20 May 2022

Albert Johnston
Chairperson, Saskatchewan Rate Review Panel
P.O. Box 1301,
Saskatoon, SK
S7K 3N1

Dear Mr. Johnston,

On behalf of the Saskatchewan Industrial Energy Consumer Association (SIECA), we hope that you and your family, friends, and colleagues are well as we continue to move through the final stages of the pandemic. I am writing to communicate SIECA's feedback as it relates to SaskPower's 2022 and 2023 Rate Application. SIECA is the leading energy consumer advocacy group in Saskatchewan. It is a non-profit association, established by a broad group of power and gas consumers in Saskatchewan. SIECA membership is a substantial contributor to the provincial economy, representing more than 20 members that comprise $20 billion in annual corporate revenues, $5 billion in annual capital budgets, and employing more than 60,000 people across multiple sectors, including mining, healthcare, education, agriculture, and manufacturing.

SIECA acknowledges the potential rationale behind a rate increase given the current inflationary pressures being felt by all economic sectors at this time in addition to the operational requirements of SaskPower to upgrade aging infrastructure and reduce the carbon intensity of power generation in the province. While recognizing this, our membership wishes to provide the following feedback to the rate application for consideration.

As previously communicated, SIECA remains willing and eager to collaborate with SaskPower to develop the most competitive energy services possible, ensuring a mutually beneficial pathway forward. We would be interested in additional details of SaskPower's controls for OM&A costs and a fulsome review of the fuel hedging program to both control and take advantage of pricing opportunities and costs and ensure it adequately protects the rate base from rising fuel costs. SIECA would also like to emphasize the need for SaskPower to advance its de-carbonization efforts more quickly, considering the carbon tax rate rider acts as a de-facto rate increase but is largely out of consumer control.

Through an initial review of the rate application, 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. The result of this is in opposition to provincial commitments to accelerate de-carbonization efforts for the system, which is seen as a priority that would benefit the entire province. Accommodating industry investment in renewables projects could also allow for a more rapid move from coal generation, lowering the carbon rate rider for all customers.

Our membership believes that a rate increase totaling 8% in an 8-month period is extremely aggressive. Such a dramatic increase in a short amount of time triggers concerns around competitiveness in the global market as well as concern regarding future rate increases at an already challenging and uncertain time. We suggest that rate increases be smoothed out over a 3-year period. This preferred "lower for longer" approach, restricting rate increases to no more than once per year, would allow the organizations within our membership to adjust their short and medium-term business plans and budgets according to normal budgetary and business investment cycles. 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 the time to adapt their business plans in accordance with the proposed changes.

Given the complexity of this rate application, SIECA members would appreciate additional consultation and additional notice of proposed changes. This would provide our members with a better understanding of the rationale behind these changes and allow an opportunity to model and understand the impact the proposed changes will have on respective business operations. Many SIECA members have emphasized displeasure with the extremely tight window available for the initial interrogatories on this rate application which is inconsistent with other jurisdictions in which our members operate. We recommend that SaskPower extend the period for feedback on any future rate filings to allow for a more reasonable period for the consultation process with key stakeholders such as our association members.

SIECA appreciates this opportunity to outline our concerns, as a collective voice, to bring these issues to your attention. We would appreciate any opportunity to discuss these concerns in greater detail with you, including an in-person meeting that would facilitate additional dialogue to ensure that our membership is adequately heard. This would provide the opportunity for our association to engage with you directly to receive a deeper appreciation for the justification of the rate increase and to further understand any alternatives that may have been considered to the rate increase.

Sincerely,

James Wirth

James Wirth
Executive Chair
Saskatchewan Industrial Energy Consumer Association

cc: The Honourable Don Morgan, Minister of Labour Relations and Workplace Safety and Minister Responsible for all major Crown Corporations
Kent Campbell, President and CEO, Crown Investment Corporation
Tim Highmoor, Vice President Crown Sector Initiatives
Troy King, Interim CEO, SaskPower
Kory Hayko, Vice President Transmission and Industrial Services