking at the local level, you know. At that kind of price tag we'd like to see some opportunities for maybe a partnership and contracts, for employment for our community. We're looking at maybe training programs, upgrading our grade 12 graduates to get involved in these training programs, and employment. That's our main goal here in sitting down with SaskPower with this $70 million project they've got coming.

**Mr. Wotherspoon**: — When you're looking at these projects, you're looking at something that has far-reaching benefits, and I guess offers far-reaching progress for your communities. Do you want to speak specifically what these kind of partnerships and developments mean for Peter Ballantyne First Nations, the communities within, and your people?

**Mr. Nataweyes**: — Well I'll give you a little background history. In 1989 when A dam was refurbished, other than building a new A dam with additional turbines, we had contracts, we had local people working at the dam. We had contracts for transporting employees to the dam. We had contracts catering and housekeeping for the engineers and all other specific SaskPower's employees. So we set an example there that we could do that job at the local level, at that time.

And with this contract coming up again with this 70 million that's going to be spent next spring, I think we at the local level again want to participate and could do the jobs again.

**Mr. Wotherspoon**: — Excellent. Thank you so much.

**The Chair**: — Mr. D'Autremont.

**Mr. D'Autremont**: — Thank you very much. I'd like to welcome you to the committee hearings. And as you can see, they do get exciting from time to time . . . [inaudible interjection] . . . Passionate, yes.

I'm very pleased to see that you believe in the growth in Saskatchewan, particularly the growth in the North. I think that's a very positive thing for everyone in the province.

Even though the member opposite may try to present erroneous information about individuals, I think it's worthy to note that the member opposite, Mr. Wotherspoon, has been an opponent to growth since his election. He doesn't believe that there is growth; he doesn't believe there's a possibility of growth; and he seems to not believe that there is any value in growth.

It's our belief that Saskatchewan is growing and will continue to grow in spite of the negativity from the members opposite. And so with growth in mind, your proposals I think have significant value.

In partnering with SaskPower, are you looking for a purchase power agreement only, such that you would provide the capital necessary for the development of the turbines on the river system and then SaskPower would do a purchase agreement and transmission then to wherever that load would be? Or are you looking as well for the possibility for SaskPower to simply be a transmission service for you, where you could retail that

electrical generation that you would be partnering in on?

**Mr. Nataweyes**: — I think first of all we will be looking at a partnership with SaskPower in regards to maybe constructing a hydroelectrical dam would be our first option, with Peter Ballantyne Cree Nation help financing the project — our share. And I think the only reasonable . . . the only other obstacle we would like to see is that having a contract with SaskPower to buy electricity from the hydroelectric station would be our option right now.

**Mr. D'Autremont**: — I'm from the very far south; you can't get any further south. So I am not familiar at all with the Churchill or Reindeer River systems. Your proposal for the turbines that would go onto that river would be into existing structures so there would be no additional flooding involved — is that the case? Because I know in the past with, particularly in my area, Rafferty-Alameda projects, it took 18 years from concept to be finished because of the environmental opposition to that. So you would not be flooding any additional property?

**Mr. Nataweyes**: — No. There has been studies done on the A dam project and the Whitesand dam project. And when they did the feasibility study and environmental study on both control structures, there would be no additional environmental damage up or downstream of those control structures. That is why we think today this would be the first option and advantage in hydroelectric development in northeastern Saskatchewan. You'd be able to produce more power with no environmental impacts at all in the Churchill River.

**Mr. D'Autremont**: — The Island Falls dam and the systems you're proposing, do they tie in to the general southern grid? Or is this the line that comes from Manitoba and goes up to Uranium City? As I said, I'm not familiar with the locations.

**Mr. Nataweyes**: — They're tied in with the southern grid and also with Manitoba.

**Mr. D'Autremont**: — Okay. Thank you.

**The Chair**: — Mr. Vermette.

**Mr. Vermette**: — I guess I just want to start out with some comments, and then I have a question I'll put towards you. I just want to commend Peter Ball, your presentation here to the committee hearing. And I think taking the leadership that you guys have taken in your community, you come from a large First Nations community, but Sandy Bay is a smaller community near where you have an opportunity. And the community has I think an opportunity here. And thinking about it, and when I think about the duty to consult and accommodate your community . . . And you're being impacted there. I think when you talk about the projects and any partnerships that SaskPower is going to do, I commend you. And I say continue to work hard on that.

I think, from the committee at the end of the day, there are members of this committee that will try to make sure your voice is heard here from these hearings, to make sure that we can do all we can to make sure that your community is consulted and accommodated and is a true partnership. We'll do all we can do. And at this time, is there anything in your mind, in your presentation — past stuff or anything going in the near future — that we can do as a committee or as members of this committee to assist you? And any time, you know, you can contact individuals or, we can have meetings, however. But I just want to give you an opportunity if there is anything you think we can do to assist you, whether it's past or present, as a committee. Maybe you can make some recommendations. Is there anything you would like to share with us at this time? And I thank you for presenting.

**Mr. Nataweyes**: — Thank you, Doyle. I guess one of our biggest concerns right now again is SaskPower has stated in their newsmagazine that March 2010 was when they're planning on refurbishing the Island Falls hydroelectric station, the turbines. And again, they haven't consulted with us yet. And you know, March is around the corner, and we would sure like to meet with them regarding this project as soon as possible. And maybe that's where we would sure appreciate some assistance.

**Mr. Reid**: — Thank you, Mr. Vermette, committee members again. On the two specific projects that we see as a priority — Whitesand dam turbine, that's a smaller scale; and the Island Falls A dam — these would require commitment from SaskPower to work with us in terms of doing perhaps an MOU on it, a memorandum of understanding to look at these. Generally you do a pre-feasibility study, then a feasibility study. And then, you'll start working on your contracts.

So it's getting that commitment from the highest level of SaskPower that perhaps the committee might look at helping us to achieve, to at least study these carefully because these are not environmentally, have a very low environmental impact. They use existing structures that have been there since 1930 and 1981. They're still viable though; they're still good. You know, they still function. But in the end, someday, they'll have to be replaced eventually.

But these two projects — Whitesand dam turbine and Island Falls A dam — use the same water which is controlled now, has been for 75-80 years. Water that's actually going around these control structures, it's surplus water that hasn't been used. So our view is, let's develop this. And probably Whitesand would take five to six years if we started tomorrow with hearings and planning and everything. A dam would probably take up to 10. It's a bigger project.

Now the next phase we mentioned — look ahead, SaskPower, in the longer term, look ahead to the future — large, very large scale. Mr. D'Autremont, you asked I believe of large-scale developments are probably more contentious than the smaller scale ones in the short term in the near future. And in the 1970s, SaskPower proposed Wintego and there was huge studies, etc.. And they were excellent studies, just a lot of good baseline information. And pretty much everybody opposed it all over.

But the smaller scale and the mid-scale projects are not environmentally damaging at all. They're economically viable at today's power rates which had just gone up, I think — check our power bills. So investment dollars are there, really. They're out there. But the key is having SaskPower modify and change and take a new approach, I think, to the First Nation and come

to the table and sit down and work on these things.

They've been doing it, as we mentioned, with other producers in the South, from outside of our province as well. So working on those two projects, plus the A dam refurbishment which is already committed to by SaskPower in the billion dollar commitment they made throughout Saskatchewan. A dam could be an excellent — sorry, Island Falls refurbishment — an excellent starting point, and moving onto the planning for these other developments which could come to life within 10 years and might produce 150 to 200 megawatts of power, which is quite enough for the North apparently but the South needs a heck of a lot.

Now your other developments of oil sands and mineral developments are going to eat up a lot of that. But, you know, SaskPower participated with the Cree Nation, Peter Ballantyne Cree Nation and it's on the record. We can provide the committee with their studies of Whitesand dam. And all the parties accepted that. It just didn't proceed. The electricity rates and demand was lower then. Now that was '97. It's what — 14, it's now 12,13 years ago. We should have done the damn thing and then we would have been producing now, but it didn't happen. But now's the time and we have to keep looking ahead and move these projects forward. Thank you.

**Mr. Vermette**: — I guess my last question to you would be, how much hours has SaskPower committed to working with you on these projects you're talking about?

**Mr. Nataweyes**: — Like I said, Doyle, they haven't consulted with us at all in regards to hours of work or what kind of work's going to be required. Nothing. They've been pretty quiet.

**Mr. Vermette**: — Okay, thank you.

**The Chair**: — Mr. Allchurch.

**Mr. Allchurch**: — Thank you, Mr. Chair. Welcome, gentlemen, and I want to say thank you to coming forward and making a presentation here today. It's ironic that one of your comments about if we had built the damn thing 12 to 14 years ago, we'd be okay today. Unfortunately we've had this control of 16 years and it seems to show up really well right now. That's why this process is in place today.

In regards to refurbishing of Island Falls, this project was announced by SaskPower to replace turbines. When was this announcement made?

[11:45]

**Mr. Nataweyes**: — They have their monthly SaskPower magazine distributed on a quarterly basis and that announcement was in that magazine. I believe it was in the February '09 magazine was when they made that announcement.

**Mr. Allchurch**: — Okay. February '09 is what you said, right?

**Mr. Nataweyes**: — Right.

**Mr. Allchurch**: — Okay. It also points out to another comment you made about the last couple of years SaskPower has been more willing to work with you and your process and your projects, which kind of falls in line with what happened in '07 in the election. People wanted change as you wanted change. SaskPower is now changing and hopefully there'll be better things to come as we go forward.

I'm also curious as how many years have you been working on this project, whether it be Island Falls or replacement of A dam. How many years have you been working on this project with the previous . . . with SaskPower?

**Mr. Reid**: — Thank you, Mr. Member. Well Whitesand turbines first began in '95 so that's about 14 years. A dam project has been well known since 1989, '90 so generally there's been fits and starts of different talks and negotiations and planning with the Whitesand dam turbine project well advanced for a while and then it fell off.

Just to clarify, our position is that SaskPower hasn't worked with us on these two recently in the last two years or so, but it's worked with other independent producers in Saskatchewan. So that's a welcome sign of a different philosophy, if you will, particularly when what we're going to ask of SaskPower is . . . The best arrangement is, we'll find the money, we'll build it, and we'll produce it, and you buy the power and distribute it in your network, maintaining the viability of the corporation. But the key is of course getting those good purchase contracts going. There may be other arrangements, other types of arrangements that could be possible.

Usually on the larger scale, like in Manitoba, they've got some huge investments there and you require more than just one single investment partner. For example, the Nelson House-Nisichawayasihk Cree Nation is trying to get up to one-third, 33 per cent of Wuskwatim. They may do that. It may well be. So the approach there should be looked at.

And your committee may look at this as a idea from other sources than ours is — the government and SaskPower and the First Nations work together on a common object of increasing capacity. What are the projects that we can fund and are economically viable or profitable for the Cree Nation certainly, and for SaskPower? We're not asking anybody to buy electricity and lose money. There's no point producing at that and not making a profit.

Our studies in Whitesand, for example, is 12 per cent return on equity which isn't bad. Interest rates were a little higher in the late '90s than they are now. And SaskPower certainly make money in the distribution.

Specifically looking at project-by-project basis is probably the best way to go. And you know, we've offered two or three that are viable, that are using some of SaskPower's existing facilities that benefit the Northeast and First Nations.

Now the First Nations are going do this as a business venture. It's not going to be doing it as a, you know, any kind of charitable purpose or anything. And that's the way these things have to be done anyway. I'm sure the companies that are investing in Saskatchewan now that have been announced — the gas turbines — are operating as a business. And that's the

way it should be for now.

But you still need the strong influence and role of SaskPower. I mean there's no doubt about it, they're a major corporation. They just have to change some of their philosophy and thinking a bit — and they have been — and move forward. And you know, it's basically that comment on that. Thank you, Mr. Councillor.

**Mr. Allchurch**: — Okay. My next line of questioning then is in regards to Island Falls. Island Falls, as my colleague, Mr. D'Autremont, said, produces power for not only Flin Flon but also produces power for . . . It goes up to Uranium City. The transmission line that furbishes the power to Uranium City is actually built just north of Missinipe here, I believe, which is not very far north of La Ronge. But yet La Ronge has to get its power from the South.

Why couldn't the power line or transmission line supply power from that line to La Ronge? Or is it because Island Falls is at full capacity of producing power as it is, and they could not feed off that to feed La Ronge?

**Mr. Nataweyes**: — Yes, I think you've got that right. I think that's the purpose. Island Falls only has a production, maximum production to produce so much power. And 1990, when a transmission line was built from Island Falls to Points North . . . And again that transmission line leads up to the uranium mines, produces power for the uranium mines up north. And it also produces power for the Hudson Bay Mining and Smelting Company in Flin Flon, Manitoba and up towards Sheridan, northern Manitoba. So I think at that time Island Falls could not produce enough power to supply La Ronge also. And I don't think it will at this time also.

**Mr. Allchurch**: — Even with the upgrades that could be potentially looked at for Island Falls now with this new injection, does it have the capacity to produce more power, or are you at a maximum as it is right now?

**Mr. Nataweyes**: — I think with what we've got now, it produces 105 megawatts, Island Falls hydroelectric station. And even if they were to refurbish the turbines and generators, it still wouldn't produce enough power for La Ronge.

**Mr. Allchurch**: — Thank you for the question.

**The Chair**: — Mr. Bradshaw.

**Mr. Bradshaw**: — Yes, thank you, and I certainly thank you for coming here. I know my time is short, so my questions are going to be, is going to be very short. Now I haven't been to Island Falls personally, but actually a good friend of mine was just up there very recently, and he was talking about the dam itself. And he's no engineer or anything, but he thought that the dam was not in — what he thought — wasn't in very good shape.

Now what you're talking about, are you going to be completely replacing the dam, along with new turbines which are more efficient? But are they talking about — and I don't know about this A dam there — are they talking about completely replacing the dam, or exactly what kind of a contract is this?

**Mr. Nataweyes**: — I think SaskPower plans are just to refurbish the turbines and the generators at a cost of $70 million. There was nothing in there that stated they were going to rebuild the dams or the cement work, etc., the . . . [inaudible] . . . work, type of thing. So I think that's where us as a community of Sandy Bay would come into place.

Where if SaskPower has plans with refurbishing just the generators and the turbines, if we don't know exactly if they're going to rebuild the dam . . . because I know they did some of it approximately five years ago at the main hydro station there. And if work like that would come available, then that's where the community would like to see some benefits from it. But as far as I know, I think the major portion of that money is going to be used towards the purchase of the generators and turbines.

**Mr. Bradshaw**: — Okay. I guess that was kind of it. Like I said, this friend of mine was just talking about it. And he thought that — he's no engineer either — he just thought that the dam possibly could have used some work on it itself. I think it's a great idea because you're using an existing facility and, you're right, the environment really isn't going to be impacted because it's using the existing facility. I really think that's a good idea. Thanks.

**Mr. Nataweyes**: — Yes. Well that's what I think one of the advantages is of adding additional turbines in the A dam control structure plus the Whitesand dam structure. If you put turbines in there, well there's not really going to be no environmental impact, and that's one advantage that we have.

**The Chair**: — Mr. Vermette.

**Mr. Vermette**: — I guess I would like to finish up with, you know, commending the community of Sandy Bay and your leadership to come forward and try to work on behalf of your community members. And I know there's a lot of needs in your community, and hopefully the economic spinoff and truly a partnership that you can develop with SaskPower is going to be huge for your community, for our young people that are over there, and for a lot of the challenges. And I think, you know, an economic boost for your community is something that I think is the right way to go. And I commend what you're doing, and your seriousness, and your sincere respect that I want to give you.

But I have to also say it's unfortunate to see the Sask Party playing a little politics, spinning things the way they want, and that I am not impressed with. But truly I thank you for your seriousness, your true commitment, and the respect you have shown us as a committee, and for your patience and tolerance. Thank you very much. I think you have done an excellent presentation.

**Mr. Nataweyes**: — Thanks, Mr. Vermette. Chair, my colleague would like to do a little sort of presentation on another project if you don't mind.

**The Chair**: — Yes, certainly.

**Mr. Merasty**: — Thank you. Good morning. You know, he mentioned the existing, you know, powerhouses and that. My thing here is developing new projects. Like we talked about

Wintego Rapids here just a while ago. Why not go new, you know? Like we all talk about existing hydro sites, refurbishing those.

Why not go this route where like these guys here, they're on the Nelson River. I don't know if you guys know anything about the Nelson River, but it flows like the Mississippi. It's as slow as the Mississippi whereas we've got the mighty Churchill River here and we only got one lousy hydro site on the Churchill River. The Nelson River's going to have five or six in the next couple of years. As we speak, they're building five. Why can't we go that route?

Last winter I did a little survey in Sandy Bay. I went and talked to the grade 12 graduates and the students that were doing their grade 12, and I asked them, are you going to be a trapper or a fisherman when you finish school? The one guy told me, you know with a great big F, he said no way. Why do you think I'm in school? I want to be the person that checks the clock that counts the megawatts. That's what he told me. So you know with thoughts like that . . .

And then after that, I went to Pelican Narrows in our neighbouring community and I talked to the elders. I said let's go partnership with SaskPower and build this megawatt project that we've been talking about. And right away, you know, it was a flat no from the elders. They said no, we got to save this river. And I asked them, who are you saving it for?

The young generation, they want to use it but in a different way. They don't want to paddle up and down that mighty Churchill River. They want to make money. They want jobs and they don't want the pick and shovel jobs. They want to wear suits. This is what they're aiming for. This is why they're in school. So, you know, today I've been accused of trying to sell the Churchill River. I guess I am trying to sell it in a way, all right, but, you know, not for my benefit.

So this is where it's at and, you know, all through this great country of ours we hear stuff like this happening. Now why can't it happen in Saskatchewan with SaskPower? Manitoba is doing it. Is Manitoba Hydro easier to talk to than Saskatchewan Power? Why isn't that happening in this province? We have the resources. We all talk about these environmental studies being done, and with today's technology I'm sure we're not going to do any more flooding than what's been done already.

You know, you talk about Uranium City. Island Falls doesn't supply Uranium City. There's another dam called the Charlot River dam right beside Uranium City and that power comes down this way. This power from Island Falls only goes as far as the uranium mines, so that power comes down this way. There's actually two grids.

[12:00]

So you know, right now there's a dam being built close to Black Lake. And Black Lake is 40 miles long, and what I've been told that lake is going to fluctuate 3 to 4 inches. A 40-mile-long lake is going to fluctuate 3 to 4 inches. Your Diefenbaker Lake fluctuates 5 to 10 feet. So this is what I'm talking about. With today's technology, you know, I don't see anything like this happening. You know, I'm old school but I think like you guys do. Maybe I'm ahead of my time; I don't know. But this is how I think. I don't think we're going to destroy any more land than what's been destroyed already.

And you talk about green power, yet just a while ago you were talking nuclear. What changed your minds so fast? Last June I was in Fond-du-Lac and I attended one of these nuclear hearings over there. I just happened to be there by chance and this was happening, so I attended it and I heard a lot of stuff there. But now I hear this green power. What changed their minds so fast, you know, is what I'm asking. I've always agreed with this green power.

We got, like I said, the mighty Churchill River there just flowing, dollars just flowing out to Hudson Bay. They're just flowing down Hudson Bay; we're just looking at them. Just like I told that elder in Pelican Narrows, who're you saving this river for? The American paddler that spits over the boat as he's paddling beside you, is that who you're saving this for? You know, he didn't have an answer for me, but I know he didn't like what he heard.

So with that, you know, I think we should be harnessing this river over here, you know, and make a new structure. You know, going back a few years back, I was watching them build the airstrip at Pelican Narrows. You've seen the airstrip; it's what, 20-some kilometres north of Pelican Narrows, okay? It's the Pelican airstrip, but it's like going to the Pearson airstrip in Montreal — way out of town.

So I was asking the engineer, why are you building this airstrip so far, you know, when there's all kinds of nice, flat land around Pelican Narrows? He chuckled and he said, the government at that day — I think it was the NDP — he said, well you know they got a long-term plan, he said. Wintego Rapids is only 20 miles north of this airstrip — 20 miles. That's how far it is. So in my mind I thought, well, hey, these guys must have a plan. They're going to build something on the Wintego Rapids. It's only 20 miles north from there. Why else would they put the Pelican strip 20 kilometres out of Pelican Narrows? It's never used by the Pelican people. You know, I see the odd plane land there. It's well maintained, yet it's out there doing nothing.

So I think, you know, with that kind of thinking, somewhere there's a long-term plan. With that, I thank you very much.

**The Chair**: — Well thank you very much. Examples of communities working together and this tied in with what your earlier comments were, I think, you know, that's why all of us are here. People this morning, Meadow Lake Tribal Council brought forward, you know, they want to utilize the forest in a different way that works for members of their organization.

And I want to encourage you, talk to your, obviously, leaders of your community. I think SaskPower needs to hear from different communities that have initiatives that are like this or slightly different. You know, you're absolutely right. You live in one of the most resource-rich . . . be it the river, be it whatever. But SaskPower needs to hear, you know, we would like to contribute in this way; how can we work together? So you know, thank you very much and thank you for taking the time and coming out to talk to us this morning. Go ahead.

**Mr. Nataweyes**: — May I, chairman? Well I guess on behalf of the chief, Darrell McCallum, myself as a councillor, and my two colleagues, I want to thank all of you for listening to our presentation. It's wonderful to be here and hear all our concerns. And hopefully from here we go forward — both the committee and ourselves. And hopefully we have a solution to our problem as a province. Thank you.

**The Chair**: — We have no other requests for presentations today. I would ask for a motion. Mr. Bradshaw has made a motion that we now adjourn until 10 a.m. tomorrow morning. Thank you. All in favour?

**Some Hon. Members**: — Agreed.

**The Chair**: — Carried.

[The committee adjourned at 12:05.]