

GREEN ACTION CENTRE OPENING STATEMENT

Manitoba Hydro's 2017/18 and 2018/19
General Rate Application

December 4, 2017

Green Action Centre perspectives

- Green Action Centre is a non-profit hub for greener living based in Winnipeg and serving Manitoba. We are a registered charity, governed by an elected community board.
- Besides policy interventions with the City, Province and PUB, we promote greener living through environmental education and encourage practical green solutions like composting and active transportation for homeowners, workplaces, schools and communities. Details on our programs, activities and policies can be found at greenactioncentre.ca.
- Green Action Centre promotes inclusive sustainability: Our Vision is **All Manitobans Living Green, Living Well.**
- Sustainability includes social justice – meeting human needs now and in the future – and efficient use of resources.

Views on Manitoba Hydro

- Like others, we are critical and want better, but that should not obscure what a remarkable asset we have.
- Our hydro system provides a hugely valuable resource of relatively cheap, reliable, renewable power, which energizes our lives and economy.
 - Investments made to meet anticipated load growth will increase MH's costs, but those remain attractive compared to most utilities.
- More than any other institution, Hydro has enabled Manitobans to lower their climate impacts, and it has the potential to do much more (e.g., through electrification of transportation).

The (Rising) Cost of Power

- But Manitoba's power is not affordable to all. It is important to distinguish a relatively lower average cost of energy from affordable energy. Either can exist without the other.
- Moreover, a run of steep rate increases will reduce affordability.
- Thus GAC promotes policies and practices that ensure power is more sustainably produced and used and able to meet the needs of all Manitobans, including low-income Manitobans.
- We sponsor evidence to support greater conservation and efficiency, including conservation pricing, plus strategies to make energy more affordable to lower-income and high-energy-burden households.
- Synergistic solutions can achieve multiple goals. Example: Mr. Chernick's rate structures that support both conservation and affordability.

Our Bottom Line

- GAC's May 26 position remains unchanged.
In GAC's view, ...rate increases, must be accompanied by an adequate strategy for addressing unaffordable energy burdens created or aggravated by the increase.
- Just and reasonable rates must
 - (a) meet the utility's revenue requirement and
 - (b) promote affordable bills for the most vulnerable lower-income customers, to provide equitable access to energy for basic needs.

“Equity” encompasses many concerns

- Recovering costs proportional to usage
- Charging rates that reflect marginal costs and lost opportunities
- Protecting small customers from the costs of growth
- Promoting affordable bills
- Sharing the burdens of disadvantaged customers

- We urge the PUB and parties to focus attention on the multiple nuances of “equity” in determining what are “just and reasonable rates.”

Several Issues of Concern

- Can MH demonstrate that a shorter run of steeper rate hikes is better for customers than a longer run of less steep rate hikes?
 - Is greater short-term pain offset by long-term gain?
 - Would rates stabilize at a lower level with the steeper increases than otherwise?
 - If so, what is the magnitude of the beneficial effect and what are the impacts on various customer segments?

Issues (continued)

- What measures are available to mitigate the impacts of rising rates on vulnerable customers, how effective are these measures, and how widely can they be deployed?
 - What are the constraints on wider deployment of bill affordability measures?
 - Could the need for rate discounts for electrically-heated homes be reduced by increased targeting of DSM and switching these customers to geothermal or gas heating?
- What is the source of MH's resistance to lower bills for income-qualified or energy-burdened customers?
 - Are MH's concerns practical, political, or ideological or simply the result of institutional inertia? Is there another source?

Issues (continued)

- How does Manitoba Hydro currently see its role in addressing climate change?
 - What specific policies and activities support that role?
 - Should promotion of electrified transportation be part of Hydro's strategic planning for both climate and business reasons?
- On most of these matters, our final positions will depend on our examination of the evidence.