

Additional Information - Attachment

(For organizations only) Please describe the mandate of your organization and provide a description of the membership, including the number of members. Please also confirm whether the organization's intervention in this proceeding is supported by a resolution of the governing body, if any. Please enclose the resolution, if any, with your Application, along with supporting documentation of your mandate and membership.

Manitoba Industrial Power Users Group (MIPUG) members work collaboratively on issues of common concern related to energy supply, rates and related matters such as energy efficiency programming in Manitoba. The group's key concerns are to ensure energy rates reflect the fair and reasonable costs to provide energy, while also being stable and predictable. MIPUG is also focused on competitiveness for industry and energy options that support the efficient, productive and economic consumption of energy.

MIPUG is an association of companies who are substantial users of electricity, procuring energy primarily through the electric General Service Large (all three voltage classes) rate classes. MIPUG members also include natural gas users in rate classes encompassing High Volume Firm, Main Line Firm, Large General Service, and Interruptible, and Special Contract service. Collectively, Manitoba Hydro/Centra Gas customers within the industrial sector account for more than 35% of Manitoba's domestic electric consumption and nearly 40% of natural gas consumption.

As of the date of this application, MIPUG members include:

- Amsted Rail - Griffin Wheel Company;
- Canada Kraft Paper Industries Ltd.;
- Chemtrade Logistics Inc.;
- Enbridge Pipelines Inc.;
- ERCO Worldwide;
- Gerdau Long Steel North America – Manitoba Mill;
- Hylife Foods;
- Integra Castings;
- Koch Fertilizer Canada ULC;
- Maple Leaf Foods;
- Roquette;
- TransCanada Keystone Pipeline; and
- Winpak Ltd.

MIPUG does not operate with a formal governing body. Three members have been selected by the group to act as an Executive for the group: Rick Denton, Director of Manufacturing at Chemtrade Electrochem Inc.; Paul Liddle, Plant Manager at Koch Fertilizer Canada; and Morgan Curran-Blaney, Plant Manager of Maple Leaf Foods Inc. MIPUG is an informal association and does not pass resolutions.

While generally operating on a different scale than most MIPUG members, other industrial sector participants share many of the same concerns and priorities in respect to the importance of energy efficiency and energy costs. Beyond proper members, MIPUG has ongoing and active engagement on energy matters with other industrial stakeholders and associations that are not members of MIPUG. These parties have an interest in energy matters, being impacted in a similar manner as MIPUG members, and are therefore often aligned with MIPUG in matters of priority and position. MIPUG is presently in conversation with the Canadian Manufacturers and Exporters (CME) and a few other industrial customers regarding shared priorities around energy efficiency programming in Manitoba.

To that end, while MIPUG intervention since the 1980s has its membership base as the direct “client”, it also represents the interests of industrial energy users and provincial competitiveness, both broadly and generally.

Please state your reasons for intervening in this proceeding:

MIPUG’s intervention is focused on the broad MIPUG mandate for ensuring energy rates that are fair, reasonable and cost-based. MIPUG companies are key stakeholders and contributors to the Manitoba economy, providing substantive employment and other economic benefits for Manitobans. As such, MIPUG members require stable and predictable rates over the long-term to support large investments in competitive enterprise for the benefit of their shareholders, employees and communities. MIPUG members also require options to reduce energy bills, including cost-effective energy efficiency options.

MIPUG’s focus for this proceeding specifically relates to two components: the reasonableness of the plans of Efficiency Manitoba (EM) and the impact of the plans on rates to be charged by Hydro.

The mandate provided to Efficiency Manitoba (EM) by the Province of Manitoba, the manner in which the Crown Corporation carries out this mandate, and the resulting impact that this mandate will have on energy rates in Manitoba are all concerns for MIPUG. Energy rates are a priority given that Manitoba Hydro has been mandated by the Province to be the primary source of funding for implementation of EM’s Application. MIPUG is intervening to ensure that this inaugural Three-Year Plan is developed with cost-based, fair and reasonable programming, and to ensure impacts have been appropriately considered both on energy rates and on the overall system.

The reasonableness of the Three-Year Plan’s activities is also relevant to MIPUG members as savings targets are determined as a percentage of prior year consumption. Since the industrial sector is a major consumer of energy in Manitoba, a material portion of annual savings targets outlined within the filed Efficiency Plan will be expected to come from the industrial sector generally and MIPUG members specifically (i.e. per filed Application - 39% of electric savings and 29% of natural gas savings). MIPUG intends to test the achievability of EM’s plan within the industrial sector and more broadly the cost-effectiveness of EM’s plan overall to achieve its savings targets.

The scope of MIPUG's intervention will include matters outlined in *The Efficiency Manitoba Act* and related Efficiency Manitoba Regulations that influence the filed Three-Year Efficiency Plan. As this hearing is the first attempt at interpreting and applying these mandates, the meaning and flexibility contained in the mandates must be properly examined.

The scale of MIPUG's intervention reflects the importance that these matters have for MIPUG members and the industrial sector at large.

It is also important to specifically note that the mechanism specified for funding Efficiency Manitoba's mandate will ultimately impact energy rates. As such, this proceeding is of prime importance to MIPUG members, who are dependant on stable, predictable and reasonable energy rates and efficient consumption of energy resources for the sustainability of their global competitiveness.

Please state how you are directly affected by the Board's decision in this matter:

MIPUG members will be affected materially by EM spending, as this is ultimately incorporated into electricity rates.

MIPUG members will also be participants in the Efficiency Plan and be directly impacted by any benefits outlined in the Plan for DSM participants. These factors will directly influence individual member operating costs and competitiveness.

MIPUG members, as producers competing in global markets, are unable to pass along increased costs for producing their products, since market price is often established by commodity markets that are subject to supply and demand, global economic conditions and/or binding contract conditions.

Additionally, the Board's review of this initial Three-Year Plan will validate the long-term role of Efficiency Manitoba in the Manitoba market and consider how the performance of the Crown Corporation and its programs will be measured in future proceedings. Industrials often operate under long-lead planning cycles for investment and production decisions and will be impacted over the long-term as a result of decisions made in this proceeding and in the future. It is very important for MIPUG to ensure that the timing and costs for Efficiency Manitoba initiatives provide benefits to Manitoba while preserving predictability and gradualism in domestic energy rates.

Please explain whether and how you represent a substantial number of ratepayers that are otherwise not represented on issues that are within the scope of this proceeding:

MIPUG members collectively consume about 4,000 GWh of electricity annually, accounting for nearly 20% of total domestic electric sales in the Province. While smaller in customer number than most other customer classes, the substantial energy consumption attributable to MIPUG members is anticipated to result in large shares of both savings targets and costs being allocated to the group and the rate classes in which they participate.

More broadly, MIPUG works as a group to represent the general priorities of the industrial sector, including both electric and natural gas rate classes with similar considerations. The industrial sector accounts for more than 35% of Manitoba's total domestic electric consumption and nearly 40% of natural gas consumption.

No other intervenors in this proceeding represent the interests of the General Service Large rate classes and large energy users. Since the interests of the industrial sector generally align with

those of MIPUG members, the group's intervention in this proceeding will provide an important perspective from the industrial sector.

Please describe your experience, information, or expertise relevant to this matter that would contribute to the Board's decision making, including any other prior interventions in regulatory matters before this Board or other decision-makers:

MIPUG has intervened in every Manitoba Hydro hearing since the late 1980's, including the 2001 Centra Gas Acquisition, the 2006 and 2015 Cost of Service methodology reviews and the Needs For and Alternatives To (NFAT) review. A subset of MIPUG members have also supported intervention in the most recent Centra Gas GRA, leading to a broad understanding of key electric and natural gas matters. Previously, energy efficiency matters were considered within these Manitoba Hydro and Centra Gas proceedings as integrated components of their operations.

As a result, MIPUG's intervention will be relevant to this proceeding, with expertise focused on electric utility planning and efficiency programming, and to a lesser degree natural gas. Previous interventions by MIPUG on energy efficiency and demand side management have considered cost-effectiveness and the impacts of achieving prescribed targets, the role of efficiency programming within resource planning, and the impacts to rates. Many MIPUG member companies are involved in similar industrial groups dealing with rate matters, including cost impacts of energy efficiency programming in other Canadian jurisdictions, including but not limited to BC, Quebec, Ontario, and Alberta.

The MIPUG expert team assembled for this proceeding has extensive experience in the planning and implementation of energy efficiency programming, the evolving role of emerging technologies, cost-effectiveness and the impact on rate setting. MIPUG members have experience with implementation of industrial energy efficiency programming having undertaken many energy efficiency investments within their operations. This experience will support effective and relevant contributions for the Board's consideration within the hearing.

Please list the key issues you intend to address in the proceeding. Please be specific:

While still undergoing preliminary assessment, MIPUG plans to address the following key issues in its intervention:

- The framework and mandate for EM's activities and an appropriate approach to regulatory review, including:
 - Whether the EM filing has fully addressed the prescribed factors for the PUB to consider under the Efficiency Manitoba Act section 11(4), standards for information to be provided, and means to efficiently and effectively establish the practice for future EM reviews.
 - Ultimately, whether the EM plan should be approved, approved with suggested amendments, or rejected per the Efficiency Manitoba Act section 11(1).
 - Also, to contribute to a common understanding of the implications of the Efficiency Manitoba Regulation published to date, and whether complementary recommendations should be made by the PUB to the Minister under section 11(5) of the Efficiency Manitoba Act, including with respect to amendments to clarify or alter regulations (per Section 38(2) of the Efficiency Manitoba Act)

- Whether recommendations are required for Ministerial Regulations under section 40(2) in regard to targets, section 49(3)(b) for calculations of cost-effectiveness, and 49(3)(d) regarding calculation of EM achievements.
- The reasonableness and achievability of EM's Three-Year Plan, the energy savings targets encompassed within the Plan and the long-term implications,
- Whether the Plan adequately considers the interests and priorities of industrial customers,
- The benefits, cost-effectiveness and rate impacts of programming outlined in the Plan,
- Whether the cost-effectiveness tests, per Efficiency Manitoba Regulation section 12(1)(b), have been correctly applied and whether the value of conserved energy has been appropriately “determined by Manitoba Hydro based on a methodology consistent with its resource planning process”.
- Whether the cost-effectiveness tests have been properly considered “taking into account the timing and duration of savings” to be expected from the EM programming, per Efficiency Manitoba Regulation 12(1)(b)
- Alternative plans and considerations for the Three-Year period given relevant near and long-term considerations,
- The appropriateness of the methodologies used by EM to select or reject efficiency initiatives and implementation timing,
- Evaluating EM's performance, justification and proposed metrics for achieve the objectives and outcomes of the plan, and
- The impact of emerging and evolving energy technologies on the short and long-term content of the plan.

The above list of key issues is subject to adjustment in response to review of the EM filing, Information Requests, and coordination with other parties. MIPUG has actively participated in the Energy Efficiency Advisor Group (EEAG) consultation sessions facilitated by Efficiency MB in the lead up to the application filing. During these sessions, MIPUG representatives have had contact with other interested stakeholders, including prospective interveners, such as the Consumers' Association of Canada (CAC), Keystone Agricultural Producers (KAP), Manitoba Keewatinowi Okimakanak (MKO), Southern Chiefs Organizations (SCO), Manitoba Metis Federation (MMF) and others as listed in Section 1 of the filed Application (page 10). While it is too early to determine specific issues that will be covered by each intervener, there is agreement that collaboration will take place to avoid duplication in intervention. This cooperative effort has been demonstrated in past proceedings where MIPUG and the Consumer's Coalition have worked together on areas of mutual concern. To date MIPUG representatives and legal counsel have been in communications with Consumer's Coalition representatives and legal counsel to discuss areas of involvement and coordination for this proceeding to improve efficiencies, especially in light of the very tight timeline for the overall proceeding.

Do you intend to request an award of costs for your participation? Please explain how you meet the criteria for an award of costs:

Yes, MIPUG intends to request an award of costs for participation.

Per the PUB's current Intervener Cost Policy, the eligibility criteria for when the Board may award costs includes any intervener who has:

- (a) made a significant contribution that is relevant to the proceeding and contributed to a better understanding, by all parties, of the issues before the Board;
- (b) participated in the hearing in a responsible manner and cooperated with other Interveners who have common objectives in the outcome of the proceedings in order to avoid a duplication of intervention;
- (c) represented interests beyond their sole business interest; and
- (d) a substantial interest in the outcome of the proceeding and represents the interests of a substantial number of ratepayers.

Regarding part (a), MIPUG has demonstrated in past interventions that its focus is on matters directly impacting industrial rates and energy programs, and in doing so, makes a significant contribution in proceedings before the PUB. Often MIPUG intervention directly impacts ratepayers broadly. MIPUG intends to focus its intervention in a manner that is useful for the PUB in its consideration of the Efficiency Plan and its recommendation to the Province in respect to the Efficiency Manitoba Act, the Regulations and mandate.

For part (b), MIPUG is collaborating with other parties in the intervention where issues and priorities align, including parties applying for intervener status (to date this includes the Consumers' Coalition) and other interested parties who may not be applying for intervener status, but are impacted by implementation of the plan (i.e. other industrial users and stakeholder groups).

For part (c) MIPUG's interests are not solely related to members' business interests, but also include the interests and priorities of the industrial sector at large and the long-term sustainability of Manitoba industry. The quantity and cost-effectiveness of savings targets anticipated for the industrial sector are substantive and material to the successful achievement of the Three-Year Plan. As such, MIPUG intervention seeks to align with and represent the interests of Manitoba Hydro ratepayers generally, while balancing the potential impacts to the Manitoba economy.

For part (d) MIPUG's membership includes a substantial number of industrial customers representing different sectors operating across Manitoba (including chemical production, manufacturing, agriculture, food processing, forestry, pipelines, etc.), many rural and often among the largest employers in their respective communities. MIPUG members have a substantial interest in the outcome of the proceeding based on the large proportion of energy consumed domestically by their operations, and the anticipated savings targets and costs that will be assigned to the rate classes that members engage for electric and natural gas service. Where possible, MIPUG's intervention is coordinated with other industrial sector consumers to ensure that it is representative of not only MIPUG members, but all customer classes in which industrial users participate.

MIPUG's responses to the earlier questions in this submission provide more detail on how its intervention meets the criteria set by the Board for cost recovery.

An initial budget estimate has been attached for MIPUG's intervention using the PUB's proposed template.