

A letter to our stakeholders

From one generation to the next

At SaskPower, we began producing an Environment Report in 1993. The move signified our desire to strengthen SaskPower's focus on environmental issues while bolstering our level of accountability with stakeholders and customers. Since that time, much has changed. Regulatory standards have evolved and societal expectations have heightened.

As a community, we've come to better understand climate change and a range of other environmental challenges that come about through the production of electricity and that need to be addressed aggressively. For SaskPower, this means we must consistently re-dedicate ourselves to a leadership role within our province by lessening the environmental footprint of our operations while simultaneously helping customers use our product – electricity – more efficiently.

Within the past few years Saskatchewan has experienced extraordinary economic growth. In 2008, our company set new marks on a number of fronts: record service applications, record customer connects and record peak load.

For SaskPower, this raises the stakes even higher. It means that as our company seeks to maintain security of supply and financial stability, we must also meet ambitious new environmental targets and become better environmental stewards.

A strategy for sustainability

We believe that any improvement in our environmental performance begins with planning. During the year, our company unveiled a new Strategic Plan with five Strategic Priorities, one of which highlights a fundamental component of SaskPower's operational responsibility: "Strong environmental stewardship and performance." Planning must lead to action and results, so we're tracking our progress in addressing our Strategic Priorities through a new Corporate Balanced Scorecard and yearly targets.

For the past decade, SaskPower has also publicly reported on its environmental performance as part of the Canadian Electricity Association's Environmental Commitment and Responsibility Program (ECRP). Recognizing the need to further focus member utilities' attention on sustainable development, the ECRP is being replaced by a new initiative in the coming year – the Sustainable Electricity (SE) program. It has a comprehensive set of indicators that include social, economic and environmental measures.

We believe that transparency and candid discussions about environmental issues will help guide our future actions and bring us closer to all of our stakeholders. To that end, we are pleased to note that in 2010 this document will be replaced with a Sustainability Report that will include SE program indicators. We're confident that by adding social and economic measures alongside environmental reporting, we'll develop a fuller picture of our challenges and will be better able to identify the advancements we require.

Our performance

SaskPower is on the cusp of major change. Much of our infrastructure is at the end of its life cycle, and load is expected to increase by approximately 40% in the next 10 years. As a result, our company is entering an intense period of renewal that will see the need to replace and build or acquire approximately 1,700 megawatts (MW) by 2020, with a total of 3,300 MW required by 2030. We see this as an opportunity – one which can assist us in making sustainability a true part of our core business.

As a company that presently relies heavily on coal-fired generation, emissions are and will remain our main challenge as we enter this period of revitalization. With a projected \$8-billion in capital expenditures in the next 10 years, we are committed to introducing cleaner sources of energy and steadily transforming SaskPower into a more sustainable company. We are also dedicated to supporting the Government of Saskatchewan's Go

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Green Program and the provincial target of reducing greenhouse gas emission levels.

Present and future success will rely heavily on partnerships with all stakeholders – the private and public sectors as well as our customers. We will seek to leverage collaboration to provide access to cutting-edge technologies and expertise, enhance our financial capacity, facilitate risk sharing and reduce energy use.

In 2008, our work with NRGreen Power was an example of the benefits that partnerships can deliver. It led to the addition of three 5-MW waste heat recovery units to our system that produce electricity without any new emissions. Meanwhile, through our new Wind Power Integration and Development Unit, we are partnering with developers to participate in the Saskatchewan Wind Data Study that will inform a Wind Power Deployment Strategy. And ongoing discussions with First Nations in Northern Saskatchewan could lead to the further development of a significant renewable energy source – hydroelectricity.

During the year, staff at our Emissions Control Research Facility continued to work with agencies and utilities from across North America and were recognized with the Canadian Electricity Association’s Environmental Stewardship Award for their advancements in mercury emissions technology. Research is also at the centre of our partnership with the provincial government, federal government and industry on the potential development of one of the first and largest fully integrated carbon capture and sequestration demonstration projects in the world.

When it comes to partnerships with customers, we have committed to reduce demand by 100 MW by 2017 through the SaskPower Eneraction Demand Side Management program. In 2008, we introduced the Geothermal and Self-generated Renewable Power Loan Program, while enhancing funding for the Energy Efficiency for New Homes Rebate Program and Net Metering Program. Education and awareness are also critical. By working with volunteers, we were able to distribute over 200,000 compact fluorescent light bulbs across Saskatchewan. And the Shand Greenhouse’s Energy and Our Environment classroom program continued to reach youth and was recognized with a United Nations sustainability award.

Looking ahead

As we move forward in determining Saskatchewan’s energy future, we know that planning, partnerships and continuous improvement will all play fundamental roles as we further sustainability within our company and province. We also recognize that progress will only be achieved with clear measurable objectives in place and a course of action that effectively balances the needs of our company and customers with those of the environment.

As always, we encourage you to provide feedback and to tell us how we can make more of a difference. We are committed and determined. And as partners, we are in this together.



A handwritten signature in black ink that reads "Pat Youzwa".

Pat Youzwa
President and Chief Executive Officer



A handwritten signature in black ink that reads "Grant McGrath".

Grant McGrath
Chair
Environment, Occupational Health and Safety Committee
Board of Directors