



SaskPower Technology to Help Ukraine's Power

Eldon Lautermilch, Minister responsible for SaskPower, announced on April 26, 1996, that SaskPower's subsidiary, SaskPower commercial, was awarded a \$3.5 million contract from the Canadian International Development Agency (CIDA) to rehabilitate three units in one of Ukraine's largest thermal power plants.

"The Government of Ukraine has targeted improvement of the country's energy system as one of its highest priorities," Lautermilch said. Ukraine has completed a number of studies identifying where improvements can be achieved in Ukraine's hydro and thermal power stations and in the country's national dispatch centre.

SaskPower, through its subsidiary, will provide technical support and project management assistance to rehabilitate the Kriviy Rih Power Station, 400 km southeast of Kyiv. The Kriviy Rih Power Station is made up of ten 300 MW coal-fired units. For comparison, the Shand Power Station near Estevan, Saskatchewan, is a 300 MW unit. Like many plants in Ukraine, SaskPower's coal-fired stations use low quality coal for generations.

SaskPower's technical assistance would include consulting and training support for preparing detailed engineering designs, procurement, project management, and upgrading of the utility's managerial and financial practices. Support would also be required during implementation of the rehabilitation work.

"This project is a breakthrough for SaskPower," said Lautermilch. "The utility's expertise in coal-fired generation, including environmental capabilities, positions the utility well to help Ukraine maximize capacity from its 40 thermal power plants." Thermal generation accounts for 68 per cent of the country's generating capacity.

"This is the biggest opportunity yet for the commercial subsidiary," said Michael Hogan, President of SaskPower Commercial. "Our expertise is world-class and I see a strong market for it."

SaskPower Commercial's team left for Ukraine on April 19 to initiate the project. It is estimated the project will require up to 20 person-years of work, with most undertaken by SaskPower personnel. Expertise from other Canadian utilities will be drawn as required.

"The project was discussed during Premier Romanow's trade mission to Ukraine in October, 1995," Lautermilch said. "We hope it will open the door to other opportunities in Ukraine and the Commonwealth of Independent States countries. "The Premier's efforts during his recent trade mission helped to make this announcement possible."

The G-7 nations support Ukraine's efforts to maximize domestic coal use and reduce its reliance on power from the remaining two Chernobyl units, which are considered to be a threat to public safety.

Ukraine will receive \$160 million in debt financing from the World Bank toward capital assets for the project.

The potential for SaskPower International is great. This project will create the nucleus of a Canada/Ukraine business team capable of providing assistance in Ukraine and other CIS countries.

The World Bank has estimated the cost of providing technical assistance at \$3.5 million Cdn. This would include technical assistance during both the preparation and the implementation stages. CIDA is to provide funding for this work as part of Canada's contribution to help Ukraine replace power from the two remaining Chernobyl units. Canada and the G-7 countries consider the Chernobyl units to be unsafe and a threat to public safety and environment as long as they are in operation. Rehabilitation of thermal generation is considered to be one of the most cost-effective options for replacement of capacity lost by closing down Chernobyl.

SaskPower Commercial is to provide technical and managerial assistance to the rehabilitation work and will alert Canadian firms to the business opportunities that will arise during the course of the project. The most concentrated effort of the technical team will occur in the first 18 months of the project.

Ukraine's objective is to extend the lives of the rehabilitated units by another 10 to 15 years. The project management expertise that will be transferred to Ukraine technical staff from the SaskPower Commercial team will be applicable

to other rehabilitation projects in Ukraine. Technical assistance commenced April 22, 1996, and will continue through the implementation state that will proceed over the period from 1997 to 2001.

In announcing the project in the Saskatchewan Legislative Assembly, SaskPower Minister Lautermilch said that: "The potential for SaskPower International is great. SaskPower hopes this project will create the nucleus of a Canadian/Ukraine business team capable of providing assistance to other rehabilitation work that will be required in many thermal plants in Ukraine and other Commonwealth of Independence States countries.

"SaskPower Commercial will draw on talent from within SaskPower and other Canadian utilities to provide approximately fifteen to twenty person years of work. There is a special link, Mr. Speaker, between the people of Saskatchewan and Ukraine. One of the reasons that draws Saskatchewan and Ukraine together is heritage. Many people in this province, and indeed Western Canada, are very proud of their Ukrainian heritage. The government commends SaskPower and its subsidiary SaskPower Commercial for the initiative it has shown in creating this opportunity. One that fosters good will, good health, and good business."



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