

## May 26 NFAT: Manitoba Hydro Short Story

- Manitoba Hydro's preferred development plan includes new hydropower generating stations, a new interconnection transmission line to the US and Demand Side Management programs or DSM.
- DSM, which includes conservation and other economic measures to reduce customer electricity use, is planned to produce energy savings four times greater than in the past.
- Wind, biomass, natural gas generation and other technologies will be incorporated in the plan as and when they become economic. MH is open to all viable options.
- MH along with the Cree communities who are partners in the project want to start construction now to build the Keeyask hydro generating station to be in-service by 2019. This makes sense based on its economic and financial business case along with other benefits.
- Export contracts will help to pay for Keeyask until it is needed to meet the growing electricity needs of Manitoba customers.
- One of those new export contracts is with Minnesota Power – the US utility which is championing the new interconnection between Manitoba and the US which would be triggered by the development of Keeyask
- An additional intertie produces many benefits. It allows MH's surplus energy to be sold profitably, enables imports from the US during droughts or system emergencies and diversifies our supply portfolio.
- After Keeyask, timing of the next new major generating facility will depend on many factors including the success of new DSM programs in curbing demand for electricity and the growth of industrial load in Manitoba including the expansion of major oil pipelines.
- Manitoba Hydro plans on keeping Conawapa as an option. The other major supply option being considered is natural gas.
- If export markets continue to strengthen and if additional profitable long term sales contracts are signed, Conawapa would be much more economic than natural gas generation and could be built to be in-service before 2030.
- Natural gas costs less in the short term, but hydroelectric facilities provide lower cost electricity over the long term and greater benefits to Manitoba through construction jobs, water rental fees, capital taxes business opportunities and benefits to northern aboriginal communities.

- Hydro is renewable and produces virtually no greenhouse gases compared to natural gas generation.
- Hydroelectricity also displaces the greenhouse gases that would be emitted here and in the US by displacing gas or coal generation.
- Customer rates will have to rise whatever plan is selected. Even without Keeyask and the new interconnection, rate increases in the 4% range are unfortunately needed for at least a decade in order to pay for ageing infrastructure and to maintain system reliability. This is happening across North America. Manitoba Hydro's rates are and will still be among the lowest in North America.
- MH's low rates are due in large part to past investments in hydroelectric facilities and to the 25-30% of revenues contributed by selling surplus electricity into export markets.
- Approval of Keeyask and the interconnection will continue to reap the benefit of Manitoba's hydroelectric resources including lower rates in the long term.
- A decision on Conawapa doesn't need to be made right now. MH can wait until there is better information including the impact on customer rates relative to other options.
- In summary, MH's preferred development plan is a balanced, flexible and robust plan for Manitobans. It includes hydroelectric options, a major new international interconnection, quadrupling Demand Side Management programs, openness to the possibility of alternative supply sources and a valuable set of export contracts.