



Minister's Order

SaskEnergy Natural Gas Commodity Rate Change Proposal

Terms of Reference

WHEREAS by a Minister's Order dated December 22, 2018 (the "2018 Order"), issued pursuant to Section 15 of *The Executive Government Administration Act*, the Minister of Crown Investments Corporation appointed a Ministerial Advisory Committee known as the Saskatchewan Rate Review Panel;

AND WHEREAS the 2018 Order provides for specific terms of reference for each rate change review to be attached by further Minister's Order;

AND WHEREAS it is desirable to establish terms of reference for a SaskEnergy Commodity Rate Change Review and to attach the terms of reference to the 2018 Order;

NOW THEREFORE, I hereby amend the 2018 Order by attaching "**Schedule B: SaskEnergy Commodity Rate Change Proposal**".

Dated at Regina, Saskatchewan this 10th day of September 2021

A handwritten signature in black ink that reads "Dan Morgan". The signature is written in a cursive, slightly slanted style.

Minister of Crown Investments Corporation

**Schedule B:
SaskEnergy Commodity Rate Change Proposal**

Terms of Reference

The Saskatchewan Rate Review Panel (the Panel) is requested to conduct a review of the SaskEnergy request for an increase to its natural gas commodity rate effective November 1, 2021.

Cabinet may implement any rate change adjustment on an interim basis pending receipt of the Panel's recommendation(s).

The Panel shall function within its mandate and operational terms of reference as specified in the Minister's Order dated December 22, 2018. The Panel shall provide an opinion of the fairness and reasonableness of the commodity rate change proposed by SaskEnergy, having consideration for the following:

- The interests of SaskEnergy, its customers, and the public;
- Consistency with SaskEnergy's mandate, objectives and methodologies;
- Relevant industry practices and principles; and
- The effect of the proposed rate change on the competitiveness of SaskEnergy related to other jurisdictions.

COMMODITY RATE REVIEW

In conducting its **Commodity Rate Review**, the Panel will:

- A) Consider the reasonableness of the proposed commodity rate change in the context of:
 - (i) The cost of gas anticipated by SaskEnergy for the effective term;
 - (ii) The gas purchase contracts entered into by SaskEnergy for the supply of gas; and
 - (iii) The natural gas commodity market conditions at the time of the SaskEnergy contractual commitments.
- B) Consider the impact changing market prices will have on the commodity rate proposed by SaskEnergy.
- C) Check to ensure that the SaskEnergy natural gas price management strategy is executed as approved by the SaskEnergy Board of Directors, and its practices are aligned with the SaskEnergy Board of Directors-approved policy and procedures for engaging in gas price management activities.
- D) Consider the principle that SaskEnergy passes on the cost of gas to consumers without discount or mark-up as a given.

The Panel must include in its report an explanation of how, in its opinion, implementation of the Panel's rate recommendations will allow SaskEnergy to achieve the performance inherent in the principle outlined in section (D), where the Panel's recommendations differ from the commodity rate change proposed by SaskEnergy.

SaskEnergy will provide the Panel with its application package immediately. SaskEnergy will also provide the Panel with any supplementary information as the Panel may require in fulfilling its mandate and these Terms of Reference.

The Panel shall determine a public consultation process for this rate change application that is appropriate and cost effective under the circumstances and within the timeline for the review as established by the Minister of Crown Investments Corporation.

The Panel shall provide members of the public with the opportunity to review and comment on the SaskEnergy commodity rate change submission outside any public meeting, to the extent reasonable and within the timeline for the review assigned by the Minister of Crown Investments Corporation.

The Panel shall provide SaskEnergy with an opportunity to make a presentation to it and to the public, as they consider appropriate, to discuss noteworthy rate application issues.

Questions from the public, Panel members, and its technical consultant(s) that require a response from SaskEnergy shall be received and organized by the Panel in a timely and efficient manner and forwarded to SaskEnergy for response.

The Panel shall provide SaskEnergy with the opportunity and reasonable time to review the technical consultant's preliminary report prior to its finalization to ensure there are no errors in data or in the interpretation of data. The preliminary report shall include the consultant's observations (e.g., outstanding issues and questions), but will not include the consultant's recommendations to the Panel.

CONFIDENTIALITY

Consistent with the "Confidentiality Guidelines" for the Panel, the Panel will not publicly release or require SaskEnergy to publicly release confidential information supplied by SaskEnergy to the Panel during the course of the combined rate change application review.

The Panel will release, as part of its final report, the results of the review of the SaskEnergy commodity rate change request as conducted by an independent third party. By doing so the Panel shall ensure there has been no indirect release of any SaskEnergy confidential information.

CONDUCT OF THE REVIEW

The Panel will present its report to the Minister of Crown Investments Corporation no later than October 13, 2021.