



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Fred Bradshaw, Chair
Carrot River Valley

Mr. Doyle Vermette, Deputy Chair
Cumberland

Mr. Steven Bonk
Moosomin

Mr. Ken Cheveldayoff
Saskatoon Willowgrove

Mr. Greg Lawrence
Moose Jaw Wakamow

Hon. Tim McLeod
Moose Jaw North

Mr. Doug Steele
Cypress Hills

[The committee met at 15:31.]

The Chair: — Well good afternoon, everyone, and welcome to the Standing Committee on Crown and Central Agencies. I'm Fred Bradshaw, the Chair. We also have with us Steven Bonk, and substituting for Ken Cheveldayoff we have Doug Steele. We also have Greg Lawrence, Tim McLeod, and we also have substituting for Doyle Vermette is Aleana Young.

First things first. It's very warm in this Chamber today so I am going to ask the committee if they would want to relax the dress code. Everybody seems in favour of that, so we will relax the dress code.

Today we'll be considering the estimates and supplementary estimates no. 2 for Saskatchewan Power Corporation before moving on to consideration of Bills 130 and 131.

As of yesterday, Mr. Teed has been replaced on this committee by Mr. Vermette. Our first item of business will be appointing Mr. Vermette to the position of Deputy Chair. Pursuant to rule 123(2), the Deputy Chair must be an opposition member unless specified in the rules. Given that Mr. Vermette is the only member of the opposition on the committee, I would ask a member to move the Deputy Chair motion. I recognize Mr. Bonk.

Mr. Bonk: — I move:

That Doyle Vermette be elected to preside as Deputy Chair of the Standing Committee on Crown and Central Agencies.

The Chair: — It has been moved by Mr. Bonk:

That Doyle Vermette be elected to preside as Deputy Chair of the Standing Committee on Crown and Central Agencies. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would like to table the following documents: CCA 30-29, Crown Investments Corporation of Saskatchewan: Report of public losses, January 1st, 2023 to March 31st, 2023; CCA 31-29, Public Service Commission: Responses to questions raised at the April 24th, 2023 meeting.

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

Subvote (PW01)

The Chair: — We'll begin with consideration of SaskPower Corporation, vote 152, loans, subvote (PW01). Minister Morgan is here with his officials. As a reminder to officials, please state your name for the record before speaking, and please do not touch the microphones. The Hansard operator will turn your microphone on when you are speaking in the committee, and I would ask officials sitting at the desks not to open the desks. Did you hear that, Morgan?

Anyway, Minister, please introduce your officials and make your

opening comments.

Hon. Mr. Morgan: — Thank you, Mr. Chair. I appreciate your opening remarks, and I'm sure my chief of staff will take that advice seriously.

I'm joined by Rupen Pandya, SaskPower president and CEO [chief executive officer]; Rachele Verret Morphy, executive vice-president, legal and corporate services and general counsel; Kory Hayko, executive vice-president, chief operating officer; Troy King, executive vice-president, chief strategy, technology, and financial officer; Rhea Brown, executive vice-president, customer experience and procurement; and Tim Eckel, vice-president, energy transition and asset management.

We are pleased to be here today to discuss considerations of estimates for SaskPower for the '23-24 fiscal year. I am also joined by Mike Aman in my office upstairs and Morgan Bradshaw, my chief of staff, who is down here.

SaskPower is working hard to grow and rebuild the provincial power system to help us meet aggressive emissions reduction targets while delivering reliable, cost-effective, and sustainable power. In fact the company plans to spend \$1.15 billion during the upcoming 2023-24 fiscal year to modernize, grow, and sustain the provincial electricity system. These planned capital expenditures include: \$517 million to maintain and upgrade existing transmission, distribution, and generation assets; and \$505 million in growth projects, including investments in new plants such as the Great Plains power station in Moose Jaw and the upcoming 370-megawatt Aspen power station project near Lanigan.

SaskPower is currently seeking approval to proceed with Aspen, and the federal review process is currently under way. SaskPower will continue to engage with communities to ensure Indigenous and stakeholder interest and concerns are integrated into the project plans to the greatest extent possible.

An additional \$129 million in strategic investments will allow SaskPower to continue with smart meter deployment and continue to work on projects such as the logistics warehouse complex in Regina.

Some other highlights of the planned capital work for 2023-24 include major generation projects such as the ongoing E.B. Campbell and Coteau Creek refurbishments, and Ermine, Yellowhead power station expansions, transmission-line upgrades, rural power line rebuilds, and wood pole replacements. These are just some of the highlights of SaskPower's capital investment in the province to continue to ensure that Saskatchewan has safe, reliable electricity at the lowest possible costs.

This is especially important as the federal government is trying to impose an unrealistic and impossible goal of net zero by 2035 — a goal that will have us shut down our coal and natural gas plants. In the coming years, investments will continue to be focused on strengthening our electricity system and moving closer to a cleaner energy future for SaskPower customers and Saskatchewan communities.

Mr. Chair, that is the conclusion of my opening comments, and with that we will be pleased to take questions.

The Chair: — Well thank you, Minister. Are there any questions? Ms. Young?

Ms. A. Young: — Thank you very much, Mr. Chair. And thank you, Minister, and my thanks to all your officials. I feel like we're getting to be familiar by this point, but it is genuinely always nice to see you. And I appreciate you being here tonight as well as, I know, all the work that goes into preparing for afternoons like this. And it's not lost on me that it's a beautiful day out there, and I'm sure you would much rather be sitting outside in the 25-degree heat rather than sitting inside in the 25-degree heat. So my thanks again to the Chair for relaxing the dress code, especially, as I will note for the record, I forgot to wear my blazer in the first place.

There's a lot to cover, a lot going on at SaskPower these days and always. And I guess the first place to start is perhaps with some of the finances. And I'm wondering if there's an update that can be provided for the committee in regards to return on equity, if it's expected to be consistent with the last reported figures, and if the loss SaskPower is rejecting remains consistent to the . . . I believe the last numbers were 114 million.

Hon. Mr. Morgan: — Actually there's somewhat of an update on that. I will turn it over to Mr. Pandya, but they are reporting a consolidated net loss of \$172 million compared to net income of \$11 million in '21-22, a decrease in earnings of \$183 million. The return on equity was minus 6.3 per cent down, 6.7 percentage points from the same time in the previous year.

Ms. A. Young: — Thank you, Minister. What can that ongoing decrease be attributed to?

Hon. Mr. Morgan: — A number of things. And I'm going to ask the officials to deal with it more specifically. But the significant factors that took place during the year was lower water levels at Lake Diefenbaker. As such the hydro facility did not operate for a significant portion of the year, and to ensure there was reliable power, electrical energy was produced by coal and by natural gas to compensate for the shortfall that's there. The usage of the fossil fuel of course attracted carbon tax.

As well, the Boundary dam facility was offline for a period of time for repair. The compressor item on the facility had to be sent out of country to be rebuilt, remanufactured. And that took place, was brought back, and ultimately brought back online, but certainly during that period of time there was the loss of revenue as well as the costs that would have been paid to the parties that do the offtake.

Mr. King: — Troy King, SaskPower. Yeah, so just further to what the minister said, it's a very similar story to what we've reported in our Q3 [third quarter] report. So fuel and purchased power costs up significantly, gas costs, coal, as well as the carbon tax rising. Over the last two years we've seen roughly a \$480 million increase in our fuel and purchased power expense over that period.

The other item we saw this year was operating, maintenance, and administration expenses going up. They're up about \$80 million

from the prior year. The big items that are impacting that: it started with the storms that we had in the spring of last year. We had about three storms over a short period of time. We've also had unexpected repairs at some of our coal generating units. Those costs alone were unplanned, were about \$25 million.

We've also seen, you know, just generally inflationary costs impacting us. We've seen things like just changes in accounting procedures. We're moving some software costs from capital and moving them into expense. We had some dollars last year from . . . The provincial government had given us \$10 million that went towards operating, maintenance, and administration expense to help upgrade our distribution system. So it's a combination of all those that pushed up our overall OM & A [operating, maintenance, and administration] expenses. So between the two, those were the main drivers of our increase year over year.

Ms. A. Young: — Thank you, Mr. King. On the carbon tax piece that you mentioned obviously impacting SaskPower's bottom line, the increase of the carbon tax was well known — not necessarily welcomed by anyone in this province, but not unexpected. Was that not built into SaskPower's budget?

Mr. King: — Yes, we did have the carbon tax built into the budget. However you may recall that we have a balancing fund for the carbon tax. So we always have a surplus or deficit balance in it. And so at the beginning of last year, we had a surplus. So in effect we had collected more than was payable for that period. So for this coming year, we knew we were going to be under-collecting in an effort to return the carbon tax to ratepayers that we'd over-collected. But for accounting purposes, you just record your expenses in the year that they occur. We're not allowed to shift dollars. So we were essentially under-collecting during the year, creating that challenge.

The other things we have is our emissions were higher than we were forecasting, and as a result of that higher emissions, we had a higher carbon tax expense.

Ms. A. Young: — Thank you. And what was the cause of the higher emissions than forecast?

Mr. King: — Mainly just a change in the fuel mix. So we'd had to run Boundary dam 4 more than we had planned, largely due to some troubles that we had at some of our other gas stations. Our hydro wasn't at the same levels that we had planned either. So a combination of really that mix creates a difference in your emissions.

[15:45]

We also saw with the coal the amount of emissions that you have is really attributable to the quality of the coal. And during the years, through our testing, we saw that the quality was worse than we had forecast, which meant that for every tonne of coal that you were using, you were emitting more CO₂ than we had forecast in our plan.

Ms. A. Young: — Interesting. I didn't realize you could track the emissions based on the quality of coal. Essentially it sounds like a relatively real-time basis.

Mr. King: — Yes, the calculation of carbon on the coal plants is a mathematical formula, as opposed to an actual sensor detecting it coming out of the stack. We have to calculate it and validate that with the federal government.

Ms. A. Young: — So forgive me, I'm in fact unfamiliar with the balancing fund for the carbon tax, so can you just walk me through how that functions? You know, you indicated that it was over-collected so then SaskPower moved to ensure that that was returned to customers. Is it returned to all customer classes in the same way?

Mr. King: — Yes.

Ms. A. Young: — And how does it come to be over-collected and then returned?

Mr. King: — What we do is, when we collect the carbon tax dollars we set them aside separately and account for them in a separate fund. However, when we set the rate we have to estimate what we think the carbon tax liability is going to be for the year. As the year unfolds for the things that I mentioned before, the actual results will be different than what we planned.

So as the actual results, the actual emissions, the fuel mix that we have, the amount of consumption of customers changes, we'll get a variance. So previously we had set it at an expectation our carbon tax would be a certain level. It came in below that so we had over-collected for the year. So the revenues that came in were higher than the expense. So the amount that we had to submit to the federal government doesn't change, it's based on expense, but we had over-collected.

So by reducing the amount of the carbon tax that you ask for the following year is a way that we return it to customers. So last year, we did not increase the carbon tax and it was partly due to our intent to return the amount that we'd over-collected.

Ms. A. Young: — Thank you. What's the current value of the balancing fund?

Mr. King: — Just give me a minute. I don't have the most current value but, as of the end of December, we were in a deficit of about \$4 million.

Ms. A. Young: — Thank you. And for the committee, can you give us a sense of, like how does that fluctuate over the course of the year? What would be a high-water mark for that fund, just to get a context of how much is collected?

Mr. King: — For this coming year, we're expecting to collect about \$240 million.

Ms. A. Young: — In the refurbishment and expansion projects that, Minister, you noted in your opening remarks, are there any that you're aware of have significant cost overruns at this point or significant changes to their initial budget projections?

Hon. Mr. Morgan: — You're talking about capital projects that are under way? I'm not aware of any.

Mr. King: — Nothing significant. We'll have, you know, small amounts of overages and underages, but there's no major

overages that we're aware of at this time.

Hon. Mr. Morgan: — The Moose Jaw project is well under way and I understand, on time, and I don't think there's any issues there. There's a lot that will be fixed, some contractors, and that would be probably the largest single project that's under way this year.

Mr. King: — And so with a project like Great Plains, when you're building a multi-year facility, year to year for our budget for the year, because it's an annual amount whereas the project is a multi-year amount, you'll have swings just based on the schedule. If it's advanced, you'll overspend. If it's behind, you'll generally underspend. But for the project itself, it remains on budget.

Ms. A. Young: — At the original projected costs?

Mr. King: — Yes.

Ms. A. Young: — Thank you. And the wood poles, I know lumber has certainly not necessarily dropped down to where it was. That important project also remains on track and on budget?

Hon. Mr. Morgan: — There's a bigger issue with the poles. The preservative that has historically been used on the poles will no longer be acceptable for the environment requirements of the federal government, and they are looking at other methods of preserving the poles. It's not just a SaskPower issue: it's every utility across the country right now. So there will be a cost. They're not required to replace existing poles unless those poles are at end of life, and then it's what you replace them with that will have a significant other cost if there is a preservative that's available.

So I think the negotiations with the federal government are asking for some additional time so that other methods can be determined to do it. And we're looking at pole braces and whatever else. I'll certainly turn it over to . . .

Mr. Eckel: — Tim Eckel, SaskPower. Yes, when it comes to the wood pole treatment, Electricity Canada is looking at taking over registration of the pentachlorophenol, which was the treatment we were using, and they hope to have that registration in place by the end of June this year. And the intent is that they can get maybe a three- to four-year extension on the use of that product. It will align with what's happening in the United States, so they're working on that.

At the same time, they're working with Health Canada to get other products approved which would be, you know, oil-based, the similar that we're using, and the manufacturers could easily accommodate. You know, within a one- to two-month period they could adapt to the new chemical. So that's under way as well. So it's not finalized yet, but Health Canada has agreed they're going to make this a priority, and they're working with all the utilities in Canada on that because it is a big challenge.

Ms. A. Young: — And could you speak to any . . . I mean, understanding there's still a lot of uncertainty at this point, is it anticipated that this will have a significant impact on both the budget for the project itself, as well as I'd imagine this would have potential impact on the overall maintenance and reliability

of infrastructure for SaskPower because, you know, this work would be undertaken because it was necessary.

Mr. Eckel: — I guess right now we have a supply coming. Our projects are on track. Come the fall that'll dictate whether or not . . . If we get approval to continue to use the product, we'll be fine. If we don't, then there could be some challenges getting some of the wood pole demand. The price won't be that much different, but just the amount of inventory we're looking for, because all the utilities will be chasing the same product. But right now we feel comfortable that we'll be on track and keep all the programs at the level that we want them to be.

Hon. Mr. Morgan: — I think the committee members are likely aware that we've got roughly one pole for every citizen in the province, so we were inclined to set up an adopt a pole program. We know it's a challenge for SaskPower to work through. And I have to give them credit because a lot of times the poles fail during a storm or during adverse weather and then they're out replacing.

Ms. A. Young: — Absolutely. I can appreciate it sounds like kind of a frustrating, evolving landscape on a really important project. I remember, I think it was former president Watson used to quote that fact about the poles pretty much every time I saw him speak, and it resonated with me as a newcomer to the province, just the size and scope of SaskPower's infrastructure and its importance to Saskatchewan.

Is there any likelihood . . . Does SaskPower have an inventory that it's possible could essentially become like stranded assets, should the utility not be approved to continue using them?

Mr. Eckel: — We have a plan in place to use our existing inventory up by October 4th. That's the date right now, so we have that in place. We've brought in some of the approved products, which is CCA [chromated copper arsenate]. I can't remember exactly what the designation's for. So we have some of that on hand as well. And I was just on an Electricity Canada meeting this morning and they gave us, you know, good news that they believe that they're really close to getting a resolution with Health Canada.

Ms. A. Young: — Thank you. Thank you very much. I'd like to ask some questions about natural gas, specifically and in general now. And I think the best place to start is maybe with, I believe it was yesterday's announcement about, is it Aspen, Aspen plant planned for the Lanigan area?

Minister, for the committee, can you just provide us an overview of the size of the project as well as whether this is an asset to be owned and operated by Power, and what the plan is?

Hon. Mr. Morgan: — The project is the early planning stages now. Application has been made to the federal government under the impact assessment legislation. The facility would be similar to the Moose Jaw and Swift Current operation, I think 370 megawatts. And that construction has not yet started, but it's an area of the province that is seeing some significant development. It is relatively close to the BHP facility at Jansen, so it would be of benefit for that project.

At this point in time there's no discussion that it would not be

owned by SaskPower. I mean, not saying that something wouldn't happen, but at this point in time SaskPower is planning to build, develop, and own.

Ms. A. Young: — Thank you. That kind of leads to my next question, which was going to be obviously about the large industrial customer just down the road from the projected site. And forgive me if you just said it. The . . .

Hon. Mr. Morgan: — BHP.

Ms. A. Young: — BHP. But Aspen is 370 megawatts?

Hon. Mr. Morgan: — Correct.

Ms. A. Young: — Being built for. What's the projected draw that BHP will have on SaskPower's?

Mr. Eckel: — Well it varies. They do it in stages initially. I think it's around 50 megawatts, but potentially it could go up as high as above 200. So it's a very large industrial project.

Ms. A. Young: — So then is the construction of Aspen, obviously in Saskatchewan we need baseload power and we have a growing demand and all of those factors that we're seeing not just unique to Saskatchewan, but is the construction of this primarily to serve BHP?

Hon. Mr. Morgan: — I think that might be a reasonable connection to make because of the proximity and certainly . . . [inaudible] . . . but it's needed in the grid in the broader, general sense of expansion. So as you're aware, the grid interconnects all the way across the province. So even if BHP wasn't going ahead, it would be required or an expectation to allow for the growth in the province's population.

So that certainly would have been a factor in the location. That was where there would be a major customer, but regardless they would have had to go ahead in any event.

Mr. Eckel: — Yes, it's required for just reinforcing the system. The station we're building it right adjacent to has transmission lines that come from Saskatoon, Prince Albert, Yorkton, and Regina feeding into it. So it's a really good central spot.

The other good point about the location is from TransGas's perspective. It's close to their storage caverns so if we want to follow renewables with this plant, it doesn't impact their system as bad as it could at other locations in the province.

Ms. A. Young: — Thank you. So would this project have been sited in that location were the mine not being built nearby?

Mr. Eckel: — Yes, actually it could have. When we built the Swift Current project, it was between this location and Swift Current. At that time, Swift Current won out just for a number of other factors, but it would still be a good location. Having BHP there is just another benefit.

Ms. A. Young: — Thank you. Were there other locations considered for the siting of this project?

Mr. Eckel: — Yes, we did look at Regina, Estevan as well. And

just based on the economics and factoring in the TransGas situation, this was the best location.

Ms. A. Young: — And say, like God forbid something happened and the mine didn't go forward, would SaskPower be proceeding with this project regardless?

Mr. Eckel: — Yes, we would.

[16:00]

Ms. A. Young: — Thank you. In making the decision to build another natural gas plant . . . I recall when the decision around CCS [carbon capture and storage] for Boundary dam 3 was made, a huge factor in building that business case was the volatility of natural gas prices, which we can continue to see significant volatility in commodities regardless. What was the gas cost projection built into the decision, the go or no-go decision for this plant?

Mr. King: — Sorry, for the Aspen plant or for the Boundary dam 3 plant? Which?

Ms. A. Young: — Aspen.

Mr. King: — Aspen, okay. My problem is I don't have the natural gas price here with me. It would be based on our business plan price, and so it would likely be in that 4 to \$6 range is what we'd have been forecasting.

Ms. A. Young: — If that number emerges, I'd be happy to receive it at a later time. You know, I appreciate it. It's a \$2 difference but that could be significant with the scope of the project. Were there other forms of generation considered for the Aspen plant?

Mr. Eckel: — Yes, there were. And we looked at all forms, everything from, you know, hydro, CCS on coal, to renewables, imports, and the options available to meet the end-service date. We're looking at 2027 as the end-service date, the end of '27. There wasn't a lot of other options available. Renewables wouldn't offer that baseload that we were looking for, and the imports would require more transmission, those types of things. And this was the most reasonable and practical, I guess, solution.

Hon. Mr. Morgan: — As of a day or two ago, 14 per cent of the electrical generation in the province came from hydro. It's unlikely that there will be able to be a significant increase in hydro. As you're aware, there have been environmental issues or whatever, although there's potential for increases at some of the existing hydro plants. But right now we have 14 per cent comes from hydro and that would be regarded as relatively reliable baseload.

Nine per cent was coming from wind, 252 megawatts. And as you're aware, wind goes up and down so it's not baseload but is affordable and is available. The wind that we have in the province, wind generating, has usually come with partnerships from First Nations Power Authority and other entities that are providing that. And certainly that's a potential for more but unfortunately that is not baseload.

At the present time solar is only producing about 8 megawatts,

so there is a long ways to go before that comes. Forty-one per cent is coming from natural gas, 1173 megawatts. So clearly that's our best and most reliable baseload power. Coal was producing, as of two days ago, 33 per cent or 942. And then as you're aware, there are the issues with the concerns the federal government has on coal.

So going forward, SaskPower is looking at options, primarily regarding natural gas. We are at the present time producing more electricity than we're consuming, and we are typically exporting about 120 megawatts per day. Last year there was about \$100 million earned by the corporation in exporting electricity — it won't be that high always — some into the US [United States] through the interconnect, and a portion of it going to Alberta as well.

But to answer your question more specifically, natural gas is certainly the most viable and the most affordable at the present time. Certainly nuclear is and will be a factor going forward, but as you're aware, the regulatory process is lengthy and it's a difficult process. And if the process is flawed, interested parties, stakeholders, may apply and get an injunction preventing the purchase from going on. So in any event, that was the decision that's been made on both the . . . well actually all three of the most recent natural gas facilities.

Mr. King: — Yeah, just may I . . . I'll go back to your previous question, the gas price. I apologize. My eyes are bad. It's right here in front of me. So the weighted average gas price in our business plan, which is what we would use in our analysis, for this coming year we have it at 563 out to 760 by 2032-33. Obviously gas prices are starting to come down more recently. But when we do our business analysis we will run it on a wide range of gas prices for something like a capital build, but those are the prices that we have in our business plan today.

Ms. A. Young: — Thank you. Thank you very much for that. In regards to natural gas more broadly, we saw yesterday the Premier speak in some pretty plain terms in regards to the vision in the government for Saskatchewan's electricity generation, some of the challenges being faced by the province as it comes up against the, at this point largely unknown, clean electricity standards.

And I would note, you know, in a lot of that rhetoric — and I have the Premier's speech here in front of me — you know, it essentially talks about how . . . We've heard it said before. I'm not going to quote verbatim, but essentially you know, if these regulations come into place, we'll have to shut down our natural gas power plants including, you know, the one that just opened, including Moose Jaw and now potentially including Aspen by 2035.

And you know, yet the decision has been made to build a new natural gas plant, the cost of which I don't believe was disclosed by SaskPower yesterday in the media coverage. So I suppose, Minister, can people in Saskatchewan expect an ongoing expansion of the natural gas fleet for SaskPower?

Hon. Mr. Morgan: — We've indicated right now that we have the one at Moose Jaw under construction to come on in a little over a year. We also have the one at Lanigan, so effectively that's in excess of 700 megawatts will come on from those two

facilities. I think as time goes on, SaskPower is obliged to look at each and every option based on what the projections are at the time.

I think right now what we're seeing in Canada is a number of provinces are facing the reality that it will be impossible to meet the federal standards. Ontario, which had over 90 per cent of nuclear and hydro, has indicated they can't compete. And the Premier of Ontario announced earlier this week they're going to be constructing a number of natural gas facilities.

We're seeing similar things taking place in New Brunswick where they had a number of issues they're trying to do, catching up to make sure they're able to stay on. Alberta, which had a large number of coal facilities, is in the process of converting those coal facilities to natural gas. So at the present time natural gas is probably our best and most reliable option. Our long-term plan would include bringing on SMRs [small modular reactor] in different locations.

The Premier, you know, has made reference to the fact that it will be a challenge to take coal out of our generating fleet at any time in the near or foreseeable future. We have not only a substantial investment in coal generating facilities, but the coal generating facilities are reliable. They are not at end of life. And we have a workforce in some areas of the province that have developed their careers around coal generation.

Ms. A. Young: — So I guess a specific question. I'd love to continue this conversation. What is the cost projected for Aspen?

Hon. Mr. Morgan: — We will be going for an RFP [request for proposal] process on the Aspen facility. But I do have the information as to what Moose Jaw and Swift Current cost. I think Moose Jaw is around 700 million, and it was 2 or \$300 million less for the Swift Current one. So assuming it's similar, it will certainly be more than what the Moose Jaw facility cost.

Ms. A. Young: — Sorry. Pardon me, Minister. I'm not sure if I heard you correctly. The Moose Jaw facility was around \$700 million, you said; Swift Current, somewhere between 2 and 300, and . . .

Hon. Mr. Morgan: — 2 or 300 million less.

Ms. A. Young: — Less.

Hon. Mr. Morgan: — Yeah.

Ms. A. Young: — And Aspen is then, I believe you said, expected to cost more than Moose Jaw?

Hon. Mr. Morgan: — Yes. Yeah.

Ms. A. Young: — Okay.

Hon. Mr. Morgan: — Okay, yeah. Chinook, which is Swift Current, was 650; Moose Jaw was 850; and Aspen would be there by that kind of a difference again. You know, we don't have the numbers and probably would be cautious about speculating on what those numbers might be.

Ms. A. Young: — Of course. And I'm confident that information

will come out publicly as SaskPower moves through the tendering process and gets to design and build. But likely more than 850 is what I'm hearing, as a cautious ballpark.

Hon. Mr. Morgan: — That would be fair.

Ms. A. Young: — So then philosophically, Minister, are you confident that the clean electricity standards are not going to go forward, or Saskatchewan is going to be successful in challenging them however that plays out? Because, you know, I . . . We're in agreement on the clean electricity standards and what they mean for Saskatchewan, but that's a whole lot of money to be risking.

Hon. Mr. Morgan: — I don't want to get into the debate or the discussion about how those standards might be challenged or what processes might be in place, but I think for Ontario, New Brunswick, and Alberta and Saskatchewan, they're not going to be able to meet them. So that's something that is not practical and will . . . There has to be other options, other plans going forward.

When we started down the road of removing fossil fuels, I think everybody sort of sensed okay, we wanted to be supportive, develop a plan, and develop a strategy. The initial plan put forward by SaskPower was that it would be net zero by 2050, which would allow all of the existing facilities to run out to end of life, develop other options in the meantime, and then they had a number of benchmarks for reductions along the way. And they were actually significantly ahead of those benchmarks until the new standards came in about removing coal and the clean electricity standards.

[16:15]

When those came in, that put SaskPower in the incredibly difficult position of having regulations that they were not going to be able to meet, physically not going to be able to meet. So they're going ahead with natural gas. It's significantly cleaner than other options. There are substantial amounts of natural gas available in Western Canada, and that is, at this point in time, certainly by far the best and most reliable method of electrical generation.

Ms. A. Young: — Thank you. And yeah, I'm not looking to get into a discussion on tactics over fighting the federal government. I will happily, happily leave that to perhaps yourself, perhaps the Justice minister or the Premier.

But you know, again recognizing I think the agreement on the challenges that the clean electricity standards . . . impossible challenges posed for Saskatchewan. You know, again SaskPower's a Crown corporation and this is . . . Between those three natural gas plants, the two nearing completion and this Aspen announced only yesterday, it's — not going to do the math but — about two and a half billion dollars that will have been spent, two and a half billion dollars to build new natural gas facilities.

Can people in the province, can customers take confidence then in knowing that this is money well spent and SaskPower is confident that we're not going to end up in a situation where these will be, like gosh, 10-year-old stranded assets or 7-year-old stranded assets?

Hon. Mr. Morgan: — I appreciate the concern that citizens might have. The mandate for SaskPower is to provide reliable, clean, affordable electricity. That is the best option for SaskPower at the present time, and we expect them to fulfill that mandate. And absent quick access to nuclear or something else, that's certainly the process that they're going to follow. They are as open and transparent as can be with regard to the different options as they become available, and that's certainly the direction that's expected of them.

Ms. A. Young: — Thank you, Minister. Along those lines, recognizing again the position that the Crown finds itself in . . . And you know, I understand, I hope there's not going to be a federal government who like marches in and turns off the power plants or anything like that. But there could be a situation based on certainly the rhetoric that we see, and you know, having no details on how those discussions with the federal government are going forward, certainly not having those myself. Minister, are you aware of any potential penalties or risks that SaskPower could be facing should the clean electricity standards, as discussed, go forward and natural gas not be included?

Hon. Mr. Morgan: — We are already facing a substantial penalty in the carbon tax that exists and exists on every electron that flows out of a generating facility that's powered by natural gas or by coal. So yes, those penalties are there. Those penalties might increase. I think we'll want to have discussions and work things through with the federal government to the extent that we can work things out.

The mandate that we have is to ensure that there is safe, reliable electricity for our citizens. And I'm not prepared to leave our province in the same situation that Texas found itself in recently or some other jurisdictions may have found. We want to have a broad and varied electrical generating system with a number of different sources as well as interconnects into related adjacent areas.

Ms. A. Young: — So not to put too fine a point on it, Minister, but you're not aware of any potential penalties.

Hon. Mr. Morgan: — We have not seen, I haven't seen the legislation. I have no doubt that their legislation will contain penalties. We will stand up. We will make challenges. We have the Sask first Act. That's what our government was elected to do. The goal of this government is to ensure that electricity continues to flow to our citizens. No, we're not going to stand there and say, oh, we don't like this, therefore we're going to have our citizens in the dark. Not going to happen.

Ms. A. Young: — Thank you. And appreciating we're kind of talking in hypotheticals right now, and you know, we have different views on who we hope is in government in 2030 and 2035 but, Minister, would it be your expectation, should there be penalties, would those be borne by the government proper or by SaskPower?

Hon. Mr. Morgan: — We have in our province summary financial statements, so the books of SaskPower are essentially the books of the province. So I'm not going to get into what, the tools that may be available. You'll have to talk to the federal government that are there. But our plan is to stick up for each and every citizen of this province to make sure that they've got

reliable, affordable electricity. That's our mandate.

We live in a cold, inhospitable . . . We have a sparse population, and right now we have a electrical utility that has worked hard, developed a grid that works, allows for expansion. And the mandate that's given to them is to continue doing that, and they're doing exactly that.

Ms. A. Young: — Is it expected that SaskPower will continue to expand natural gas generation in Saskatchewan?

Hon. Mr. Morgan: — We expect the utility to come back to us at various times as they go forward and have a plan to maintain as diverse as possible generating capacity as they can. They're looking at a number of other options. I know they're looking at some of the existing hydro to say, okay, is there things that can be done with the hydro facilities that would increase their capacity? So we look to them to do that.

We also look to them to work to try and see what the process is or can be with regard to nuclear. And we know that that's a lengthy process, so the discussions that are taking place with the federal government are to the extent of what can we do to speed or accelerate that process. Are there things that the federal government can give some assistance with as to how those processes might take place? And those discussions would be ongoing.

Ms. A. Young: — Sorry, just to come back to it. Will SaskPower continue to expand its natural gas generation capacity going forward?

Hon. Mr. Morgan: — We announced yesterday publicly that one was taking place in Lanigan. That's the only one that I know of. You know, there certainly may be other options that they would come forward with, with natural gas or other things elsewhere. We expect them to come forward with ongoing plans, and those plans would include nuclear, might include hydro or whatever would be regarded as the best options.

Ms. A. Young: — Is there a projection for . . . Pardon me, I'm struggling to find the words for it right now. Is there a projection for the amount of power SaskPower is going to need to add in terms of capacity between now and 2035 when potentially a first SMR may come online?

Hon. Mr. Morgan: — I'll give you some, but I'll let them give you some better numbers. The record that we had for consumption was December 30th, 2021. On that date 3910 megawatts were used. And then we have a variety. But typically there's, about 20 per cent higher than that would be the maximum capacity that's there now.

And there's projections going forward, and I'll certainly let the officials provide you with the projections that they might be. As you're aware we have BHP's mine coming on stream. There are the canola crush plants and a number of other businesses that we want to make sure we're able to provide for.

Mr. King: — So as the minister had mentioned, our peak load right now is about 3900 megawatts. For 2035 we're looking at about 4500 megawatts would be our new peak load for that period of time, and that's assuming a fairly normal growth curve

for Saskatchewan. You know, there are the potential for things like electric vehicles to maybe accelerate. We do have a healthy adoption built into the plan, but about 4500 megawatts.

The amount of capacity that we build to serve it would be, you know, significantly larger than that because of things like renewables. Renewables provide, as you know, they provide energy but don't provide capacity. We can't rely on them. So things like the coal, natural gas, SMRs are potentials to provide that baseload power.

Ms. A. Young: — Thank you. And that 3900 today, 4500 potentially by 2035, that doesn't include the . . . So we're adding 370 capacity with Aspen once that is built?

Mr. King: — [Inaudible] . . . Aspen would be used to serve that load. That's part of the plan.

Ms. A. Young: — Pardon me. Serve the 3900?

Mr. King: — No, 45.

Ms. A. Young: — 45. Okay, thank you. So then, Mr. King, you're the CFO [chief financial officer]; you're better at math than I am. The difference that's still left that SaskPower will be looking to build or purchase between now and 2035? Does that . . .

Mr. Eckel: — Like does that make up the 600 megawatts or so, what you're saying?

Ms. A. Young: — Yeah.

Mr. Eckel: — Yes. Well we believe we can get one SMR in place by that time. As well we're going to be adding, you know, additional renewables and some storage. We're looking at hydro options, gas, maybe gas with CCS. We don't know exactly. Waiting for the clean electricity regulations to come out to determine what the requirements are because that will kind of determine the details of the plan. But yeah, we'll probably have 8000 megawatts installed capacity just because of the intermittency of the renewables we'll have at that time.

Ms. A. Young: — Thank you. And is there a clear date available for when the standards are coming out?

Mr. Eckel: — No, there's not. I had heard mid-June, but then last week I heard that the individual who was leading the thing on the federal side has now taken an ADM [assistant deputy minister] position, and so it could be later in June or early July.

Ms. A. Young: — Okay, so stay tuned, I suppose.

Mr. Eckel: — Stay tuned.

Ms. A. Young: — For who knows? Maybe the second week of July when very little happens.

Hon. Mr. Morgan: — I can't speak for the federal government at all, but it seems that there's a bit of an understanding on the part of the federal government that the standards they're projecting are not capable of being met. And there may be a willingness on the part of the federal government to go back and

say, okay, can we relook at it? Can we either grandfather . . . whatever they might do to allow a bit more of a, a bit of a ramp to go forward.

Ms. A. Young: — And is there any sense of whether that grandfathering is going to be specific to some of the forms of generation that a province like Saskatchewan, you know, that doesn't have the hydro resources, would be reliant on? And I appreciate that, you know, SaskPower's continued to diversify, continued to invest in renewables, but we understand baseload power . . .

Hon. Mr. Morgan: — Given what Ontario and New Brunswick are doing in announcing more natural gas, I think everybody is following a similar path.

Ms. A. Young: — Thank you.

Hon. Mr. Morgan: — There is a potential that natural gas may be able to be retrofitted with carbon capture. We understand that there's work under way in Alberta, and I certainly wouldn't want to say that is a solution, but it's something that the officials are certainly mindful of and are watching. If that's the case that they're able to do some significant work in that area, that may make the situation a longer time period.

Ms. A. Young: — Sorry. Can you explain that last point to me?

Hon. Mr. Morgan: — If carbon capture becomes available for natural gas — and we don't know whether it will, but there's potential; there's work being done on it — that abatement may be sufficient for the federal government to allow natural gas to operate for a longer period of time.

[16:30]

Ms. A. Young: — So then in constructing these new plants, have they been built in a way — and forgive me; like I'm not an expert on power plant design, shockingly. Have they been built in a way that could allow for ease of retrofit — or I don't know if retrofit's the right term, but ease of CCS expansion — should that technology prove viable in Alberta?

Hon. Mr. Morgan: — Certainly Aspen will be, and I know the Moose Jaw plant is sort of . . . It started out without that being an option at the present time. So it's certainly not out of the realm of possibility. But I want to make it clear that isn't seen by SaskPower as being necessarily the solution. It is one of a number of potential options going forward.

Ms. A. Young: — Minister, do you or your officials have a number that could be provided in regards to how comparable the emissions are from natural gas to, say, CCS with conventional coal like we'd see at Boundary?

Hon. Mr. Morgan: — I'm not sure what your question is. The natural gas emissions as opposed to carbon capture?

Ms. A. Young: — Yeah, what we'd see coming out of Boundary dam 3.

Mr. Eckel: — Right now Boundary dam 3, the last year we've been meeting the federal regulations, which is 420 tonnes per

gigawatt hour. We believe we can operate below that, which would put us basically in line with a combined cycle gas plant, which is about 370 tonnes per gigawatt hour. So that's kind of, on purpose they'll be equal.

Ms. A. Young: — And you say there's a belief that it could operate below that. Has it operated below 420?

Mr. Eckel: — Yes, it has. We've had several months where we were in the 300's and things like that. Just when you take it down for maintenance and things like that, the numbers sometimes go up.

Ms. A. Young: — And forgive me again, exposing my ignorance. When you say combined cycle natural gas, are the natural gas plants that we've been kind of discussing today — Swift Current, Moose Jaw, and Lanigan — are those combined cycle natural gas? Okay, so we'd be looking at that 320 number.

Mr. Eckel: — About 370 — 350 to 370, in that range.

Ms. A. Young: — Okay, so it's safe to say then it's comparable. Interesting. So then when we last met — it was much colder; I believe it was December — we discussed an application to the NEB [National Energy Board] regarding a natural gas facility in the Southeast and letters that had been sent to the RM [rural municipality] of Coalfields. And I believe I've read into the record and I'll do it again. The purpose of the project was cited as “. . . providing security of supply to the city of Estevan, the SaskPower Corporation's Estevan Boundary dam, and Shand electrical generating stations.”

At that point, I believe the indication in committee was that there was not an awareness of this application to the NEB. And I note for the record that I did follow up and send this application to SaskPower, I believe, on January 5th and asked for clarification on SaskPower's intentions as it relates to natural gas expansion as well as its current coal generating facilities. And I did put that in a letter as well to SaskPower, which may have been lost in . . . The response may be lost in the mail.

But since I have you folks here today, is SaskPower in discussion with MIP [Many Islands Pipe Lines], a federally regulated and wholly owned subsidiary of SaskEnergy, as it relates to the purchase or distribution of natural gas?

Mr. Pandya: — No. Hi. Rupen Pandya, president and CEO of SaskPower. And so the answer to your question is no, we are not in discussion. So Many Islands Pipe Lines is a subsidiary of SaskEnergy, but we don't work with Many Islands Pipe Lines. We work directly with SaskEnergy.

And just in terms of the question that you had asked previously, I'd just note that we became aware of that discussion, I think, in December when you raised it in committee previously. And I can tell you that we've confirmed that that was simply SaskEnergy and its subsidiary, Many Islands Pipe Lines, doing reinforcement work with respect to supply related to existing natural gas pipelines. It had nothing to do with SaskPower.

Ms. A. Young: — Great. So I guess my next question was going to be, does this indicate that SaskPower is moving to retrofit its coal generating stations to use natural gas in lieu of coal?

Mr. Pandya: — We continue to examine all options with respect to our coal assets in southern Saskatchewan, and so we're continuing to look at that. And I think the minister's earlier laid out, you know, we're looking at natural gas, we're looking at hydrogen, we're looking at SMRs, and we're certainly looking at coal-to-gas conversions, again to allow us to deliver on our mission which is reliable, sustainable, cost-effective power.

Ms. A. Young: — Thank you, sir. So to be clear, a decision has not been made in regards to retrofitting Saskatchewan's existing coal fleet with natural gas.

Hon. Mr. Morgan: — Not at this point in time. It is an option, but there has not been a decision made.

Ms. A. Young: — Is there a decision imminent? Again yesterday I'd note the Premier gave an expansive speech publicly, as well as significant comments to the media, in which he indicated that announcements in regards to SaskPower's coal fleet, as well as continued expansion of natural gas, would be coming in a few weeks, I believe, was the timeline he provided.

Hon. Mr. Morgan: — It would be really inappropriate for me to pre-announce whatever he might be choosing to announce later on, so I will respect that confidence.

Ms. A. Young: — Thanks, Minister. The trouble you get up to when you send a New Democrat to an oil and gas show. But again . . .

Hon. Mr. Morgan: — Actually, to be honest, I'm really glad that you went to the show, and I'm glad that you've become informed on the file, so thank you.

Ms. A. Young: — Damned by faint praise, Minister. I've been to Williston Basin many times. I've helped plan it back when, I believe it was Bill Boyd was minister, back in the day.

Hon. Mr. Morgan: — To the member, Mr. Chair, I'm not terribly generous with my compliments and I didn't expect her to take it and run with it. But having said that, we'll certainly be prepared to answer the questions.

Ms. A. Young: — Thank you. And again, not to belabour the point, but you know, if the Premier has a decision that the minister is hesitant to pre-announce for him, again I would ask, has SaskPower made any decisions about the future of its existing coal fleet?

Hon. Mr. Morgan: — Right now the coal fleet and the natural gas fleet continue to be part of our reliable baseload power in our province.

Ms. A. Young: — Does SaskPower plan to continue to operate its existing conventional coal fleet regardless of the clean electricity standards, similarly to how, Minister, today you've indicated the intention to continue to operate the natural gas plants?

Hon. Mr. Morgan: — I think the same thing can be said about the coal fleet that I said about the natural gas fleet. It is impossible for us to meet the standards, and we will have to look at every option that we have to ensure that we're able to supply cost-

effective and sustainable power across the province.

Ms. A. Young: — So then again, I followed the work that SaskPower's been doing with the many open houses and engagements that have been taking place, specifically in the Southeast in the communities that are most likely to be impacted. And I know through, you know, talking to people as well as the media coverage that these haven't always been . . . You know, some of these town halls can have people concerned for the prospects of their jobs and also for their communities.

So is there any confidence or clarification that can be provided to the people — I'm thinking specifically of Coronach and Estevan and those who work in the mines as well as the units at Boundary dam — in regards to the stability of their jobs going forward?

Hon. Mr. Morgan: — I think that's something you'll have to sort of wait and see how things play out over a period of time. Right now those facilities are a significant part of our electrical generating capacity. The workers that work for SaskPower at those facilities — members of Unifor, IBEW [International Brotherhood of Electrical Workers] — are people that have built their careers, built their homes, raised their families. So to them we want to do everything we can to ensure as much stability as possible, as well as the employees that work at Westmoreland.

These are people that we value and want to do everything we can. And if those facilities continue to operate, we have to make sure that we're able to maintain a workforce. And SaskPower is aware of the challenges that those people are facing and wants to work with them, but we're not able to discuss that on the floor of the Chamber today.

Ms. A. Young: — Respectfully, why not?

Hon. Mr. Morgan: — We don't negotiate union contracts here. There's a variety of other things that we don't discuss on the floor of the Assembly, and we know that SaskPower has a relationship with their workers. I don't usually participate in those things, although I have gone there and I've met with the workers. I understand their concerns. We expect SaskPower to continue to work and value those people.

Ms. A. Young: — Thank you, Minister. I've followed some of the trips that you have made down to these impacted communities, which I think is great. And again, I really applaud the work that SaskPower and their employees are doing, both those who live in the communities as well as, you know, some of the folks going out and doing that engagement and having those conversations.

And I shouldn't trade in rumours on the floor of the legislature even in committee, but there's a legend down in that community that there had been some consideration by the Government of Saskatchewan to purchase the Westmoreland coal mines. Is that something that's ever been considered?

Hon. Mr. Morgan: — There's a lot of legends out there, but it's not one I've heard.

Ms. A. Young: — So there is no plan, nor has there been discussion at the government level of, dare I say, nationalizing the coal mine and converting it to public ownership.

Hon. Mr. Morgan: — I've met with some of the Westmoreland officials informally and it's not been brought up by them or by us. You're likely aware Westmoreland has got operations in more than just Saskatchewan. They've got international operations. And how this particular area fits in with the rest of them or whatever else, the imperative for SaskPower is that they're able to have a reliable source of coal for as long as that operates. And I know in the past SaskPower has owned draglines and has done mining. I don't think it's something that they're aspiring to or looking at, but I know that the expectation is that they'll continue to need coal.

Ms. A. Young: — Thank you. On the subject of coal, I believe it was noted earlier in the committee that there was some consideration given to building this new facility, Aspen, with CCS from coal. Is it possible to get some expanded comment on why that was not pursued?

Mr. Eckel: — So I'm clear, the question was why we chose not to build at Estevan and we picked Aspen? Is that . . .

Ms. A. Young: — You know, just kind of going back to some of the business cases that have been presented around decisions for power generation, hearing emissions are comparable from natural gas and CCS with conventional coal, but the decision was made to go with natural gas for Aspen, not CCS from conventional coal. But again, you know, we've got this 200-year supply of . . .

Hon. Mr. Morgan: — There's no discussion under way about expanding or doing further coal electrification. BD3 [Boundary dam 3] is the only one in the world that's operating. And I give credit to the people that work there because it's getting better and better and closer to where it should be. But it's been a multi-year challenge to try and get it to function the way it is.

But they're not operating anywhere else in the world, and we have that one we're able to make work relatively well to look at what the cost would be. It was not something that was considered.

[16:45]

Ms. A. Young: — Forgive me. I must have misunderstood some of the earlier discussion. So going forward, if SaskPower looks to continue to increase its generating capacity and continue to diversify, there is no plan to continue to . . . Has any of that expansion come from CCS with coal?

Hon. Mr. Morgan: — No — I'm looking at the officials — it has not been under discussion and has not been for some time.

Ms. A. Young: — Thank you. And has there been any discussion about potentially adding — not to split hairs here — but potentially adding carbon capture onto the existing coal fleet, you know, recognizing some of those are approaching end of life, but looking at the assets that could potentially be stranded, you know, thinking of things like Shand which can capture . . .

Hon. Mr. Morgan: — No, not by way of a conversion to a carbon capture with coal. There was an analysis I think done internally, and Shand may be a candidate for a natural gas conversion, but it's operating well right now and the goal is to

continue to make sure it continues to operate. But there's no . . . If the question, is there a possibility of coal expansion, the answer is it's not under consideration.

Ms. A. Young: — Okay. So no coal expansion and no expansion of CCS onto existing coal. But there is potential . . . like should Alberta prove successful and obviously the dollars and the project work out, there is consideration being given to natural gas and CCS.

Hon. Mr. Morgan: — If the processes that are taking place in Alberta work well for abatement on emissions from natural gas facilities in Alberta, that has to be something that would be looked at to try and reduce the emissions on it here. But obviously the business case and the technology has to be carefully looked at. So I know we ask SaskPower regularly to . . . Are they looking at it? Are they watching? But I'm not sure who the contractor is, but it's . . .

Mr. Eckel: — Capital Power is the one that's first advanced. ENMAX is also looking at a carbon capture, but both of those organizations are waiting for the clean electricity standards because they have to know what they're trying to . . . whether or not their design will meet the requirements.

Ms. A. Young: — I just have a couple of questions about hydro, and then I'd like to move on to a discussion about SMRs. You know, we've discussed a few times in committee, Minister, some of the challenges with the generation capacity that came from hydro over the past few years and the impact that it's had on SaskPower's financial position.

And a question that's been put to me, and I don't have the expertise to answer so I'd like to put to you and your officials: if we're having challenges with hydro — which I believe that the challenges came from Lake Diefenbaker; that's correct? — what impact is both the potential irrigation project going to have on SaskPower's hydro capacity as well as a potential SMR should it be sited at Diefenbaker?

Hon. Mr. Morgan: — For the SMR, if it's sited there, it would have to be located such that even when the lake is at a low water point, it's still able to draw enough water. The lake is large and it would be a matter of how it's configured and where it's laid out.

So I'm guessing . . . I'm not guessing, but the SMR would have to address the issues that the lake level goes up and down. The amount of water that's taken out for irrigation . . . There's irrigation that's been there for the last 50 years, and there would be more as it goes forward. And that has to be factored in as well as in looking at hydro.

What happened last year was that the lake level fell so that there was not sufficient water to run the generating facility there. It was at an exceptionally low point. I don't know whether that's something that is a result of climate change, that that's going to be a part of a new change. But I'm pleased that the levels have substantially come back up and are at an appropriate level.

To develop hydro, it depends on two things: one, the volume of water; and then the drop in the water through the generating facility. There's ordinarily a large body of water at Diefenbaker,

but not a real steep drop or a big drop to do it. So they're looking at the penstocks that are there and determine whether those can be altered or changed to try and produce maybe not more peak power, but more reliable, steady power across the course. Is that fair?

Mr. Hayko: — Yes, yeah. We're looking at Coteau Creek. It was built originally for four units, and just three were added. We could add another unit for . . . We're still trying to figure out what the exact cost would be. But it could give us capacity during those times we need it. We might not get any more energy out of the facility, but we'd get . . . at times when we need that extra. So we are looking at that.

Hon. Mr. Morgan: — They're also looking at all of the hydro facilities across the province to determine whether there's other options that would be there. And some of the facilities are some of the oldest facilities in the province, and whether those need to be upgraded, or whether it would produce significantly more. I'm not sure how many megawatts comes out of Sandy Bay; it's low.

Mr. Eckel: — Sandy Bay, Island Falls is a 110-megawatt facility. So we've been doing some upgrades, getting a little more energy out of it, maybe not more power. And then looking at northern . . .

Hon. Mr. Morgan: — It's a 100-year-old generating facility. Interestingly I went there and it, the day that I was there, was entirely operated by local people who are Indigenous, and all women. So, yeah, and the place was spotlessly clean and well run.

Ms. A. Young: — Know a couple of the folks who work up in Sandy Bay, and they're incredibly proud of that facility and the work that they did there. Give a shout-out to Harry.

Hon. Mr. Morgan: — As they should be.

Ms. A. Young: — So in regards to the irrigation project going forward, I'd assume SaskPower's in contact with . . . Forgive me. I can't even remember where that's being housed, if it's Environment or Agriculture, Water Security.

Hon. Mr. Morgan: — Water Security Agency, which is under SaskBuilds . . . no, under Highways.

Ms. A. Young: — So there would be ongoing dialogue and opportunities.

Hon. Mr. Morgan: — Absolutely.

Ms. A. Young: — Okay. Thank you. So I'd like to move on to SMRs now as we, I suppose, work our way through different sources of power generation available to SaskPower.

So SaskPower's undertaken significant, I believe largely online consultation work around what the future of power generation looks like for Saskatchewan. What has been the response from the public as it relates to SaskPower's potential future mix, and also specifically to SMRs?

Hon. Mr. Morgan: — The support for power generation is not surprisingly very, you know, strong. I mean it's, do you want

your lights on? Yes. Of course people do. And there's an understanding that there's a variety of different options that are there.

The support for SMRs is the highest in Saskatchewan of any province. So it's maybe because the mining for uranium has been here for a number of years, or a better or deeper understanding. But there's incredibly, incredibly strong support for it at this point in time. I think SaskPower's role in it is (a) the consultation; but secondly in educating the public about what it would look like, how it would work, how it would fit into the grid, and you know the variety of questions that people would have. I've gone online and looked at some of the information, and I think it's very well put together.

Ms. A. Young: — Thank you. Yes, I've followed along and watched from home for some of them. Is there a figure or a number, Minister? You spoke of the support for SMRs being significantly high in Saskatchewan.

Hon. Mr. Morgan: — I don't know whether the figures would have come out of the consultation, because the consultation usually is sort of on the specific facts. But the polling that's been done by the various polling . . . [inaudible interjection] . . . Angus Reid, yeah.

Mr. Eckel: — They just did one and I think it was 74 per cent.

Hon. Mr. Morgan: — So yeah. You know given that it's early on, I think that's pretty substantial.

Ms. A. Young: — It is interesting that Angus Reid polling as well. Looking at some of the breakdowns in support certainly between different demographics as well as different political leanings, it was interesting to see some of the numbers. So those comments, based off Angus Reid's polling, but SaskPower doesn't have any measures available to indicate support for . . . to really quantify what some of that outreach has resulted in?

Hon. Mr. Morgan: — It's interesting that the person that does their comms is named Cole. Just saying.

Ms. A. Young: — Cole very generously led a tour — Carla Beck and myself — at Boundary dam a couple of months ago and it was great to be back, and it was a wonderful tour, and he seems lovely. So way to go, Cole.

Mr. Pandya: — So, Member, thank you for your question. So there is in fact two large consultations under way: one specific to the SMR, the other relative to the future of power. Both invariably focus on the question of SMRs or nuclear as part of the future of power production in the province. So we've engaged with some 15,000 people to date.

And through those sessions we will ask individuals who participate in those sessions to fill out questionnaires so that we can gather views on the sentiment of people, and as you can expect, that is varied depending on where the meetings occur and when the meetings occur and who's in those meetings. And we're expecting to get that feedback pulled together as we conclude our consultation processes.

So we don't have a specific number to quantify. I can tell you

though based on the discussions with our regional tables — and so there's a multiple-layered approach to the consultations in particular around the SMR project — that the participants in the regional process have indicated that there's wide support in both study regions for deployment of an SMR. And that's the community leaders and other officials who are participating in those consultation processes.

Hon. Mr. Morgan: — Interesting aside on it. I recently attended the Canadian Nuclear Association conference in Ottawa. The mayor, Roy Ludwig, of Estevan attended, wearing his Westmoreland Coal jacket, which is where he'd worked for his career and is probably one of the most staunch advocates for nuclear that you could want. Had a host of questions, and it was probably a really informative two or three days for him. He was able to get a lot of his questions answered, talk to counterparts from elsewhere, and I think took really valuable information back home to Estevan. So I was really glad to see him there. We didn't sponsor him, I mean that was either himself or the city of Estevan.

Ms. A. Young: — Thank you. I recognize there's a timeline that SaskPower has in regards to the SMR rollout and decision-making process, but reflecting on some of the discussion here tonight, has a site selection been made yet or is that process ongoing?

Hon. Mr. Morgan: — Ongoing right now. As you're aware, it's narrowed to two sites.

Ms. A. Young: — Have there been any changes to any other pieces of that timeline which, Minister, I believe you walked us through last time we were in committee together?

Hon. Mr. Morgan: — None.

Ms. A. Young: — I believe I asked this question last time, so I'll revisit it. Have there been any decisions undertaken by the government and SaskPower in regards to the cost of the pre-work that's gone on for SMRs?

[17:00]

Hon. Mr. Morgan: — I think \$140 million over eight years.

Ms. A. Young: — That figure remains the same.

Hon. Mr. Morgan: — That's correct.

Ms. A. Young: — And that money is SaskPower money?

Hon. Mr. Morgan: — Correct.

Ms. A. Young: — And there's the additional funds I believe over at SRC [Saskatchewan Research Council] for unrelated but also nuclear.

Hon. Mr. Morgan: — Correct, but that's an SRC project, not a SaskPower project. And I mean they're certainly aware of what the other one is doing but they are unrelated concepts on unrelated projects.

Ms. A. Young: — And the 140 million at SaskPower, can you

expand on what that's being used for?

Mr. Eckel: — Sure. It's being utilized for everything from engagement to, you know, doing more detailed studies of the technology, working through the whole construction licensing process and the site licensing. That process alone is quite a long, intensive process, need a lot of consultants to help us with some of that work. We have to go through the impact assessment process, so it's all the things you need to get you to a point where you can make a decision if you want to proceed or not.

Hon. Mr. Morgan: — Ontario and New Brunswick both have the benefit of having had nuclear on site before and don't have to go through the same nuclear regulatory licensing process. And it's an incredibly complex process to go through.

Some of the officials met with us, met with a number of people when I was at the nuclear association and there's the talk about the geological testing that has to be done, how it fits into . . . and it's not simply a matter of saying, oh well, we're going to go and host some online meetings. It's incredibly time consuming and then they have made a selection of which technology is going to be used at this point in time. Their selection is GE Hitachi.

But as time goes on, there are other different options that become available, so they're obliged to go and sort of review each of those to make sure that the original decision is still the best decision for this province. And that's certainly been very much the case so far. But that's sort of part of it, is if somebody says, oh well, we think this should be looked at or that should be looked at, then they're wanting to do that. And that's absolutely the right thing to do.

Ms. A. Young: — Thank you, Minister. My apologies, Mr. Chair, is it possible to request a break until 5:20? For any officials who are unaware, I have an eight-week-old baby that briefly needs its mom.

Hon. Mr. Morgan: — Mr. Chair, we would be very pleased to accommodate.

The Chair: — Yeah, I don't think that that's a problem. Okay, we will break until 5:20.

[The committee recessed for a period of time.]

The Chair: — Well, welcome back after our recess. Are there any more questions, Ms. Young?

Ms. A. Young: — Yes, there are, Mr. Chair. Thank you. And thank you again for the accommodation on the brief break. So I believe we were talking about the \$140 million that SaskPower has to spend or SaskPower set aside to do some of the preliminary work in advance of the deployment of SMRs. And I believe I recall from our earlier discussion some of this is going into engagement, siting, impact assessment, things like that. Is the figure available for how much of that \$140 million has been directed for engagement?

Mr. King: — So we're going to try and find those exact numbers, but I can tell you what's been spent to date. So as of the end of the fiscal year of '22-'23, March 31st, '23 we spent \$18.7 million to date. And for this coming fiscal year we're looking to spend

about 21.9 million. So it's been gradually increasing as we've been going along in that program.

Ms. A. Young: — Okay. Is that trend expected to continue? Essentially more money will be spent as we get closer to those critical decision points?

Mr. King: — Yes.

Ms. A. Young: — Okay. On the SMR decision . . . And forgive me. Again I'm not an expert on this so I'm basing this off of self-directed learnings. But am I right in my understanding that the potential workforce at SaskPower's first reactor, in order to work there, they'll have had to have some sort of work experience in an existing facility? Is that right? Am I right in my understanding? And this is less of a concern in Ontario because they already have that nuclear . . .

Hon. Mr. Morgan: — The jobs that they would be doing would be somewhat different than they are now. Like there would be power engineers, people working on the grid, but there would certainly be people that would be working in and around the reactor that would need specialized training. So there is work being done now between Advanced Education and some of the people on the ground, and with OPG [Ontario Power Generation], Ontario Power, to determine what kind of employment skills would be necessary to try and transfer those skills to the people that would be in the various areas that would be being considered.

Ms. A. Young: — So forgive me, Minister. There's no requirement that . . .

Hon. Mr. Morgan: — I think Mr. Pandya is able to add to that.

Mr. Pandya: — Thanks, Minister. So maybe I'll just add to that. So our Crown Investments Corporation is currently leading a post-secondary initiative with Sask Polytechnic, University of Saskatchewan, University of Regina, SIIT [Saskatchewan Indian Institute of Technologies] on building our future nuclear workforce capability. But you're right. With respect to operation of a nuclear facility in 2034, there would need to be a trained workforce in place to allow us to operate that facility.

And so I appreciate the decision to construct would be 2029 and at that point, if the decision is made, then we would be training a nuclear workforce in Ontario to come back to Saskatchewan. So the plan would be to use the existing workforce from Saskatchewan and to allow them to get the knowledge, skills, and training. And we'd do it on a rotational basis to allow them to come back skilled, to the extent that our own institutions can't provide them with any of that immediate knowledge.

Ms. A. Young: — Thank you. And is there a set amount of time or hours required that those particular individuals have to work, the ones who would hypothetically be sent to Ontario to train and skill up?

Mr. Pandya: — There is, and I don't happen to have that with me but we can get that for you. I would tell you that, you know, in terms of the entire build-out of an SMR, there'll be a requirement that, whether it's construction labour right through the operations, that all of the workers are nuclear certified. So

right now constructors across the province, as part of the supply chain development, are getting ready in the question of a nuclear certification so they can do nuclear concrete, nuclear rebar, etc.

The bulk of the plant . . . So there's the nuclear core which will be, you know, a GE Hitachi BWRX-300. And then the remainder of the plant will be just like any other gas plant, if you will. It'll have turbines, generators, etc. But again you're quite right; all the workers in the plant will have to have a nuclear safety training. Most of that can be done in province.

It will be the core engineering team around the reactor that would require specialized training and likely . . . And again, you know, this will depend on how quickly post-secondary institutions in Saskatchewan can set that up. They've gone to the Colorado school of mining to bring in some of the curriculum, to look at the curriculum with respect to nuclear training. But it'll depend on how quickly they set it up. But I think we will certainly consider working with Ontario and other jurisdictions to allow Saskatchewan workforce to get that hands-on experience with respect to operating nuclear.

Ms. A. Young: — Thank you, sir. With the 2029 deadline, is SaskPower confident that's adequate time to ensure that there is a, you know, suitably upskilled and certified workforce? I understood it would be, you know, the individuals certainly working within the plant, but I didn't know it would be even those involved in the construction. Is there confidence that's an achievable timeline if 2029 is truly the decision point?

Hon. Mr. Morgan: — I have met with a number of the workers that are there, and there's incredible enthusiasm, incredible support. So my expectation would be that those people would rise to the occasion and would pitch in and would do everything they can so that they would be up and ready for that. So at this point in time I'm excited for them and hope that it comes to pass that we are able to get the approvals done and have everything in place. But I have a lot of confidence in the workforce that's there and would not want to see it held up for an instant.

Mr. Pandya: — Maybe I will add to that, Member. To answer your question on construction work, of course that would be private sector constructors.

And I can tell you I was recently at the SIMSA [Saskatchewan Industrial and Mining Suppliers Association] conference in Saskatoon, where a number of large industrial mining operations do most of their supply chain work. Lots of constructors were present, and they had a special session on SMRs at that particular event. And many Saskatchewan constructors, many Saskatchewan businesses are already in the process of becoming nuclear certified so they can enter the supply chain with respect to this opportunity, but certainly even with respect to Ontario's opportunity.

Ms. A. Young: — Thank you. Are there any concerns around having to compete with other provinces? You know, Ontario's obviously going to be first out of the gate. And you know, on one hand I certainly appreciate not being the first out for a province like Saskatchewan with a small tax base on a big project, but I know we already struggle with our construction labour as it relates to losing people to things like the Toronto condo market which is, you know, the size of our entire construction workforce

here in Saskatchewan.

Are there concerns about being able to compete with the workforce demands while Ontario continues to build? And I do have a follow-up question.

Hon. Mr. Morgan: — That's why we want to work with the people that live in our province already. These are people that are less likely to want to go somewhere. And I have incredible confidence in the workers that are in this province. I think you want to be concerned with everything that's a possible source of delay or whatever else, but I've got great faith in the workers. We want to focus on the workers that already live here, work here. And a lot of them have got skills that would be highly transferable or would fit in well.

[17:30]

Ms. A. Young: — Amen, Minister. You know, not lost on me that the CCS plant was built with no lost hours to injury. And you know, that's to the credit to the project management team as well as the workers on the ground in ensuring that. I guess again what I'm hearing is there's not a concern that Saskatchewan . . . In some of these companies starting to upscale and starting to certify, there's not a concern that we are going to be losing both workers and some of our supply chain participants to Ontario as they continue to . . . Build up steam is perhaps the wrong metaphor but . . .

Hon. Mr. Morgan: — I think you always worry about every possible contingency that's there. And I've got faith in SaskPower, through their HR [human resources] department, to try and do everything to maintain the workforce that's there as long as coal is being used in that area of the province. Or if they choose a different site, then they're able to work and get them in front.

So there's certainly the potential that somebody may choose to go somewhere else, but I think it's . . . This I would regard as an exciting opportunity for those workers, and my expectation is that they would want to stay. And that's a challenge that I'll leave to the HR folks at SaskPower. But I think this is an exciting prospect for those people.

Ms. A. Young: — Does SaskPower have any role or responsibility, you know, obviously thinking particularly of funding but . . . As minister I think you referenced those post-secondary institutions in Saskatchewan will start to offer training and certification. Is SaskPower going to be supporting those post-secondary institutions in offering that?

Hon. Mr. Morgan: — Yeah, a lot of the process is managed through CIC [Crown Investments Corporation of Saskatchewan], but we've had discussions. I've participated in some with Advanced Ed, and that there would be funding flowing from SaskPower to enable the start-up of those programs. So it's Minister Wyant's portfolio, but I think there's strong support from him, from his ministry, as well as from President Keshen and President Rosia at Sask Poly.

So I don't know if we're able to say anything about what funding might flow across and I think as they work through what the specifics of it are. I think it's an exciting program to go through

and make sure that those workers are trained and ready.

Mr. Pandya: — Yeah, I don't think I have more to add, Minister. Even though it's part of the 140 million we've identified, there's money to support post-secondary institutions in setting up training programs, and that number . . . Again CIC is leading that initiative with the post-secondary institutions. Obviously SaskPower is participating in this process but, you know, once there's clarity on what those initial start-up costs are, then those are contemplated as part of our project costs as well.

Ms. A. Young: — Thank you. So that was going to be one of my next questions. Are there numbers around the workforce requirements for a potential SMR, both in terms of construction and siting? Like, the whole kit and caboodle?

Hon. Mr. Morgan: — I'm not sure what the question was.

Ms. A. Young: — What's the workforce requirement for an SMR, both in terms of numbers . . . I'm just . . .

Mr. Eckel: — The numbers for operating is between 150 and 200 for the first one, would go down if you add additional units. The first one, you know, because you're doing support roles and those types of things.

And the reason I have a range there is because some of the security requirements and things like that aren't totally clear for SMRs yet. If you use the large reactors, you're in the 200 range, but if you . . . where they believe they can go, it'll be a smaller number there. So as far as construction, I'd have to get back to you.

Hon. Mr. Morgan: — Ontario's construction, they've got several thousand on site at any given time. But they're doing a larger rebuild or remake, but I think they've got . . . I think it was . . .

Mr. Pandya: — I think it's 1,600 during construction for our SMR 300. We're just confirming that number.

Hon. Mr. Morgan: — Yeah.

Ms. A. Young: — So one last question in this line, and by this line I mean regarded to labour force in general. In looking around, regardless of industry — whether we're talking about health care or we're talking about, you know, heavy mechanics — obviously the labour market is incredibly intense right now, and there's demand across Canada for workers of all professions and trades.

Is SaskPower experiencing any challenges in terms of losing highly skilled labour to other jurisdictions? You know, I know there's places in Alberta where you can make, you know, like 71 bucks an hour as a mechanic starting.

Mr. Pandya: — I'll start to answer the question, and then I'll ask my colleagues if they want to come in. So the answer to the question around the challenges with respect to labour forces, yes, we are. And not specifically losing them to other jurisdictions, but certainly given the growth and the amount of work that we need to undertake at SaskPower, we see shortages with respect to engineering.

So we currently already fund research chairs at the university to support engineering. We're seeing shortages with respect to power line technicians, and you'll know that the Southeast Regional College is doing training for us on that question.

It's not just SaskPower. It's all of the power suppliers and the, you know, private sector service companies as well — Hundseth, Valard, etc. — that are experiencing the same shortages in PLTs [power line technician]. And so we're actively working across industry to start supporting a greater training so that we'll be able to meet . . . You know, it's a significant build-out that was required as part of energy transition. So yes, we're seeing that. I think that that's true in IT [information technology]. I think that that's true, by the way, with respect to all the mining companies I had opportunity to talk to a couple weeks ago. They'll tell you they're seeing the exact same issues, which is a need for more labour in general.

Ms. A. Young: — Certainly the labour shortages are well known, and am I right in . . . Sorry, I just want to make sure what I heard. SaskPower isn't concerned about losing its current workforce, either to other jurisdictions or even looking at, you know, like some of the large industrial construction projects happening right now?

Mr. Pandya: — So you know, as an employer, all employers ought to be concerned about losing workforce. I think that, you know, retaining workforce is maybe your best method of keeping skilled people in your company, and so we pride ourselves on the work that the company has been doing over the course of many years in terms of being an employer of choice, in being a diversity employer. And so we have a number of programs inside the company to retain talent, and certainly that's always our first strategy.

But also on the recruitment front, as I was indicating, you know, we're working now more broadly with our sector partners on recruitment rather than in the past. And you know, maybe I'm opening up a whole new line of questioning, but in the past there was a lot of poaching that would go on given the pay that the utility provided versus other private sector companies. And there's a view now that, you know, all of us need to work together given the magnitude of the challenge that is before us.

Ms. A. Young: — Thank you, and I appreciate that. And I just want to be clear, because I'm not sure if I heard a distinct yes or no. SaskPower is not currently concerned about losing its skilled workforce, and that's not ongoing right now?

Hon. Mr. Morgan: — I think there's always a concern, you know, what's going to happen, whatever. So I think what the answer is there, they're watching, monitoring carefully, but at this point in time it is not an issue . . . [inaudible].

Ms. A. Young: — So on SMRs, just to revisit some of the questions that we went over in December. Minister, are you or your officials able to provide a more robust, or I guess any figure for the public record in regards to cost for a potential SMR?

Hon. Mr. Morgan: — Until a site selection is done and they're closer to it, no.

Ms. A. Young: — Sorry. Let the record show that the cries of

somebody's baby, I don't know whose, are echoing through the Chamber right now.

Minister, hearing what you said about site selection, but if technology selection has occurred, and hearing what was said earlier — that like this may change and this may evolve — am I to understand that GE . . .

Hon. Mr. Morgan: — At the present time, no one has built a reactor with that particular . . . Ontario is using that technology and likely New Brunswick will as well, or that's the expectation. So until they get further down the road, we're not able to assess carefully. They'll go through a tendering or a costing process and we'll of course watch them. We've got some memorandums with those jurisdictions to share information and be able to make best choices going forward.

But the answer is, final cost is not able to be determined at this point in time.

Ms. A. Young: — And as part of the technology selection process, GE Hitachi didn't provide any range of figures?

Hon. Mr. Morgan: — I don't think anybody does on those things. We knew that some of the other technologies that were being submitted had problems because there was fuel issues or a variety of others, and this was clearly the best choice for us at this point in time. And it's quite possible that the costing comes in such that it changes or shifts that.

Ms. A. Young: — So then, Minister, can you walk me through then how or why that technology was selected, understanding cost is not the only indicator? And just to be clear, I'm not suggesting we have a race to the bottom in pricing for an SMR. You know, I don't necessarily think the cheapest option should be the one selected. I'm not an expert. I imagine there's many, many more people on your side of the table who are better placed to do that. But I'm struggling to understand how cost wouldn't have been one of the factors considered.

Hon. Mr. Morgan: — I've used a guesstimate of 4.5 to 5. And it's really sort of based on, you know, what other types of technology were costing, and I'm waiting for the process to go forward so that the officials are able to give us a better direction or better guidance as to what that might be. And obviously that has to be a factor that's there.

The other technologies that were looked at were considered because, oh well, this might fit, this might not fit. Oh this one requires a unique processing for the fuel. It's not available in Canada. This one would be too large to fit into our grid. So there's a variety of different reasons why something wasn't there. So the officials at SaskPower were able to go through the process to narrow it down to this choice, and it was done with a large amount of due diligence on their part. It wasn't a political decision that was made. It was technology that fit, technology that worked, and technology that was probably the furthest down the road to being able to be . . . [inaudible].

Mr. Pandya: — Yeah. Maybe I could add just a little bit more detail, Minister, if you'll permit me. So the GE Hitachi BWRX-300 is a 300-megawatt reactor, and if you think about the largest reactors in Saskatchewan, they're in that 300 range. So

we have national electricity regulatory commission requirements to be able to match load on our largest generator and keep that as what's called spinning reserve, and so the 300 fits perfectly in the context of Saskatchewan's grid. You know, why not deploy a 1000-megawatt reactor today? It's because you'd need a 1000-megawatt reactor as backup as well.

So from a cost perspective, from an economic perspective, from a power management perspective, the 300 made the most sense because of its size but certainly also because of the fuel risks that the minister laid out. So the other fourth-generation reactors that we were looking at, some of them had fuel enrichment that was required, and there's some . . . Obviously with the conflict that's occurring with Russia and Ukraine, there's risk around that, but certainly a limited supply of enriched fuel coming out of the United States. I understand that that's now been resolved, but certainly at the time technology selection was occurring, that was another factor.

And then in terms of safety, so safety was one of the, you know, the primary considerations with respect to the technology selection process. There was a whole host of other engineering parameters that maybe Tim can walk us through if you're interested in hearing more about that as well.

Mr. Eckel: — Sure, I can speak a little more. We looked at the technology, how mature it was. The GE Hitachi, they have other boiling water reactors so we knew they had experience with that. The company capability was considered. As Rupen and the minister mentioned, the fuel. The timelines for when we believed the unit could come online. We were watching OPG very closely, because we were hoping that they would have one online at about the same time as we were making a go/no-go decision, and the GE Hitachi met that requirement.

As well, we wanted to look at the fleet approach. Being modular, you need a fleet approach, and with OPG willing to take the challenge on to take the whole GE Hitachi through the regulatory process, that was a huge benefit to us that we could go second.

[17:45]

The Canadian Nuclear Safety Commission would have already seen this reactor. When we applied, they wouldn't have to do as much due diligence. And also having an experienced operator like OPG who has the same model as us was very important to us too that we'd have somebody in Canada who we could rely on, you know, to help us with lessons learned and things like that. So a whole suite of things, but a lot of it came down to the company's capability, the technology, maturity, the timelines, and the fleet approach.

Ms. A. Young: — Thank you. I have a couple questions — I feel like I always say that and then there's like seven — a couple questions about the Southwest Power Pool deal. So again this is something that we visited in December. And I guess my first question is, is this now online? This is in effect?

Mr. Pandya: — So thank you, Member, for the question. So we currently already have an existing transmission line from North Dakota into Saskatchewan. It's about a 150 megawatt. And so the Southwest Power Pool connection was to increase the capacity to 650 megawatts, and that is to be in service by 2027.

And so . . . Well maybe I'll stop there and if you have specific questions we can go into that. If you have seven questions we can drill in.

Ms. A. Young: — Maybe nine, who knows? So the construction of infrastructure in the United States that was part of that, that is under way?

Mr. Pandya: — So any construction that occurs in the United States on transmission is being held, is being managed by Basin Electric. It's US infrastructure and it's being built by US transmission companies. So we're not building that infrastructure in the United States. We're only building infrastructure from the US border to our switching stations that will be contemplated for that portion of the line.

Ms. A. Young: — So the expansion of the transmission capacity in the United States is currently under way. Forgive me if I'm mistaken. I understood that there was about a billion and change that was going to essentially expand infrastructure in order to permit the increase of the 650 megawatts.

Mr. Pandya: — So the construction cost estimate is roughly about 400 million for the transmission in Canada. And then we will just simply pay a tariff on what . . . Basin Electric, as a transmission company, will pay a tariff to use that line to bring power into Saskatchewan or move power out of Saskatchewan.

So if we provided the information on the billion dollars, I'll correct that. It's 400 million for Saskatchewan construction.

Ms. A. Young: — And what's the cost estimate for the tariff then?

Mr. Pandya: — I'll ask maybe one of my colleagues to comment if they can comment right now.

Mr. King: — It's around \$50 million a year.

Ms. A. Young: — Okay, forgive me. That's, I believe, what I was mistaking. It's about 52 million a year for the 20 years.

Hon. Mr. Morgan: — That's offset by the sale of electricity back and forth. In addition to that, you know, if we purchase electricity there's the additional cost on it. But right now we're selling into the US on the existing line. Last year I think it was \$30 million was sold through the existing line.

Ms. A. Young: — So what I'm hearing is the power sale goes both ways on that existing infrastructure.

Hon. Mr. Morgan: — I think that's part of the underlying reason for having participation in a power pool is to make sure that we don't go through what Texas went through, that we would want to have as much as possible for interconnects, both because we want to be capable of exporting as we are right now, but also so that if something happens to our facilities or something happens here, we're able to buy.

Texas went through the process, as you're likely aware, where they wanted to have enough resiliency, enough strength within the state that they would not be dependent on any other state, which initially sounded somewhat appealing. But then a bad

storm happened and they were not able to, did not have the tie lines so they ended up having lengthy periods of time without power, and as a result of that, a number of fatalities. So I don't think it's something that a province that's got the weather that we have would take that chance.

Mr. Pandya: — Maybe I could make another comment here, Minister. Just you know, I appreciate the minister was talking about, you know, the security of supply. But certainly on the question of reliability and resiliency of our own grid, the only way to incorporate 2000 megawatts or renewables into Saskatchewan's grid is to actually have a way to move that power out.

So our current minimum baseload generation is around 26 000 megawatts. So if you had 2000 megawatts of renewables — and you'll know that that's part of our plan going forward to achieve the 50 per cent reduction by 2030 — you'd have 46 000 megawatts of generation running. And I think right now if the minister looked, maybe our peak or our current load is about 35 . . . I'm going to say 34. So there has to be a way, because you're paying for the power anyways. So there has to be a way to move that power out. So any grid anywhere in North America that's incorporating renewables as part of an effort to decarbonize power has to create inertia capability to move that power out or you're paying for power that no one is using. You're essentially curtailing it.

Ms. A. Young: — While understood in Texas, this is certainly an island that we don't necessarily want to emulate. As a per cent — I don't know if this is a fair way to frame the question, but — is there a percentage that's expected in regards to like say imports versus exports with the Southwest deal?

Hon. Mr. Morgan: — I think it depends on where things might be in the construction schedule or development schedule. Right now the province has good generating capacity and is typically exporting between 110 and 150 megawatts per day. So that's where the \$100 million surplus came in. That won't happen in every year going forward. It might be substantially less. But that's maintaining that. And while we're glad to have the opportunity to export it, the goal is to maintain reliability for this province.

Ms. A. Young: — So as part of SaskPower's planning, what I'm hearing is there's no volume of power that SaskPower's planning or projecting to either import or export.

Hon. Mr. Morgan: — I think at any given time like after a facility comes online, there's excess capacity that would be marketed. And then between times, if something else is coming on and periods of growth, then there would be less. So it depends on what's available. I don't know if . . .

Mr. Pandya: — So I think your question is, Member, do we have some sort of a firm capacity requirement as part of the building out of that line? And the answer is yes. So we'd be looking at some 500 megawatts. It's a 650-megawatt capability. And so we'd want that ability to make sure that we, to the minister's point, had some resiliency in our system. If we needed the power, we can access the power.

And if we don't need the power, because the interconnect is at

the junction of the Southwest Power Pool and the mid-intercontinental power pool, we can simply sell that power to the United States. So again it allows us to offload that firm capacity and then also move our excess renewables out of the province. But for whatever reason if we needed power, we could pull it into the province as well.

Ms. A. Young: — And as part of SaskPower's planning, is there a . . . you said 500 megawatts. Is that what SaskPower expects to import on any given year after the project is operational in, was it 2027?

Mr. Pandya: — Yeah, the project will be operational in 2027. That's the capacity. So whether we import that or we don't need it, what it does is it gives the system some resiliency and stability so it allows us to manage our system, in particular the large deployment of renewables.

Ms. A. Young: — And the \$52 million, 50 millionish tariff, that only goes into place in 2027 or is that in place now?

A Member: — 2027.

Ms. A. Young: — Thank you. In terms of . . . I'm not overly familiar with the Southwest Power Pool. What's their electricity generation? What's their mix like?

Mr. Pandya: — They're a very diversified pool. They have a significant amount of renewables in their pool, so they have 105 000 megawatts of generating capacity. And because it goes all the way down to the Gulf Coast, they have significant wind and solar so it's got a . . . And the member and for maybe the members in the room as well, you know, the southern United States peaks in opposition to Canada, although we're becoming more of a summer peaking as well, but typically we peak in the winter. They peak in the summer so the characteristics of our two pools lend themselves to work together.

Ms. A. Young: — That's great. And looking at the generation mix for Southwest Power Pool, it seems like it really does fluctuate depending on, you know, whether the wind is blowing . . . You know, it ranges from 65 per cent wind down to significantly lower. And coal can go to make up, I believe I've seen up to about 50 per cent of their power mix, around 45 per cent.

I don't know how this works. Will a carbon tax be charged on those imports?

Hon. Mr. Morgan: — No, carbon tax is only charged on the . . . We wouldn't bring in coal-fired power but I mean it comes through the tie lines. So you can't segregate an electron. But we would import it and we would pay for it and . . . Go ahead, Troy.

Mr. King: — So there's two different ways that we can import the power. We can buy just from the market, in which case you'd get that mix that you referred to. It would change hour to hour. We can also look at contracting specifically with a generator in the US for different periods of time, and that could be a low- to non-emitting generation source that we would utilize. So we have options on that.

Mr. Eckel: — And right now there's no intention for a cross-

border tax. If you look at Manitoba, Quebec, BC [British Columbia], they do import as well and they import from jurisdictions that aren't 100 per cent renewable either at times.

Hon. Mr. Morgan: — Right now Canada doesn't have the ability to tax on what's produced. So I can't speak for the federal government, but right now we are not taxed on what comes in from out of country.

Ms. A. Young: — So and then I just pulled up, because it's . . . I love how utilities are now making their power mix more publicly available. I think it's really important for public education and transparency. And you know, I think on a good wind day — like I've got April 14th of this year in front of me — you know, coal's only 8 per cent of the mix, but on a bad wind day like January 20th, it's up to 45 per cent of the mix which, you know, is to be expected on a bad wind day. You still need power. But to your earlier statement around we wouldn't import coal power, help me wrap my head around how we determine how the power that we're importing is generated.

Mr. King: — We could potentially just enter into a contract with a third-party provider down in the US and identify that that energy is the energy that's going to flow to SaskPower. Where those electrons actually make their way, it's really the closest electrons flow. But just like, you know, it happened in other jurisdictions everywhere, they can contract for clean power. And so we're going, we'll buy directly from that. They will feed that energy into the grid, and then that energy will make its way to Saskatchewan. So that's the way we would, you know, ensure that we're getting that clean power.

Ms. A. Young: — All through that power pole.

Mr. King: — Yeah.

Ms. A. Young: — Okay, interesting. It's always fun to learn how the markets for these things work. It's incredibly complex and I have huge admiration for the knowledge and complexity of the task at hand.

So last night, Minister, I filled in for my colleague, member for Saskatoon Centre in estimates on the Environment. And I believe in December I'd asked a couple questions about the output-based performance standards, and you know, our proposal for carbon pricing that we put to the federal government. And you'd sent me to the Minister for Environment and directed those questions to him.

And I have sad news in that he's directed those questions back to the Minister for CIC. And you know, one of the questions that I had put to him last night that I was surprised to learn is I understood that our proposal had been accepted and would take effect January 1. And the Minister for Environment informed me last night that nothing has taken effect as of January 1.

[18:00]

Hon. Mr. Morgan: — Thank you for the question. The carbon taxes that are being paid by SaskPower and being returned, there's various federal and provincial programs. March of 2023, so that's why there wouldn't have been anything in your . . . An agreement was signed between Saskatchewan and the

Government of Canada that will enable the return of \$480 million of carbon taxes to be reinvested into projects at SaskPower.

So the agreement is signed and in place, but there's limits or specific controls on what's there. So they have to work with both cabinet and with the federal government to identify the specific items that are there. So the priorities that the province would have — and I suspect they're very similar to what the federal government would have, or hope that they would be — will include better rural service, infrastructure upgrades, lower emissions generation sources such as nuclear power, and continued modernization of the grid.

So our province is staying focused on investing in affordable and reliable electricity. So since January of 2023 SaskPower has been included in the provincial output-based OBPS [output-based performance standards] program, but cabinet has yet to decide how provincial proceeds will be reinvested.

So we have to have compliance with that program, and also that program will obviously be looked at by the federal government. It would certainly be the position of the province of Saskatchewan that that is something that we control, but there's no doubt they will want to look at it. We know it cannot be used to reduce the fees paid by the customers. It has to be used for grid efficiency, electrical generation, and that type of thing. And that type of a negotiation is still under way between the officials at SaskPower and the federal government.

Ms. A. Young: — Thank you, Minister. So to your last point, to make sure I understand, in you said March 2023 an agreement . . .

Hon. Mr. Morgan: — Was when an agreement was signed with . . . So the effective date should be January 1st.

Ms. A. Young: — So retroactive to January 1. And in wrapping up your comments you said discussions were still ongoing with the federal government.

Hon. Mr. Morgan: — The agreement itself is signed. There's a general list of the type of projects that would be included, but we've asked the officials to be able to work through and append the more specific items, like upgrading mile such-and-such to mile such-and-such of a grid from so many kVA [kilovolt ampere] to whatever the specifics of those things would be. And we understand that that work is under way.

Ms. A. Young: — And these are officials at SaskPower who are undertaking this work?

Hon. Mr. Morgan: — SaskPower working through CIC and any officials at ECC.

Ms. A. Young: — And so since January 1, has Saskatchewan — since March, I suppose — has Saskatchewan then been collecting the carbon tax on industrial emitters?

Mr. King: — Yes, SaskPower's continuing to collect carbon tax.

Hon. Mr. Morgan: — It was required in the agreement.

Ms. A. Young: — It was required in the agreement that was

signed in March.

Hon. Mr. Morgan: — Correct.

Ms. A. Young: — And these dollars then are also retroactive back to January 1?

Hon. Mr. Morgan: — Correct.

Ms. A. Young: — Is there a figure available for how many dollars have been collected since then or — I'm not sure if they've actually been collected yet, but — could be expected?

Mr. King: — Since January 1st?

Ms. A. Young: — Sure.

Mr. King: — I don't have the number to date, but it'll be roughly \$240 million for the calendar year is what we're forecasting. So about a quarter of that would have been collected.

Ms. A. Young: — And so that \$240 million is effectively . . . Just to make sure I've wrapped my head around this because it's evolving information from last night's committee, the \$240 million is essentially the cost of emissions through the OBPS that Saskatchewan took control of effectively in March but was announced in November. That's the cost of emissions from January to . . .

Mr. King: — It'll be January to December. That 240's the estimate.

Ms. A. Young: — Okay. So right now in terms of how Saskatchewan's output-based performance standard is operating, SaskPower is collecting that. There is an OBPS in place right now in Saskatchewan that's being paid into.

Mr. King: — Correct. So it's just very similar. Right now the provincial roles haven't been finalized, but we are collecting it. We haven't paid anything to the province.

Hon. Mr. Morgan: — The money is essentially at SaskPower ready to be paid into it. I mean, the money isn't being used for something else.

Ms. A. Young: — Sorry. Sorry for my confusion on this. Last night I was informed that it was still the federal government who was collecting this, so I'm . . .

Hon. Mr. Morgan: — No, the federal government has stopped collecting it now, so now it's collected at SaskPower. So essentially it's a bookkeeping entry at SaskPower showing, okay, this is what that collected amount is.

Mr. King: — So under the federal program, there was about a two-year delay between the year that it was collected and the year that it was paid. So for the last calendar year, the 2022 — they've caught up since; it's now a one-year delay — we still have that payment to make for calendar '22 to the federal government. And so that would conclude the 480. Roughly \$480 million is what we would have collected and paid from January 2019 till December 31st, 2022. From January 1st, 2023 it's now under the provincial jurisdiction. So we're continuing to collect the tax. At

some point it'll be transferred to the province.

Ms. A. Young: — And pardon me, Mr. King. That 2022 payment — you referenced the lag that 2022 payment has — is included in the \$480 million?

Mr. King: — Yes, it will be. Yes.

Ms. A. Young: — And the \$480 million, is this essentially the announced Saskatchewan Technology Fund?

Mr. King: — If I may . . . [inaudible] . . . So what is happening with the \$480 million collected under the federal program is what the minister was referring to in the agreement we have to recycle those dollars back to Saskatchewan. So they're coming to CIC and are being identified for projects at SaskPower that meet the federal government's requirements for investment.

Ms. A. Young: — Okay, thank you. So again, apologies, I'm just trying to square a circle here between last night and today's committee. So the \$480 million that was collected does not contribute to the tech fund that was announced?

Mr. Pandya: — Maybe I can help try to clarify. So that's correct.

Ms. A. Young: — Okay.

Mr. Pandya: — The 480 million that's been collected and remitted — all but the remaining, I think, 175 million that Troy identified for 2022 — those funds will have to flow back under the federal government's OBPS [output-based pricing system] framework under what's called the Future Electricity Fund. And they flow through that mechanism. That's what the minister was identifying, that CIC officials are leading that negotiation with the Government of Canada in terms of what buckets, what projects that those dollars can be attached to. They've agreed the money will come back and now they're working on that.

Going forward, because of the agreement to remove the backstop in Saskatchewan, future carbon tax collections will be transferred from SaskPower to the provincial government. And those funds, and as I understand it . . . And the minister might want to jump in and help me right now. As I understand it, the government has not made a decision on how those funds will be managed going forward, whether they'll flow through the tech fund or whether they'll be recycled into SaskPower. So those decisions are still pending.

Ms. A. Young: — Okay, thank you for that. And when you say future carbon taxes, does that effectively start January 1, 2023 or with the signing of the agreement as of March?

Mr. King: — January 1.

Ms. A. Young: — Okay, so January 1, 2023 going forward, industrial carbon taxes in Saskatchewan will go to the provincial government, who then plays a role in deciding whether those funds go to SaskPower with updating, maintaining, innovating their infrastructure and projects, or goes into the Saskatchewan Technology Fund for large industrial customers and emitters to theoretically apply to.

Hon. Mr. Morgan: — We made a bit of a distinction. These are

the funds for generating electricity. SaskPower does not collect the funds from other emitters, other industrial customers, so these are all the funds related to electro-generation.

Ms. A. Young: — Okay. There has been some speculation by . . . There have been some comments made by the Premier to the effect that the \$480 million should be spent on SMRs. Is there any indication that a decision has been made to put those funds to that end?

Hon. Mr. Morgan: — That's on the list of things that are there. In my discussion with the federal government, SMRs were certainly an acceptable use for it. So there's a number of things that could be done, and I don't know how much or what portion of it might be. And it would depend on what the province's ultimate decision is with SMRs. But the answer to your question is yes, that's a definite possibility.

Ms. A. Young: — Thank you. And for SaskPower, for those dollars collected from January 1 onwards, what will be done with those funds?

Hon. Mr. Morgan: — What would be which?

Ms. A. Young: — Where's that money going? What's going to happen to those funds from January 1 forward?

Hon. Mr. Morgan: — It would be similar to the things that were negotiated on the money that was held previously, so that would be grid upgrades. Yeah, cabinet hasn't finalized, but it would be the same type of exhortation. The money comes in. Anyway that would be the type of things that would be there, but it's not finalized at this point.

Ms. A. Young: — And forgive me. This may be my misunderstanding in terms of how the machinery of government works. When SaskPower makes major spending decisions, are those cabinet decision items?

Hon. Mr. Morgan: — Some things are; some things aren't. As you're aware, SaskPower is a separate Crown entity, but it has one shareholder, the province of Saskatchewan. So the province will choose to make or exercise approval on decisions that would affect the ability of the Crown to carry on or the viability of how it borrows money and that type of thing.

Ms. A. Young: — But ultimately those decisions are being made by cabinet, not by SaskPower.

Hon. Mr. Morgan: — At this point in time, because of the negotiations with the federal government, the agreement was negotiated through CIC and approved by cabinet.

Ms. A. Young: — So then is it a requirement of the federal government that the deployment of these funds be directed by the government as opposed to the Crown utility?

Hon. Mr. Morgan: — I think when we had the discussion earlier, I'd indicated that cabinet would ultimately make some decisions as to what and how, that our goal at that time was to get an agreement signed. And that's happened. And then part of that agreement is how the funds, the \$480 million, could be used, and in broad terms that's been agreed to. And then going forward

that would be the next step of it.

And there was a decision. It's not yet made by cabinet. I think cabinet right now will look at the money that is being returned to make sure that it flows back to projects that are consistent with the agreement that's with the feds.

[18:15]

Ms. A. Young: — So just to make sure I understand the distinction that you're trying to make, Minister, the Government of Saskatchewan cabinet, through CIC, made an agreement with the federal government in regards to how those \$480 million would be spent. And there's structures and rules, for lack of a more professional term, around . . .

Hon. Mr. Morgan: — I would regard that as a work in progress, but the work is taking place. Go ahead.

Mr. King: — Let me try it this way. So the agreement between CIC and the federal government, the federal government's not directing SaskPower which projects to do. We looked at a suite of projects that we had planned to do already and ones that would qualify to have the carbon tax dollars returned to us and applied against those projects.

So they're not dictating our projects, or the CIC's not deciding our projects. Those are SaskPower projects, and they just have to determine which ones qualify for those dollars to be returned to us. So we're really looking at our existing plan to see which ones qualify, including potential SMR dollars.

Ms. A. Young: — And the existing plan that you reference, in terms of any projects that qualify, are those standards of thresholds for qualification — I guess, like, the categories of projects that could be approved — are those the same going backwards, looking at the \$480 million that was collected historically, as it will be going forward from January 1 on?

Mr. King: — Well we've got two different processes. So one's the federal government's process for returning those funds, and those were negotiated. So there are things like, you know, rural rebuilds and upgrading our hydro facility potentially for SMRs and things of that nature. The province still hasn't decided how those dollars will be returned from January 1st on, so that still has to be decided.

Ms. A. Young: — Thank you. So then looking back at the \$480 million, I'm to understand those projects have been identified and either approved or are awaiting cabinet approval?

Mr. Pandya: — Maybe I'll try to talk.

Ms. A. Young: — Sorry, I'm not trying to be stupid here. I'm just trying to . . .

Mr. Pandya: — No, no, that's okay. I think it's us. We'll just try to be clear. So the return of carbon tax proceeds up until January 1st of 2023 — did I get that right? I think I did — is a federal-provincial agreement because the Government of Canada captured those dollars from SaskPower. We had to provide those dollars with the exception of the last 175 million, which we are obligated to do so, by the way. And under the federal

government's backstop agreement, those dollars can only come back to Saskatchewan if the federal government identifies that they're being used to decarbonize electricity production.

And so there's buckets — demand-side management; grid modernization; clean technology, which includes SMRs, etc. And so that agreement has been executed and officials at CIC and SaskPower are working with federal officials under the Future Electricity Fund program, which is the mechanism for the return of carbon tax proceeds captured under the backstop, to identify what projects will meet the conditions of the federal government under that legislation. So that's the first part, and that's all completely separate and distinct from carbon tax collected starting January 1st, 2023 and going forward.

So those, you know, I think Troy discussed. I think you said 26 million or something like that — I forget the number — that has been captured to date. But certainly, over the course of the year, 250 or 240 million or so estimated will be captured. At the end of the year, those dollars will be, I'm assuming, will move into the general revenue fund. And the Government of Saskatchewan and the cabinet will have to determine the use of those dollars.

Under the OBPS . . . And again, this is me providing information. Minister, you might want to stop me because I'm talking about somebody else's ministry at this point. But under the OBPS agreement that allowed Saskatchewan to remove the backstop, there's a requirement that those carbon tax dollars cannot be used to mitigate the price signal on carbon. In other words, you can't give it back. You can't take it and give it back.

And so the use of those funds is, again, for decarbonizing electricity and/or industrial processes. And the Government of Saskatchewan is still in, as I understand it, is still working on it. Did I get all of the right, sir?

Hon. Mr. Morgan: — Yeah. That's a fair comment.

Ms. A. Young: — Thank you. And sorry, Mr. Pandya, when you say you're speaking about someone else's ministry, the responsible ministry is the Ministry of Environment? Or CIC?

Hon. Mr. Morgan: — Environment going forward.

Ms. A. Young: — Environment going forward as of March? January 1, I suppose, retroactively. I'm just . . . I'm really confused.

Hon. Mr. Morgan: — Well yeah, the existing agreement, the one that was signed in March, covers the \$480 million. In any event, going forward from January 1st, 2023, then those funds are dealt with through the Ministry of Environment.

Mr. Pandya: — Yeah, and maybe one more point of clarification. And again I apologize for . . . It just occurred to me, maybe, what the source of the confusion is. So in November of 2022, the Government of Saskatchewan entered into discussions with the Government of Canada on removing the backstop. And there's a framework agreement on removing the backstop. That's the first agreement. And that says, effective January 1st, 2023, going forward, Saskatchewan can collect the carbon tax but must collect it, must not mitigate the price signal.

Ms. A. Young: — But I believe the last time we spoke, Minister, you said discussions were still ongoing at that point. I was surprised because I thought November was a signal that an agreement had been signed. You said negotiations were ongoing. Now I'm hearing an agreement was reached in March of 2023.

Mr. Pandya: — Member, if I can clarify. I think I may have spotted the source of the confusion. There's a second agreement which is the agreement just discussed by the minister with respect to the return of the 480 million that was previously collected. So that's the agreement the minister was just saying has been executed as of March, effective January 1st, and it's for the return of the existing 480 million that had been collected by the federal government. So maybe that clarifies that.

Ms. A. Young: — For sure, for sure. No, largely my confusion was emerging from discussions in committee last night in which I was told the federal government was still the one collecting, which I'm hearing tonight is not the case.

Mr. Pandya: — Sorry, I don't want to leave that. So technically we have to provide the 175 million that remains to be collected as part of the 480 million. We still have to provide that to the federal government. So it's absolutely true the federal government is still collecting, but that's part of the first tranche of carbon tax that was under the backstop.

Ms. A. Young: — So the backstop is essentially gone as of, retroactive to January 1, 2023, which is where we get the \$240 million that Mr. King had referenced. So then, Minister, is it the intention of the Government of Saskatchewan going forward that these funds will flow into the General Revenue Fund?

Hon. Mr. Morgan: — They're earmarked for certain things. So I think those are decisions that cabinet has not yet made, but they would flow into . . . In any event, that's a process to be determined.

Ms. A. Young: — But it's not going to SaskPower or to the Ministry of Environment. Those dollars will flow into the General Revenue Fund . . .

Hon. Mr. Morgan: — It may well be that some portions of it would go to SaskPower for specific projects, but I'm not able to speculate on that.

Ms. A. Young: — Is there a point in time in which you anticipate making a decision around what the process or governance of those dollars will look like?

Hon. Mr. Morgan: — Well when we discussed this last year, you found it stupefying that we were not already concluded a deal with the Government of Canada, so I don't wish to leave myself open for the same kind of criticism.

But I will tell you the work is under way internally and externally. And I'm pleased that we're now dealing with funds that are being collected in our province and available for use by the province, as opposed to us dealing with getting them from the federal government. And I'm glad we've reached that conclusion, and apologize for my poor humour.

Ms. A. Young: — I love your humour, Minister. You know, you've been my favourite minister, predating my time in this Assembly. It's true. Let the record show. Members opposite are surprised by this, but the minister was my Education minister, I think, when I was first elected at the local level.

I guess maybe I have time for one or two last questions. Cost for service for Saskatchewan as we see the kind of rollout of large industrial projects and I think, I hope, potentially a bit of a local industrial revolution for our economy here. Cost of service, is that borne by SaskPower, or is that borne by private industry?

Hon. Mr. Morgan: — I'm not sure what the question is. Like, a cost for a hook up or cost for . . .

Ms. A. Young: — Yeah, so like the Foran mine. Is SaskPower responsible for paying the cost to ensure that there is electricity service?

Hon. Mr. Morgan: — If it's a new service being put in, it would ordinarily be paid for by the customer, but they're negotiated with SaskPower . . . [inaudible] . . . finances a variety of different methods that are there. But we very much want those businesses to come to our province and to take place. But we don't think it's appropriate that they . . . One-time costs are borne by the other citizens, so we usually negotiate something with them . . . [inaudible] . . . if that gives you an answer or not.

Ms. A. Young: — A bit of an answer. I'm hearing it's a case-by-case basis. And SaskPower is the entity that then would negotiate with private industry around . . .

Hon. Mr. Morgan: — You're correct. CIC does some facilitation across the various Crowns because if you have an entity that needs natural gas, water, and electricity, then they'll go and work with the proponent and try and come up with something that meets . . . They will serve as a facilitator.

Ms. A. Young: — So then does the Saskatchewan government — whether through CIC or a government agency, ministry, treasury board Crown, or any other authority — negotiate different power rates or cost offsets for those industrial customers?

Hon. Mr. Morgan: — Typically right now the negotiations that are being done . . . or rather, not on sales agreements because usually those are done fairly closed tariff. But what's being negotiated right now is power purchase agreements with wind entities or solar or people that are doing geothermal or those type of things. And that's where SaskPower is looking at what the costs are for those things, what those entities would require for capital costs, and whether those can or should fit into the grid, and what SaskPower might be willing to pay. Those negotiations are significantly taking place on wind projects right now.

Ms. A. Young: — Okay, I appreciate that. Outside of wind projects — I want to be clear — I'm hearing SaskPower is not negotiating or providing differential or subsidized power rates to industrial customers as part of some of the new private capital investment that we're seeing in the province.

Mr. Pandya: — I'll try to take that question and then if my colleagues have something to add, they can add. So our customer

service model and rate design process is intended to minimize the amount of cross-subsidization across all customer classes, and that's subject to both Saskatchewan rate review panel and also third-party observation and verification.

So that's what we intend to do with respect to power rates and cost of service. And wherever we are . . . And so for example, if there's a transmission line being built, typically that would be covered by the industrial user. And then as other industrial users would come on board, then the cost of that specific transmission line would be shared across multiple users, if you're following. I'm not sure what else to say about that.

Ms. A. Young: — But for example if I'm building a wheat pulp plant, and I come to SaskPower or the Government of Saskatchewan through any entity and I say hey, I'd like to make this private capital investment in Saskatchewan, but I think the rates are too darn high, is there currently a policy in place of negotiating different rates in order to ensure a private investment in Saskatchewan takes place?

Hon. Mr. Morgan: — My understanding is that during our term in government there has been no unique arrangements made. There's apparently some historic ones that were made before that that would still be in existence. But I'm not familiar with those. But we certainly haven't approved any.

[18:30]

Ms. A. Young: — So going forward, when we look at SaskPower's energy mix — and again, we've talked about this before — the renewable projects that the utility is undertaking are, I believe, almost all through independent power producers. Is that still the strategy that SaskPower is following? Like, should customers, should the public expect that solar and wind projects going forward will be done through independent power producers?

Hon. Mr. Morgan: — Yeah. That's certainly been the plan so far. A number of the new proposals come in are experimental in nature and not something that we think the taxpayer would want to experiment, and we've had good success with some of the independent power producers. Typically First Nations Power Authority has come forward with some solar ones, and are looking at some wind ones as well.

So they would analyze any proposal that's there. Sometimes their proposal would come about because SaskPower has solicited by way of a request for proposals, and they also have got a process in place where they would analyze and review an unsolicited power proposal. So they could come in either way, and that would certainly be the methodology going forward on the power or wind projects.

It's slightly more challenging to deal with some of the unsolicited ones because if they're dealing with one where they've done an RFP, they know where the proposal might fit into the grid and they would be able to manage the power coming into the grid which is . . . As more and more renewables come in that are not baseload, it's increasingly difficult for grid control centre to manage when those come on, when those come off, and what you allow for those. So an unsolicited one might be a really good proposal, but challenging to make it fit within.

So in any event they look at both types, whether they've been sought by SaskPower . . . But that's certainly been the process, and it's actually worked better. I think I had mentioned earlier what percentage we were receiving from wind, and there's an increasing amount of solar and an interest in solar going, you know, going forward.

Ms. A. Young: — Thanks, Minister. Can you expand on what you mean when you talk about experimental projects that have come online? What are the experimental projects currently online?

Hon. Mr. Morgan: — I don't know that experimental is probably the best word, but you might have something dealing with biomass.

Mr. King: — Geothermal.

Hon. Mr. Morgan: — And geothermal. And I don't want to get specific into those because there's a limited number of people that are there. But those are the type of things that SaskPower or the province would want to take an ownership or equity stake in. If they work out well, we would be pleased to purchase power from those entities. Another one might be large scale batteries which would, you know, be of some significant benefit in dealing with wind that you'd be able to store in batteries. And we haven't had offers here that I'm aware of, but there's also hydrogen has potential in other things that are there.

I think SaskPower has taken the position that they will look at any reasonable proposal that fits in with the grid. They'll work with any proponent that wants to and give them some advice and some help, some guidance as to how it is. And they don't regard it as their goal to say no, but they look at projects and say, is this viable financially? Where does this fit on the cost of energy? How does it compare with other wind projects versus how it compares with baseload power? So I'm kind of pleased that that's the role that they're taking, that they're being receptive and open-minded to those technologies.

I'm told that they can only accept a certain percentage that would be renewable because of the . . . what, around 40 per cent . . . [inaudible interjection] . . . I used the figure of 40 per cent and they looked extremely skeptical. But in any event, as the amount of renewable increases, it becomes that much more difficult to manage into the grid. So as the percentage of renewables go up . . . And then I've seen the graphs of when they're predicting that wind will fall off later in the day or whatever the situation might be.

I'm intrigued to see what will happen with solar over the next number of months because that's in the early stages and that may be a little different one to manage. But right now it's such a small percentage. I think it's around 5 per cent or less that are coming through solar.

Ms. A. Young: — Thanks, Minister. And the 40 per cent that made folks look so skeptical, just to make sure I understand, the 40 per cent is a potential maximum amount of renewables . . .

Hon. Mr. Morgan: — That could at this point in time fit into the grid. Now I'm not saying there wouldn't be different or better technologies that would do it, but the officials will tell you about

what spinning reserves are and how easy it is to manage increases that come into the grid versus as things drop off. And it's compounded by some of the customers that turn off and on large amounts of electricity consumption — mines or a user like Evraz when it turns on the arc furnaces, the power consumption goes way up. So those are the challenges that they work with at the grid centre.

Ms. A. Young: — Okay, so due to the intermittent nature of renewables and the lack of reliable storage . . .

Hon. Mr. Morgan: — That's a challenge, and you know what? It's a good challenge, because it means that we're moving towards renewable. We're being open and receptive towards renewables as they come and that we're working with the various proponents.

I should be letting the officials answer this because I have an engineer and an accountant. And I certainly like having the engineers talk because they're the ones that actually move electrons. The bean counters, they move pen and paper, but they're great folks. Pardon the humour.

Mr. Pandya: — I think that's you, Tim. You might want to talk about variability of wind on minute-by-minute basis actually.

Mr. Eckel: — Yeah, we can handle a certain amount. Whatever generation you have, you have to be able to have a load that it can go to. So we're kind of limited by our load right now, because we don't have a large amount of inertias that we can move the energy out.

And then we also have a number of generators which are must run. So for example, we have cogen Meridian, which, because of the industrial process, you have to keep that unit running. We have hydro units that you have to keep so much water flowing in the rivers to . . . So you have those types of things.

And even some of our fossil fuel plants — coal plants, for example — you can't turn them on and off; you have to keep them running at a certain level. So it only leaves so much on the system that we can accommodate. If you get more than that, then you have to curtail it, I think as Troy had mentioned. And you're kind of wasting it. So if you have inertias during those times then you can then move it out of province.

So it's in the range of 40 per cent of our install capacity right now, would be kind of the number. But that will change as we go on, as we, you know, add more technology, as we add more gas, which can then move up and down — those types of things. If we had more inertias we could then move up even higher, be looking at battery systems for example, which will allow us to keep more of that renewable on to charge the batteries. Then at times when we're short, we can discharge.

Ms. A. Young: — Thanks. Just out of genuine curiosity, I was reading about something called compressed air storage. Is that something that's feasible in Saskatchewan? Or is that something SaskPower has ever considered exploring?

Mr. Eckel: — Actually we're working with SaskEnergy right now on that. They have a couple of old caverns that they no longer use, so we're working on having somebody come and take

a look to see what capability it has. Looks promising, you know, could be long duration, like 24-hour or longer storage potentially. But just the amount of capacity, that we're not sure yet. But yes, we are looking at TransGas and SaskEnergy.

Ms. A. Young: — Yeah, thanks. Yeah, genuine curiosity. I was reading about it and I was thinking, hey, we've got great geology for storage and things like that. But interesting, thanks.

Sorry, Mr. Chair, what time are we going to? Can you let me know what time committee is . . .

The Chair: — What was that?

Ms. A. Young: — What time are we supposed to be here until?

The Chair: — Oh, 6:54.

Ms. A. Young: — 6:54, okay. Right, thanks. I thought it was 6:30. So why 6:54?

A Member: — We took a break.

Ms. A. Young: — Oh, right.

Mr. Pandya: — Member, maybe I can just add a little bit. I think it's providing the answer and I wanted to share with you something about wind, and maybe it's of general interest to the other members as well.

You know, at grid control, so we monitor in real time the current integration of renewables. And because of their intermittency . . . And this is something that most people outside the power business don't see is that there is high volatility with respect to renewables on a minute-by-minute basis. So even though, you know, I go outside and — this is what I thought before I got into, you know, the utility — I go outside and it's windy; I think it's windy the whole time. But in the power business, that wind drops every minute or two, and you have to control load across the entire system, or manage load across the entire system by cycling up or down power from baseload generators to accommodate that. And that is a very complicated issue. And that's why, right now, we can only integrate roughly 40 per cent, obviously 50 per cent by 2030, but that's the control issues that Tim was talking about. So I just wanted to add a little bit to that answer.

Ms. A. Young: — And I appreciate that. So just maybe, just one philosophical question on this. In hearing that, you know, SaskPower is going to ensure that it's actually the market who kind of bears the risk for some of these more innovative or experimental projects in that space and I guess just to revisit the SMRs, you know, again which I think there's real potential for those to be the right fit for Saskatchewan. But it, you know, again is — we're behind Ontario — but is still not something that we've built a lot of at all, if at all, not at all in Canada. It's still the intention that SMRs will be owned and operated by the Crown utility in . . .

Hon. Mr. Morgan: — I think it's reasonable to assume there would be FNPA [First Nations Power Authority] or a First Nations group might have it. There may be a proponent that's a supplier that might be there. And I don't think the structure of that would be determined right now. But I certainly would not

rule that out.

Ms. A. Young: — Not ruling it out, but there's not a clear, like, policy decision or anything like that to do anything.

Hon. Mr. Morgan: — No. Not at this point in time.

Ms. A. Young: — Thank you. Just a couple general questions. Is there a, like, kind of a baseline kilowatt hour per month that's used by SaskPower that they use in estimating a consumption for each customer class? Like what would the . . . What does SaskPower use to estimate what the average household consumption is? If you don't have it here . . .

Hon. Mr. Morgan: — It's a known number, because they know what the residential consumption is. They know what it is almost hour by hour, and they can do that by dividing by the number of . . . I think the . . . Yeah.

Ms. A. Young: — Yeah. I'm just curious because I assume these kind of averages would be built into what SaskPower does when they project out for, like, what the energy demands are going to be for electrical generation.

Mr. King: — Yeah. So it'll change dramatically depending on the class of customer, obviously. So it's right in our annual report, we include it. So the average annual usage per residential customer is about 8100 kilowatt hours a year.

Ms. A. Young: — Yes.

Mr. King: — So that's an average. So a larger home obviously would have, you know, a greater draw and a smaller home a little bit less. So that's about the average.

Ms. A. Young: — Perfect. Thank you. In planning for the future, how is SaskPower incorporating, you know, some of the trends that we're seeing around increased electrification? I think I mentioned this last time. Like my friends in Estevan are talking about electric pickup trucks, which is a real shift, but will obviously have a significant impact on household consumption.

[18:45]

Hon. Mr. Morgan: — So is your question what is SaskPower's expected residential usage going forward?

Ms. A. Young: — Yeah, I suppose on a go-forward basis. And I don't have the math in front of me — I'm not pulling it up on my phone here; I'm checking on my baby — but you know, as SaskPower looks to the future, and obviously increased electrification is something that I don't think is up for debate, but when SaskPower is planning for the future, what is the increase it's expecting to see for residential customers?

Because I go back to the federal budget and, you know, the federal budget, when it talks about the electrical grid, calls for an expansion, you know, two and a half to 3.4 times what's currently in existence. And going back to kind of the start of our conversation with the projected demand, that's not two and a half to three and half times larger.

Hon. Mr. Morgan: — Yes. When I was going to school and

when I was young, working for an electrical contractor, a new home might have a 60-amp breaker and it was a big deal when they started putting in 100-amp breakers. Now the norm for new houses is 200, is the norm.

And going forward the expected changes, the two significant items will be what wiring has to go in for charging an electric vehicle. Electric vehicles, if you were to assume that everybody would come home from work at the same time, plug in their EV [electric vehicle], then go in the house, turn on the oven, and then put a load of clothes in the dryer, the system would have real problems.

But if the load is managed by a cost basis, by saying oh, you plug in your car then, but the timer on your car is set to come on at 11 o'clock, 1 o'clock and it'd be on for a lengthier period of time — which is better for the battery in any event — a lot of that is mitigated. But it certainly will be an increase on the system.

The one that will not be manageable for us is if the federal government mandates that we can no longer heat our homes with natural gas. If they required us to take natural gas out of our homes and to convert our homes to electric heat, it would be catastrophic. It would be something that our province and most of Canada would not be able to do.

I'm hoping that the federal government understands that and realizes that. In northern Saskatchewan, where we don't have the ability to bring in natural gas, that's how a lot of those communities are heated is by electricity. And the bills are massive compared to what heat bills are in natural gas.

Anyway, I'm sorry, I didn't mean to . . .

Mr. Pandya: — No, no. That's okay, Minister. I think that was all correct. Maybe I'll just add to the answer to the question, which is, you know, SaskPower does load forecasting out beyond 2035. And you're quite right. If you see full electrification of industrial processes across the economy, and to the minister's point, if you see full electrification of buildings, then we would be — and again we'll do this in a more sophisticated way as we have, as we develop long-term load forecasts — but right now it would be a doubling or a tripling of load. So we're at 5400. We'd be talking about, you know, a 16 000 megawatt grid in 2050 if full electrification takes place.

But just to back up to the time frame that, you know, is more short term, medium term which is, you know, what will happen with EVs. I think that was maybe part of the question, and I appreciate it was just one element of the question. But so we are currently as part of our load forecasting out to 2035, forecasting something like 38,000 EVs — I'm looking at Tim to save me in a moment — and so that's, you know, based on all the planning that's going into our current load forecasting. So out to 2030, 2035 I think Troy and Tim had earlier indicated we're seeing about 450 megawatts of load growth because of growth in the economy and growth because of EV charging, etc.

And then again, like I said, beyond that as you see penetration of EVs and other electrification take place, load growth will pick up from there.

Mr. King: — It's about 100,000 EVs we have in our current load

forecast for post-2030, so 2031-32. We've been continually upping that number as, you know, different announcement comes out about regulations.

Just back to your question when you're asking the amount of energy consumption per customer and how that's going to change. From the utility's perspective, it's not necessarily the energy consumption that we're concerned with. It's that capacity at that peak. And so one of the things as we move to electrification, particularly with EVs, it's not the energy that's required but the timing of when the charging is.

So we'll be looking for methods to encourage people to charge at night. If all that charging happens at night, it's very manageable with the system. If all the charging happens at 6 o'clock when, you know, as the minister said, people are home, you know, running their lives, then it becomes a greater challenge. So utilities, you know, around the world, North America are using different tools to try and either . . . you know, carrot or sticks to try and, you know, change those behaviours to have that shifting that load to make it more manageable.

Ms. A. Young: — And where it is, is this what you professionals refer to as demand-side management? No? What do you refer to it as when there is, you know, other tools that other jurisdictions use like such as having pricing . . .

Mr. King: — So time-of-use rates.

Ms. A. Young: — Yeah. Okay. So kind of all options are on the table as we march ever steadily into the future and into the unknown. Looking at the time . . . Just in the short term, with the continued commitment to natural gas as well as some of the comments that have been made, you know, by the Premier and others in regards to electricity generation and the mix in SaskPower, as well as seeing in your financial statements this year, obviously costs have gone up due to fuel and purchased power and ongoing consumption of coal and natural gas. Does SaskPower still expect to be able to hit its emissions reduction targets?

Mr. King: — For 2030?

Ms. A. Young: — Yes.

Hon. Mr. Morgan: — SaskPower will hit its emission targets and probably be ahead of time on its targets, but that's not to say that it will be able to meet the federal targets.

Ms. A. Young: — No, absolutely.

Hon. Mr. Morgan: — But the answer to your question, if that is, then yes.

Ms. A. Young: — Because I believe, and I don't think I have my notes in front of me, but I believe there . . . Was there a slight increase in emissions year over year?

Mr. King: — Yes. So going from the COVID years of 2020 to 2021 there was a dramatic increase in emissions, but now we're starting to see that we're back on track for that steady decline.

Ms. A. Young: — And if we exclude the COVID years,

obviously it would . . .

Mr. King: — It would be more smooth.

Ms. A. Young: — A smoother decline. Okay, thank you. Good, Mr. Chair.

The Chair: — You've got another minute and a half.

Ms. A. Young: — We'd have taken a recess. It's been . . .

The Chair: — Mr. Bonk.

Mr. Bonk: — Yes, I just have a question regarding the adjustments you made recently to the demand-charge calculations. So I'm hearing a lot of good things about that program in my community and the communities that I represent. I know you would have some figures on what that means to the bottom line of SaskPower, but I'm wondering if you also have the figures of what that means to the communities. Have you done any calculations in regards to the savings that communities will see or benefit from because of these changes?

Hon. Mr. Morgan: — The purpose for the demand charge is to ensure that SaskPower is funded to be able to provide peak power. So the demand charge is based on what the highest peak that say a rink was using when it was turning on the refrigeration units or whatever, and then a lot of the rest of the year everything was shut off. So you had the requirement that they had to do it.

So SaskPower has looked and said, well we can absorb some of those because those peaks come at different times. I don't know that we've got specific numbers, but it was a manageable expense within SaskPower and I think the first time it was done, it was in the tens of thousands of dollars of annual cost for SaskPower. I don't know whether I've got somebody that's got . . .

Mr. Pandya: — Yeah. I have some figures.

Hon. Mr. Morgan: — Sure.

Mr. Pandya: — In answer to your question, Member, so the initiative will benefit approximately 1,400 accounts, and the save to the average impacted account would be about \$1,140 per year. So it's a forecasted result on about a \$1.6 million reduction in annual revenue to SaskPower.

Hon. Mr. Morgan: — But actual cost, much, much less because they're not . . . It's not money paid out.

Mr. Pandya: — Yeah.

Hon. Mr. Morgan: — But anyway, I think it's one of those things that when you have a Crown corporation and you regard it as the social utility, then you want to look at it in the context of what best can that do for all of the people of the province, not just for maximizing revenue on a particular thing. So I think that's a really good example of SaskPower. And that was an initiative that came from them and we're extremely pleased.

Mr. Bonk: — Yeah, no, I want to commend SaskPower for moving on that, because it means a lot to a lot of small communities in the province when they're . . . for example, you

mentioned a hockey rink or a curling rink, which are only in use for a few months of the year, but this could mean a lot to those struggling communities, so well done.

Hon. Mr. Morgan: — Thanks.

The Chair: — Well thank you. Having reached our agreed-upon time for consideration of these estimates, we will now adjourn consideration of the estimates and supplementary estimates, no. 2 for Saskatchewan Power Corporation. Minister, do you have any closing comments?

Hon. Mr. Morgan: — Thank you, Mr. Chair. I'd like to take this opportunity to thank the committee members as well as Hansard, Legislative Assembly Services, people that work in broadcast services, and the people that are in this building, all of the staff that's here, and particularly the security staff that are here all the time.

And then, Mr. Chair, specifically I would like to thank the SaskPower officials, not just the ones that are here today — but I know getting ready for something like this is a mega task — but all of the people that work in SaskPower. A lot of them will be members of Unifor and IBEW, and these are people that are working in the field, often under the worst conditions, trying to get power restored after there's been a power outage. So I want to take this opportunity to thank all of the people that work in SaskPower, whether they work in the head office or grid control or whatever. These are people that make our life what it is and what it should be.

I'd also like to thank the officials from within the building, my own staff that are here. This will probably be the last time I go through estimates with Morgan Bradshaw, and I know I've taken great delight over the years of mispronouncing his name. But I want to thank Morgan Bradshaw for the great work. I know this is probably his last time in estimates but he's been exceptionally bright, competent, and he's going to be missed. I understand that he's worked for some 15 different ministers over the years. He refuses to publicly state that I was clearly the favourite, even though I am. But I want to wish him the very best in his future endeavours. That's everything I have to say, Mr. Chair.

The Chair: — Well thank you. Thank you, Minister. Ms. Young, do you have any closing comments?

Ms. A. Young: — Thank you. Thank you, Mr. Chair. I can't be more articulate than the minister. I'd of course echo his thanks to my fellow members of the committee, to you, Mr. Chair, to everybody in the building who provides support to committee staff, from security to the Clerks to Hansard to broadcast services, and all of those good folks at SaskPower here tonight. I do very much appreciate you as well as everybody working in preparation for this, and you know, everybody who works for the Crown every day making sure that the lights stay on and that we have, you know, reliable, affordable, and sustainable power for the future of Saskatchewan.

I'd like to thank the minister, who I note for his chief of staff, I did refer to you as my favourite minister. So it's a low bar. No, I joke. And Morgan, I don't know you well. I didn't know you were leaving. I think our only interactions were really after QCM [Queen City Marathon] when I think was pretty gassed and you

came up looking fresh as a daisy with, I think, an obnoxiously efficient half-marathon time, probably half of what I'd run it in. But I was very impressed, and I'm sure you'll bring that same success into whatever it is you're pursuing.

And I'd like to just close by giving a special shout-out in particular to our director of issues management over in our caucus office, Mitchell Bonokoski. Not only is he a remarkable individual and just does so much good work for us and for the people of Saskatchewan every day, he has also been on Uncle Mitch duty for me for the past 90 minutes, which is a pretty remarkable "other duties as assigned" part of your contract. So Mitch, thanks for that. And I will stop talking now so we can all go home. Thanks, Mr. Chair.

The Chair: — Well thank you. We'll now take a brief recess to change out officials for going on to the bills.

[The committee recessed for a period of time.]

The Chair: — Well thank you everybody, and we are back. Minister Morgan is here with his officials. So, Minister Morgan, as a reminder to officials, please state your name whenever you're speaking and don't touch the microphones. The Hansard operator will turn them on for you when you're speaking in committee. And, Minister, would you please introduce your officials and make your opening remarks on these bills.

Hon. Mr. Morgan: — Thank you, Mr. Chair. We're pleased to be here tonight to discuss two bills: *The Lotteries and Gaming Saskatchewan Corporation Act* and *The Lotteries and Gaming Saskatchewan Corporation Consequential Amendments Act, 2023*.

With me today are a number of officials: Kent Campbell, president and CEO of Crown Investments Corporation; Cammy Colpitts, vice-president of Lotteries and Gaming Saskatchewan; Steve Tunison, vice-president, gaming operation — he is here with his arm in a sling because he wants an excuse for being a poor golfer; and Alex Shalashniy, CIC senior Crown counsel; and my chief of staff, Morgan Bradshaw.

The legislation to create Lotteries and Gaming Saskatchewan sets out the powers and purpose for the corporation and allows for a board of up to nine members. It incorporates *The Interprovincial Lotteries Act* and will conduct and manage the elements of *The Alcohol and Gaming Regulation Act* — sometimes referred to as AGRA — *The Saskatchewan Gaming Corporation Act*, all effective June 1st, 2023.

It continues the Saskatchewan Gaming Corporation, referred to as SaskGaming, as a wholly owned business entity as of June 1st, 2023 and re-trains the SaskGaming board structure. It sets out payment obligations to First Nations Trust, part 5; Métis Development Fund, part 6; and the Community Initiatives Fund, part 7; and enables ministerial oversight of the Lotteries Trust Fund Account, part 8.

These parts are consistent with existing legislation and practice. It contains transition clauses for repeal of *The Interprovincial Lotteries Act*, *The Saskatchewan Gaming Corporation Act*, and the transition of agreements.

This legislation would come into force retroactively to April 1st, 2023 with conduct and manage elements coming into force June 1st, 2023. The consequential amendments contained in *The Lotteries and Gaming Saskatchewan Corporation Consequential Amendments Act, 2023* would add Lotteries and Gaming Saskatchewan, LGS, as an entity which SLGA [Saskatchewan Liquor and Gaming Authority] oversees, and repeal conduct and manage powers from SLGA that are moving to LGS.

Consequential amendments would come into effect retroactively to April 1st, 2023, with conduct and manage elements being repealed June 1st, 2023. If passed, LGS will oversee all casinos in the province, online gaming and lotteries, and will operate the VLT [video lottery terminal] program as of June 1st.

Decisions about the gaming sector will be led by LGS, including gaming strategy and the gaming framework agreement. The legislation makes no changes to the operators of gaming or to the beneficiaries of gaming proceeds. SLGA will continue to regulate the system.

Mr. Chair, we would be pleased to take questions.

Bill No. 130 — *The Lotteries and Gaming Saskatchewan Corporation Act*

Clause 1-1

The Chair: — Thank you, Minister. I neglected to mention Mr. Teed is substituting for Mr. Vermette. And we'll now consider Bill No. 130, *The Lotteries and Gaming Saskatchewan Corporation Act*, clause 1-1, short title. Open for questions.

Mr. Teed: — Thank you, Mr. Chair. I have already made a number of comments in adjourned debates, so I'm going to jump right into just some questions. My first question is, were there any key stakeholder groups that were consulted when this legislation was drafted and the thoughts were to create a new Crown corporation that manages gaming in the province?

Hon. Mr. Morgan: — The lotteries were managed through Tourism and Parks, and Minister Ross felt strongly that we needed to have discussions with the various stakeholders and recipients of those funds because a lot of those are smaller charities and that. So she'd had some conversation and discussion with those particular stakeholders.

The other larger stakeholders would be ones that are actually here today, the casino operators, and the other significant one would be SIGA [Saskatchewan Indian Gaming Authority Inc.], SLGA. And largely it supports everything that's taking place under the existing agreement arrangements, particularly with regard to the trust funds. And there was a significant amount of discussions with them and consultation. So it's my understanding that it has worked out well. They were extremely supportive of bringing in online gaming. And that was sort of that triggering effect through the whole process, was to bring online gaming.

But the casinos that are owned by the province are what will continue on, and there will be no perceived change with any of this. The only publicly perceived change will be having the online gaming. Everything else will operate as it was in the past. And as I mentioned, Minister Ross has reached out to people.

Mr. Teed: — Thank you so much. Are there any other provinces that use a similar system? Like are we now kind of in line with other provinces on that respect?

Hon. Mr. Morgan: — Yes. I'm not sure whether or not you're asking about online gaming or about this. The significant part of this suite of legislative changes is to separate the role of the operator from the regulator. Prior to this, SLGA was both an operator-regulator, and it was sort of, how do you manage trying to encourage people to do gambling and at the same time wanting to be responsible with their game use? So they were two distinct functions. So that's sort of more consistent with what's taken place in other provinces, in other jurisdictions.

The online gaming, we are probably have got one of the most progressive ones in Canada, if not the most progressive one. And Chief Cameron described it as economic reconciliation at its finest. So we're pleased with where that one's gone so far.

Mr. Teed: — Thank you. You know, that actually answers another one of my questions. I was actually just looking at the logic of maintaining, you know, management on one side and regulation on the other. Is there any challenge with having, you know, two ministers involved? Or is it better to have, you know, a Minister of SLGA and a Minister of SaskGaming?

Hon. Mr. Morgan: — Well I think it probably depends a bit on their personalities, but I think they've got unique roles. And it's maybe the same argument might be made when you've got the Ministry of Justice dealing with some things that are regulating or controlling other things, or SGI [Saskatchewan Government Insurance] that controls operation of motor vehicles, etc. So I think cabinet ministers should be expected to be able to define their roles and stay in their own lane.

Mr. Teed: — Perfect. Thank you so much. On the management question and answer, there was one that said, "A transition team will be put together in support of implementation of this change in the coming weeks. The team will work through governance and staffing." And I know this legislation will backdate to April 1st. How is that transition phase going?

[19:15]

Hon. Mr. Morgan: — I think Cammy would answer that one.

Ms. Colpitts: — Sure. So we put a team together with membership from SLGA; Parks, Culture and Sport; SaskGaming Corporation; and CIC. And there's a lot to work through. There's a lot of agreements, finding space to occupy, hiring staff. So I think things are pretty well on track. We're doing a search for a CEO. We've had lots of engagement with stakeholders about moving contracts and things like that, making sure they're comfortable with the direction we're going. Yeah, I think it's going as smooth as can be expected.

Mr. Teed: — Thank you so much. And you answered my next question as to who makes up this transition team. So I'm going to just move into my next question. I just wanted to know will the SaskGaming board be affected? Will you have two boards that will run LGS and one board that will run SaskGaming?

Mr. Campbell: — Yeah, so the intention is to keep SaskGaming

as a separate entity. It's a wholly owned subsidiary but with the existing board governance in place. And one of the reasons for that was we want LGS to have that coordinated oversight for the sector. And so we want SaskGaming Corp. to operate a little bit more independently, that way to keep the stakeholders, the rest of the stakeholders in the gaming industry aware that LGS has a bit of a separate role. So that existing board structure will stay in place.

Mr. Teed: — Have terms or remuneration been set for the nine new board members?

Hon. Mr. Morgan: — So right now the initial board would be all cabinet ministers or CIC board members. So they would be expected to do it for part of their . . . no additional compensation. Although you know, at some point in the future as government decides to remove, then the board would get paid similar compensation. But at the present time, no cost.

Mr. Teed: — Okay. Would there be any new FTE [full-time equivalent] positions created in the new Crown? I noticed there were some notes that said that staffing of the new Crown is expected to come from existing personnel in SaskGaming, SLGA, Ministry of Parks, Culture, Sport. Will those folks be backfilled if they are moving into this new Crown?

Ms. Colpitts: — No, the functions are different. So for example, SLGA has essentially a conduct and manage area now. That group would come over. And then in terms of SaskGaming, there's just some changes, some organizational changes that they'll make to manage without those FTEs in that organization, again, with the function that's not going to be there.

Mr. Teed: — Right. Thank you.

Mr. Campbell: — Kent Campbell. Just to expand what Cammy said, we've been able to achieve FTE neutrality, so there won't be . . . We found vacant positions, mostly from SaskGaming Corp. So it will be neutral in terms of the size of government. There are some new functions, and some of these functions are sort of at a different classification, a higher level, so compensation levels might be a bit higher. But overall it will be neutral in terms of the footprint of government.

Mr. Teed: — Thank you so much. Are there costs associated with the creation of the new Crown? Is there a number on that at this time? Or is that something that might . . . once the transition is complete?

Mr. Campbell: — Yeah. We're just determining the initial, finalizing the initial budget for that. But there will be the costs of . . . We expect the staff complement to be about 25 people. And so there will be, you know, office space, furniture, computers. But really, beyond that it's just operating for those 25 people.

Mr. Teed: — Moving just into a few questions I had about the casinos. You mention nothing will change in the operation of those casinos. Are there any plans to open any new casinos under this new corporation?

Hon. Mr. Morgan: — No. At the present time of the agreement with SIGA, SLGA is that they operate seven casinos, the province operates two: Casino Regina and Moose Jaw. And

there's no discussion about an increase by either party.

Every now and then people suggest that FSIN [Federation of Sovereign Indigenous Nations] should consider buying the Regina Casino. And they're protected by the legislation, so it would take a unanimous motion of the House to entertain at the present time.

So right now the numbers that we have work fairly well. The casinos are viable and are functioning as they should. They're profitable. They required support from the GRF [General Revenue Fund] during COVID, and I think those funds are either recovered or are being managed.

So I want to thank the casino folks for having worked through some challenging times during COVID. I know everybody went through difficult times, but I think these folks had a real challenge. I mean, they were trying to . . . So anyway, thanks.

Mr. Teed: — Thank you so much. Last question I have was there was a little bit of concern from some stakeholders about the lease coming up on Casino Moose Jaw, due in 2027. Are there any current plans at this time to renew that lease?

Mr. Tunison: — Steve Tunison with SaskGaming. The lease does come up in 2027, but that's to conclude it. So at the time, in 2027 when it's done, SaskGaming has the ability to purchase that facility for a dollar and then the payments end. So it just becomes a larger payment back to the GRF.

Mr. Teed: — Okay, thank you so much. No, I think that answers all my questions for this evening. Thank you so much.

The Chair: — Well thank you. And seeing no more questions, we'll proceed to vote on the clauses. Clause 1-1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1-1 agreed to.]

[Clauses 1-2 to 10-6 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Lotteries and Gaming Saskatchewan Corporation Act*.

I'd ask a member to move that we report Bill No. 130, *The Lotteries and Gaming Saskatchewan Corporation Act* without amendment. Mr. Bonk moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Bill No. 131 — *The Lotteries and Gaming Saskatchewan Corporation Consequential Amendments Act, 2023/Loi de 2023 portant modification corrélative de la loi intitulée The Lotteries and Gaming Saskatchewan Corporation Act*

Clause 1

The Chair: — We'll now move on to consideration of Bill No. 131, *The Lotteries and Gaming Saskatchewan Corporation Consequential Amendments Act, 2023*, a bilingual bill. And we'll now begin our consideration with Clause 1, short title. Mr. Morgan, do you have any opening comments on this?

Hon. Mr. Morgan: — Mr. Chair, any comments that I had to make were made with regard to the previous bill, so I have nothing further. I don't know whether my colleague does or not, but I will wait till we're finished and then I've got a thank you and that's it.

Mr. Teed: — No, I have no further questions. All my questions directed for the first bill can be considered for this.

The Chair: — Okay. Well seeing no more questions, we will proceed to vote on the clauses. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Bilingual bills. I forget you've got to sign both sides.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

His Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Lotteries and Gaming Saskatchewan Corporation Consequential Amendments Act, 2023*, a bilingual bill.

I would ask a member to move that we report Bill No. 131, *The Lotteries and Gaming Saskatchewan Corporation Consequential Amendments Act, 2023*, a bilingual bill, without amendment. Mr. Lawrence has moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well that concludes our business for today. I want to thank the minister and his officials and the committee members. And, Minister, do you have anything to say on this?

Hon. Mr. Morgan: — Thank you, Mr. Chair. I'll be very brief. I'd like to thank the committee members on both sides, the staff from Hansard, Legislative Assembly Services, broadcast services, security, the building staff, and all of the staff at CIC, LGS as they soon will be coming into force, for the work that they do in preparation for not just for this evening but the work that they do all year long. These are people that are some of our most valued, senior civil servants in the province and we can't thank them often enough or well enough.

And also I want to thank my staff within the building. I think I mentioned earlier about my chief of staff, Morgan Bradshaw, and a number of others that are here. So I want to thank them all for the work that they do.

The Chair: — Closing comments?

Mr. Teed: — It's always hard to follow up the eloquent thank

you that the minister always provides but I'll echo them. I want to thank you, Minister, for questions. Thank you to your officials for joining us today from soon-to-be LGS and SLGA and the gaming. Thank you to my committee members that I am joined here with today, and to the Chair, and to all the folks who make this Legislative Assembly tick — Hansard, broadcasting, security, Legislative Assembly Services. Thank you all so much for the time tonight.

The Chair: — Well thank you. And I want to thank everybody here for helping me out as we go along. I did want to make one mention though, and that is this is going to be the last time that my little boy Morgan is going to be in this Chamber together with us. So I wish him luck on moving over to Health. And the one thing is, he's going to miss his brownies and butter tarts on Monday mornings. So he said I can take them over there but, you know, that building's a long ways away from here. So I guess the other vultures around here will just have to fill in and eat the rest of it.

I'll now ask a member to move that this committee do now adjourn. Mr. Steele has moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned until Monday, May 8th, 2023 at 3:30 p.m.

[The committee adjourned at 19:33.]