

SUBJECT: Electricity Strategy for Saskatchewan

SUBMITTED BY: Investment and Growth Committee

BACKGROUND

The growth of industry and population in Saskatchewan requires new sources of energy to meet future demands. Anticipating and planning for these demands is much more complex because of the need for additional supplies that also meet new environmental requirements.

SaskPower has indicated that the two primary factors which are creating a requirement for new electricity generation sources are the need to retire or extend the life of current electricity generating units and the overall growing demand for electricity in the province.

SaskPower has stated during presentations to the Standing Committee on Crown and Central Agencies that they will have to rebuild, replace or acquire approximately 4,100 megawatts (MW) of power generation capacity by 2030 at a cost of \$15-billion in just the next decade of that period alone.

With such an unprecedented need for investment in the electricity generation sector of our province, it would be foolish not to explore all of the options when trying to fill that need. Having diversified energy supplies would also help to ensure the stability and sustainability of future electricity prices for consumers.

Traditional coal, natural gas and hydro power will certainly fill part of that growing need for power. Renewable sources such as solar, wind and geothermal may also help to alleviate our province's appetite for electricity. If a solid business case can be made for any method of power generation that has long term viability and is environmentally sustainable, then it makes sense to fully explore the merits of those options.

Regardless of what methods are used to fill the existing and future need, there should be an opportunity for private business to help build the Saskatchewan of tomorrow. With nearly \$15 billion of investment needed over the next decade, it makes good business sense to allow private enterprise to shoulder part of SaskPower's burden of generating the needed amounts of electricity.

This does not mean to imply that private entities will eliminate the need for SaskPower to exist. In fact, with the massive amounts of infrastructure investment required over the coming years, this province will need to use every investment dollar and every bit of expertise available in order to ensure Saskatchewan has the proper energy strategy in place to grow far into the future.

In some areas however, it makes good sense to allow other players onto the scene. With regard to renewable energy for example, SaskPower does not have a long history of starting and maintaining renewable energy projects, something which a variety of private businesses within Saskatchewan and Canada have an excellent record at doing.

These efforts to build Saskatchewan's energy capacity clearly need to be undertaken as a partnership between all levels of government and all business enterprises in the province. The role of government is to establish the right environment to ensure business growth can happen. This may mean a combination of ensuring any unnecessary roadblocks are removed, that the proper infrastructure is in place and private research is encouraged in key growth areas.

ISSUE

The Saskatchewan Chamber of Commerce had created an Energy Task Force that met to discuss the current and future adequacy of Saskatchewan's energy supply and make appropriate recommendations to ensure its ongoing sustainability.

The Energy Task Force was made up of representatives from large commercial consumers of electricity in Saskatchewan, SaskPower and companies that have expertise in the provision of private power generation services.

The end result of the ongoing discussions was a collection of fourteen recommendations that are focused on finding creative solutions to Saskatchewan's energy needs now and in the future. The outstanding recommendations within the document are included below.

- Energy Efficiency Must Be Made a Priority
- Private Sector Participation Must Be Encouraged
- Understand and Enhance The Power Corporation Act
- Explore Partnerships Between Provinces and Territories
- Increase SaskPower's Planning Horizon
- Ensure the Availability of Competitively Priced Electricity
- Pursue Multiple Methods of Electricity Generation
- Discuss Infrastructure Needs with Northern Stakeholders
- Be Mindful of Environmental and Regulatory Factors
- Provide Clarity on \$15 Billion Infrastructure Funding Plan
- Create Public Awareness Campaign for \$15 Billion Plan
- Define SaskPower's Role in Economic Development

While it may continue to take a number of years to take action on all of these recommendations, all of the major players must certainly start the process now. It is very easy to continue dealing with these issues on an ad hoc basis and it is also far too easy to postpone long term planning when politics are injected into the decision making process.

RECOMMENDED

- 1) That the Government of Saskatchewan, SaskPower and the private sector implement the remaining recommendations arising from the Saskatchewan Chamber of Commerce's Energy Task Force as soon as possible.

- 2) That over the course of 2014-2015, SaskPower should take the lead in collaborating with the private sector to develop a detailed strategy that creates a roadmap for building Saskatchewan's energy future.