



Tel: 204-809-5783 (Winnipeg); 204-990-5195 (Swan Lake First Nation);

Fax: 1-204-809-4504 Email: contact@beddomeandlongclaws.com

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Winnipeg, MB R3C 3Z5

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Swan Lake First Nation, Headingley, Manitoba, Canada R4H 0B7

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REPLY TO:

james@beddomeandlongclaws.com

November 4, 2019

Public Utilities Board of Manitoba
400-330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Darren Christle, Executive Director and Board Secretary

Dear Mr. Christle:

Re: Efficiency Manitoba's 2020/21 – 2022/23 Efficiency Plan

Further to the Application to Intervene submitted on October 31, 2019, our firm, Beddome and Longclaws Law Corp., is legal counsel for the Council of Canadians in the Public Utilities Board Hearing on the review of the Efficiency Manitoba (EM) 3-Year Energy Efficiency Plan Application (2020/21-2022/23).

We would also like to thank Dayna Steinfeld, legal counsel to the Public Utilities Board (PUB), for reaching out to our firm to invite the Council of Canadians to provide comments on process matters. This included circulating a "Preliminary Issues List (Efficiency Manitoba Draft September 18, 2019)", and draft timetables.

On behalf of our client the Council of Canadians, Winnipeg Chapter, and at the invitation PUB legal counsel we provide some comments below.

Preliminary Issues List

The Council of Canadians notes that they will deal with most if not all of the issues considered to be within the Scope of the Hearing listed in "Preliminary Issues List (Efficiency Manitoba Draft September 18, 2019)" should they be granted Intervenor status. This includes, but is not limited to an emphasis on the following issues:

- reasonableness of the methodologies used;
- consideration of new and emerging technologies; and,
- consideration of non-energy benefits, including environmental and economic development, particularly greenhouse gas emissions reductions and decarbonisation of the economy.



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However, important issues are presently not included in the scope of the review, such as:

- Manitoba's provincial energy strategy;
- the Made in Manitoba Climate and Green Plan;
- Manitoba Hydro's integrated resource planning;
- electric load and natural gas volume forecasts.

These are necessarily interconnected issues.

In accordance with section 9 of *The Efficiency Manitoba Act* the three- year plan must include, *inter alia*:

(e) **an analysis of the reductions in greenhouse gas emissions in Manitoba** expected to result from the initiatives proposed under clauses (a) to (d);

...

(g) an assessment of the benefits to be attained if the initiatives proposed under clauses (a) to (d) are implemented during the three-year period, including the benefits to be experienced by

(i) those who participate in any of the proposed initiatives,

(ii) Manitoba Hydro, and

(iii) Manitobans generally, including any **environmental benefits**, economic development opportunities and **enhancements to energy security** (emphasis added);

It is accepted by governments across Canada that greenhouse gas (GHG) emissions have to be reduced dramatically (some accept to net zero) by 2050. It is also accepted that the reduction can only take place if it begins now and proceeds on an aggressive path over time. Ironically the 30 years from now until 2050 coincides with the planning horizon of various aspects of the Plan and in assessment criteria of other major regulated parties in Manitoba.

It is generally accepted that successful climate change mitigation in Canada will see both an increasing price associated with the emission of GHGs (carbon pricing or carbon taxes) and reductions in the aggregate use of fossil fuels in the economy. The current commitment of Canadian governments is to reduce GHGs in the economy by 30% below 2005 levels. For Manitoba this means a reduction in aggregate emissions from approximately 21 million tons per year to something in the order of 16 million tons.



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The combustion of natural gas is a major contributor to Manitoba's aggregate emissions and it is inconceivable that the sort of change committed to will be achievable without significant reductions in the aggregate amounts of natural gas combusted in residential and commercial contexts in Manitoba.

This begs the question of the appropriateness of the continued promotion of the use of natural gas in residential space heating and in the expansion of services. EM is a participant in the promotion of natural gas use through its furnace upgrade program.

The Plan promotes through incentives the efficient use of natural gas. The furnace upgrade program financially locks customers into the use of natural gas for a long period of time – perhaps for as long as 20 years. EM's natural gas upgrade program sends a very clear signal to the private sector that efficient furnaces are not just an acceptable but a preferred technology.

The Plan outlines in detail savings associated with furnace upgrades without any apparent needs for and alternatives to (NFAT) analysis that takes into account long term climate change considerations. EM's plan does not adequately reflect the inevitable need to switch from natural gas to other renewable sources of energy. Customers that invest in upgrading their furnaces today are likely to encounter carbon charges that are much higher than are set out in the Plans current calculations. Customers that upgrade rather than put money into repairs, maintenance and switching to electricity may be put at undue financial risk.

We know that carbon charges will increase and we know that the underlying purpose of climate change mitigation policies is to dramatically reduce gas usage well within the financial time horizon used by EM and other market participants in justifying continued expansion and more efficient use of natural gas. Savings today and over the next few years are likely to be swamped by future charges and there is a real possibility that their investments will be stranded as effective climate change mitigation removes natural gas from the market.

EM does not appear to have gone through the exercise of testing alternatives to gas furnace upgrades. It does not reflect an assessment of, for example, the benefits of a program that would emphasize repair, better maintenance and near term replacement of inefficient furnaces with grid supplied electricity and other renewable energies, especially geothermal.

Market incentives are important. Supporting new technologies is important. Technologies that support the continued use of natural gas are not those that should be supported with public funds or funds taken from ratepayers.



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Our client's initial assessment of the plan is that it sets up a barrier between the natural gas efficiency mandate and the electricity mandate. It appears that allowing for incentives encouraging use of electric heaters instead of upgrades complicates EM achieving its electricity saving objectives.

My client indicates that it is not asking that the climate plan or the latest hydro NFAT be revisited or critiqued in this review. They are asking that the effects of the incentive programs on the ability of the province to meet GHG reduction targets be openly assessed.

Our client indicates that the board should recommend that EM include in its planning and assessment of incentive programs the near certainty of dramatically higher carbon charges and the shrinking use of that natural gas for combustion.

At the very least, EM's planning and discussion of alternatives needs to work the various scenarios.

For example, our client anticipates recommending that EM be required to compare the cost benefit of furnace upgrades to replacement using different scenarios; scenarios that contemplate dramatic increases in carbon charges and or reductions in access to natural gas before the functional life of an upgraded furnace is finished.

Our client questions the belief that it is better to export a unit of energy to predominantly coal fired grids in the states is a more effective GHG mitigation strategy that switching from natural gas to electricity in Manitoba.

We intend to provide evidence of recent academic work that calculates the life cycle emissions factor for natural gas to be similar to that of conventional coal when used for generating electricity. In brief, replacing natural gas in residential uses with grid supplied electricity is comparable with the environmental benefits of exports to the US. We question the coefficient used by EM. Yes, natural gas burns much cleaner than oil and coal. But that coefficient does not include life cycle emissions of the unit of gas being burned.

The people of Manitoba are also expected to reduce GHG emissions in Manitoba, such as from the use of natural gas. Emissions that are reduced indirectly by exporting to the US are not credited to Manitoba's inventory. Therefore there may be a larger benefit to Manitobans for reducing emissions locally.



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We note that in accordance with subsection 11(5) of *The Efficiency Manitoba Act* the PUB may recommend:

- (a) an increase in a savings target if it is reasonably satisfied that it is in the public interest for Efficiency Manitoba to achieve additional net savings; or
- (b) a decrease in a savings target if it is reasonably satisfied that the existing savings target is not in the public interest.

Encouraging and supporting a shift from natural gas to electricity requires an acceptance of the new load created for Manitoba Hydro. In our client's view, this is inevitable, and this means a more steep reduction (i.e. an increased savings target) in the use of natural gas may be required, and this might also necessitate the use of more electricity (i.e. a decreased savings target).

If the PUB has a statutory obligation to make a determination of the reasonableness of EM's proposed plan, including what is in the public interest, then how can it do so if the scope of the review "silos off" broader considerations that involve provincial energy strategy, climate change policy, or technological changes. Particularly when the plan itself is required to address greenhouse gas reductions, environmental impacts, economic benefits, and anticipated technological change.

Timelines

With respect to the proposed timelines, we offer the following suggestions:

- **Information Requests to EM Round #1 (November 18th, 2019)** -- we suggest moving this deadline from November 11th, 2019 to November 18th. We submit that the current deadline of November 11th, leaves only 5 days from the initial Procedural Order and such a short deadline does not allow adequate time to prepare questions, and as a result the quality of the review and hearing will suffer. Moreover, November 11th, Remembrance Day, is a Holiday.
- **EM Information Request Response Round #1 (December 3, 2019)** -- we suggest moving this date from November 29, 2019 to December 3, 2019.
- **Second Round of Information Requests to EM (December 5, 2019)** -- we suggest including a second round of Information Requests would serve to improve the review and hearing process.
- **EM Information Request Response Round #2 (December 9, 2019)**
- **Intervenor Evidence Filed (December 11, 2019)**
- **Tentative Pre-Hearing Conference (December 16, 2019)**
- **Information Request of Intervenor Evidence (December 18, 2019)**
- **Information Request Response of Intervenors (December 23, 2019)**
- **EM Rebuttal Evidence (January 3, 2019)**



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- **Public Hearing (January 6-28, 2019)**
- **PUB Recommendations (Mar 1, 2019)**

Closing

Thank you for your time and consideration of these comments. Should you have any further questions or comments I can be reached via phone at 204-990-5195 or via email james@beddomeandlongclaws.com.

Yours truly,

Per:

James Beddome
Beddome and Longclaws Law Corporation

cc: Dayna Steinfeld, Fillmore Riley LLP, counsel to PUB; Kevin Williams, Nicole Merrick, and Jessica Scholfield, Taylor McCaffrey, counsel to EM.