

July 1, 2023

## Executive Director's Message

Over the past few weeks, SIMSA has had conversations with BHP, Foran, K+S, Mosaic, Nutrien and SaskPower (non-nuclear). These conversations have focused on planning future events with them - where SIMSA members can have discussions and learn of upcoming projects – as well as further use of our database and more integrated communications.

We realise that members require cashflow and business opportunities in the near term. As such, SIMSA continues these efforts, as we believe they are the core of our operations.

As part of our business development work – business into the future – SIMSA has posted a “Save the date” item for an event on August 30th - SIMSA will be co-hosting an event with the Saskatchewan First Nations Natural Resource Centre of Excellence (COE). It will be an all-day event with GE Hitachi, SaskPower and others at Prairieland Park in Saskatoon, SK. The event will feature the most current information available and be a deeper-dive into the various needs and opportunities. Details and ticket sale dates will be announced soon!

This event will see the launch of efforts towards a multi-billion-dollar new sector, that will see decades of opportunities for members. However, this new sector does not pay today's bills, so our focus is on current projects.

As many of you are keenly aware, over the past few years, Keri Beebe's position has grown from being the “Administrator and Events Co-ordinator” working three-quarter time, to include all of the items typically found in a “Manager of Operations” role and working full-time.

As such, SIMSA has changed her title to Manager of Operations effective immediately.

The Manager of Operations manages the daily activities of SIMSA by overseeing several departments. In this role, Keri is responsible for directing actions across the organization, to improve efficiency and reduce costs as needed. She also ensures that our goals are met, while simultaneously being responsible for everything from negotiations, to budgeting and purchasing. In addition, she will work closely with senior management in developing long-term operational strategies that help meet company objectives.

# Members' News

[MacLean Engineering Celebrates 50th anniversary](#)

[Strike Group's team in Saskatoon sponsors 'SK Hockey Heroes' fundraiser tournament](#)

[The Hon. Jim Reiter, Saskatchewan Minister of Energy and Resources visits Delta CleanTech](#)

[Sutton Partners Join With Developer on "Forever Home"](#)

[MLT Aikins/CPHR Saskatchewan HR Professionals Seminar - 18 October, Regina; 26 October, Saskatoon & Virtual](#)

# Carbon Reduction

On June 22<sup>nd</sup>, we had a great Lunch and Learn with Jordan Hittel from Valerin on some repeatable energy saving solutions for industrial facilities and specifically touching on:

- Reclaim systems
- Steam system savings
- Pumps

As I've noted previously, the cost of carbon will soon double the cost of gas heat for businesses in Saskatchewan:

Year	Carbon Tax + GST (\$/CO2 Ton)
2023	\$68.50
2024	\$84.00
2025	\$99.75
2026	\$115.50
2027	\$131.25
2028	\$147.00
2029	\$162.75
2030	\$178.50

Which means that in 2030 it will be \$0.349 per cubic meter in carbon tax alone for natural gas (see [HERE](#) for SaskEnergy's bill estimator). For reference, natural gas is currently \$0.305 per cubic meter (after GST and municipal tax but before carbon tax).

The carbon tax is a harsh reality that allows for shortened payback periods on efficiency projects, translating to ongoing energy savings.

There are a few opportunities that Jordan identified that were repeatable showed a quick return:

1. Steam trap monitoring/maintenance;
2. Exhaust steam recovery;
3. Boiler blowdown heat recovery; and
4. Insulation heat jackets.

For more information, or to talk to Jordan further, please reach out to me at [james.bulmer@simsa.ca](mailto:james.bulmer@simsa.ca).

# Advocacy

On June 23<sup>rd</sup>, SIMSA had the pleasure of presenting at the SaskPower Power Production Meeting with all the directors from each power generation plant. Thank you to everyone who shared their experiences on the survey that came out in early June.

This was a great opportunity for us to showcase member talent and to help address issues within membership.

Action items out of this meeting were as follows:

- Follow-up meeting in the fall,
- Initiative to do a deeper dive on some of the feedback,
- Consider a round table like discussion with a panel to discuss any issues,
- Continue to push government on the removal/renegotiation of the New West Partnership Trade Agreement (NWPTA).

SIMSA's work on this front creates an important dialogue directly with the decision makers within SaskPower to both solidify our relationship with our current core of work within the province and enable the continued growth of SIMSA members' market share with SaskPower.

# Sector News

In a June 27<sup>th</sup> Reuters [article](#), BHP's decarbonisation plans were discussed. The column was entitled, "BHP plans credible, financially viable but slow path to decarbonised mines."

The article stated:

BHP Group announced plans to decarbonise its mining operations, outlining a process that may well serve as a template for the industry, but also shows how the reality is quite different from hope.

In a remarkably frank [presentation](#) last week the world's largest mining company showed how it intends to reach net-zero emissions at its global operations.

The headline news is that BHP (BHP.AX) believes it will reduce its Scope 1 and 2 emissions, which cover the production process, by at least 30% by 2030 from 2020 levels, and then reach net-zero by 2050.

The 30% cut by 2030 may disappoint climate activists who want to see a swifter decarbonisation process, and BHP was honest enough in the presentation to say the "pathway will not be a straight line, nor will it be smooth".

What BHP is touting is a process it calls credible and cost-effective, and it's these aims that are worth examining.

BHP is the world's biggest miner of coking coal, used to make steel, and ranks third in iron ore, the main steel raw material.

It is also a major producer of copper and nickel and is ramping up its potash operations.

The bulk of its iron ore and coal is produced at huge mines in Australia and the largest contributors to emissions from these mines are diesel, purchased electricity, and captive natural gas power generation.

Diesel accounts for 76% of the emissions at the iron ore operations in Western Australia state, and 45% at the BHP Mitsubishi Alliance coking coal mines in the northeastern state of Queensland.

The majority of the diesel is used in haul trucks, with a smaller share being consumed by trains and other vehicles.

BHP plans to switch its diesel trucks to battery-powered vehicles, but this will take some time and also involves more than just buying new equipment.

It requires significant investment in renewable power generation and associated battery storage.

It means reworking operations to ensure that batteries can be recharged and swapped in order to enable continuous operations, as well as developing skills to run the new machinery.

BHP said it expected electric trucks would ultimately cost more or less the same to operate as the current diesel fleet.

This is both a positive and a negative, as it means there is little financial incentive, or indeed penalty, in switching to electric vehicles, thereby making meeting decarbonisation goals the main justification.

## **RENEWABLE POWER**

Converting BHP's iron ore mines to run on renewable electricity will involve a major investment in solar, wind and battery storage, with the company estimating it will need up to 200 megawatts (MW) each of wind and solar and storage of 150 MW.

This will largely, but not fully, replace the current 190 MW gas-fired plant that provides the electricity to power the mines.

The overall message from BHP is that it is advancing plans to reduce its Scope 1 and 2 emissions.

But the process isn't easy and is really only viable if it makes commercial sense.

Making the economics stack up effectively means taking a longer period to buy new assets, while running the existing fleet to end of life.

BHP will no doubt face criticism that its plans are not ambitious enough, or will take too long.

It is also likely to have to take steps to tackle Scope 3 emissions, created when products are used by end buyers.

In a 2022 report BHP estimated its 2020 Scope 1 and 2 emissions from operations at 15.9 million metric tons, which was only 4.3% of Scope 3 emissions of 369.5 million.

It is clear that the bulk of the work to be done in cutting emissions from the mining value chain is at the Scope 3 level, which includes maritime transport of ores and the use of coal to make steel and refine other metals such as copper and nickel.

How involved mining companies can, or should be, in reducing Scope 3 emissions is another debate.

For now, BHP has shown it can cut emissions at its operations in a way that makes economic sense, even if it is at a pace that can be criticised as too slow.

# Upcoming Events

Register for Upcoming Events [HERE](#)

- **GE Hitachi & SaskPower Event – August 30, 2023**  
Save the Date! SIMSA will be co-hosting an event with the [Saskatchewan First Nations Natural Resource Centre of Excellence](#) (COE). It will be an all-day event with GE Hitachi, SaskPower and others at Prairieland Park in Saskatoon, SK. Details and ticket sale dates will be announced soon!
- **Saskatchewan Suppliers Energy Forum (SSEF) – October 4, 2023**  
The 9th Annual Saskatchewan Suppliers Energy Forum will be on October 4, 2023 at the Delta Hotel in Regina, SK. Confirmed participants include Cenovus, Crescent Point Energy, Federated Co-operatives Limited, DEEP Energy, Cenovus, SaskPower, Westinghouse and the OCNI. More to be announced soon!
- **Saskatchewan Mining Supply Chain Forum (MSCF) – April 17 & 18, 2024**  
Save the Date! The 16th Annual Saskatchewan Mining Supply Chain Forum will take place on April 17 and 18, 2024 at Prairieland Park in Saskatoon, SK.
- **SIMSA AGM – May 15, 2024**  
Save the Date! The SIMSA AGM will be on May 15, 2024 at Prairieland Park in Saskatoon.

# SIMSA Contacts

**Eric Anderson**

*EXECUTIVE DIRECTOR*

[eric.anderson@simsa.ca](mailto:eric.anderson@simsa.ca)

**Keri Beebe**

*MANAGER OF OPERATIONS*

[keri.beebe@simsa.ca](mailto:keri.beebe@simsa.ca)

**James Bulmer**

*INDUSTRIAL CONCIERGE*

[james.bulmer@simsa.ca](mailto:james.bulmer@simsa.ca)



[www.simsa.ca](http://www.simsa.ca)