

Undertaking for PUB – Prepared by Chemtrade

Industrial Rate Comparison Manitoba, British Columbia, Quebec

Following the customer presentation by Chemtrade Logistics on May 16th, 2023, MIPUG Counsel suggested that Chemtrade would seek to update Slide 7 from the Chemtrade customer presentation provided at the 2021/22 Interim Rate Hearing (December 2021), which compared industrial rates in Manitoba, Quebec, and British Columbia at the time of the interim rate proceeding.

The request was not listed as an undertaking in the transcript but is referenced in discussion between the Board Chair and MIPUG Counsel [Transcript 16-05-2023, p.491 - 492].

The following response to the undertaking updates information from Slides 7 and 8 of the 2021/22 Chemtrade Presentation as outlined in the undertaking from the Interim Rate Hearing filed as Exhibit MIPUG-4 (December 2021).

Response – Update of Exhibit MIPUG-4:

The table below provides a year-over-year examination of energy costs and rate increases by year from 2010 to 2023 (includes Manitoba Hydro's proposed September 1, 2023, rate increase). It is noted that these comparisons are inclusive of provincial taxes applied to energy used for manufacturing in Manitoba, British Columbia, and Quebec.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BC Price (Tier 1)	38.85	42.63	45.98	47.39	50.81	54.21	56.57	58.59	58.45	58.18	57.19	57.39	56.93	57.58
BC % Change	9.3%	9.7%	7.9%	3.1%	7.2%	6.7%	4.3%	3.6%	-0.2%	-0.5%	-1.7%	0.3%	-0.8%	1.1%
Manitoba Price	35.86	36.75	37.87	39.59	40.78	41.91	43.46	44.92	46.58	47.74	48.33	49.56	51.44	51.78
Manitoba % Change	3.2%	2.5%	3.1%	4.6%	3.0%	2.8%	3.7%	3.4%	3.7%	2.5%	1.2%	2.5%	3.8%	0.7%
Quebec Price	43.82	43.71	43.51	44.27	45.73	47.00	47.30	47.37	47.40	47.50	47.54	47.82	48.53	50.26
Quebec % Change	1.9%	-0.2%	-0.5%	1.7%	3.3%	2.8%	0.6%	0.2%	0.1%	0.2%	0.1%	0.6%	1.5%	3.6%

Five Year Weighted Increase

- BC (Tier 1) -1.49%
- MB (GSL 30 – 100 kV) 11.16%
- QC (Rate L) 6.03%

Explanations:

- The costs shown in the table above represent the weighted average annual all-in cost of energy in \$ / MWh, inclusive of costs for provincial taxes, rate riders, demand and energy charges.
- The 2023 BC (Tariff 1823) and Quebec (Rate L) all-in energy prices reflect actual price increases effective in 2023. QC rates include a 4.2% rate increase to all components of the rate effective April 1, 2023. BC rates include a 1.0% rate increase to all components of the rate effective April 1, 2023.
- Manitoba rates (GSL 30 – 100 kV) do not reflect credits received under the Curtailable Rate Program (CRP).
- The weighted average annual all-in cost of energy accounts for mid-year changes in utility rates and/or provincial tax rates. Costs for Goods and Services Tax (GST) are not included in these calculations as these charges are fully recovered as input tax credits.

- The following provincial tax considerations were included in the determination of weighted average annual all-in energy costs:
 - o BC – Provincial tax rate applicable to energy used in eligible manufacturing operations decreased from 7.0% to 3.5% effective January 1, 2018, and 0.0% effective April 1, 2019. Electricity is now fully exempt from PST for all purchasers in BC.
 - o MB – Provincial tax rate applicable to energy used in eligible manufacturing operations was set at 1.6% (20% of 8.0% PST) until the PST rate was reduced to 7.0% on July 1, 2019. The resulting tax rate applicable to energy used in eligible manufacturing operations was reduced to 1.4% (20% of 7.0%) at this time.
 - o QC – Eligible businesses are entitled to an input tax refund (ITR) of 100% of the QST paid on expenses (including energy costs related to the use of utilities).
- The five-year percent change in energy costs was determined by subtracting the average weighted energy cost in 2023 from the value for 2018 and dividing the difference by the value for 2018.

Projected 2023 rate increases shown in the Table above and Figure below were drawn from applicable rate applications and/or legislative requirements respecting rate increases presently in effect within the respective jurisdictions.

For illustrative purposes, the difference between the weighted annual all-in energy costs in BC and QC relative to Manitoba are shown in the chart below:

