



2025 Victoria Avenue
Regina, SK
Canada S4P 0S1
Phone: 1 (888) 757-6937

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Saskatchewan Rate Review Panel
P.O. Box 1301
Saskatoon, Saskatchewan
S7K 3N1

RE: Saskatchewan Industrial Energy Consumer Association (SIECA) submission from May 20, 2022.

SaskPower appreciates the submission from SIECA regarding our 2022 and 2023 Rate Application. We are grateful for the opportunity to address the recommendations presented.

“...SIECA members have expressed concerns that the proposed rate restructuring appears to pick winners and losers, with low load-factor customers bearing a disproportionate brunt of the change as SaskPower moves to more demand-based rates. This restructuring also inhibits and discourages the addition of privately funded renewables to the system since a customer deploying renewables would have to bear the burden of a higher demand cost.” (SIECA)

Under SaskPower’s existing methodology, some of SaskPower’s demand costs are collected through the energy rate, resulting in customer rates with lower demand charges and higher energy charges. These rates were effective when customers relied on SaskPower for all their electricity needs. However, some customers’ use of the electricity system is changing. For example, customers interested in self-generation require a different type of service. Self-generation customers will require less energy from the utility but will still require backup service when their own generation is not available. Other potential changes, such as battery storage and the expansion of electric vehicles are on the horizon. It is important that SaskPower’s rates fairly represent the cost to serve each component of electricity service. The rate redesign proposal in this application is a step towards that goal.

The proposed rate redesign will gradually shift costs so that demand-related costs are collected entirely through demand rates. Customers with average load factors will not see a significant difference. The increase in demand rates will be offset by decreases in the energy rate. Customers with low load factors will be negatively impacted, however, the impact of these changes will be spread over multiple applications to reduce the burden of the change on affected customers. Ultimately, the shift in rate design methodology will ensure that customers pay their fair share of electricity costs whether they self-generate a portion of their electricity or not.

“Similarly, given that this rate application contains both a rate increase and a rate restructuring, we feel that a more gradual increase would allow our member companies time to adapt their business plans in accordance with the proposed changes.” (SIECA)

SaskPower’s approach represents a gradual increase, both in terms of the requested rate increases and rate redesign. It will take multiple applications for SaskPower to meet its long-term financial targets and to fully execute the rate redesign proposal. SaskPower’s application looks to strike a fair balance between minimizing the impact of rate changes on our customers, ensuring our rates send the correct price signal to customers who are considering self generation and maintaining the financial health of the company.

SaskPower appreciates the submission from SIECA. Our company values the participation of all stakeholders in the rate review process and welcomes continuing dialogue as we strive to provide our customers with reliable, sustainable and cost-effective power.