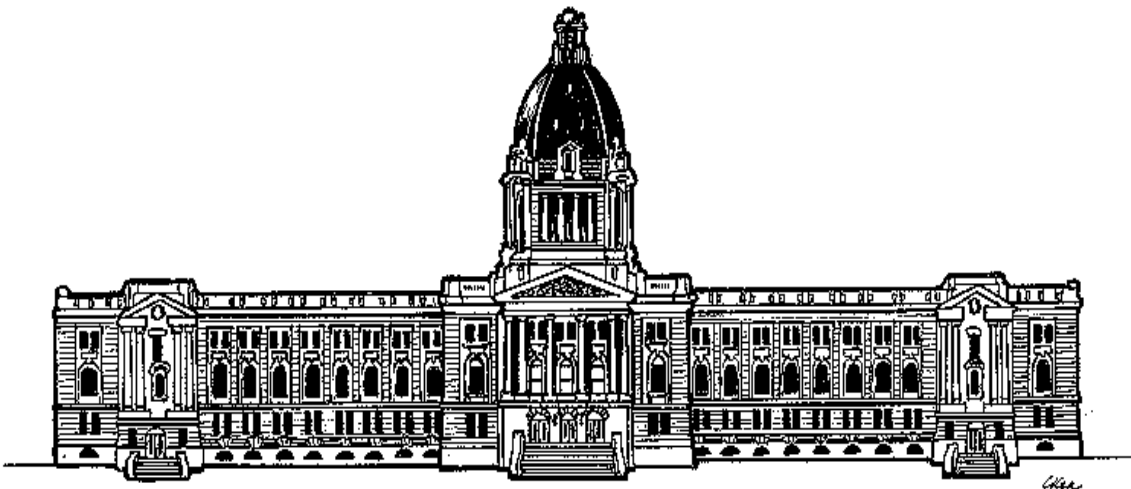




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES  
2004**

Mr. Graham Addley, Chair  
Saskatoon Sutherland

Mr. Wayne Elhard, Deputy Chair  
Cypress Hills

Mr. Dan D'Autremont  
Cannington

Mr. Andy Iwanchuk  
Saskatoon Fairview

Mr. Warren McCall  
Regina Elphinstone-Centre

Hon. Maynard Sonntag  
Meadow Lake

Mr. Randy Weekes  
Biggar

The committee met at 15:00.

**The Chair:** — I call to order the Standing Committee on Crown and Central Agencies. We have Mr. Weekes, Mr. D'Autremont, Mr. Elhard. We have Ms. Morin chitting in for Mr. Iwanchuk, and Mr. Taylor chitting in for Mr. Sonntag, and Mr. McCall and myself.

Today's agenda is Bill No. 2, The Power Corporation Amendment Act and Bill No. 9, The Electrical Inspection Amendment Act.

Before we begin, I'd like to table four documents: three SaskTel significant transactions and a response to a question raised during the October 27 committee meeting, response from SaskPower, and that is so tabled. And I would invite Minister Quennell to introduce his officials.

#### **Bill No. 2 — The Power Corporation Amendment Act**

**Hon. Mr. Quennell:** — Thank you, Mr. Chair. To my immediate right is Myron Gulka-Tiechko, who is the vice-president, general counsel and assistant secretary to and for SaskPower. To my immediate left is Margo Hurlbert, assistant general counsel. And next to her is Grant Schellhorn, who is chief electrical inspector for SaskPower.

Just briefly, Mr. Chair, the amendments to The Power Corporation Act, 1993 before the committee today clarifies SaskPower's current exclusive franchise to transmit and sell electricity in Saskatchewan by adding a definition of transmission and distribution to the Act. These changes are needed in order to help SaskPower and its customers better determine when a written waiver of this franchise is required from SaskPower. At the end of the day, the biggest impact of the proposed changes will be to make it easier and clearer for customers who need SaskPower's approval to make some common improvements to electrical systems on their own property.

The proposed amendments, this power corporation Act also clarifies SaskPower's ability to ensure customers who interconnect into the corporation system comply with its operating standards, particularly around safety issues.

These amendments will help SaskPower maintain the reliability and security of the provincial electrical system, and also ensure smooth operations continue with utilities adjoining Saskatchewan. Reliability and security of electrical supply is an issue of the highest priority after the wide-scale outage in Eastern Canada, August 2003.

SaskPower is taking a proactive approach to do all we can so that a similar outage does not hit our province or begin in our province. Those are my opening remarks, Mr. Chair.

#### **Clause 1**

**The Chair:** — Clause 1, short title. Is Clause 1 . . . I recognize Mr. Elhard.

**Mr. Elhard:** — Thank you, Mr. Chair, and good afternoon to

the minister and his officials from SaskPower today. We dealt with this Bill at some level, I guess, earlier in this session, being back in the spring 2004. And at that time we had a number of questions. We may end up repeating some of the material we covered at that point just because memories fail, and sometimes you end up doing things you wouldn't otherwise do if the time lapse hadn't been so long.

But you mentioned that part of the purpose of this Act is to more carefully define transmission and distribution. What is the problem around that particular area as far as the minister and SaskPower are concerned?

**Hon. Mr. Quennell:** — I think there was previously a use of one of the terms and perhaps not the other. What we are doing in the proposed Act is providing precise definitions both of the words distribution and of the words transmission in the Act.

**Mr. Elhard:** — Are you saying the previous Act was insufficient? It didn't address issues adequately? Are there changes in the way SaskPower anticipates exercising its monopoly that has required this definition change?

**Hon. Mr. Quennell:** — There was no specific definition of those terms in the previous Act.

**Mr. Elhard:** — One of the issues that I would like to ask you a little bit about is how this Act is going to ensure that SaskPower is in a position to foster economic opportunities. In the second reading speech for this particular piece of legislation, Mr. Minister, I believe you as the minister responsible used that particular language, ". . . ensure that . . . (SaskPower) is in a position to foster economic opportunities . . ." How is this piece of legislation going to achieve that?

**Hon. Mr. Quennell:** — The legislation is, to a large extent, legislation that deals with two issues. First of all, to clarify when customers have to get a waiver. Currently the legislation is unclear. And if you change wiring in your house, do you have to get a waiver from SaskPower? Are you breaching the franchise? So it's to make it a little bit more economically efficient in that respect and more convenient for customers and particularly, I mean, even residential customers.

Secondly, I don't think the outage that rolled across parts of the United States and Eastern Canada in August 2003 did anything for anybody's economy. So ensuring that we can make sure that all connections into the SaskPower grid are safe and will not disrupt the supply of electricity to businesses and farms and other economic enterprises across the province contributes to economic activity at large and of course to the convenience and to the economic effectiveness of individual enterprises. In other words, by being able to provide safe and reliable power and ensuring that we can continue to do that in an interconnected world, we are contributing as well to the economy that relies upon safe and reliable electricity.

**Mr. Elhard:** — Mr. Minister, the language you just used would suggest to me that the role that SaskPower has to play is passive, but the words you used here are active — to foster economic opportunities. I mean, making sure that we don't have brownouts and power failures and those types of things are not

what people would generally consider to be proactive. I think that's what's normally expected as part of the safety routine.

I guess I want to know — and I'll be candid about this — how is enhancing or restricting, maybe I should say, SaskPower's monopoly in this area going to foster economic opportunity.

**Hon. Mr. Quennell:** — Well I appreciate the member's candour. I'm not sure what fostering of monopoly the member is referring to. Perhaps you can help me out.

**Mr. Elhard:** — Well does not this particular piece of legislation actually prevent any generation of power, any distribution or transmission of power, by any other player outside of SaskPower? I mean, will this particular piece of legislation not entrench SaskPower's monopoly to such an extent that nothing else by any other player can happen without SaskPower's clear permission and involvement in that decision?

**Hon. Mr. Quennell:** — If there's any confusion, Mr. Chair, I hope that we can rid ourselves of it fairly soon this afternoon. Nothing in The Power Corporation Act and nothing in this Act prevents anyone from generating power for their own use. And there are provisions to allow small generators to connect to the SaskPower grid where that can be done without affecting the safety or the reliability of transmission and distribution of electricity to other parties. So if there's any concern about this Act limiting parties from generating their own power, that's just not the case.

And as far as fostering economic development, all we want to do is make sure that when small generators do produce electricity for themselves and do connect to the SaskPower grid where that's permitted, that that would be a safe and reliable connection. The primary purpose that SaskPower has in respect to the exclusive franchise has nothing to do with generation of power. I hope that's clear.

SaskPower wants to prevent duplication of infrastructure, that is not to have two sets of electrical lines running down each side of the highway; to develop the most cost-effective distribution grid in the province of Saskatchewan — again that reflects back to the member's questions about fostering economic development; and to ensure equal access to all for existing distribution infrastructure.

So that's the concern about the franchise on distribution and transmission, but I hope we're not going to spend a lot of time worrying about prohibiting people from generating their own electricity because that's not the purpose of the Act, and that's not the effect of the Act.

**Mr. Elhard:** — Could the minister tell us approximately how many individual producers of electricity there are that work their way into the SaskPower distribution system?

**Hon. Mr. Quennell:** — I'm not going to have a number for the member this afternoon in any case, but perhaps if I could ask a question just to clarify, to see what number that we're looking for. Are you looking for the number of persons, I suppose, who generate power and feed it into the SaskPower grid? In other words, generate some of their own power and also sell power to SaskPower?

**Mr. Elhard:** — Yes. You know, given the comments you made earlier, I'm assuming that anybody who generates power for their own use isn't affected by this Bill and isn't a matter of interest to SaskPower. So the question really becomes how many people or organizations or companies might there be that are currently generating power, partially for their own use and partially for resale or for sale, I guess, into the SaskPower grid.

**Hon. Mr. Quennell:** — We'll get that number for the committee. It would be a handful of companies that are able to do that. To be able to hook up and . . . because of the technical problems of doing that. But there will be a number of . . . it will be a relatively small number of companies that not only generate power for themselves but put power back into the grid.

**Mr. Elhard:** — Does the minister know, is there an already existing policy that governs the negotiations and the agreements that SaskPower undertakes with those producers? Is there a template that SaskPower operates off of when it comes to negotiating those types of arrangements, or is each of those possibilities undertaken on an individual basis?

**Hon. Mr. Quennell:** — I understand there are two issues. One is on interconnection and issues around that, and there are set procedures in place that would apply whenever that's being done. The other issue would be on purchasing power, and those would be individual contracts.

**Mr. Elhard:** — The issues surrounding purchasing power are relative to the cost per kilowatt generated, or what other issues might be relevant in that negotiation?

**The Chair:** — Members, just while the minister is preparing to answer the question, I just want to acknowledge and welcome back Member Sonntag who's rescinding the chitting in of Mr. Taylor. So we're very fortunate indeed to have Mr. Sonntag joining the committee.

**Hon. Mr. Quennell:** — Mr. Chair, the member would be familiar with the environmentally preferred power. And tenders go out in respect to that, and those projects go forward. And power is purchased from relatively small producers, although the scale of those may be growing with the cogeneration projects determining what would be an appropriate contract and involves a number of different factors. It's the volume of electricity they're providing and when they're going to need electricity and when they're going to be able to provide electricity. So there's quite a few variances, and I believe that's why there wouldn't be a standard contract.

**Mr. Elhard:** — I guess that was one of the reasons why I wanted to raise this particular issue because I know that there are a number of projects that SaskPower is pursuing with quite a variety of power producers and potential producers. There are a number of applications I'm sure that have come to SaskPower's attention as a result of the government's interest in wind power development and the failure of the ATCO-SaskPower agreement to proceed with the Rushlake project.

So I guess what producers would want, I would assume, would be some assurance that they would be treated on an equitable basis with all other applicants, assuming that their project was

relatively similar to other applications as well.

**Hon. Mr. Quennell:** — Mr. Chair, the member, I believe, was and is a businessman and so was I. As well, I did study contract law at least briefly in law school, and contracts are formed between willing buyers and willing sellers. And that tends to make, at least within that principle, contracts fair and reasonable. So nobody sells electricity to SaskPower at a price that they don't want to. Contractual arrangements are made.

And then, I know the member knows this and I know the member didn't intentionally mean to cause any confusion in the public mind, but of course the wind power project at Rushlake Creek is going ahead, just to clarify in case there is any misunderstanding. As a matter of fact, it will be ready sooner than originally planned and will be providing electricity to Saskatchewan people by the end of 2005.

**Mr. Elhard:** — The reference to the failure of the project of course was not intended to describe the state of the project currently, but the relationship between ATCO and SaskPower and the original proposal to go ahead.

The issue, I think, as the minister indicated, in a business environment the issue of willing buyer, willing seller, and commonly negotiated agreements is the one that prevails. And as he indicated, there would be nobody who would want to sell into a system that they felt ... in which they were disadvantaged. But, you know, the fact is that with SaskPower's monopoly, SaskPower really holds the hammer in those arrangements. And, you know, the situation is one where if the seller of electricity doesn't meet every last consideration of SaskPower, and it may not just be technical considerations, they're not likely to do that project here.

And I'm really — given some of the information that is coming my way — I'm really beginning to wonder if there aren't circumstances in which SaskPower places an undue onus on the individuals or the companies that are making proposals, that in a little more competitive environment might not be quite as deleterious to the project. And you know, I guess that's my concern with what this particular piece of legislation is achieving. Because it is not just recognizing SaskPower's monopoly, it's significantly increasing SaskPower's monopoly. And I believe that might be to the detriment of some proponents and proposals that would come forward otherwise to our common good.

I don't want to go into a lot of detail but, you know, not everybody is happy with the way they are treated by SaskPower. And they feel that the monopoly position of SaskPower gives the Crown unfair leverage in the negotiations with these producers, some of which are really quite small, some of which are of significant magnitude that would be consequential, seriously and significantly consequential, and of important benefit to the province if those projects could happen.

But, you know, in order for a contract negotiation to be fair, both sides have to negotiate and the heavy hammer of monopoly makes that situation improperly imbalanced.

**Hon. Mr. Quennell:** — Well first of all I'm glad that the member clarified his remarks about the Rushlake Creek project

because, as I've said, that project is going ahead and I know that he didn't intend any suggestion that it was not. So I'm glad that that's been clarified.

Secondly, in the case of environmentally preferred power, there are more proponents, more proposals than the program allows for. People are or appear eager to participate in the program. If the member is aware of difficulties that some of these proponents who are making these proposals have with SaskPower that he's not willing to share within the committee, as the minister responsible I'd welcome receiving that information.

But these are programs that seem to be very attractive to the people who are making the proposals or they wouldn't be making the proposals in the first place. There seems to be, if anything, a market demand for expansion of the environmentally preferred power program.

Just to clarify, in case — and maybe I'm being overly sensitive — but in case there's any misunderstanding, I do again want to establish that there is no monopoly on the generation of electricity and there will not be upon the adoption of this Act.

This is not concerning generation of electricity. This is concerning the integrity and effectiveness of transmission and distribution of electricity.

**Mr. Elhard:** — Mr. Minister, that's true. And, you know, I understand that. I guess the point I'm trying to make is that in terms of the monopoly that SaskPower has, it has a tremendous advantage in negotiating with companies or individuals that might want to invest in this province and generate power and sell it into the SaskPower grid. There may not be a monopoly in terms of generation of power, but there certainly is in terms of transmission and distribution, and that is where the monopoly that SaskPower enjoys becomes a difficulty for some of the companies, especially companies that have brought their concerns to me personally.

And while I won't at this point, you know, make a political issue out of that kind of thing, my concern is that SaskPower not use its monopoly in a way that is a disadvantage to companies that want to come here and invest and build facilities here, build production facilities here, maybe cogenerate power, maybe develop new, smaller wind power projects. That investment money is crucial to this province.

And in fact I might also go so far as to say that that investment money is more crucial to the future success of this province than exercising to the nth degree any monopoly powers that SaskPower might have. And, you know, I'm not for a moment suggesting that SaskPower back away from that monopoly position in the distribution of power or the transmission of power. All I'm asking or all I'm saying is that I would encourage them to be as business-friendly as possible in their negotiations with these companies to make sure that they feel welcome here, that they feel that coming to Saskatchewan is a worthwhile exercise and that they are welcome here, that we want their contribution to our economy.

And, you know, in some of our discussions in this committee earlier with SaskPower, we're aware of the fact that the

company is anticipating a significant changeover in terms of power generation. I think one of the gentlemen indicated that in the next decade SaskPower is going to have to replace 2,000 kilowatts of power generation capacity because of aging facilities and difficulties within the existing system. So if there is an opportunity for the private sector or investors to help us in that respect, I wouldn't want reports of SaskPower's intransigence coming to me indicating that there was a problem in those kinds of opportunities.

**Hon. Mr. Quennell:** — Mr. Chair, as there wasn't a question there, I guess all I can say to the member to put it briefly — neither would I.

**Mr. Elhard:** — Mr. Minister, I want to refer to some of the issues around cogeneration in this province because we know that there are some in play right now. SaskPower has cogeneration agreements with a couple of different operations. There is probably potential going forward; can you — for more — can you indicate to us what SaskPower sees as the biggest challenges facing cogeneration projects that are proposed for the province of Saskatchewan?

**Hon. Mr. Quennell:** — Mr. Chair, now I think the member appreciates, and I'm not objecting, but we're outside the ambit of the Act. It's difficult to give one major challenge for cogeneration. There would be in some cases environmental challenges. In other cases when we're talking about natural gas being the fuel, the major challenge is, of course, the price and volatility of that fuel. There are technical challenges, as we've said, but they are certainly surmountable and have been surmounted with major cogeneration projects in the province of Saskatchewan. SaskPower has shown a willingness and an ability to work with partners in generating electricity, so I don't consider that to be a challenge.

**Mr. Elhard:** — Mr. Minister, earlier in our conversation you indicated that part of the reason for this Act was to make sure that brownouts didn't happen, that regularity and consistency of electrical supply was assured, that those kinds of issues didn't prevent SaskPower from meeting its obligations as an electrical supplier. Now I understand that part of the problem with cogeneration is SaskPower's concern that a plant could go down and the flow of electrical generation from that cogeneration facility would be interrupted and that would impact negatively the supply that SaskPower would ordinarily have. If that's your concern, what in this Act addresses that issue of certainty of supply?

**Hon. Mr. Quennell:** — Mr. Chair, any generation plant can go off line and it doesn't have to be a cogeneration plant. And that's not primarily the concern of this Act. Primarily the concern of this Act is to ensure that the corporation has the clear power to implement standards, rules, or guidelines in respect to the planning, design, operation of its transmission lines, apparatus, equipment, or other facilities.

The purpose of this Act is to ensure that the corporation has the ability to make sure that its transmission and distribution system is reliable and can be depended upon both by the people of Saskatchewan and by the people of the continent, since we are interconnected with the continent. And if we want to belong and we want to maintain those connections, we have to be a safe

and reliable partner. There is no way that we can guarantee that any particular generation plant, whether wholly owned by SaskPower, a cogeneration plant, or whatever the partnership is, won't go off line at some point, and this Act doesn't address that issue.

**Mr. Elhard:** — Does this Act address the issue of SaskPower being able to impose on a cogen — and I'm using that specifically because I'm leading up to a specific case — does this Act allow SaskPower to impose on a cogenerating facility, a cogeneration facility, certain technical requirements that would prevent brownouts or plant failures from impacting the grid system and the distribution system?

**Hon. Mr. Quennell:** — The purpose of the Act is to make sure that the connections, when parties connect into the system, are safe and won't contribute towards brownouts or blackouts.

**Mr. Elhard:** — But I think in your earlier comments you said the Act provides for SaskPower to design and plan those kinds of requirements. But does the Act also allow SaskPower to build those particular interfaces that might be necessary to protect the SaskPower system?

**Hon. Mr. Quennell:** — The previous Act, the Act unamended, so not . . . This Act doesn't provide any new powers. I mean The Power Corporation Act, 1993 provides the powers for SaskPower to build transmission and distribution lines. This Act provides a definition of what those lines are and provides clarity as to the Power Corporation's ability to ensure that the standards, the rules, the guidelines that are in place are the ones that have the effect of making the transmission of electricity in the province, and with our neighbours to whom we are connected, safe and reliable.

**Mr. Elhard:** — In the case of Weyerhaeuser, as part of their cogeneration capability they decided they wanted to increase their power generation output. And I think as a result of that there was some concern on the part of SaskPower that they install what, for lack of a better technical term, is called a zigzag because there were concerns about the impact of brownout if for some reason the cogeneration capacity wasn't there. And from what I understand, SaskPower insisted on this piece of equipment being put in place and indicated that it would build it at SaskPower's volition and, given their own technical expertise, would build it and bill Weyerhaeuser for it.

Now from what I understand, this is an issue of ongoing debate. Weyerhaeuser said they could have built it for considerably less. SaskPower billed them \$1.8 million for this, and now we have a situation where this whole episode has, you know, been an ongoing dispute for some time.

I guess when I look at that situation, if that in fact is true that Weyerhaeuser has built these before and has an idea what they cost — \$300,000 was their expected cost — and SaskPower comes and builds it using the legislation as a justification or a right to do that and bills the company \$1.8 million, it seems to me that that's a real impediment to the kind of economic growth and economic activity we want in this province.

So is this legislation going to continue down that kind of path? Is that the kind of examples we're going to see in the future as a

result of this legislation?

**Hon. Mr. Quennell:** — Mr. Chair, the legislation will help clarify what the relationship is when parties interconnect with the SaskPower grid. The issues that the member raises and some of the facts — and I don't know if they're correct or not — but some of the facts that he raises are matters that are, I believe, in arbitration. The member may have the permission of Weyerhaeuser to discuss these. SaskPower and I do not.

**Mr. Elhard:** — Are you in a position, Mr. Minister, to indicate whether or not this argument or this dispute has been subjected to some arbitration?

**Hon. Mr. Quennell:** — Mr. Chair, as I said, I understand it is in arbitration. I can't comment upon . . . well I can't comment upon the comments the member made. But I will note that the dispute arose before this legislation that's before the committee today.

**Mr. Elhard:** — Fair enough, Mr. Minister. Let's go further, then. Let's ask about whether or not this Bill and the things it tries to achieve, will that impact on arbitration process, whether or not it involves Weyerhaeuser or anybody else?

**Hon. Mr. Quennell:** — Mr. Chair, I believe the easiest way to answer that question is that the legislation isn't retroactive.

**Mr. Elhard:** — So the legislation not being retroactive — does it limit the possibility of arbitration in the future for companies that come into dispute with SaskPower?

**Hon. Mr. Quennell:** — Mr. Chair, nothing in the proposed legislation removes any rights to arbitration that may exist in any contracts between SaskPower and any parties. The section that deals with disputes re disconnection or refusal to transmit provides for procedures of notice and representation and provides, at the end, for appeal to a judge of the Court of Queen's Bench. For appeal to a judge of the Court of Queen's Bench.

**Mr. Elhard:** — Thank you, Mr. Minister. I take at face value the assurance you gave me personally, and the members of this committee, that if we had specific issues that we would like to bring to your attention with regard to some proposals that are being pursued by applicants who want to participate in the growth of our electrical capacity in this province, that you would hear from us and that you would take those issues under advisement. And if I have an opportunity in the next little while, I will take advantage of that opportunity as suggested by yourself.

I don't believe that, at this point, I have any further questions concerning this particular piece of legislation. I think it was somewhat regrettable that it was held over actually from the spring session. I wish we had dealt with it in finality at that point. But having said that, I have no further questions.

**The Chair:** — I recognize the minister, before Mr. D'Autremont.

**Hon. Mr. Quennell:** — I only wanted to add, before I would forget, to state that I am always pleased to hear from members

of the Legislative Assembly on issues of concern to them or their constituents.

**The Chair:** — I recognize Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you. I have a question related to section 38 of the Bill. I wonder if you could explain to me your definition of the word supply and distribute.

**Hon. Mr. Quennell:** — Mr. Chair, distribution has a definition within the Act. And section 3 of the Act amends section 1.1 of The Power Corporation Amendment Act, 1993 to provide a definition of distribution, which I wouldn't propose to read because I know the member's already read it.

And supply would have its usual dictionary definition, Mr. Chair.

**Mr. D'Autremont:** — Thank you, Mr. Minister. So under section 38, it gives SaskPower the exclusive right to supply, transmit, distribute and sell. Is there any restriction in this in, you know, the distance that I might distribute power generated by myself for my own use?

**Hon. Mr. Quennell:** — Mr. Chair, there is no intent or effect to prevent self-generation. So if the member is referring to the distance between his generator and his home, there is no limit and that's not distribution of electrical power.

**Mr. D'Autremont:** — Is it distribution of electrical power if I generate electricity for my own use in one location and utilize it in another location, say across the municipal road?

**Hon. Mr. Quennell:** — Yes.

**Mr. D'Autremont:** — Okay the answer to that was yes, that would be considered to be distribution then? So I would not be allowed then to generate . . . to have a wind charger on my farm site and run electricity across a municipal right-of-way to my bins at that location?

**Hon. Mr. Quennell:** — The current policy, as I understand it, is that power generated on the member's land on one parcel and supplied by the member and is hypothetical to his building on the same parcel, receives an exemption. The policy wouldn't change. Nothing in the Act is intended to change that.

The issue arises — and the member raises the hypothetical of two parcels of land, as I understand it, perhaps divided by a road or a road allowance — but in any case two different parcels of land in which case . . . well in the member's hypothetical, he owns both those parcels but theoretically could sell one but not the other, and that causes . . . and that raises the issue.

So the current policy, as I understand it, so as to be sure that the member in his example is supplying electricity to himself, that there would be some restrictions on his ability to do that and on the ownership of the land. Because as long as the land is owned by . . . the land where the generator is and the land where the power is being used, there is not an issue.

But if there's two separate parcels of land, the circumstance

changes when one of those parcels changes ownership. And so those are the types of issues that would have to be dealt with by regulation.

**Mr. D'Autremont:** — Mr. Minister, though, when I own a parcel of land — especially in rural Saskatchewan but likewise in urban Saskatchewan depending on the circumstances — are you indicating then that if I owned two lots in a community, side by side, that I wouldn't be able to generate my own electricity on lot one and supply it to my garage, my vehicle garage sitting on lot two, because it might have a separate title on it and then I have the capability of disposing of that second lot?

**Hon. Mr. Quennell:** — What I'm suggesting, Mr. Chair, is that when the member sells the lot with the garage on it but keeps the lot with the generator on it, he is then generating power for somebody else's use. He's now generating power to the person he sold the first lot to. And that's a difficulty . . . Sorry. That's the difficulty that is raised by that hypothetical example.

**Mr. D'Autremont:** — So if I own a parcel of land, I can generate electricity upon it for my own use, I can supply that electricity to buildings on that parcel. What's to prevent me from subdividing that parcel in the future?

**Hon. Mr. Quennell:** — Well, Mr. Chair, I don't know what municipality the member's land's in or how they feel about him subdividing his parcel, but the corporation has, SaskPower has no intention, it is not the purpose or the effect of this Act to stop anyone from generating electricity for their own use.

Now if the member has a creative means for somebody to subvert that by subdividing their parcels, well we'll take that under advisement, Mr. Chair.

**Mr. D'Autremont:** — Well I don't think it's a question of subverting your process, Mr. Minister, but those are the facts that happen.

I'll use my own example. I bought part of my father's farm. I bought the house and yard site and we subdivided that quarter with the house and yard site even though my father continued to retain ownership of the rest of that quarter section of land.

Had he had the capability of generating his own electricity upon that land — which he did at one time — you're suggesting that either I would not be allowed to subdivide it for some reason or that he would not have had that initial ability to generate the electricity because he could have had the opportunity to subdivide it sometime in the future. You stated that if there was two parcels of land, that it would be considered to be distribution if I was generating electricity on one parcel, delivering it to a second — even though it was adjacent and owned by the same owner — that that would cause a problem to SaskPower because I could sell that second parcel.

So it sounds to me like if there's a possibility that the supply of electricity could — in the future, at some point in time — be distributed to a parcel that somebody else might have the opportunity to own, that that would be in contravention of this Act. Is that the case?

**Hon. Mr. Quennell:** — The position of SaskPower is that people can generate electricity for their own use. SaskPower hasn't taken the position that because there could be a subdivision of a piece of property, that people should not be allowed to generate electricity for their own use. So that's not an issue, has not been an issue, is not really an issue by this Act.

Distribution line crossing a road allowance is bit more of a current concern than potential subdivision. I concede that, Mr. Chair, that subdivisions are possible with larger plots of land, but we wouldn't want to stop, particularly farmers, from generating their own electricity because of potential subdivisions.

**Mr. D'Autremont:** — So the criteria for distribution then becomes on an individual parcel of land only. Is that the case?

**Hon. Mr. Quennell:** — The exemption that could be granted by SaskPower would depend on your circumstances, and in the member's hypothetical . . . I'm not sure I know why the generator isn't on the same parcel as the building where the land is being used, but if there's a reason for that, the generator is small, it's for the household use on the other parcel, that may be an exemption that SaskPower would be willing to grant — I mean, if there was reasons for the separation of the generator and the property.

But it would raise a concern with SaskPower if you had a large generator on a different parcel of land than where the user was using it without any explanation of why, given the power loss that you get the further away you get from a generator, any explanation as to why the generator and the building that's using the electricity are so far separated from each other.

**Mr. D'Autremont:** — Well thank you, Mr. Minister, I'll give you a couple of reasons why. I'll use my own farm as an example.

My farmstead, the building locations straddle the border lines. So I will have a generator on one of those two quarters, but half of my buildings are in the other quarter, which has a separate title.

Second thing, specific to my location as well, is because I subdivided when I purchased the farm from my father, I now have my subdivision with my house on it, I have the quarter with a separate title where half of my farmstead is, and then across the quarter line is the other half of my farmstead. So I actually have three parcels of land within my farmstead. So I can see that causes a huge problem for SaskPower under this, where SaskPower is taking the exclusive right to supply across boundaries to different titles, different pieces of property, even though the generator would not be more than a hundred yards from any of the buildings.

**Hon. Mr. Quennell:** — Mr. Chair, my understanding of the policy of SaskPower is that the generator that's provided — and I don't know if it's a hypothetical generator or if . . . (inaudible interjection) . . . Okay. The hypothetical generator that the member is thinking of putting on his land is why he's . . . (inaudible) . . . on different parcels; that if the voltage is less than forty-one sixty, SaskPower is not even interested in worrying themselves about the member's generator. If it's



generating power greater than that, then it would be reviewed on a case-by-case basis. I assume we understand that the buildings are on two different parcels — the generator's got to be on one of them — and I understand the member's argument and I think anybody would. But below a certain voltage level, it's not even an issue under the current policy of SaskPower. It wouldn't be an issue going forward.

**Mr. D'Autremont:** — Well thank you, Mr. Minister. That helps that there is a number in place where SaskPower does not get involved because clearly in the Act that is not stated any place. It simply talks of the exclusivity of SaskPower to supply, transmit, and distribute, and sell. And so is the number, forty-one sixty volts, is that set out in regulation? Obviously if it's in regulation that could be changed at any point in time simply by changing those regulations.

When you talk about exemptions, what is involved in getting an exemption from SaskPower? If you are generating . . . I mean, obviously people who are thinking of putting up generators of some form or another . . . I have a neighbour who has generated their electricity for as long as I can remember. They always have. They have a couple of wind chargers, small wind chargers, and they now have to come to SaskPower for an exemption.

**Hon. Mr. Quennell:** — The policy I refer to is in the rates, terms, and conditions of SaskPower. I expect their small wind chargers are under the forty-one sixty volts, so they haven't been acting contrary to the policy or the terms of an arrangement or contract they have with SaskPower. They haven't been acting contrary to the current policy or the current Act.

The regulations as to the voltage range referred to in the legislation that's before us now would be set out in regulations as opposed to just in the business manual on the terms and conditions set out by SaskPower. It would have a voltage limit somewhat like what is already in the policy now, so that SaskPower doesn't have to concern itself with the circumstances of your neighbour, who has two small wind chargers generating their own power on their own land.

**Mr. D'Autremont:** — Yes. The forty-one sixty helped clear it up for me.

**Hon. Mr. Quennell:** — Mr. Chair, I apologize to the member for not outlining that voltage limit when we were discussing his hypothetical situation.

**The Chair:** — Any further questions on this Bill? Okay. Clause 1, short title. Is clause 1 agreed?

**Some Hon. Members:** — Agreed.

Clause 1 agreed to.

Clauses 2 to 9 inclusive agreed to.

**The Chair:** — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 2, An Act to amend The Power Corporation Act.

And I would request a member to move that the committee report the Bill without amendment. Moved by Mr. McCall. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried.

The committee agreed to report the Bill.

#### **Bill No. 9 — The Electrical Inspection Amendment Act, 2004**

**The Chair:** — The next item before the committee is Bill No. 9, The Electrical Inspection Amendment Act. And I see the minister has no new officials. Does the minister have a statement he'd like to make concerning this Bill?

**Hon. Mr. Quennell:** — The Electrical Inspection Act? Well maybe an introduction would be in order, just very briefly.

This is public safety legislation, Mr. Chair, and it's been amended a number of times over the years and the time has now come for the law and its regulations to be updated and modernized in order to (a) maintain public safety; and (b) to continue to provide Saskatchewan families and businesses with a reliable source of power.

The legislation sets out the legal powers and obligations that inform the work of Saskatchewan's 23 electrical inspectors as well as Saskatchewan's more than 900 electrical contractors. SaskPower electrical inspectors issue every year more than 66,000 permits as part of their efforts to support the safe use and operation of electrical equipment among customers, contractors, suppliers, and employees, an effort that also includes inspections and safety education.

#### **Clause 1**

**The Chair:** — Clause 1, short title. I recognize Mr. Elhard.

**Mr. Elhard:** — Thank you again, Mr. Chairman, and Mr. Minister. I don't have a lot of questions to ask on this particular piece of legislation at this point. I do want to be on the record as indicating, however, that there are just a couple of issues that need to be addressed as it relates to this particular Bill. We've had some opportunity to discuss the impact of this Bill with the Saskatchewan Construction Association and individual members of their association. I can tell you candidly and frankly they are not at all happy with this particular piece of legislation.

What I would like to know from the minister today is this: has the minister and his officials from SaskPower and from his own ministry consulted with, talked to, the Saskatchewan Construction Association in the intervening months since we first had a look at this particular piece of legislation?

**Hon. Mr. Quennell:** — Mr. Chair, is the member referring to the Electrical Contractors Association of Saskatchewan?

**Mr. Elhard:** — Yes. Did I say construction association? I'm sorry. Yes, electrical contractors.

**Hon. Mr. Quennell:** — In that case, Mr. Chair, the answer is yes.

**Mr. Elhard:** — And have you been able to give them any assurances that some of their most serious concerns will be addressed? I'm thinking in particular of the section on vicarious liability.

**Hon. Mr. Quennell:** — Mr. Chair, the vicarious liability provisions are an important tool in maintaining safety in electrical work in Saskatchewan and not a tool which is envisioned would be used frequently. The Electrical Contractors Association of Saskatchewan has requested an opportunity to pursue alternative avenues to achieve our common goal of safety in the electrical industry. In order to allow an opportunity to continue this dialogue, we will not proclaim section 17 of the amendment Act before July 1, 2005.

**Mr. Elhard:** — Do you believe, Mr. Minister, that it's within the scope and realm of possibility that you and the contractors will be able to accommodate these concerns and come to some kind of an agreement? Are you anticipating successful negotiations?

**Hon. Mr. Quennell:** — Yes, I am. The Electrical Contractors Association of Saskatchewan I believe has a growing understanding of the purpose and use of the vicarious liability . . . (inaudible) . . . We do have, as I said, a common goal — safety in the electrical industry — and I believe that either we will be able to reassure the association in respect to the use of the provision or we will find alternatives.

**Mr. Elhard:** — I think the electrical contractors will be happy to hear of the willingness of the minister to accommodate this particular concern of theirs, and hopefully a mutual recognition of the importance of electrical safety will be achieved through that particular negotiation.

One other issue I think that does concern that particular group of employers in this province, and that's the concept or the ability of electrical inspectors being able to — and I'm going to use their term here — moonlight, as contractors. There's a clause in the Bill that they believe will make that allowance for existing electrical inspectors and the request is, can that particular clause be removed from this legislation?

**Hon. Mr. Quennell:** — Mr. Chair, the Power Corporation currently has the flexibility of being able to use electrical contractors as inspectors, and being able to use electrical contractors who operate in Saskatchewan as inspectors, as opposed to going out-of-province where . . . if and when we need either inspectors or contractors. If we limited the ability of people to do one or the other, then SaskPower would not be able to give the business of electrical inspection to electrical contractors. And it's a two-way street.

**Mr. Elhard:** — Since there is obviously going to be opportunity for SaskPower and the minister's office to negotiate and discuss issues with the Electrical Contractors Association, it might be suggested that the difficulty associated with this particular clause might also be part of that negotiation on whatever time you can arrange to meet with them.

**Hon. Mr. Quennell:** — Mr. Chair, as the member asked, if there had been consultations, and there have been consultations. The issue I think that remains outstanding, as I understand it, is the issue around vicarious liability and that is why we have made the undertaking not to proclaim that provision until July 1, 2005.

**Mr. Elhard:** — Mr. Chairman, I have no further questions.

**The Chair:** — Thank you very much. Clause 1, short title. Is clause 1 agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

Clause 1 agreed to.

Clauses 2 to 23 inclusive agreed to.

**The Chair:** — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 9, An Act to amend The Electrical Inspection Act. And I would ask a member to move that the committee report the Bill without amendment. Ms. Morin. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried.

The committee agreed to report the Bill.

**The Chair:** — And did the minister want to make a brief statement?

**Hon. Mr. Quennell:** — Mr. Chair, a question was asked by Mr. Elhard to which I can now give an answer. Would that be appropriate? It was a question that was asked on the previous legislation, The Power Corporation Amendment Act.

**The Chair:** — Is that okay with the committee?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay, that's agreed. The member may proceed; the minister may proceed.

**Hon. Mr. Quennell:** — SaskPower currently purchases some or all of the electricity output from independent generators in Saskatchewan at eight locations: Meridian cogeneration plant at Lloydminster; Cory cogeneration plant at Saskatoon; SunBridge wind power project, Gull Lake area; two producers under SaskPower small power producer policy — those are solar electricity producers; Fast Trucking, which is a small wind project; flare gas project at Carlyle, Saskatchewan; and the Regina General Hospital.

**The Chair:** — Thank you, members. That concludes the business before the committee and on behalf of the committee, I'd just like to thank the minister and his officials for the detailed answers to the very good questions and thank the minister for being here. And I would now entertain the motion

to adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. Thank you, members.

The committee adjourned at 16:18.





