



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

re:

MANITOBA EFFICIENCY  
3-YEAR ENERGY EFFICIENCY PLAN  
(2020/21 - 2022/23)

Before Board Panel:

Robert Gabor	- Board Chairperson
Marilyn Kapitany	- Board Vice Chair
Hugh Grant	- Board Member
Irene Hamilton	- Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
January 13, 2020  
Pages 1230 to 1539

1	APPEARANCES	
2		
3	Bob Peters (np)	) Board Counsel
4	Dayna Steinfeld	)
5	Kate Hart	)
6		
7	Jessica Schofield	) Efficiency Manitoba
8	Nicole Merrick	)
9		
10	Byron Williams (np)	) Consumer
11	Katrine Dilay	) Association of
12	Danielle Morrison	) Canada (Manitoba)
13	(articling student)	) and Winnipeg
14		) Harvest
15		
16	Antoine Hacault	) MIPUG
17		
18	Jared Wheeler	) MKO
19	Markus Buchart	)
20		
21	Carly Fox	) Assembly of
22	Emily Gugliemin	) Manitoba Chiefs
23		
24	William Haight	) For Independent
25	William Gardner	) Expert Consultants

1	TABLE OF CONTENTS	
2		Page No.
3	List of Exhibits	1233
4	List of Undertakings	1234
5		
6	INDEPENDENT EXPERT CONSULTANT - DAYMARK:	
7	John Athas, Sworn	
8	Kathleen Kelly, Affirmed	
9	Suman Gautam, Affirmed	
10		
11	Examination-in-Chief by Mr. William Haight	1236
12	Cross-Examination by Ms. Katrine Dilay	1363
13	Cross-Examination by Mr. Antoine Hacault	1395
14	Cross-Examination by Ms. Emily Gugliemin	1488
15	Cross-Examination by Mr. Jared Wheeler	1510
16		
17		
18	Certificate of Transcript	1539
19		
20		
21		
22		
23		
24		
25		

1	LIST OF EXHIBITS	
2	EXHIBIT NO.	PAGE NO.
3	MIPUG-11	Regulatory accountability
4		impact analysis, 5 pages 1235
5	DAY-7	Daymark Powerpoint presentation. 1243
6	MIPUG-12	Extract of minimum filing requirement
7		72 which was filed as part of
8		2017/'18 and 2018/'19 General Rate
9		Application 1414
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

LIST OF UNDERTAKINGS		
NO.	DESCRIPTION	PAGE NO.
11	Daymark to insert a column that provides the total reserves cost without the nonenergy benefits for tables 27, 28, 29, and 30	1300
12	Daymark on tables 42 and 43, to add a line which would say LRI percentage increase using four point five (4.5) cents per kilowatt hour at the beginning of the tables	1480
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 --- Upon commencing at 9:01 a.m.

2

3 THE CHAIRPERSON: Good morning,  
4 everyone. Ms. Hart, could you take us through today?

5 MS. KATE HART: Thank you, Mr. Chair.  
6 So on the schedule today, the independent expert  
7 consultant Daymark will give direct evidence, followed  
8 by cross-examination by Consumers' Coalition, MIPUG,  
9 AMC, and MKO.

10 Mr. Chair, I believe that Mr. Hacault  
11 has a brief housekeeping matter.

12 THE CHAIRPERSON: Thank you. Mr.  
13 Hacault...?

14 MR. ANTOINE HACAULT: Yes. On  
15 Thursday, I had referred to the regulatory  
16 accountability impact analysis, a five (5) page  
17 document, but I neglected to have it marked as Exhibit  
18 number 11. So if we could note that for the record.

19 I think it was also already noted in  
20 the Board's listing, but I hadn't in -- so indicated  
21 on the transcript.

22

23 --- EXHIBIT NO. MIPUG-11: Regulatory accountability  
24 impact analysis, 5 pages.

25

1

2

THE CHAIRPERSON: Thank you. Mr.

3

Haight, good morning.

4

MR. WILLIAM HAIGHT: Good morning, Mr.

5

Chair, members of the panel, and to all. I am counsel

6

for Daymark Energy Advisors, the IEC for this hearing.

7

Seated to my right is Mr. John Athas,

8

Dr. Suman Gautam and Ms. Kathleen Kelly. I'm also

9

assisted by my associate Will Gardner today, and they

10

are ready to proceed.

11

THE CHAIRPERSON: Thank you. Please

12

proceed.

13

14

(BRIEF PAUSE)

15

16

THE CHAIRPERSON: Yes.

17

18

INDEPENDENT EXPERT CONSULTANT - DAYMARK:

19

JOHN ATHAS, Sworn

20

KATHLEEN KELLY, Affirmed

21

SUMAN GAUTAM, Affirmed

22

23

EXAMINATION-IN-CHIEF BY MR. WILLIAM HAIGHT:

24

MR. WILLIAM HAIGHT: Mr. Chair and

25

members of the panel, I am alive to the Board's

1 direction regarding the lack of a requirement to  
2 qualify the rep -- Daymark representatives.  
3 Regardless, I have a few background questions that I'm  
4 going to take them through very briefly, just in order  
5 to -- so that everybody in the room are -- is fully  
6 aware of their qualifications and their ability to  
7 give expert opinion evidence today on the issue of  
8 demand-side management.

9                   So firstly, Mr. Athas, you are the vice  
10 president and principal consultant for Daymark Energy  
11 Advisors?

12                   MR. JOHN ATHAS:    Yes, I am.

13                   MR. WILLIAM HAIGHT:   And you hold a  
14 Masters in...

15

16                                   (BRIEF PAUSE)

17

18                   MR. WILLIAM HAIGHT:   Okay. You hold a  
19 Masters of Science in mechanical engineering?

20                   MR. JOHN ATHAS:    Yes, I do.

21                   MR. WILLIAM HAIGHT:   And an MBA in  
22 finance?

23                   MR. JOHN ATHAS:    Yes.

24                   MR. WILLIAM HAIGHT:   You have been  
25 involved in the energy industry in one form or another



1 for over forty (40) years?

2 MR. JOHN ATHAS: That's -- that's  
3 right.

4 MR. WILLIAM HAIGHT: You're -- you  
5 have worked for electric utilities and on behalf of  
6 electric utilities?

7 MR. JOHN ATHAS: Yes.

8 MR. WILLIAM HAIGHT: As a consultant  
9 to Daymark, you have assisted utilities with an array  
10 of services, including utility demand-side management  
11 program review?

12 MR. JOHN ATHAS: Yes.

13 MR. WILLIAM HAIGHT: And integrated  
14 resource planning?

15 MR. JOHN ATHAS: Yes.

16 MR. WILLIAM HAIGHT: You have provided  
17 expert opinion evidence to numerous utility boards and  
18 commissions across North America?

19 MR. JOHN ATHAS: Yes.

20 MR. WILLIAM HAIGHT: And numerous  
21 states and numerous provinces, and provinces including  
22 Nova Scotia and New Brunswick, Newfoundland, and the  
23 Manitoba Public Utility Board?

24 MR. JOHN ATHAS: Yes.

25 MR. WILLIAM HAIGHT: And you were in

1 IEC for the Manitoba Public Utility Board in the NFAT  
2 hearing regarding Manitoba Hydro's 2017 proposal for  
3 Keeyask and Conawapa generating stations?

4 MR. JOHN ATHAS: 2000 -- 2013 --

5 MR. WILLIAM HAIGHT: 2000 -- excuse  
6 me.

7 MR. JOHN ATHAS: Yes.

8 MR. WILLIAM HAIGHT: Yes. Excuse me.  
9 Thank you. Moving over to Ms. Kelly, Ms. Kelly, you  
10 are a vice president and principal consultant of  
11 Daymark Energy Advisors?

12 MS. KATHLEEN KELLY: Yes.

13 MR. WILLIAM HAIGHT: You hold a  
14 Bachelor of Science in math -- in mathematics from the  
15 University of Massachusetts?

16 MS. KATHLEEN KELLY: Yes.

17 MR. WILLIAM HAIGHT: And you hold an  
18 MBA in finance from Northeastern University?

19 MS. KATHLEEN KELLY: Yes.

20 MR. WILLIAM HAIGHT: You were both the  
21 manager and director of a large Northeastern electric  
22 utility for a number of years?

23 MS. KATHLEEN KELLY: Correct.

24 MR. WILLIAM HAIGHT: And while holding  
25 the position of director, you were the director of

1 regulation and restructuring, as well as the manager  
2 of DSM evaluation and manager of DSM planning?

3 MS. KATHLEEN KELLY: That's correct.

4 MR. WILLIAM HAIGHT: So you have  
5 extensive experience in the issues of DSM?

6 MS. KATHLEEN KELLY: Extensive and  
7 long.

8 MR. WILLIAM HAIGHT: Okay. You worked  
9 directly with the issue of DSM for that utility and  
10 managed all staff working with DSM?

11 MS. KATHLEEN KELLY: I did.

12 MR. WILLIAM HAIGHT: You provided  
13 expert opinion evidence before a number of utility and  
14 -- state utility commissions and boards on the issue  
15 of DSM?

16 MS. KATHLEEN KELLY: Correct.

17 MR. WILLIAM HAIGHT: You have  
18 published a number of papers and publications on the  
19 issue of DSM?

20 MS. KATHLEEN KELLY: Yes, I have.

21 MR. WILLIAM HAIGHT: And you've sat on  
22 the board for five (5) years of the Association of DSM  
23 Professionals, now known as the Association of Energy  
24 Service Professionals, which is an organization that's  
25 -- that provides support and advocacy for

1 professionals in carrying out DSM work?

2 MS. KATHLEEN KELLY: That's correct.

3 MR. WILLIAM HAIGHT: And you were  
4 accepted as an independent expert consultant by the  
5 Manitoba Public Utility Board for Manitoba Hydro's  
6 2017 rate application?

7 MS. KATHLEEN KELLY: That's correct.

8 MR. WILLIAM HAIGHT: Dr. Gautam, you  
9 are an economist and senior consultant with Daymark  
10 Energy Advisors?

11 DR. SUMAN GAUTAM: Yes.

12 MR. WILLIAM HAIGHT: And you hold a  
13 PhD in energy economics?

14 DR. SUMAN GAUTAM: That is correct.

15 MR. WILLIAM HAIGHT: Which you  
16 received from Pennsylvania State?

17 DR. SUMAN GAUTAM: Yes.

18 MR. WILLIAM HAIGHT: You also hold a  
19 Masters of Science in energy economics?

20 DR. SUMAN GAUTAM: That is -- that is  
21 correct.

22 MR. WILLIAM HAIGHT: And in addition  
23 to your duties as Daymark Energy Advisors, you also  
24 hold some teaching responsibilities in the economics  
25 department at the University of Massachusetts at

1 Lowell?

2 DR. SUMAN GAUTAM: Yes. I -- I taught  
3 there for a semester.

4 MR. WILLIAM HAIGHT: Okay. And at  
5 Daymark, you provide a variety of consulting services  
6 to the energy industry, including the evaluation of  
7 DSM programs?

8 DR. SUMAN GAUTAM: Yes.

9 MR. WILLIAM HAIGHT: And you published  
10 papers on a wide array -- array of energy sector  
11 issues, including the effectiveness of renewable  
12 portfolio standards and reducing carbon emissions?

13 DR. SUMAN GAUTAM: That is correct.

14 MR. WILLIAM HAIGHT: And you were  
15 accepted by the Public Utility Board of Manitoba as an  
16 independent expert consultant in Manitoba Hydro's 2017  
17 rate application?

18 DR. SUMAN GAUTAM: Yes.

19 MR. WILLIAM HAIGHT: No further  
20 questions.

21 With that. I will turn the mic over to  
22 Mr. Athas in order to go through the PowerPoint  
23 presentation which I understand has been marked as  
24 Daymark Exhibit 7.

25

1 --- EXHIBIT NO. DAY-7: Daymark Powerpoint  
2 presentation.

3

4 MR. JOHN ATHAS: Prior to starting  
5 that, I wanted to just clear up some things on errata.  
6 We had -- as of last Friday, I believe, we file --  
7 filed a final bit of cleanup on our -- on our report  
8 with every -- that shows several sections highlighted  
9 in yellow where that -- that signifies a change from  
10 the original report on December 9th.

11 We also filed a smaller document that  
12 showed -- essentially tracked changes for all of those  
13 changes, but in a much smaller document, so somebody  
14 could -- could easily check and see if anything that  
15 was important to them had changed. We hope that was -  
16 - that mitigated some of the inconvenience caused by  
17 the fact that we had to -- had to do those changes.

18 Nothing of mat -- material or -- or  
19 substance or anything that would change our viewpoints  
20 was -- was changed in any way, shape, or form. Some  
21 of the -- the -- some of the aspects were -- for  
22 instance, there was a -- a wrong table that had gotten  
23 in, or wrong headings on tables, and we cleared up  
24 headings on tables because of confusion and -- and  
25 things like that, but nothing -- nothing that changed

1 the report from -- in its viewpoint from the -- from  
2 the first app -- application on -- on December 9th.

3                   Okay. So as we get started, I -- I  
4 just wanted to -- to -- to thank the -- the team at --  
5 at Efficiency Manitoba and the work that we had done  
6 in a very short period of time, between the formality  
7 of Information Requests and the responses there, and  
8 the fact that we had several -- many phone calls and  
9 technical sessions with them on their work papers and  
10 other things to clear up as much as -- as much as they  
11 could fit in because they did have a lot of  
12 obligations to get some Information Requests done, so  
13 they -- they were very helpful to us and  
14 collaborative, and we probably wish we had more time  
15 to be able to -- to have more of those interactions,  
16 but they were not limited by their desire to help us.

17                   Okay. So the -- the agenda on our  
18 presentation is -- is to walk through issues around  
19 our -- our report and our evidence, and the -- and  
20 we're going to go through them and in -- in six (6)  
21 sections, the very -- a couple of slides just to  
22 orient us to -- again to things you've been talking  
23 about for the last week, the Efficiency Manitoba Plan,  
24 then the -- some issues around -- in our review for  
25 cost-benefit analysis, looking at the -- our viewpoint

1 on any issues around deliverability, which is, in our  
2 definition, all the aspects that could go in, can they  
3 -- can they make the programs and -- and efficiency  
4 savings happen that they put out in the plan. So it's  
5 a very broad category for deliverability.

6                   We have a small part of the  
7 presentation on savings targets, which that includes  
8 codes and standards, and we have a -- we touch a  
9 little bit upon the plan for evaluation, measurement,  
10 and verification, which is -- captures the issue  
11 around an independent expert that will be engaged at -  
12 - by Efficiency Manitoba as per the Act and the  
13 regulations.

14                   So as everybody knows here, the Act --  
15 we -- we were working with the -- with some knowledge  
16 of the Efficiency Manitoba Act that established  
17 Efficiency Manitoba and -- and set some targets and  
18 mandates, and including a three (3) year plan  
19 requirement that we're all here reviewing. We have --  
20 we have become -- come familiar with the -- the  
21 regulation that details how certain things should be  
22 done, accounted for, including cost-effectiveness, and  
23 we've reviewed a lot of the PUB proceedings to  
24 establish the scope for our work and the scope for  
25 this review.



1                   We reviewed, and through the -- the  
2 Minister's letter -- letter that was sent to Manitoba  
3 Hydro -- Efficiency Manitoba to emphasize what they  
4 were hoping to have Efficiency Manitoba accomplish.  
5 And we -- and we recognize that -- that there was a  
6 series of responsibilities given to the PUB in this  
7 review process.

8                   So in the -- in the purpose that we  
9 have here today is to assist you in the review of --  
10 of the plan and engage as an independent expert with a  
11 defined scope of work and a -- and no other  
12 interaction with the PUB other than for information  
13 and clarity around IRs and -- and other things, so was  
14 a rather minimal contact after the scope of work was  
15 established.

16                   And the scope of work in a -- in a  
17 nutshell is -- is basically six (6) things. Can the  
18 targeted net savings be delivered; are there benefits  
19 of the initiatives there; is there -- is it cost-  
20 effective based on what the regulations determined to  
21 be cost-effective; is there accessibility to a wide  
22 array of Manitobans; and should -- should our --  
23 should the information from our review leave us with  
24 an opinion on whether they should be increasing or  
25 decreasing -- recommending increasing or decreasing

1 savings targets; and then the review of the savings  
2 tracking process, which is the evaluation measurement  
3 and verification that I mentioned is the last item  
4 before.

5                   What was not in our scope was any work  
6 to understand, derive, and other things, the marginal  
7 values or the avoided costs associated with the --  
8 from Manitoba Hydro that are associated with the cost-  
9 benefit analysis with the programs.

10                   Okay. Our approach: We said first is  
11 the -- asked ourselves is the plan complete, for what  
12 -- that's been prescribed for it to have. You know,  
13 as we said, it's focused on can they deliver the  
14 estimated savings, and are all the initiatives and --  
15 and initiatives is purposely used as a different thing  
16 than what we've -- what -- what we've been talking  
17 about in a lot of things.

18                   And you'll hear us talk about, which is  
19 whether it's a portfolio, a bundle, a plan, a program,  
20 a measure, and other stuff, and we'll get into that  
21 and we'll be happy to talk about that with you at --  
22 at the -- at the appropriate times or any times that  
23 you have a question. Feel free to interrupt us if --  
24 and during this present -- presentation as well.

25                   The -- we've reviewed the -- we looked

1 at the -- the plans for the E -- E, M, and V there,  
2 and we looked at the annual savings targets and how  
3 they would be -- calculations would be and set forth  
4 that -- that -- to determine whether they meet the  
5 targets or not. And we looked at the long-term  
6 targets because there has -- there was some brief  
7 discussion in the long-term -- in the -- in the  
8 regulations that -- about the long-term aspects that  
9 is hoped that Manitoba -- Efficiency Manitoba would  
10 accomplish in the next fifteen (15) years. And we  
11 were tasked with providing overall findings, and --  
12 and we have a few of those here today.

13                   Okay. We have some -- four (4) overall  
14 conclusions. We had a -- in Section 7 of the  
15 document, which I'll talk about in the next slide --  
16 we had a lot of individual things, but overall we  
17 think that the plan as put forward largely complies  
18 with the Act. It's -- it -- and mostly passes the  
19 cost-effectiveness test at the level that was  
20 prescribed, and -- and has relatively low rate  
21 impacts.

22                   You can see that in just one (1)  
23 observation, there is -- there's -- subject to  
24 interpretation as to what many of these aspects are.  
25 Like, for instance, how -- what is low and -- for rate

1 impacts and -- and what is, you know, largely comply  
2 and the like, and how -- how is some of the  
3 statistics, including the annual savings, calculated  
4 to determine whether they comply.

5                   We do have a -- a concern that without  
6 the intended, as we think Efficiency Manitoba's plan  
7 to do from the discussions we've had with their  
8 management team -- without extensive monitoring and  
9 even agility at implementing the plan over the next  
10 three (3) years, Efficiency Manitoba might be  
11 challenged for a successful deliverability in the --  
12 in the short term, especially that first year.

13                   I mean, there's a -- as we'll talk  
14 about, there's a lot of transition benefits from  
15 Manitoba Hydro programs, but it's still an  
16 organization that's brand new and it's -- so it's --  
17 it's -- it's got the characteristic challenges that  
18 new organizations have.

19                   The -- we do think that there are some  
20 questions that in terms of the ultimate issues around  
21 compliance, that the -- the outcome of compliance or  
22 non-compliance was based on whether -- how the PUB  
23 interprets certain factors, like the -- the counting  
24 of codes and standards and the -- the counting around  
25 a particular program that has a very large measure of

1 load displacement.

2                   And the -- and our last overall  
3 conclusion is that depending on what the -- is meant  
4 by the long-term goal and -- and what they -- what  
5 they want to see accomplished, in the -- the plan and  
6 similar plans for the next -- next rounds of three (3)  
7 years, might not be setting Manitoba on a track which  
8 -- to achieve the long-term savings that -- that --  
9 that is mentioned within the Act.

10                   But the one (1) thing that I would  
11 emphasize is that our team, and especially Ms. Kelly  
12 and I, don't feel that there is any fatal flaws in  
13 anything that we've seen that tells us that -- that  
14 the activities are going to be failures in -- in a  
15 large sense of the world in terms of managing costs,  
16 managing -- getting some of the savings, getting the  
17 deliverability of the programs, and the like.

18                   As I mentioned, we have -- in Section 7  
19 of our report, we had a -- a summary of -- finding  
20 summary of issues, and there were a number of issues  
21 around the -- in total and -- but again, none of  
22 those, while we think they're important to point out  
23 for you for your giving -- for looking at your  
24 evaluation of what to recommend around the approval of  
25 the plan and for the management team at Efficiency

1 Manitoba to keep in mind as they -- as they go forth  
2 and carry out this three (3) year plan, if -- if  
3 approved.

4                   Okay. And we've -- we've organized  
5 that there's five (5) sections after this -- that  
6 introduction, one (1), we're going to just quickly go  
7 through the -- some findings and summary and  
8 completeness around the plan. We have the -- some  
9 extensive amount of slides around the cost benefit  
10 analysis, we did try to figure out a way to pare it  
11 down to be hopefully get into the hour and a half.  
12 But we certainly don't mind questions.

13                   And then we're going to look at some of  
14 the aspects to be compared around deliverability,  
15 discretions around the savings targets and a very  
16 short section on E, M and V.

17                   So looking at the -- looking at the  
18 plan, and on compliance. As originally presented, the  
19 plan met the targets. Now, this section we're not --  
20 we're repeating what's in the plan as opposed to  
21 giving a -- a value judgment on it.

22                   So -- and so they -- they presented a  
23 plan that we -- that met the targets in their -- in  
24 their viewpoints and interpretations. They set a --  
25 presented a plan that had a -- met the thresholds of

1 accessibility to hard to reach Manitobans, and they --  
2 they -- they did this preparation of programs and  
3 testing for cost effectiveness in the manner that was  
4 prescribed by the legislation and the regulations.

5           At section 7.1 of the Act establishes  
6 the annual savings targets, as you all know, about 1  
7 1/2 percent for electric and three-quarters of a  
8 percent for gas.

9           There was an adjustment to the plan  
10 from a correction of -- of arithmetic error that --  
11 and that would bring them from slightly over the three  
12 years from slightly above the electric target of 1 1/2  
13 percent on average to slightly below. And depending  
14 on how you round, or how many digits you want to go  
15 to, it actually -- both of those could be considered  
16 1.5, and we'll talk about that.

17           But the -- so this is -- this is the  
18 aspect, this is a key thing, that they did propose a  
19 plan that they felt met the targets.

20           And the -- and they have -- even though  
21 they've made the correction for the numbers, they  
22 haven't, certainly during this proceeding, had time to  
23 re-establish a plan to kind of get back slightly over  
24 the one and a half percent instead of slightly under.

25           They've looked at a -- if we go to the

1 next slide. They looked at three (3) years of annual  
2 savings on the electric side, both on -- in energy and  
3 in peak demand. And -- and you see as put forward  
4 they were at average of 1.51 percent.

5                   They looked for the average of the --  
6 on the gas side and -- and they were two (2) main  
7 metrics. The percentage of natural gas savings, and  
8 the amount of -- of GHG, greenhouse gas, CO2, that the  
9 plan was reducing in Manitoba.

10                   One (1) of the things that -- that  
11 struck us that we'd like to just point out is while  
12 there's a -- a direct correlation inside of Manitoba  
13 for the greenhouse gas reductions from -- on the  
14 natural gas side, there could be, depending on how the  
15 -- what was intended by the legislation.

16                   So there could be a -- a corresponding  
17 discretion of greenhouse gas reductions due to  
18 electric programs, because probably the net effect of  
19 some -- the downstream effect, no pun intended, of the  
20 electric energy efficiency programs probably results  
21 in less greenhouse gases across the US border in MISO.

22                   And -- and that -- and since greenhouse  
23 -- since the -- the emissions of CO2 are not a local  
24 issue, but a global issue, it's probably something  
25 that -- that Manitoba should consider getting --



1 taking credit for within itself.

2                   Okay, the other thing is the last one  
3 of -- this aspect is here's where we show that the --  
4 the numbers have dipped slightly from the 1.51 three-  
5 year average on electric to 1.46.

6                   And as I said, depending on how you --  
7 how many digits you go out to, they're both 1.5. But  
8 they certainly went from just slightly above to  
9 slightly below a 1.50 number. And that was a  
10 correction around codes and standards, I believe.

11                   Okay, the -- the plan that was put  
12 forward, despite taking a lot of aspects for a -- a  
13 very smooth transition from the programs from -- from  
14 Manitoba Hydro, the plan has considerably more  
15 electric savings, 35 percent, and over 40 percent  
16 additional gas savings than the -- what Manitoba Hydro  
17 was working with several years ago.

18                   This slide is taken right out of the  
19 Efficiency Manitoba presentation -- report. They --  
20 the plan is aggressive in the sense that it's going to  
21 accomplish more with less, which is almost every  
22 business entity's goal in the -- in the 21st century,  
23 is that -- and the costs are lower, we'll get into  
24 that a little bit more discussion around reliability  
25 and the -- the you know, there's a slight increase in

1 percent -- in program costs, but there's -- many of  
2 the cost aspects are -- are expected to be lower given  
3 the focus that Efficiency Manitoba is bringing to the  
4 -- and fresh managements now that they're trying to  
5 bring to the -- their organization.

6                   The electric programs do involve all  
7 the customer segments. They have -- they do get a  
8 larger percentage of their savings from the business  
9 customers and even proportionately more of the savings  
10 than the -- the proportion of the budget that they  
11 have.

12                   So they get almost 80 percent of the  
13 savings come from the business customers, and they --  
14 with 60 percent of the budget targeted toward those --  
15 those customers on the electric side.

16                   On the natural gas side, similarly they  
17 are involving all sectors. They have a -- about half  
18 of the savings come from business customers, and  
19 they've -- you -- you put forward a budget for them  
20 that's a little over a third of the budget goes to the  
21 business customers as well.

22                   But you can see that this -- one (1) of  
23 the aspects that we'll talk about a little bit more of  
24 the involvement of all the sectors for the -- of  
25 Manitoba customers is -- is there within the plan.

1                   They've introduced ten (10) new  
2 programs, and -- and labelled them -- here they --  
3 they -- we'll talk about their initial impact and  
4 like, but it's -- there was a lot of discussion around  
5 the launching of Efficiency Manitoba with expecting to  
6 see not the same old same old. And so they -- they've  
7 already before hitting this running even, they've had  
8 some -- in terms of implementation, they have put  
9 forward ten new programs.

10                   And while only two (2) of those  
11 programs say -- for -- for the Indigenous sector, many  
12 of the residential programs, even commercial programs,  
13 are available to that population as well, but they  
14 just haven't been particularly tallied to that  
15 population.

16                   Okay, in the compliance with section 9  
17 they've -- they've -- their plan includes DSM,  
18 educational, innovative initiatives as we've talked  
19 about, as -- as a threshold. I mean, there's a long  
20 way for them to go to be working on their -- to be  
21 doing work over the next fifteen (15) years, and even  
22 over the next three (3) years.

23                   They have analysed cost effectiveness.  
24 They have done -- they have given an assessment of  
25 benefits. They -- they have taken on stakeholder and

1 public input throughout their -- through their  
2 planning process.

3                   They've included innovative financing  
4 and loan programs to -- to help create penetration  
5 where there might -- might have been difficulty  
6 before.

7                   They've put forward a budget and they  
8 actually -- and they have assessment and performance  
9 standards expected to be -- to be managing their  
10 organization and demonstrating to the PUB and to the  
11 public that -- how well they're doing.

12                   They obviously -- they haven't  
13 addressed any plans for that -- that savings shortfall  
14 and -- and the plan was relatively silent on what the  
15 15-year impact would be, and the like, and for one (1)  
16 thing, that the 15-year impact is going to come from a  
17 succession of three-year plans, not just this three-  
18 year plan.

19                   So I -- we don't take that as a -- as  
20 something that a major problem that they've -- they've  
21 missed, but it might be something that you need to  
22 consider when you -- in your deliberations as to  
23 whether you accept the plan or recommend the  
24 acceptance of the plan, I should say.

25                   In addition to some of the elements

1 that -- of compliance, you know they -- as I  
2 mentioned, they have all these areas they seem to have  
3 compliance.

4 I've mentioned starting at the bottom,  
5 that they -- that they -- that we do have some  
6 concerns that we'll talk about toward the end of this  
7 presentation on the long-term impact and again, we're  
8 not sure whether they -- the math produces something  
9 that's a concern, or because it's open to  
10 interpretation.

11 We -- another place around the -- that  
12 there needs to be some policy decisions made versus an  
13 expert offering a decision made is -- is around the  
14 codes and standards and the like.

15

16 (BRIEF PAUSE)

17

18 MR. JOHN ATHAS: Okay. In a -- in the  
19 aspects that they -- they -- that we see in  
20 deliverability, they did get to all the classes of --  
21 standing classes of customers, and they have a budget  
22 that gets over the 5 percent threshold for hard to  
23 reach customers, low-income, and the like.

24 They have done an analysis, a very  
25 small percent of their time and their report on

1 analysis on rate impacts. We have some different  
2 opinions as to how to do that -- that metric, and I  
3 know there's been other pla -- parties that have put  
4 forward even different opinions than either one of us  
5 on that, and we'll talk about that.

6                   The -- the -- there has been  
7 involvement and expected to be involvement in the --  
8 in the delivery of the program's private sector as  
9 much as possible and -- and other -- other  
10 organizations that are non-governmental organizations.

11                   So, that -- that is something that  
12 they've touched upon in the development of the plan  
13 and is expected to be a part of their implementation.  
14 And they have adequate consideration of -- of the  
15 merging technologies and -- and their interpretation  
16 of the minister's directives. They -- they're  
17 following through on that.

18                   So, before I just move to cost benefit,  
19 is there any questions on the -- from the panel on --  
20 on what you've seen so far? And I apologize if I -- I  
21 start losing my voice, but I seem to have picked up a  
22 friend on the -- on the plane out here on Saturday.

23                   Okay. In each of our sections you'll  
24 see this first slide on the summaries of findings.  
25 The numbering refers to what number they were given in

1 section 7 of the report so that, if that -- if -- if  
2 those -- if -- if somebody has -- anybody, like  
3 yourselves or the other parties, have notes or  
4 questions around a certain finding, we -- we didn't  
5 want to change the numbering system.

6                   And we -- we structured the  
7 presentation here in a little different order than our  
8 report.

9                   So, you can see that there -- there are  
10 eleven (11) findings around cost benefit analysis.  
11 Most of it is that they've -- that they have complied,  
12 as we mentioned.

13                   There are aspects where we get into a  
14 discussion of measure level analysis. And we'll talk  
15 about that because there -- that -- that can provide  
16 some guidance on -- on how the panel might want to  
17 view the cost effectiveness or the -- the benefits of  
18 -- of the programs.

19                   And it's much more important on the gas  
20 side than -- because of the numbers, than the electric  
21 side where there's a view -- a small percentage of --  
22 of measures that have cost greater than benefits on  
23 that -- on a very simple test.

24                   The -- the natural gas savings measures  
25 are more long lived than the electric savings

1 measures. And they -- and, as I mentioned a little  
2 bit in the preview, we do think that -- and we'll get  
3 to it, that the -- the rate impacts have been a little  
4 bit underestimated in their -- with their LRI  
5 analysis. And I'll define 'LRI' in the -- in we --  
6 when we get to it. Okay.

7           Thinking a little bit on costs starting  
8 from the cost-effectiveness and -- and other stuff,  
9 the la -- the cost-effectiveness testing is first  
10 starting with the -- the savings that are coming out  
11 of the programs, the savings on -- that come from --  
12 from codes and standards.

13           And we'll talk about where that savings  
14 come from and -- so you can have information to -- to  
15 decide as to the appropriateness of the way it's being  
16 handled by Efficiency Manitoba or -- or the  
17 alternatives.

18           But the cost-effectiveness is related  
19 to the program work and for electric that's almost 80  
20 percent of the savings and from -- and just under 70  
21 percent for the -- for natural gas.

22           So, the cost-effectiveness analysis had  
23 to be applied to the major -- ma -- the vast -- a big  
24 majority of the analyses. Okay.

25           We did spend a lot of time in -- with



1 Information Requests and reading everybody else's  
2 Information Requests, and a baptism by fire for the  
3 Efficiency Manitoba people I'm sure.

4                   We reviewed all their -- all their  
5 detailed work papers and consulted with them, as I  
6 mentioned, numerous times in a very collaborative  
7 manner.

8                   We -- we looked at the three (3) year  
9 plan in its entirety to look at the cost  
10 effectiveness. We did look at the -- the cost  
11 effectiveness from the -- that's be -- as it's being  
12 espoused in the portfolio level all the way down to  
13 the detailed measure level within their Excel work  
14 papers.

15                   So, we -- we had access to very  
16 detailed information and -- and spent a lot of time  
17 making sure that that information was being processed  
18 -- had been processed correctly by the Efficiency  
19 Manitoba team.

20                   The -- and the -- and we tried -- we  
21 took our knowledge of other practices and things that  
22 we've done personally and things that -- that are  
23 being done in other -- other utilities today and in  
24 the past, including some work that we've done recently  
25 with Efficiency Nova Scotia and the -- and hearings

1 regarding them, and we -- but we did break -- have to  
2 make our own data.

3 We did start with a real data analysis  
4 of their data, and then start working from there.

5 Okay. So, the -- the plan spends, as -  
6 - as you must -- are very well aware, just -- just  
7 under \$210 million is the budget over the three (3)  
8 years.

9 That's certainly, you know, a level of  
10 dollars that -- that warrant some scrutiny and -- and  
11 a lot of review to make sure that people are all in  
12 the -- on the same page on spending that kind of  
13 money.

14 The electric is about a little over --  
15 a little over double the natural gas, just as the  
16 savings are double on -- on the electric side.

17 The -- the other thing to kind of -- on  
18 that, to give you thumbnail sketch of the -- of the  
19 information in the worksheets, it would be not exactly  
20 -- not exactly a presentation that -- to the right  
21 level for us to start showing you pieces of the  
22 worksheets from Efficiency Manitoba.

23 But they went into detailed analysis on  
24 costs of the -- of the programs, costs of the --  
25 administrative costs of the programs, how to do

1 customer support for the people that are in their  
2 programs, and -- and even -- and on their overhead and  
3 what their incentives would be and the like.

4                   So, they -- they didn't start -- they  
5 didn't do an analysis by taking rough estimates of  
6 what -- of what programs would cost from other people.  
7 They -- they naturally had a good starting base of  
8 information from Manitoba Hydro's work. Many of the  
9 spreadsheets started there.

10                   But they -- just to give you an idea  
11 that there's many components of costs that had to be  
12 estimated, and they did it at -- as granule level as -  
13 - as we've seen in the Efficiency utility, or utility,  
14 do it -- do that analysis.

15                   Okay. The -- the first thing that --  
16 that -- and we'll talk about this a few times, is they  
17 go in -- when they go all the way down to a measure --  
18 now, a measure is in -- you guys probably have the  
19 definition.

20                   In -- in my kind of wording, I kind of  
21 say it, a measure is the thing that gets done that  
22 creates savings. It could be a piece of equipment.  
23 It could be insulation. It could be windows. It  
24 could be -- it could be energy management, like,  
25 something that shuts off the lights when -- when

1 nobody's in the room and -- and the like.

2                   So, it's -- it's got a broad array of  
3 functionality, but it's the thing that causes the  
4 energy efficiency, whether it be natural gas or  
5 electric.

6                   And -- and -- you know, and the  
7 vernacular that you've -- that you've seen a little  
8 bit, you know, measures are components of programs.  
9 Components -- programs are looked at in a bundled kind  
10 of way by the -- by Efficiency Manitoba.

11                   And those bundles can be aggregated up  
12 by sector into a sector portfolio or an electric and  
13 gas portfolio when they're looking at economics. So,  
14 they've done appropriately looking at that.

15                   But -- but to understand what they're -  
16 - whether they're doing the savings calculation as to  
17 what will happen when they do things, they do that at  
18 the measure level. And they have taken most of that  
19 information from -- from Manitoba Hydro in the past.

20                   So, they -- they didn't -- they didn't  
21 go out and pursue external research or other stuff  
22 because of the experience they've already -- that team  
23 already had with Manitoba Hydro information.

24                   Some things to make sure that -- not --  
25 not to be -- dwell on, but there's some concepts out

1 there of, you know, what kind of -- natural  
2 conservation of what's going on with our programs,  
3 what happens when you -- when you have to -- when you  
4 give incentives to people that were not -- that were  
5 going to do something anyway without -- if the -- if  
6 the program didn't exist, and that's the -- the famed  
7 free-rider concept.

8                   A free-driver concept is people that  
9 kinda get -- that kinda get swept along with the  
10 programs but don't get incentives. They -- they get -  
11 - which is not a bad bunch of people to have. And  
12 then the -- they even accounted for persistence of the  
13 savings, so that some of the savings might degradate  
14 (sic) over time, especially if it has to do with  
15 behavioural change and the like.

16                   So they've made those assessments at  
17 the measure level. So they've done some detailed  
18 thinking throughout the -- the valuation of the plan,  
19 the creation of the designs, and the like, and from  
20 everything that we've seen and were able to look at,  
21 they properly accounted for these effects.

22                   And -- and -- and one (1) of the ways  
23 that -- that if you hadn't had the discu -- I don't  
24 think you had the discussion here -- but for the free  
25 riders, for example, if you -- if 20 percent of the

1 people that you -- that you were going to do the --  
2 implement a measure, that had participated in the  
3 program without the program, they -- the net savings  
4 of the program is the 80 percent, so they -- and in a  
5 standard way that the efficiency analysis is done all  
6 across North America.

7 THE VICE-CHAIRPERSON: So Mr. Athas,  
8 just to ask on that point -- so you have seen the  
9 free-rider principle applied in other jurisdictions  
10 where you've advised?

11 MR. JOHN ATHAS: That's correct.

12 THE VICE-CHAIRPERSON: Thank you.

13 MR. JOHN ATHAS: And then they've ma -  
14 - and when they make assessments on free riders --  
15 there's different free riders assessed. I mean, some  
16 of the number overla -- are the same in different  
17 ones, but -- since there's so many measures, but there  
18 are -- they -- they've done that on a measure-by-  
19 measure basis. There's not just one (1) blanket  
20 number that they've applied.

21 THE VICE-CHAIRPERSON: Similarly with  
22 free drivers?

23 MR. JOHN ATHAS: Correct.

24 THE VICE-CHAIRPERSON: Thank you.

25 MR. JOHN ATHAS: And in addition to

1 these effects to capture things, they've also -- I  
2 know you've had some discussion already on it on -- in  
3 the hearings -- they've also captured the -- some  
4 interactive effects, which is that some of the  
5 measures have a -- a secondary effect where they  
6 increase the consumption of electric or gas energy as  
7 a result of -- of electric efficiency being improved  
8 by some device. And we -- and we'll talk more about  
9 that, as -- as in right now.

10                   The -- so the -- when they are looking  
11 at -- like, the best example to understand this  
12 interactive effect is when you change your lighting  
13 from either florescent or even if it was incandescent  
14 still around to LED, you -- you save a lot of kilowatt  
15 hours directly on the lighting, but to the extent that  
16 -- that those lights were -- were on at the time that  
17 heating load was being realized by that premise, the  
18 house or business, there is -- the actual byproduct of  
19 electric consumption is heat, so they -- so you kind  
20 of got some heat free when you were getting light, in  
21 a sense.

22                   So if you make that more efficient, you  
23 have less of that byproduct of heat, so that you now  
24 had to make it up by your -- your heating system had  
25 to work a little bit harder and take in some -- a

1 little bit more fuel if it's natural gas or use a  
2 little bit more electricity if it's -- if it was  
3 electric.

4                   They've accounted for that in their  
5 analysis, and we have -- we have some, you know, where  
6 we look at that deeply, had some discussions with  
7 them, and -- but -- and the way they account for it is  
8 different between electric and gas, and appropriately  
9 different between the electric and gas, because most  
10 of the -- these effects, the interactive effects, are  
11 really only caused by the electric programs, but they  
12 do have effect on natural gas consumption.

13                   The -- and it's referred to a little  
14 bit as cross-fuel, meaning the ga -- electric  
15 efficiency affects gas. That's -- that's -- that's  
16 cross-fuel, or own-fuel means electricity affects --  
17 electric conservation affects other kinds of  
18 consumption of electricity.

19                   So -- and that is -- an example that I  
20 have here is that there would be higher electric  
21 heating kilowatt hours in -- from lighting and other  
22 measures, and there would be higher natural gas  
23 heating from other ones, and there'd be a reduction in  
24 cooling demand that I probably should have put on here  
25 as well. But I know that that's not -- that's not



1 quite the scope of issues around Manitoba as the  
2 heating is.

3                   Okay. In general, I mean, a first  
4 order of -- aspect is the description within the Act  
5 and the regulations is to do a cost-effective  
6 analysis, where you look at the costs of Efficiency  
7 Manitoba and you compare it to the marginal value of  
8 producing electricity for Manitoba Hydro and you get -  
9 - get the net savings for the -- when you do that  
10 analysis.

11                   There's a -- there's a term of art out  
12 there in the -- a standard in the industry. That's  
13 called a Program Administrator Cost Test, and when the  
14 -- when only utilities used to do this back a bunch of  
15 years, it was used to be called the Utility Cost Test  
16 and like. So if you -- while the legislation didn't  
17 prescribe PACT, it -- it described PACT and the like.

18                   So they -- they -- they -- they've done  
19 their primary analysis on that, and they've also --  
20 also within their work papers, they've -- they have  
21 more -- other metrics and other things that we were  
22 able to pull directly out of their -- out of their  
23 work papers for some of the information we'll be  
24 presenting here. So they -- they have done even a  
25 more extensive look at cost-effective than just the --

1 the PACT numbers that the legislation presri --  
2 prescribes.

3                   One (1) of the aspects that -- that is  
4 a -- a concern is that the -- that when they've done  
5 the analysis of -- for the electric side for programs,  
6 they've calculated the net present value on the change  
7 at -- the net change in electric consumption with all  
8 those things, the free riders and -- and with the  
9 issue of the interactive effects, and it's -- you  
10 know, the NPV is almost three hundred and fifty  
11 million dollars (\$350 million) over thirty (30) years.

12                   And one (1) of the things that I just  
13 would point out that'll come up a little later, a lot  
14 of -- for a lot of programs and a lot of measures, a  
15 lot of those thirty (30) years is zero because the  
16 measure is -- is -- is -- is finished its useful life.  
17 So there's -- there are effects over thirty (30)  
18 years, but not all of the programs and measures have  
19 effects over thirty (30) years.

20                   On the -- on the natural gas portfolio,  
21 the NPV was just slightly negative over the same  
22 period, and -- and the -- so that leads to, you know,  
23 depending on how you look at it, the -- a program  
24 cost-effectiveness number at the dollar level, as I  
25 mentioned those.

1                   But another way that people look at  
2 these and they -- especially to compare programs and  
3 effectiveness, they look at it as a ratio, a benefit-  
4 cost ratio. So as you see, the last column there says  
5 there's a little -- a three point two seven (3.27)  
6 benefit-to-cost ratio for the electric portfolio, and  
7 that -- that's done with all the proper net -- present  
8 valuing and time value of money and things like that.  
9 It's not a simple statistic, but it's a simple one to  
10 -- to think about when you're -- especially when  
11 you're looking across programs.

12                   On the natural gas side, especial -- as  
13 I said, when you're slightly negative, you're slightly  
14 below one-point-o (1.0) on this ben -- on this  
15 benefit-cost ratio. And we'll talk a little bit about  
16 that. That's -- that's -- that's the impact of the  
17 programs for natural gas. The -- when you get into  
18 the how to account for the interactive effects, the  
19 numbers will change a little bit.

20                   And as -- as I'm pointing out here is  
21 the -- the program-only metrics -- I'm sorry, that was  
22 with -- that was with -- the -- the program-only  
23 metrics do have a PACT ratio of -- for natural gas of  
24 one point four (1.4), so it -- it -- the programs have  
25 a cost-effectiveness that is a little bit better than

1 the -- than what -- the way the portfolio looks when  
2 you take them on average. And they save twenty  
3 million dollars (\$20 million), as opposed to losing  
4 the effect.

5                   The -- when they put in the overall  
6 interactive effect -- and this is -- we'll talk about  
7 this in a couple of places -- is because the electric  
8 programs result in an increase in natural gas, it is -  
9 - it makes a lot of sense to take a look at the  
10 natural gas programs of how much savings they're --  
11 they're producing.

12                   And if you're trying to get three-  
13 quarters (3/4) of a percent savings, you might -- you  
14 want to account for the fact that there's pressure  
15 going upward by -- from the -- from the ga -- from the  
16 electric programs, okay? That -- that, I -- we  
17 believe, is a very valid ques -- thing. So it -- it -  
18 - it -- they look at the net effect of the interactive  
19 effects and the program effects on natural gas to say,  
20 Are they meeting the target?

21                   Where -- where this has gone in their -  
22 - in their reporting of the -- of the information is  
23 when they report an overall effect of cost-  
24 effectiveness of the natural gas program, at -- some  
25 of the metrics actually reduce the savings and thus

1 reduce -- and make the metrics less favourable because  
2 they capture the -- the cost of the increase natural  
3 gas that came from the electric programs.

4                   We think that's -- that statistic --  
5 that -- that calculation kind of blurs things and is  
6 really not the way you want to -- want to do it, you  
7 would rather take the cost of the increased natural  
8 gas and -- and have that show up on the electric  
9 portfolio as making the electric portfolio less cost  
10 effective

11                   So I think it -- it's important to net  
12 out that from your savings targets and natural gas,  
13 but if you're doing any economic analysis, the  
14 interact -- the gas increases from the interactive  
15 effects of electric programs should be something  
16 that's kept for economic analysis within the electric  
17 portfolio.

18                   So we've looked at the -- at the bundle  
19 level here. And the bundles approached different  
20 sectors, and I may go -- go through this in a lot of  
21 detail, but you can see that there's different sizes  
22 of programs in terms of how much impact they are and  
23 their net present value, like the -- the renovation  
24 program on the commercial side and other things has --  
25 is -- is a very large program.

1                   And load displacement is a very large  
2 program from -- and a lot of other programs are pretty  
3 small. And -- and you can see that the -- that the --  
4 what we've put here and I think it appeared in the  
5 report as well, is just compared where the savings are  
6 coming from.

7                   And there -- you can see that there's a  
8 lot of savings in the -- a high percentage of the  
9 savings is coming from the commercial, industrial, and  
10 agricultural segment.

11                   Similarly, our natural gas, and -- and  
12 here's where we -- where there are -- are some  
13 negative NPVs show up and you can see that all the  
14 programs aren't -- all the bundles don't have a -- all  
15 the -- all the bundles are not negative in their NPV,  
16 so that -- so that -- so when you have a portfolio  
17 that's about break even, you have some programs that  
18 are very good and some programs that are -- are below  
19 standard for cost effectiveness.

20                   A way to look at it too, on the -- why  
21 the ratios can be beneficial is they take away the --  
22 the size of the -- so the dollar values can be driven  
23 so much by size, which dollars is important to  
24 everybody, but in stand point of how much bang for the  
25 buck that you get on a -- on a different bundle level,

1 the ratio of -- is a better kind of metric for bang  
2 for the buck.

3                   And what we've done here is opposed to  
4 showing things by sector, like these are the same  
5 bundles that we showed on two (2) slides before this,  
6 but here we've just -- it's -- we've just ordered them  
7 from the best PACT ratio of -- from new homes and  
8 major renovations that's with the MRAs, down to small  
9 business bundles that you -- you could see that all  
10 the electric bundles are greater than 1 in the ratio,  
11 except for the small business.

12                   So there's a lot of information there.  
13 But it -- it definitely helps you understand that the  
14 -- that there are places where you get more bang for  
15 the buck.

16                   One (1) of the things that we'll talk  
17 about in -- throughout this presentation and I'm sure  
18 in our Q and A, that you know, the -- the degree of  
19 which -- if we had -- the degree of which we have  
20 thoughts on focussing on higher bang for the buck kind  
21 of programs or not is -- as well as how that complies  
22 with the -- with the different aspects of the  
23 regulations.

24                   Similarly, for natural gas and because  
25 the -- because the overall portfolio is about 1.0, you

1 can see that there are half -- half a dozen bundles  
2 above 1.0 and a little bit, about eight (8) programs,  
3 seven (7), eight (8) programs -- bundles, sorry, that  
4 are below 1.0.

5 Some of them pretty close to 1.0, and  
6 that's -- that's again something that you -- that --  
7 that can get into the decision making as to whether  
8 something is attractive.

9 In -- in -- I've actually seen places  
10 where in conservation -- a conservation first --  
11 energy efficiency first mentality, that they don't --  
12 they don't stop at the 1.0, they might go a little bit  
13 below that in terms of setting the appropriate cost  
14 effectiveness targets.

15 So they kind of -- they kind of create  
16 the hurdle rate for -- for the generations side as  
17 opposed to the -- using the hurdle rate to energy  
18 efficiency side.

19 MS. KATHLEEN KELLY: I might also just  
20 add, John, that the table numbers that you're seeing  
21 in these slides relate directly to the Daymark report,  
22 so that you can see these tables right in the report,  
23 if they are not readable here.

24 MR. JOHN ATHAS: Thanks for that,  
25 Kathy.



1                   So one (1) of the aspects that you --  
2 that was given in our scope of work from the -- from  
3 the Board was to not only review how the -- how the  
4 cost effectiveness analysis was done compared to the -  
5 - the way it was prescribed within the legislation and  
6 the regulations, which is the PACT issue, is the -- is  
7 there other things that are done out there in -- in  
8 the industry for measuring cost effectiveness.

9                   And the -- and do -- how do those  
10 metrics look and the like. So the -- one (1) of the  
11 aspects of the straight PACT test, which is just --  
12 it's really energy benefits and then any degree of  
13 which the marginal values reflect any savings and  
14 capacity costs or any sa -- electric capacity costs or  
15 transmission investment costs or distribution  
16 investment costs.

17                   So -- but they -- they don't include  
18 anything that's outside the utility cost structure, so  
19 they don't put a value in this PACT test on  
20 environmental benefits.

21                   And they -- and -- you know, so that's  
22 -- that's one of the first things that starts  
23 happening around as a variation for -- for different  
24 jurisdictions, you know, how to incorporate the  
25 monetization of environmental effects into the -- into

1 the cost-benefit analysis.

2                   And then there's the -- then there are  
3 different opinions around the industry of whether the  
4 -- at what level should the cost effectiveness be  
5 reviewed? Should it be a way -- just on the portfolio  
6 level, if the whole portfolio and aggregate is --  
7 produces a good number? Is that -- is that sufficient  
8 or the -- or should you go all the way do -- all the  
9 way through bundles and programs, or all the way down  
10 to measures and stay ahead of the measures economics  
11 lift themselves.

12                   So we'll give you some visibility on --  
13 on that as we go forward, as we went through on our  
14 report and we go through in the next few slides.

15                   A very common test is a total resource  
16 cost test, and that -- that says obviously by sounding  
17 like total and resource, it's things -- its cost by  
18 the participants or there's more costs to implement  
19 the measure than just the utility cost.

20                   The utility cost traditionally and most  
21 -- in most programs have -- do not pay all the costs,  
22 but there are some circumstances even in this proposal  
23 where all the costs are -- are picked up so the  
24 participant doesn't have to pay any of the cost.

25                   But that total resource cost test

1 brings in all the costs, and some additional benefits  
2 which we'll talk about.

3                   Some other tests that are out there are  
4 the -- are the part -- participant cost test and the  
5 ratepayer impact measure test that -- those tend to  
6 not -- in many areas those don't seem to factor much  
7 into the decision making analysis. In a lot of areas  
8 they are calculated nonetheless when they -- when --  
9 and presented to the commission or Board when they're  
10 seeking approval of a plan.

11                   So besides the increased cost on the  
12 total resource cost test by picking in the participant  
13 costs, the -- the first thing that that total resource  
14 cost test, because it draws the circle around the  
15 bigger thing than just the utilities, is non-energy  
16 benefits.

17                   And that could be avoiding greenhouse  
18 gas emissions or -- and the cost associated -- or the  
19 -- a cost or tax associated with that. Any benefits  
20 of water consumption, a lot of these efficiency  
21 measures effect water consumption as well. And then  
22 the -- and the like.

23                   So, what we found within all the work  
24 papers from Efficiency Manitoba is that they've --  
25 they've brought through all their analysis, non-energy

1 benefits, and calcul -- and calculations in their work  
2 papers of total resource cost test.

3                   It's not surprising that they -- that  
4 they didn't put it in their plan, because the plan was  
5 pre -- the Act was pretty descriptive as to how they  
6 wanted to do cost benefit analysis around them.

7                   But you can see in this -- at the  
8 portfolio level here that -- that where the -- that on  
9 the electric side, the net effect on the PACT test on  
10 dollars and the net effect on the total resource cost  
11 test are pretty close to the same, about \$500 million.

12                   I would -- I probably should have did  
13 this -- done this chart without -- without decimal  
14 places. It's -- it's a false precision there to act  
15 like the number's 59.1.

16                   And on the -- but the natural gas side,  
17 the -- the net benefits from the total resource cost  
18 test almo -- almost double the -- the benefits of --  
19 net benefits from the -- from just the PACT analysis.

20                   And that principally comes from the  
21 fact that the -- that there is a greenhouse gas  
22 reduction savings that are ascribed to each individual  
23 measure as for the natural gas, and they -- and not --  
24 and there isn't anything corresponding for -- for the  
25 electric programs, which is one (1) of the reasons why

1 we mentioned early on that we -- we no -- that we  
2 noticed that you could expand the envelope of how you  
3 consider greenhouse gases for these -- for these cost  
4 benefit analysis to something -- the -- the greenhouse  
5 gas reductions outside of the borders of Manitoba.

6 But they -- but it does -- there --  
7 there is a phraseology within the -- within the Act  
8 and the regulations that talk about greenhouse gas  
9 reductions in Manitoba.

10 The -- we -- we definitely looked at  
11 the -- and to -- and wanted to bring to people's  
12 attention in our report the -- the overall ratios of  
13 how that changes in comparing total resource cost  
14 ratios to PACT ratios.

15 And you can see that the -- on a total  
16 resource cost basis, the electric measures are not  
17 three (3) to one (1) in benefits over cost, they're  
18 two (2) to one (1), you know, still -- still pretty  
19 good. Most people would like to have that on their  
20 money.

21 And -- and the -- the PACT ratio that  
22 was slightly below one-o is -- stays at one-o,  
23 basically. Yeah. Point nine nine (.99) and one  
24 point-o (1.0) are the same number to me at the  
25 portfolio level.

1                   But ha -- what -- what do we have from  
2 the information that we've been able to put to --  
3 rebuild and put together from the Ener -- Efficiency  
4 Manitoba work papers is this next slide takes all the  
5 pro -- all the bundles and compares the PACT ratio to  
6 the TRC ratio.

7                   They're in the same order as the  
8 electric side. They're in the same order as that  
9 previous table where we've ordered them from the  
10 highest PACT ratio number to the lowest PACT ratio  
11 number.

12                   And you can see that it's not based on  
13 the program design because of how much of the cost  
14 that -- that the utility puts forward in its  
15 incentives or maybe installing stuff for the -- for  
16 customers, that there's no one (1) direction at the --  
17 at the bundle level from where -- whether -- what  
18 happens to the PACT ratio when you go to the TRC.

19                   So, there's -- some of them go down by  
20 fa -- more than a third; some of them go up. Like,  
21 the -- the income qualified programs go -- go from two  
22 point eight (2.8) PACT ration to over three (3).

23                   And -- and in emerging technologies,  
24 one (1) that you can see, it went from having look --  
25 having favourable PACT technology -- PACT ratio to

1 below one (1) TRC ratio.

2                   So, to the extent that in helping  
3 inform the PUB of the overall effects of the portfolio  
4 and to understand how if you ta -- if you peel the  
5 layers off a little bit, what's going on there to  
6 maybe help you accept or -- or make you want to look  
7 at your review at the -- at a lower level than the  
8 portfolio, these -- this information is -- can be --  
9 might be pretty helpful.

10                   In some jurisdictions, they -- they  
11 make their efficiency organization product both of  
12 these statistics. And there are places in the -- it's  
13 -- I think right now, it's probably a minority, but  
14 there are places around where they -- where their  
15 decision parameter is the total resource cost test and  
16 not the -- not the PACT test.

17                   On the natural gas side, again, the --  
18 the TRC numbers vary -- can vary dramatically from one  
19 (1) -- from the PACT ratios. And it's -- again, it's  
20 not trended, it's -- it's all -- not all one-half of  
21 it, not one-third.

22                   And you can see where, you know, the  
23 home renovation program flipped over from above one  
24 (1) to below one (1). But you can also see where --  
25 places where there's some very big improvements,

1 particularly around the income qualified and the --  
2 the Metis income qualified where those programs had a  
3 PACT ratio that was -- where benefits were half of the  
4 benefits of the -- half of the costs to pretty close  
5 to one (1), pretty close to benefits equalling costs,  
6 at point nine (.9) and point eight (.8) and the like.

7           So, it's -- so, there is some addi --  
8 additional visibility. That -- that probably means on  
9 the gas side that the na -- that the greenhouse gas  
10 value is important. It also might be that these  
11 particular programs are one where the utility's  
12 picking up a very high percentage of the cost of -- of  
13 a measure.

14           There's one (1) more level that we  
15 wanted to go down to -- if we can go to the next slide  
16 -- that -- that -- and we -- we wanted to give the  
17 visibility of -- of whether these measures on their  
18 own right look like something that was a positive or  
19 cost-effective thing to do because sometimes you could  
20 take, you know, a cost benef -- a measure that, if you  
21 put it in codes and standard and you don't have --  
22 have a program cost to -- to deliver -- to deliver it,  
23 it -- it looks pretty good from a cost benefit.

24           Other times, it's a very important  
25 measure from getting savings, and particularly to a



1 set of -- of -- set of people and businesses, that --  
2 that the measure's a good measure, but there's been a  
3 lot of extra costs to tho -- to make a program that  
4 puts that out.

5                   So, we wanted to -- and we've kind of  
6 made up -- created this pure measure value test that's  
7 saying -- that's saying, you know, so how does it look  
8 if you just take the cost to install the measure.

9                   And it could be -- and -- and it's  
10 either buy it if it's equipment and install it or --  
11 so it's, you know, all the cost associated with that,  
12 but there's no program, what happens if there's no  
13 program.

14                   So, the benefits from this to Manitoba  
15 could be the greenhouse gas, the energy saved, and the  
16 water reduction, and they could be the, you know,  
17 energy saved on the electric side, capacity and  
18 distribution and transmission, as the marginal values  
19 have, and the costs are just the incremental costs of  
20 the equipment.

21                   And -- and I was actually expecting  
22 that I -- we would see much -- very, very few measures  
23 that would -- that that -- that wouldn't pass this  
24 test.

25                   So, they all -- you know, they kind of

1 like think of it as all good ideas, you know. And --  
2 and just figure out -- I got to figure out a way to  
3 have them programmatically be able to be delivered as  
4 -- as cheaply as you can or can you -- what do you --  
5 what can you do to -- what can you put a code in  
6 effect that would be -- have that measure be able to  
7 be -- get widely installed without a program. Okay.

8                   So, we -- we did this analysis to see  
9 how it was. And -- and one (1) of the other things  
10 that's -- that's there within the programs, and I  
11 should have mentioned this earlier, is the analy --  
12 cost benefit analysis by Efficiency Manitoba doesn't  
13 try to capture any residual effects after the life of  
14 the measure.

15                   So, they don't look at this three (3)  
16 year plan and say we're going to cha -- we've now tra  
17 -- changed the marketplace, we've transformed it, so  
18 even if we don't do any more -- we sto -- we stop the  
19 program there, more people would have used this  
20 technology, right.

21                   They're -- and in a three (3) year plan  
22 look, that's probab -- that -- that is a good  
23 assumption. But in some places where they look at  
24 plans longer and other stuff, they will actually  
25 ascribe a market transformation benefit after the --

1 after the program costs stop and the like.

2                   So, they -- they don't have that in  
3 their -- in their analysis, and we don't -- we don't  
4 recommend that they do. But it's just important to --  
5 to recognize that there may be additional benefits  
6 that -- that are not attempted to be brought into the  
7 cost-effectiveness. Okay.

8                   So, we found, as -- as we kind of  
9 suspected, on the electric side that there's very few  
10 measures that -- that you really don't want to happen,  
11 you know.

12                   They -- they save money for -- for  
13 Manitoba by putting them in, you know, and it's a  
14 savings that's equivalent to the total resource cost  
15 test savings and it's cost, just a measure alone.

16                   And so, it says that, if you can get  
17 people to do that measure either through -- or you  
18 really want them to do it and stuff. Sometimes the  
19 way you breakdown -- in -- in efficiency analysis, the  
20 way we break down the cost structure could actually  
21 create a -- an odd dynamic where the programs look goo  
22 -- look good from a PACT test, but the -- but the  
23 measures aren't -- aren't cost-effective.

24                   We -- we were a little surprised to see  
25 about 25 percent of the savings from natural gas

1 coming from measures that are -- that below one-point-  
2 o (1.0) on this measure test. There are a lot of  
3 those programs targeted at -- at, you know, customers  
4 that -- with special considerations and oth -- other  
5 things, other -- meeting other objectives like  
6 greenhouse gas reductions and the like so that this --  
7 this look-see is meant to be just one of the aspects,  
8 one (1) viewpoint, to look at the measures, and not  
9 necessarily something that says, Below one-o on this  
10 test? Throw it out. It's not -- we're not trying to  
11 espouse that at all.

12                   The -- we've put together an -- so that  
13 -- so going back -- back up on the slide for a second.  
14 So at the -- at the portfolio level, you can see that  
15 -- that still, the -- three-quarters (3/4) of the  
16 natural gas program, even though it's a savings, even  
17 though it's just about breakeven as a portfolio, come  
18 from measures that are a really good idea that you'd  
19 want to have people do, you know, that -- on their own  
20 volition.

21                   So it's -- so it's -- it's manage the  
22 costs of the programs, get the market transformed into  
23 where a code and standard could have be applied, which  
24 -- then it doesn't have any program cost, and things  
25 like that. So it's -- it's a -- it's a -- you know, a

1 complicated market intervention, nonetheless, but it's  
2 -- but -- but it's good to get an idea of where these  
3 -- where these measures exist.

4 Another aspect on the -- the cost-  
5 benefit analysis is that the -- that a lot of these  
6 measures have shorter lives -- certainly, a lot of  
7 them even less than thirty (30) years -- but -- but on  
8 the electric side, you know, 93 percent of the -- of  
9 the electric measures are less than -- fifteen (15)  
10 years or less. So there's no -- from spending money  
11 on these three (3) years, there aren't -- there isn't  
12 going to be a residual effect from what you spent  
13 money on much after fifteen (15) years.

14 And sim -- and natural gas, there's --  
15 they are tackling much more long-life measures, and so  
16 that's another thing that -- another kind of aspect  
17 about the progra -- about the measures in the programs  
18 that could make you have a li -- have a little  
19 different viewpoint on how much you want to stretch  
20 your -- your interpretation of econ -- of cost-  
21 effectiveness on the natural gas programs, because  
22 you're getting something very long life. The -- in a  
23 sense, the hedge effect is -- might be a lot -- might  
24 be thought of as being a lot higher and -- against  
25 long-term cost.

1                   But there are some things in how -- in  
2 these -- this measure life strata or bun -- or  
3 groupings, and I was -- I was surprised to see that --  
4 I forget what -- we -- we were toying around with the  
5 word 'buckets,' but we -- but we kind of, like, wanted  
6 to move off of that to be some -- something more  
7 general. I -- I saw that it was actually -- the term  
8 'buckets' was used in the cross-examination last week,  
9 so it was kind of interesting.

10                   So the -- one (1) of the requirements  
11 of the -- is to look at the impact on rates, help --  
12 help use this -- have these programs do a mitiga --  
13 some degree of mitigation of the high -- relatively  
14 high, considering the past -- rate increases that the  
15 -- the province has experienced on the electric side.  
16 So the -- so that Efficiency Manitoba put forward this  
17 lifecycle revenue impact measure, RLI -- LRI -- I'd  
18 better do -- these again.

19                   And they -- and they did this as a  
20 thirty (30) year analysis, and it's -- it's very  
21 similar to the calculations that would be done on a  
22 ratepayer impact measure test that we talked -- that  
23 we flashed up there a little earlier -- it -- and --  
24 but -- but certainly doesn't go into any of the  
25 complexity.

1                   And I know it was discussed in the  
2 hearings, and when I -- the -- I monitored to extent -  
3 - it -- it doesn't go into, you know, what exactly --  
4 when is the cost recovery going to be realized? When  
5 is the -- what -- what's happening with any rate  
6 design? Where exa -- differentia -- different rates  
7 are being impacted by the -- by the savings and the  
8 like, with customer classes.

9                   They did do a very detailed analysis on  
10 the revenue impact within this -- they have -- by  
11 having a forecast of prices increasing, and they --  
12 and they modelled the rates, you know, using a -- one  
13 (1) single commercial rate and one (1) single  
14 industrial rate and one (1) single residential rate to  
15 calculate the revenue loss associated with energy  
16 efficiency.

17                   So the -- you know, the -- to do -- it  
18 cert -- so this is a -- is presented as an indicator  
19 as to what kinds of impacts that -- that are -- that  
20 are being produced on rates for -- for gas and  
21 electric, and they refer to it as a one-ti --  
22 equivalent one (1) time thirty (30) year rate  
23 increase.

24                   Now, a little bit of a thing is the --  
25 there were very little standards in the -- in how to

1 calculate rate impacts in the energy efficiency  
2 community. Many of the energy efficiency community  
3 people will make a rate impact look -- look a lot like  
4 the net present value impact, because they don't --  
5 they believe that it's -- if it's long-term benefits,  
6 that they want -- that they don't want to move away  
7 from those long-term benefits.

8 I've, as a -- as an integrated resource  
9 planner, always kind of thought of rate impacts for  
10 energy efficiency programs as, Tell me what's  
11 happening to me in the next, you know, three (3), four  
12 (4), five (5) years from the rate impacts to see if I  
13 -- if it's -- if it's going to be too painful to get  
14 to that long-term savings, to be -- you know, that's -  
15 - to me, that's much more -- much more informative and  
16 the like.

17 So with the fact that these measure --  
18 that they were doing this one (1) time thirty (30)  
19 year rate increase and the fact that -- as we had on  
20 the previous slide, without going back there -- that  
21 there's a lot of electric programs specific --  
22 especially, that have measures with lives fif -- less  
23 than fifteen (15) years, it says that that's probably  
24 not -- told us that's probably not the best metric to  
25 do.



1                   And I -- I think that I -- even after  
2 some discussions, they -- that there's -- well, we're  
3 just going to go through there with some acceptance  
4 that -- that it might be an improvement if we do our  
5 way of, by the people at Efficiency Manitoba.

6                   So here again is the -- you know, the  
7 way the different buckets look and -- and the  
8 accumulation of the savings and -- that we've talked  
9 about. So we set out to say, Well, what happens if we  
10 -- if we -- to capture this effect as a first order,  
11 without trying to go into a detailed, when did --  
12 because even though we know what cost allocation  
13 there's going to be and amortization period there's  
14 going to be for energy efficiency.

15                   We don't know exactly when that mar --  
16 that -- those costs or those revenue losses are going  
17 to get to the customer by having -- by causing either  
18 a bigger cha -- increase in rates or an increase in  
19 rates that they won't have to go into by Manitoba  
20 Hydro. So there's a lot of moving parts when you  
21 really do the impact on rates.

22                   So we stayed within this -- this  
23 lifecycle revenue impact kind of measure, but we -- we  
24 -- we said that there really are, for these groupings,  
25 different LRIs over their lives. So if you have a

1 very short-life program or measure that's one (1) to  
2 five (5) years, the -- the -- the LRI of a one (1)  
3 time thirty (30) year rate increase is meaningless.

4                   And so there's -- so there's kind of a  
5 -- in the next five (5) years, there's impacts from  
6 all of these programs, all of these measure lives, but  
7 some of them are -- are longer lives, so you can think  
8 of that their impact is -- is valid to be spread out  
9 over -- over maybe a little bit more of a lifecycle of  
10 the measure.

11                   So we essentially said, Let's look at  
12 the -- let's look at -- if we adjusted it for measure  
13 life and did a -- did a very similar calculation, but  
14 we essentially did it for each of these buckets or  
15 groups and then put a -- layered them all together,  
16 what would -- -- what -- what do we get? You know,  
17 and on the electric side, we got some numbers that  
18 look like in the first five (5) years, the -- the rate  
19 impact -- the LRI, same kind of calculation, is three  
20 (3) times the -- the number that was produced by -- by  
21 Efficiency Manitoba.

22                   So you can see where it's for a --  
23 under this table on the bottom, where the 8 percent --  
24 8 -- 8 cents per kilowatt hour line across where the  
25 number is equivalent to a quarter (1/4) of a percent,

1 it's now got three-quarters (3/4) of a percent in the  
2 first five (5) years. I'll talk about the second five  
3 (5) years in a second.

4                   But the -- and -- and -- and this is --  
5 our number is approximate. It's not meant to be  
6 saying, This is what's going to happen over the -- in  
7 each of the five (5) years, by any means. It's --  
8 it's an indication of what might happen on average  
9 over those five (5) years a little bit, but it also --  
10 it doesn't try to capture the -- the -- you know, some  
11 of the real detailed parameters that you'd have to do  
12 to get -- to get -- calculate an impact on rates.

13                   The second five (5) years, the -- the  
14 one (1) to five (5) year measures are gone, so their  
15 rate impacts are gone, and the -- so the number -- the  
16 impact on rates starts getting lower. And -- and the  
17 -- so you can see that instead of it being on this  
18 electric, instead of it being three (3) times, it's  
19 now, you know, maybe about two (2) times, a little  
20 less than two (2) times, and -- and things.

21                   And so that's an important visibility  
22 in my mind, because the -- because -- I think it even  
23 was mentioned in one (1) of the hearings that the --  
24 you know, when you think about rate impacts, you --  
25 you want -- you want to have a little one (1) eye

1 toward anticipating what's going to happen with the  
2 next three (3) year plan, and the next three (3) year  
3 plan, when you level -- when you put them all  
4 together, and that one (1) time equivalent one just  
5 keeps adding.

6 But this one (1) captures the fact that  
7 some of the measured impacts -- the rate impacts are  
8 gone when you start layering -- later programs in, and  
9 -- and the like.

10 So -- so we think that the -- this  
11 number still looks relatively low. You know, you  
12 know, I mean, I -- I probably would never get anybody  
13 running a business or having a home telling me that  
14 the 1 percent is not important to them. But the --  
15 but it's -- still, it's -- but it -- it -- the -- by  
16 doing this analysis, we wanted to see whether they --  
17 what they had was a quarter of a percent, whether that  
18 became 5 percent, you know, you know, and -- and the  
19 like.

20 So we think it's still on the -- on --  
21 on the -- on the low side. If -- I know there's --  
22 again, there's been some other calculations put  
23 forward by other pieces of evidence that have rate  
24 impacts that are -- are bigger than this.

25 On the natural gas side, instead of --

1 instead of tripling, the -- the number is slightly  
2 less than doubling for the -- for the first five (5)  
3 years. That's main -- that's due to the fact that  
4 there's less natural gas measures, and they've got a  
5 short life, okay. So it's -- so the thirty (30) year  
6 one (1) time equivalent is a, you know, is less of a  
7 problem in the approximation. I don't want to say,  
8 better, but -- but it, you know, it doesn't have some  
9 of the same effects on natural gas measure life that  
10 it would have on the electric side.

11 So that -- that kind of concludes the  
12 cost-benefit side of it. And we -- and -- and we put  
13 the impact on rates from the report into this cost-  
14 benefit analysis. So we -- we kind -- kind -- have  
15 you be able to think about it from there, and the --  
16 all -- all the parties here.

17 And the -- so the -- so we -- they  
18 submit -- there's some other perspectives, even from  
19 just a pure cost-benefit analysis that could be  
20 brought into decision-making as if -- if you like the  
21 portfolios.

22 THE CHAIRPERSON: Mr. Athas, I believe  
23 Dr. Grant has a question.

24 BOARD MEMBER GRANT: Just before you  
25 leave this section, I was wondering if it would be

1 possible -- the -- let me see if I understand this  
2 properly.

3                   Your TRC measures are including both  
4 the nonenergy benefits as well as the customer cost?

5                   MR. JOHN ATHAS:    Yeah.  Those two (2)  
6 nonenergy benefits of greenhouse gasses and water.

7                   BOARD MEMBER GRANT:   I'm wondering,  
8 would it be possible -- I think this is called an  
9 undertaking, but if it's not outrageously expensive,  
10 on -- on those tables 27 through where you provided  
11 the TRCs, would it be possible to provide the TRC  
12 without the NEBs, the nonenergy benefits?

13                   So in other words --

14                   MR. JOHN ATHAS:    Sure.  That -- that  
15 wouldn't be --

16                   BOARD MEMBER GRANT:   At least --

17                   MR. JOHN ATHAS:    -- that -- that won't  
18 be that -- that won't be that difficult at all.

19                   BOARD MEMBER GRANT:   Okay.  Thank you.

20                   MR. JOHN ATHAS:    So we -- we could --  
21 we could take both those electric and gas -- you told  
22 me at the table that's -- that has both PACT and TRC,  
23 and we'll -- we'll put another column out there that  
24 says TRC without -- without nonenergy benefits.

25                   BOARD MEMBER GRANT:   So the

1 intermediate step, I guess, yeah?

2 MR. JOHN ATHAS: Yeah.

3 BOARD MEMBER GRANT: Thank you.

4

5 --- UNDERTAKING NO. 11: Daymark to insert a column  
6 that provides the total reserves  
7 cost without the nonenergy benefits  
8 for tables 27, 28, 29, and 30

9

10 (BRIEF PAUSE)

11

12 MS. KATHLEEN KELLY: Any other  
13 questions before we move on to deliverability?

14 MS. DAYNA STEINFELD: Mr. Chair, I'm  
15 just wondering if the court reporter needs me to  
16 restate the undertaking for the record.

17

18 (BRIEF PAUSE)

19

20 MS. DAYNA STEINFELD: So the  
21 undertaking is to -- for tables 28 and 30, restate the  
22 TRC ratio through removing the nonenergy benefits.

23

24 (BRIEF PAUSE)

25

1 BOARD MEMBER GRANT: I think I had  
2 table 27, 28, 29, and 30.

3 MS. DAYNA STEINFELD: Sure. So for  
4 tables 27, 28, 29, and 30.

5 BOARD MEMBER GRANT: And the  
6 undertaking would be insert a column that provides the  
7 total reserves cost without the nonenergy benefits.

8 MS. DAYNA STEINFELD: Is that  
9 acceptable?

10 MR. JOHN ATHAS: Yeah, the -- not a  
11 problem. Is there a number for the undertaking?  
12 Okay.

13 MS. DAYNA STEINFELD: The transcript  
14 will assign.

15

16 (BRIEF PAUSE)

17

18 THE CHAIRPERSON: Could I suggest --  
19 we're at 10:25 right now, and -- and clearly, we're  
20 not going to make it through before the break, so can  
21 I suggest we take the morning break now, and then  
22 we'll resume in fifteen (15) minutes? Thank you.

23

24 --- Upon recessing at 10:26 a.m.

25 --- Upon resuming at 10:39 a.m.



1 THE CHAIRPERSON: Mr. Athas, before we  
2 continue, I think the Panel has a -- has a few  
3 questions, and -- and maybe I'll ask the first one.

4 And the first one is: In relation to  
5 LRI, who else uses it as a measurement?

6 MR. JOHN ATHAS: I hadn't seen it  
7 before.

8 THE CHAIRPERSON: You hadn't seen it  
9 before.

10 MR. JOHN ATHAS: Right.

11 THE CHAIRPERSON: Okay. Ms.  
12 Kapitany...?

13 THE VICE-CHAIRPERSON: Mr. Athas, we  
14 should never take a break and then come back and talk  
15 to you, right, because you know what happens.

16 So I'd like to take you back to page  
17 32, and my question here is: The rationale that we  
18 could use to unburden natural gas from the interactive  
19 effects of electricity, I'm just not sure how that  
20 logic would follow.

21 And then my second question here is, we  
22 hear often -- we -- well, the only interact effective  
23 I've really heard about is the issue of light bulbs --  
24 changing light bulbs. You get less heat so you have  
25 to use more natural gas.

1                   Are there other interactive effects  
2 that you have seen that we would be applying? Is  
3 there something else we're missing here?

4                   MR. JOHN ATHAS: Well, we work on  
5 refrigerators, freezers. Anything that's got an  
6 electric motor is -- is giving off heat. The -- I'm  
7 just going to think about some other ones.

8                   I mean, obviously anything -- motors in  
9 the commercial -- commercial sector, industrial  
10 application, would -- would do the same thing. So if  
11 you had a -- if you had a -- you know, a more  
12 efficient air conditioning for those rows of -- of  
13 glass shelf cases in a supermarket -- in the big  
14 supermarkets, those things are kicking heat -- heat  
15 off as well, and if you make them more efficient,  
16 they'll kick -- they'll kick off less heat. So that  
17 would change it.

18                   If you change the lighting in a -- in  
19 commercial buildings, you know, I mean, the -- it's  
20 probably a 5:1 reduction to where new buildings are  
21 going now versus what they were twenty (20) years ago,  
22 you know, or maybe even more recent than that. So  
23 it's -- so that just means that a room like this isn't  
24 going to heat up from the lights.

25                   I mean, I remember a while ago where

1 somebody said to me, you know, electricity is great,  
2 you could just -- if you -- you just leave the lights  
3 on and you get -- you get the heat from it, but -- but  
4 that's not exactly the -- you know, necessarily a  
5 great trade-off.

6 THE VICE-CHAIRPERSON: So then the  
7 other thing was the rationale for unburdening natural  
8 gas --

9 MR. JOHN ATHAS: Sure.

10 THE VICE-CHAIRPERSON: -- from these  
11 interactive effects.

12 MR. JOHN ATHAS: I think it -- it's  
13 really important when you're trying to make -- make a  
14 decision, and let's just say that they would -- let's  
15 just say we were doing in consecutive hearings, the  
16 electric Efficiency Manitoba and then the gas  
17 Efficiency Manitoba.

18 When the -- when the -- the electric  
19 people go in, they -- they talk about the whole thing  
20 and what's happened here and other stuff. The -- it  
21 would probably be a good idea to say, well, have you -  
22 - have you included the costs of needing -- of needing  
23 more natural gas for heat and the fact that when you  
24 put all that efficiency in, you know, to the electric  
25 from the cost side and depending on -- and if the

1 answer -- if the answer is it could be small or if the  
2 answer is no, they haven't done it, then they really  
3 haven't captured all the incremental effects on the  
4 electric programs, just to those -- just to those --  
5 those players on the electric side.

6                   And if you then have the -- the natural  
7 gas utility coming, and you say, you know, what's the  
8 cost-effectiveness of your programs, and they have  
9 this -- like -- you know, those programs and correct  
10 decision-making shouldn't be trying to have their  
11 economics adjusted because the cost of the electric  
12 programs resulted in a higher gas consumption.

13                   It would be almost equivalent to saying  
14 that we've -- we've got a bunch of new economic growth  
15 that is increasing gas and we're not going to penalize  
16 them for that, you know.

17                   And so -- so the -- the idea of -- of  
18 saying that -- of having any economic measure or cost  
19 per savings measure on the -- that is in natural gas  
20 that's -- that's -- captures the effect of the  
21 electric programs, I think is -- is -- is in error.  
22 It's -- like I say, it blurs it because if you --  
23 because you say what -- what's the -- you might make  
24 yourself stop doing the programs that you -- because  
25 of the way their costs look when you don't really want

1 to do that.

2 THE VICE-CHAIRPERSON: So to me  
3 there's a difference between it's in error or it blurs  
4 it.

5

6 (BRIEF PAUSE)

7

8 MR. JOHN ATHAS: I think blurring was  
9 probably a polite way of saying an error.

10 THE VICE-CHAIRPERSON: So that leads  
11 to my next question, and that's on page 44 where you  
12 talked about -- you had said the hedge effect of  
13 natural gas is stronger, and I understand that's  
14 because they're more long-lived measures, but I just  
15 wonder if you could comment more on what that hedge  
16 effect could imply.

17 MR. JOHN ATHAS: Well, if -- if the --  
18 if the economic analysis -- if the marginal value --  
19 if there's things that could happen to the marginal --  
20 to the marketplace for electric or the marketplace for  
21 gas, but if they -- if something could happen to that  
22 that would make those costs be much higher on the  
23 future, that -- then the way the -- the way the indi -  
24 - indicators are looking now.

25 Certainly on the -- on the -- since

1 electricity is driven by natural gas a lot in MISO and  
2 in the States, it really comes down to where -- what's  
3 happening to electric -- to natural gas costs.

4                   And -- and if you -- if you say we're  
5 pretty comfortable that nothing that egregious is  
6 going to -- nothing -- you're not going to have some  
7 wild variation in the -- in -- in the next five (5)  
8 years or something like that for -- for natural gas,  
9 but -- but I'm worried that my costs could be in the  
10 future, if something -- if, you know, all of a sudden,  
11 there's a lot less drilling on -- for shale gas and  
12 other stuff like that, or the greenhouse gas effects  
13 are so much -- are internalized into the price of the  
14 fuel and other stuff at this, so I want to be -- I  
15 want to shield myself from any potential effects that  
16 that could happen.

17                   If you do -- if it's a short-lived  
18 measure, you're not doing it. You're doing -- you're  
19 five (5) year measure is -- is probably in that window  
20 where there -- your -- some of those things you're  
21 worried about are very, very low probability.

22                   If you got a twenty-five (25) year  
23 measure, you know, that -- that has you in a better  
24 position from your consumption out in time, you've --  
25 you've -- you've bought a little bit of a hedge, and -

1 - and you -- and you pay for it. You know, you --  
2 it's not -- it's not -- it's not free, you know what I  
3 mean. It's not -- you know, some people say do all  
4 the economics and say and it's a hedge, but it's --  
5 it's not -- it's not always additive but it's -- but  
6 there are -- in strategic kind of planning and  
7 planning your longer-term portfolio and short-term, it  
8 -- it can have that kind of hedge effect.

9 BOARD MEMBER GRANT: I've been goaded  
10 into this. I have several questions.

11 The other day we talked a little bit  
12 about the interaction between demand side management  
13 programs and rate changes. So, for example, in an era  
14 of high rate changes, the take-up on your DSM program,  
15 that might be much higher than is if there were not --  
16 no rate changes.

17 I'm wondering, when it comes to  
18 measuring these savings, what's the norm for doing  
19 that? So in other words, suppose rates are going up  
20 by 10 percent at the time that you have a furnace  
21 replacement program. How do you know what savings do  
22 you assign to the higher rate increase and what do you  
23 assign to the DSM program?

24 MR. JOHN ATHAS: I'll take -- I'll  
25 take a shot at that first, and then Kathy might have

1 some additional -- the -- -- the elasti -- elasticity  
2 effect from -- from the price increases, response to  
3 the price increases, you know, isn't always cap --  
4 you're not always able to see exactly what end use  
5 that -- that affected -- you know, if -- if it's as  
6 simple as turning down a thermostat, you can kind of -  
7 - you can kind of see it, you know, but if -- how it's  
8 affecting different -- different equipment purchasing  
9 or different building designs and other stuff like  
10 that, is -- is, you know, maybe harder to -- is harder  
11 to try to pin that down.

12                   And so -- but on the -- on the -- on  
13 the DSM side, the -- the measures are, you know -- you  
14 saw with a measure that says, oh, I'm replacing a 40  
15 watt thing with a 18 watt, you know, and that -- and -  
16 - and then you say but, you know, how much does it  
17 run, you know? Was there -- was there -- was there  
18 100 percent probability that the person was going to  
19 pick the 40 watt bulb, so maybe out of a hundred, only  
20 sixty (60) were going to pick the 40 watt bulb.

21                   So you start doing all those kinds of  
22 calculations and then when you do E, M and V you --  
23 you see what those things turned out to be, you know,  
24 with some -- with some measurements and some  
25 statistical analysis, statistical analysis that's



1 definitely beyond my pay grade.

2                   But the -- and -- and that's -- and  
3 those things are, you know, have kind of stand -- have  
4 stood the test of -- of, you know, multiple  
5 jurisdictions. I mean, everybody is doing E, M and V  
6 and they -- and they've -- they've substantiated  
7 savings, they're not -- they're not that 18 versus 40,  
8 you know, number that's a simplistic way of looking at  
9 it. But it's -- but it's -- but they -- rigorous  
10 analysis can -- can give you still what's the effect  
11 of the Energy Efficiency Program.

12                   MS. KATHLEEN KELLY: If I might just  
13 add, the elasticity effect is one (1) thing that the -  
14 - is difficult to measure in it's -- it's short and  
15 long-term depending on the track of the rate increases  
16 and the rate impacts.

17                   But as John pointed out, when you get  
18 to the E, M and V, the plan for measuring if there is  
19 going to be a period of high rate increases, needs to  
20 take into account a group that hasn't participated in  
21 the programs to try and look at the differential  
22 between those who have participated and those who  
23 haven't.

24                   So that if you are looking at pre-  
25 installation time frame for both groups, you may be

1 able to establish a difference, statistically, that  
2 says the control group or the group that did not  
3 participate actually reduced their consumption by some  
4 amount, and that's likely due to the rate increase.  
5 Maybe other factors involved in that, but that's going  
6 to be one of them.

7                   And then the -- the group that did the  
8 participation might have both the measure impact and  
9 the rate response, depending on how that happens.

10                   Suman, do you want to add something, or  
11 is that about right?

12                   DR. SUMAN GAUTAM: That sounds right.

13                   BOARD MEMBER GRANT: Okay, can I just  
14 -- just a very small point. Is it normal practice now  
15 when measuring DSM savings to look at -- can I call  
16 them general equilibrium rebound effects.

17                   So in other words, you save -- you put  
18 in a program, you save one hundred dollars (\$100) on  
19 your bill, do you look at sort of the income  
20 elasticity of that? How much -- what's the energy  
21 intensity of that spending? Is that at all a  
22 practice?

23                   MR. JOHN ATHAS: I -- I haven't seen  
24 that as -- as such. The -- I mean, the -- the -- the  
25 argument against including that tends to be things

1 like, you know, the increase consumption with the --  
2 with that money -- with the money that's freed up for  
3 the available income or from businesses is, you know,  
4 is value creating as opposed to waste.

5                   So they -- they don't want to do that,  
6 they -- the -- obviously the -- the -- similar to the  
7 interactive effects, if you want the usage to go down,  
8 and that's your primary focus, it's probably something  
9 to capture.

10                   But more often than not, I see the  
11 energy efficiency analysis that would talk about the  
12 dollar value as how -- how much value it created, how  
13 much wealth it created for that -- for that economy  
14 with -- without trying to capture that -- that  
15 secondary electric effect.

16                   BOARD MEMBER GRANT:    A couple more  
17 quick ones, if I can.

18                   I know it's in the -- in the Act  
19 itself, but are you surprised by the PACT measure in  
20 terms of cost effectiveness, and specifically --  
21 presumably a utilities board has some sort of public  
22 interests, you know, social cost benefit thing in  
23 mind, and I'm just curious like what would it mean  
24 when you've got a -- a program where the PACT may be  
25 above 1 but the TRC or the social cost benefit is

1 below 1?

2                   What is a -- a public agency to do in  
3 instances like that? Does this mean that the poor  
4 consumer is getting duped into something, or does it  
5 simply mean from a -- is it a bad program from a  
6 social point of view, but it's good for, you know,  
7 reducing energy consumption?

8                   MR. JOHN ATHAS: Well, one (1) of the  
9 things that's kind of embedded in that question a  
10 little bit is the fact that there's very -- it varies  
11 a lot as to how much additional benefits you want to  
12 put into the total resource cost test.

13                   I mean, and -- and there are -- there  
14 are people in the process, stakeholders in the process  
15 that say, you know, like the two parameters we have  
16 here are pretty known and measurable and other things  
17 like this, and that's -- that's probably a good place  
18 to capture things like that.

19                   And then there are -- then there's  
20 people that want to go extreme, to what happens to  
21 that property and other stuff, and what's the  
22 aesthetic value of putting in different lighting and  
23 other stuff like that.

24                   So -- so that's -- that's, you know, in  
25 the context of not -- not having a specific, you know,

1 decision on where that -- where you want to put that,  
2 I -- I think that the -- that the -- the concern that  
3 people have expressed about the -- the PACT test  
4 across -- across the industry is that you -- you could  
5 have the idea that you're taking something that's non-  
6 economic as a measure, and because the utility is only  
7 paying part of it, that you could -- that it can pass  
8 the utility test.

9                   It's probably the reason why a lot of  
10 jurisdictions want to see the TRC statistic at the  
11 same time. You know, as opposed -- and even -- even  
12 if the -- in Nova Scotia, where we've done some work,  
13 it's a PACT profits, you know, they -- but they want  
14 to see the TRC test filed with -- with results and  
15 things like that.

16                   So it's -- so that -- that's a -- it's  
17 a good question, it's, you know, to the extent that --  
18 I mean the -- there clearly implied, somewhat stated  
19 and so there's a lot of infor -- there's a lot of  
20 things around the Act and the Regulation that says  
21 it's -- it could be -- the plan put forward could be  
22 something -- have other considerations than just lease  
23 cost.

24                   You know, and so that -- that -- you're  
25 just talking about that issue.

1 BOARD MEMBER GRANT: And -- and last  
2 question. In terms of cost effectiveness, you  
3 mentioned the large proportion of savings that are  
4 coming from codes and standards and load displacement.

5 I was sort of expecting to see those  
6 lovely graphs where you've got the -- for each  
7 individual program, the PACT or the TRC, and then the  
8 levelized cost measured against it, and I would think  
9 that you -- when you get out to the end on some of  
10 these programs, they're just very expensive programs.

11 Now, I realize that some of them are  
12 part of an affordable energy or -- or meeting of the  
13 social objectives, but does that surprise you in a  
14 way? I'm not sure if it's necessarily effective  
15 bundling that may hide some of the more expensive  
16 ones, but would you -- when you look at some of these  
17 programs being proposed, does it not strike you that  
18 some of them look very expensive, relative -- even on  
19 -- even on a PACT measure?

20 MR. JOHN ATHAS: Definitely. You can  
21 see that on the ratios on the -- on the slide -- on  
22 those tables that we're going to update.

23 But the -- but -- so there are bank --  
24 very -- a lot of differences there, and you know, if  
25 you were -- if you would -- just trying to do pure

1 lease cost, you'd probably want to create what you're  
2 describing as a supply curve for -- for energy  
3 efficiency, and that might be something that you look  
4 at within an IRP, and other stuff, to figure out what  
5 -- what you want to do.

6                   But even -- even a good IRP is multi-  
7 attribute analysis for decision making. It -- it's --  
8 it -- I don't -- I -- I'm not necessarily enamoured  
9 with IRPs that seem to be just a single MPV number,  
10 but there are some out there.

11                   BOARD MEMBER GRANT: I guess another  
12 way of stating it though is it's sort of saying how  
13 much are you -- how much additional do you want to pay  
14 to reach the 1.5 target on the electricity side,  
15 right? Because you're getting out to some very  
16 expensive programs to try to reach the -- is that part  
17 of the IRP interaction between target and cost?  
18 Setting target?

19                   MS. KATHLEEN KELLY: I was going to go  
20 back to what John was talking about, and that is when  
21 you're -- when you're going into a business or a  
22 residence to put in measures, in -- in many places,  
23 even though you look at -- at measure or bundles, and  
24 look at the benefit cost ratio for those, there are  
25 more opportunities for energy savings because you're

1 in there and you don't want to go in and walk out the  
2 door without putting many in.

3                   And that's why many jurisdictions look  
4 at the overall portfolio and say, if the portfolio  
5 passes and there's nothing that really bothers us  
6 about the other measures, we're going to let it go,  
7 because some of those measures are things that are  
8 more recognizable to the participants and it -- and it  
9 makes the marketing of the program easier.

10                   It -- it allows them to say, well, I've  
11 seen this work before, so I'm willing to try this new  
12 -- new measure that I've not heard anything about.  
13 So, there are marketing considerations that have been  
14 taken into account as the various tests are applied,  
15 and -- and the combination of analyses on the -- on  
16 the economic side, as well.

17                   Those are all policy decisions to be  
18 made by the panel and -- and the regulators, but it's  
19 -- that's another consideration there. Sorry, John.  
20 Go ahead.

21                   MR. JOHN ATHAS: No, no problem. And  
22 in -- in the other aspect of what you were saying,  
23 where do you -- where do you stop, you know, on the --  
24 on the curve? I mean -- I mean, a lot of advocates  
25 within the -- in the energy efficiency stakeholder



1 world that say you don't stop until you're down to  
2 one-o (10), you know, you just -- you just do  
3 everything.

4                   You know, that's kind of, you know, a  
5 little bit myopic, in -- in my mind, ignoring the  
6 potential that there is -- that there is some, you  
7 know, pain to get there from here stuff.

8                   But -- but I think it's -- it's hard to  
9 answer the -- those -- the question of where, of what  
10 you do on the next step, because you don't know  
11 whether there's extreme social value from that -- from  
12 that -- from those parties, you know.

13                   You know, like, I mean -- I mean, it's  
14 -- if the -- if there's -- if the public is going to  
15 give supportive aid to income-qualified people so they  
16 can pay their bill to the utility and other stuff like  
17 this and you're not go -- going to sponsor a program  
18 because it looks uneconomic, you -- you might be  
19 ignoring the fact that you're going to pay that higher  
20 bill, too, you know, and stuff like this, so where --  
21 how you draw the circle and other stuff like that, so.

22                   Or you might -- life of the measure may  
23 be something to consider. So, if you look at that --  
24 if you got to think about one (1) stopping point on  
25 that -- on that supply curve, and then all the -- the

1 ones right after that are all long-life measures that  
2 have some of this he -- hedge value or -- or other  
3 things like that that -- or as they -- sometimes they  
4 refer to as lost opportunity pro -- measures, that's  
5 what Kathy was talking about, where, if you don't get  
6 them while you're doing new construction, it's going  
7 to cost you -- or you get them while you're in there,  
8 it's going to cost you a lot more to ever clean up --  
9 clean up the effi -- efficiency.

10 And so -- so you -- you -- there's --  
11 it should be more than -- than just a black and white  
12 look at ratios.

13

14 (BRIEF PAUSE)

15

16 THE CHAIRPERSON: Mr. Athas, if you  
17 could continue.

18 MR. JOHN ATHAS: Okay.

19 THE CHAIRPERSON: I think we're at --

20 MS. KATHLEEN KELLY: Okay.

21 THE CHAIRPERSON: -- 49.

22 MS. KATHLEEN KELLY: We're on the  
23 deliverability section, slide 50. In the  
24 deliverability section, our report findings basically  
25 summarized that the plan budget is lower than the

1 Manitoba Hydro budget and it has 30 percent less staff  
2 internally to Efficiency Manitoba than Man -- than  
3 Manitoba Hydro.

4                   But that transfer of responsibility for  
5 how to deliver things in the field is going to come  
6 from the program administration and -- and the  
7 contracts and the RFPs that are being issued by  
8 Efficiency Manitoba so that it's more direct access in  
9 the field for the startup programs.

10                   The plan's breakdown is very similar as  
11 far as incentives and where the money is being spent,  
12 to Canada programs broadly, and programs, as well, in  
13 the US. In particular, the incentive is in the range  
14 that -- that is occurring elsewhere.

15                   I would expect in the short-term,  
16 Efficiency Manitoba's incentives might be a bit higher  
17 than some of the other programs because it's in  
18 transition and you are trying to increase  
19 participation early and help the participants  
20 understand the differences between the -- the programs  
21 that is now coming to pass.

22                   There are some fairly aggressive market  
23 participation assumption, which is something that  
24 needs to be monitored as the program is implemented.  
25 And it is -- it is in Efficiency Manitoba's plans to

1 monitor how well they're doing in the field, but it's  
2 just something to keep an eye on as -- as you go  
3 through the first and likely the second year.

4           And the -- the participation estimates  
5 are producing pretty large increases in savings  
6 estimates. And that appears to be largely from the  
7 addition of -- of new measures that were not in place  
8 before that are bringing increased savings.

9           In addition, when you change programs,  
10 some of the pro -- program bundles appear to be not as  
11 clearly distinguishable from the other program  
12 bundles, and it's just something to keep an eye on as  
13 -- as programs are implemented to ensure that the --  
14 the literature and the marketing try to help folks  
15 understand with clarity what am I doing and what are  
16 my options and what else can I be participating in.

17           The plan is not going to meet the  
18 natural gas savings target in the first year. That's  
19 not unusual. If you've got program transition,  
20 program startup, you need to build up sometimes to get  
21 to those savings targets over the three (3) year plan.

22           There are still some delivery partners  
23 that are being identified, RFPs, Request For  
24 Proposals, that are being developed and issued to  
25 bring in some of those in-the-field partners.

1                   That's standard, but just another thing  
2 to be kept an eye on to make sure that they're getting  
3 in place as quickly as possible so that delays don't  
4 occur.

5                   The plan relies on some effective  
6 collaboration with First Nations leadership and things  
7 like that, that the -- these kinds of groups are the  
8 more difficult ones, to make sure you can get  
9 appropriate access in to establish the program  
10 communications in such a way that it works, that in  
11 the income-qualified programs -- they've always been  
12 the most difficult programs that -- that I've seen, to  
13 be able to get really good participation rates and  
14 make sure that everyone understands that they're  
15 there, and they're probably the ones that will benefit  
16 the most.

17                   And the CRM/DSM system that is under  
18 development, that is being used for tracking and as a  
19 tool to make customer participation easier so that  
20 consumers can choose their packages and what kinds of  
21 things they want to participate in.

22                   It's an educational tool. It's a tool  
23 to optimize the programs. And the sooner that gets  
24 done, the better for ensuring targets are met.

25                   And the other concern there is making

1 sure that the data being included in the legacy  
2 Manitoba Hydro system which will carry Efficiency  
3 Manitoba until that system is ready is sufficient and  
4 is of the right need to be able to support the  
5 evaluation me -- measurement and verification data  
6 requirements that will be needed over the three (3)  
7 years to look at the program.

8                   So, those -- there are no fatal flaws  
9 here. There are just things to keep an eye on. And  
10 they -- we are well aware that Efficiency Manitoba  
11 knows they're there. They have the history with  
12 programs. And they have plans in place to monitor as  
13 they go through to do that, but I wanted to make sure  
14 that you were aware of those kind of concerns.

15                   THE CHAIRPERSON: Ms. Kelly, can I ask  
16 you a question? Kristen, can we go back to screen 50?

17

18                   (BRIEF PAUSE)

19

20                   THE CHAIRPERSON: Number 8:

21                   "Plan includes aggressive market  
22 participation assumptions."

23                   It seems to be a sliding scale. When  
24 you say, "aggressive," are you saying optimistic,  
25 overly optimistic, unrealistic? 'Aggressive' can mean

1 all of those things.

2 And I'm just wondering, based on your  
3 experience, where does it fall on that scale?

4 MS. KATHLEEN KELLY: The three (3)  
5 year plan has pretty consistent participation rates.  
6 As I indicated earlier, with this being a transition  
7 program from the legacy, there may be some  
8 modification in that.

9 They're -- they're a little bit -- I --  
10 I would not say they are overly high, but they are  
11 something that will be something to strive for. It's  
12 not going to be an easy -- easy win. It -- it's  
13 definitely going to be something that says, okay, we  
14 need to get -- we need to work hard to be able to get  
15 this kind of participation rate.

16 It's -- and it is something to monitor.  
17 It depends on marketing. It depends on having all the  
18 contractors and partners in place to make it -- to get  
19 it implemented and tracking and making sure that the  
20 followup is happening, so it's -- it's intense.

21 THE CHAIRPERSON: Thank you.

22 MS. KATHLEEN KELLY: Thank you. So,  
23 slide 52. From a deliverability assessment  
24 perspective, we sought to answer some of the questions  
25 that are listed here, are the targets reasonable for

1 participants and projects? Is the pace required to  
2 meet these reasonable? What kind of startup has been  
3 addressed by Efficiency Manitoba? What market forces  
4 will be driving participation? Are we taking  
5 advantage of all the variable delivery partner  
6 incentives that we need? Are we serving more  
7 Manitobans as a result of these programs? And what  
8 caveats do we need to think about to clarify  
9 Efficiency Manitoba's ability to deliver those  
10 savings?

11                   Again, our goal is to inform you about  
12 things to watch and monitor. As we have said a few  
13 times in this presentation, there is no fatal flaw  
14 here. It's just a means by which to ensure that  
15 Efficiency Manitoba is providing the right reports to  
16 this organization and sharing information as they move  
17 forward.

18                   The targets savings -- you've seen this  
19 chart before. The target savings is significantly  
20 higher in the three (3) year plan than Manitoba's plan  
21 from earlier years for both electric and natural gas.  
22 And the challenge is getting higher savings with a  
23 lower budget overall. It's not just a lower budget  
24 for Efficiency Manitoba; it's a lower budget overall.

25                   The incentives have come down. The



1 program costs have gone up. Again, that's because of  
2 the transfer from Efficiency Manitoba of staffing to  
3 the partners in the field. There is a reduction in  
4 the -- in the staff costs. The overhead costs have  
5 come down some, again, related to those staff costs  
6 and transferring those to the field. And the total  
7 costs are totally down.

8                   The delivery partners must come  
9 through. The incentives on those delivery partners  
10 must be very clear in order to make this a reality.

11                   Just a quick review of the national  
12 context: for Canada, the electric performance metrics  
13 as far as budget allocations -- you'll see that the --  
14 the left-hand part of that slide is Canada's budget  
15 breakdown across -- across the country. The  
16 incentives are about 60 percent. On the right-hand  
17 side is Efficiency Manitoba's budgets. They're  
18 running a little bit higher, around 64 percent in the  
19 electric side.

20                   The marketing and administration is a  
21 little bit lower than the marketing and administration  
22 on the overall national numbers. I would -- I would  
23 indicate that sometimes, people put things in  
24 different categories, so while it's -- it's a valid  
25 comparison generally, there may be some different

1 budgets. They have -- may have moved the Canadian one  
2 somewhere else, like, and the Efficiency Manitoba may  
3 be more on the incentives.

4                   So it's -- it's just a high-level look.  
5 It may not be an exact look. As you go through this,  
6 it's just looking to see if it's reasonable.

7                   If you look at the next slide, on the  
8 natural gas side, again, you have similar -- similar  
9 results on the customer incentives. Nationally, it's  
10 66 percent, and at Mani -- Manitoba -- Efficiency  
11 Manitoba, it's right about the same level.

12

13   (BRIEF PAUSE)

14

15                   BOARD MEMBER GRANT: Could I interrupt  
16 you there? On -- on both of these slides, what does  
17 'enabling strategies' mean? Because that seems to be,  
18 potentially, that -- I'm not sure what that is.

19                   MS. KATHLEEN KELLY: The enabling  
20 strategies are a variety of things that are trying to  
21 serve the market. It's looking at ways of convincing  
22 customers to participate. It's looking at additional  
23 bundling. It's looking at a number of things like --  
24 likened to that. It's -- it's just a bunch of  
25 different approaches to get people to participate.

1 BOARD MEMBER GRANT: So some of this  
2 may be defined as research in --

3 MS. KATHLEEN KELLY: It could be  
4 research.

5 BOARD MEMBER GRANT: -- some context?

6 MS. KATHLEEN KELLY: It could be  
7 innovations. It could be looking at new -- new  
8 measures as you move through. It could be bringing in  
9 more financing and more opportunities and bringing  
10 more partners to play.

11 BOARD MEMBER GRANT: Thank you.

12 MS. KATHLEEN KELLY: It's -- it's  
13 actually a pretty good idea. It hasn't been one (1)  
14 that I've seen in -- in too many jurisdictions. It  
15 has been kind of highlighted as a separate thing.  
16 It's been buried in the program des -- designs and not  
17 particularly highlighted as a means by which the  
18 participation can be increased. So I think it's --  
19 it's a good thing to add.

20 Again, just some more comparisons of  
21 budgets by sector. From a national context, the  
22 commercial is about 49 percent of the budget, and here  
23 in Efficiency Manitoba, commercial's about forty-two  
24 (42) and industrial's twenty-four (24). Nationally,  
25 the industrial is about 15 percent, so it's -- you see

1 the higher focus here on -- on moving towards the  
2 business sector. That's not -- that is a trend that  
3 is not unheard of.

4                   The residential sectors had a lot of  
5 attention earlier because they're easier to target.  
6 The commercial and industrial is always very difficult  
7 to convince that the payback is -- is sufficient to  
8 move them. They -- they don't like the impact on  
9 their businesses. There's a whole host of reasons  
10 that they're sometimes more difficult to go after, but  
11 it's -- it's a good focus for the Efficiency Manitoba  
12 plan.

13                   The program designs are similar in  
14 Manitoba to those nationally. There's lots of  
15 prescriptive lighting programs on the commercial side,  
16 consumer product rebates for lighting. There's  
17 commissioning, retro-commissionings, and commercial.  
18 The custom industrial agrigul -- agricultural  
19 processes -- the -- those are difficult to get in  
20 place, but once you do, there's lots of savings coming  
21 from them. And then prescriptive programs in the  
22 commercial side, making sure you're targeting certain  
23 measures and certain end uses.

24                   And then comparison of budget by sector  
25 on the gas side, again, commercial industrial is -- is

1 about 37 percent nationally and about 10 percent on  
2 the Efficiency Manitoba side. The income-qualified is  
3 something to take a look at here, and you'll see that  
4 the low income, nationally, is about 12 percent, and  
5 the income-qualified budget is about 33 percent on the  
6 natural gas side. So that is a very distinct effort  
7 to get at a very difficult market, and to be  
8 commended.

9                   On the program composition, Efficiency  
10 Manitoba, as we said earlier, relies on a continuation  
11 of legacy programs in Manitoba Hydro's most recent  
12 plan. They've revised and enhanced a lot of the  
13 features. There's some new program offerings and  
14 innovation in those -- in those programs, and the  
15 higher savings targets that must be met with a lower  
16 budget, which means it -- it's got to be improved, got  
17 to be achieved, through program implementation, better  
18 education for -- of the delivery partners who are  
19 implementing the program.

20                   And attention to detail, making sure  
21 that what -- what's needed to be done is done and --  
22 and monitoring implementation as you go in the -- in  
23 the first year, second year, and third year, to ensure  
24 that if something is not up to par, then you take a  
25 step to try and fix it. And that's -- that's clear in

1 the Efficiency Manitoba plan that that is one (1) of  
2 the plans for making sure that things are monitored.

3           Some of the new offerings you saw  
4 earlier as well, and John made the point that even  
5 though some of these bundles appear to go to  
6 residential or commercial, the Indigenous ones and the  
7 income-qualified ones also have access to many of  
8 these other programs. So it's -- in these programs,  
9 it -- it has lots of new opportunities for people to  
10 save, but also requires a lot of education of the  
11 folks who need to participate to make this a  
12 certainty.

13           And in those -- in the program  
14 innovation, it is not a significant part of the first  
15 three (3) years, but it will grow. It's -- it's --  
16 Efficiency Manitoba should be commended for thinking  
17 about new approaches to this, but in order to  
18 transition and do it and achieve a target level that  
19 they're at, there needs to definitely be some reliance  
20 on the legacy programs with additions to those  
21 programs.

22           As far as the hard-to-reach customers,  
23 as I said, they are -- it's difficult across the board  
24 for everyone who's trying to address that customer  
25 group. The budget is 6 percent in the electric side

1 and 32 percent on the gas side, based on what those  
2 customers use primarily for their heating and other  
3 services, and they meet the target as far as the  
4 budgets.

5                   And some of the Indigenous program  
6 offerings are listed here. You see that they have  
7 insulation and direct install; small business things;  
8 community geothermal, which is -- is going to continue  
9 but be modified somewhat; and the income-qualified.

10                   So there are lots of opportunities for  
11 people to be able to participate in this, and the use  
12 of the Energy Efficiency Advisory Group and others to  
13 be able to get it -- those target markets is going to  
14 be a -- a great opportunity to test and find out  
15 whether that kind of participation and the innovation  
16 will help.

17                   On this slide, the -- we -- we are  
18 looking at the multi-unit residential building. They  
19 are looking into trying to make sure that -- that is  
20 more easily addressed. They're using local  
21 organizations and they're doing more market  
22 segmentation to help them understand how to get into  
23 this market. All good things to be doing.

24                   And then some of the best practices  
25 that are there, making sure that they -- on bill loans

1 or on bill financing costs are kind of neutral, so  
2 that the bill neutral -- that you're not raising the  
3 bill a lot, or even making the bill a little --  
4 slightly less as a result of that.

5           Increasing the funds for program costs  
6 for the customers, offering on-bill financing and  
7 alternatives that allow the cost obligation to stay  
8 with the property owner and rental unit after folks  
9 move, that's always been something difficult to put in  
10 place in -- in history. It's -- the owners of the  
11 properties don't care. They just pretty much pass  
12 everything on to the folks who are renting and it's --  
13 it's -- that will be an interesting approach to watch.

14           And they have a site prep service to  
15 help senior citizens and delivery partners to make  
16 things easier to be able to go in and do some work.  
17 And there's a host of things in here.

18           Limitations to our assessment. We  
19 tried to go back and take a look at the new programs  
20 and the Manitoba Hydro programs and compare and  
21 contrast them, but there are many, many differences  
22 and new additions. So we -- we did it for one (1)  
23 successfully, and that's shown in the report, and that  
24 was one (1) of the envelope or insulation programs.

25           There are -- there are -- it would --



1 it would have been easier if we had all of the  
2 information about the old programs to say yes, this is  
3 the same, yes, this is the same. They've changed  
4 this. We didn't have the time to be able to get all  
5 of that done.

6 Pri -- participation in project size.  
7 Some of the target -- target groups and the numbers  
8 that we have for the target markets and the size of  
9 the groups are little bit different than Manitoba  
10 Hydro had defined them as -- in -- in the workpapers,  
11 we found some difficulties in being able to get at  
12 that kind of information, so something to keep in --  
13 in mind as we move forward in communications and  
14 reporting.

15 Again, the same with the target  
16 markets. The target markets were modified, and not  
17 all of that information was in the workpapers, and it  
18 was difficult to trace back on those target markets.  
19 And it was somewhat different than what had been  
20 defined by Manitoba Hydro.

21 And then the pace of -- the pace of the  
22 annual installations for Manitoba Hydro is -- were  
23 they constrained historically? Is that a reason why  
24 the participation rate is going up now, or not? Is it  
25 customer interest? What are the -- what are the

1 reasons that the higher participation rate can be  
2 achieved, and what are the things that Efficiency  
3 Manitoba will be doing to make sure that that's  
4 higher?

5                   Tracking a lot of that information and  
6 understanding what kind of marketing works to increase  
7 the penetration rate will be good for them to keep an  
8 eye on as we go through. We could not see a lot of  
9 that information, and we didn't get it in our  
10 discussions early on with Manitoba Hydro -- Efficiency  
11 Manitoba, excuse me.

12                   Some key factors for success going  
13 forward, the new CRM/DSM system is a great idea. It  
14 needs to have sufficient information for evaluation  
15 and verification of the Plan, and because the legacy  
16 system will be used early on in the process, we need  
17 to make sure that everything that the transfer of that  
18 information is done appropriately.

19                   Unfortunately, historically, in almost  
20 most energy efficiency programs, that is something  
21 that doesn't always get the attention it needs to make  
22 sure that the evaluation measurement and verification  
23 is done accurately.

24                   So that's -- that's a key concern for  
25 us that needs to be addressed, but it a means by which

1 you will get the information you need to -- to inve --  
2 to assess how well they're done, and it's also going  
3 to be great for the message for Efficiency Manitoba to  
4 -- to give to others about what you can achieve when  
5 you've participated.

6                   The timing is an issue relative to the  
7 two (2) systems. How -- how long do you have to wait  
8 for the CRM to be finished? That supports some of the  
9 marketing of the program, because that's where  
10 customers can go in and educate themselves, and find  
11 some of the programs, and look at the measures. So  
12 the earlier that comes in, the better, to help  
13 participation.

14                   And then collection of data through  
15 customer sign up for participation in the bundle  
16 programs, we need to make sure that the data is put in  
17 the right place. There's enough -- there's a little  
18 bit of confusion when we were reviewing how the  
19 programs were designed to understand whether the  
20 participation will go on this bundle, or that bundle.  
21 So just making it clear in making sure it's clear to  
22 the folks who are collecting the data, where it goes,  
23 and how to use it is -- is going to be important.

24                   And then the marketing communication,  
25 always key. Need to make sure that the savings are

1 put in one (1) place, nothing is double counted, and -  
2 - and that the data is -- is maintained as best  
3 possible.

4 THE CHAIRPERSON: Ms. -- Ms. Kelly,  
5 Ms. Hamilton has a question.

6 BOARD MEMBER HAMILTON: Thank you, Ms.  
7 Kelly. I appreciate your comment with regards to the  
8 fact that Efficiency Manitoba must increase savings  
9 with fewer resources and rely on delivery partners.  
10 I'm assuming as well that there is going to have to be  
11 a significant focus on contract administration, as  
12 well as maintaining relationships with those delivery  
13 partners.

14 So my question is: With 30 percent  
15 fewer people coming over, is there a significant  
16 enough body of staff to be able to deal with that  
17 contract administration relationship issue?

18 MS. KATHLEEN KELLY: I think that that  
19 is up to a number of things. Many programs rely on  
20 the relationships and having outside contractors doing  
21 the work, while folks in the house are monitoring them  
22 in doing that. You to make sure that there is  
23 sufficient incentives in the initial RFP that they  
24 understand what their responsibilities are, whether  
25 there's an incentive for them doing the work, that

1 there are well-established reporting requirements, and  
2 also that there are -- are good training before,  
3 during, and as -- as implementation occurs.

4 All things that are manageable with the  
5 size of the staff that are there, as long as the --  
6 the staff understand what their role is versus what  
7 the contractor's role is. So there's training  
8 requirements, and all that sort of thing.

9 It's -- it's -- because of the  
10 transition, it's -- it's a learning curve. Efficiency  
11 Manitoba has -- has spent a lot of time thinking about  
12 it, and a lot of the discussions that we had with them  
13 give us comfort that -- that they understand that  
14 those issues are there, and they are trying to address  
15 them as they go through this.

16 But it's, again, as you said, it is --  
17 it is a concern. It's something to be monitored. And  
18 if it -- if it's not working at the end of a year or  
19 two (2), then perhaps the staffing might need to  
20 change.

21 BOARD MEMBER HAMILTON: Thank you.

22 MS. KATHLEEN KELLY: Thank you.

23

24 (BRIEF PAUSE)

25

1 MR. JOHN ATHAS: Moving on to -- as --  
2 well, a sec -- a section on savings targets, part of -  
3 - well, we spent a lot of time talking about programs.  
4 There is -- there's -- there's definitely some of our  
5 observations and findings around the -- the codes and  
6 standards, and there's some ambiguity around the -- on  
7 the eligibility for codes and standards to be included  
8 in the savings.

9 So the -- so there's -- right now, the  
10 -- the numbers in the -- in the Plan are based on a  
11 very liberal and in -- inclusive interpretation of  
12 eligibility for codes and standards. You know, it's -  
13 - it's -- that certainly could be one (1)  
14 interpretation of -- of the Act, and there might be  
15 others, and, you know, and the -- so I just -- I just  
16 point out, that -- that's relatively all inclusive.

17 The -- we were looking at the effects  
18 over time, and trying to think about whether they were  
19 -- whether the numbers were capturing things. So in -  
20 - there's seventeen (17), eighteen (18), nineteen  
21 (19), there. I'm going to take you what's in the  
22 report, so you can understand it, but there may be --  
23 there may have -- there may be stuff that we've been  
24 educated in the -- in the -- in subsequent to the  
25 report that they -- some of the effects that we're --

1 that we're talking about, they actually captured  
2 something very, very similar and other things. But  
3 I'll just make sure we can -- I'll go through it  
4 quickly and explain what's in the report and other  
5 stuff.

6 But they certainly addressed --  
7 mentioned in the rebuttal testimony that -- that some  
8 of the factors that we said they -- should happen,  
9 because they're not, are actually in it. And they --  
10 and we'll talk very quickly about the fifteen (15)  
11 year savings.

12 So as you -- as something you've seen  
13 before, that the -- the codes and standards have a big  
14 share of the savings and other stuff like this. I  
15 mean, and you know, a major issue is, you know, how  
16 much the codes and standards that -- that have been in  
17 a -- in -- that are in effect today and helping more  
18 efficient measures get -- get implemented by it with a  
19 building envelope or anything, you know, how much do  
20 you -- to -- or is the codes and standards intention  
21 to -- said to be something that people start  
22 influencing a code and standard now.

23 Right now it's pretty -- it's -- it's  
24 all-inclusive, as I mentioned, and it's pretty big,  
25 basically a quarter (1/4) and a third (1/3) between

1 electric and gas.

2                   One (1) of the -- the way -- the way  
3 it's calculated, just to make sure that you -- you  
4 know, it -- it's based on the installation of  
5 equipment or measures or effe -- effectively measures,  
6 but there's no program, under the codes of standard  
7 and they calculated the same way the first year  
8 savings of that measure being in effect.

9                   So if there's -- if there's a building  
10 code improvement that gets more efficient  
11 installation, it's a -- it's accounted on the savings  
12 side very similar to if they had a -- if they had done  
13 a program to get that effect.

14                   They -- there wasn't as much discussion  
15 around free rider and natural conservation  
16 adjustments, but that's -- that's part of the thing  
17 that -- that we believe that they -- they've made some  
18 attempt to -- they made adjustments for those aspects,  
19 but we -- we -- at this iteration stage we haven't had  
20 a -- a -- enough of an exchange or information this  
21 late in the game to opine as to whether -- whether  
22 that nails it for us and the like.

23                   In the electric sides, going to the bar  
24 chart, the next one. In the electric side the -- the  
25 building codes are -- are growing piece of -- of the



1 savings in the -- the annual electric savings.

2                   This is one (1) of the trends that --  
3 that make -- made us want to think about, you know,  
4 how are you capturing this. You certainly want to have  
5 a -- your -- I don't want to use double negatives.

6                   You -- you certainly don't want to put  
7 something as an incentive in place where Efficiency  
8 Manitoba would rather have a program than a code  
9 change.

10                   Code changes can be extremely low-cost  
11 and an effective way to do things. There's been some  
12 questions about code compliance in the past that --  
13 that -- in the current code change out there and they  
14 want to beef up those compliance.

15                   So it's -- it's good to have, you know,  
16 savings from some activities that Efficiency Manitoba  
17 would -- would conduct to improve codes, approve  
18 efficiency through codes, as well as through programs.  
19 Because like I said, the last thing you want to do is  
20 have somebody not really have a dis-incentive to kind  
21 of help code go into effect.

22                   But the fact that codes are -- are  
23 increasing over time, you -- and if they're increasing  
24 over time, it might be very appropriate that they're -  
25 - that the numbers are going up. But if you -- if

1 there's still lots of opportunity out there for  
2 programs, because the -- the next generation of  
3 technology is along and other things like this, that -  
4 - that keeping a constant target and letting codes and  
5 standards obs -- be a bigger and bigger percentage of  
6 that could -- you know, could be a -- you know, could  
7 at -- drive you through missing some opportunities on  
8 the program side.

9                   And natural gas, it's almost all  
10 building codes that you have in there, and there's  
11 some, again, trans -- interactive effects related to  
12 lighting that -- that effect natural savings.

13                   Going to the next one. There's a  
14 concept called -- called NOMAD, which is Naturally  
15 Occurring Market Adjustment for -- for conservation,  
16 and it's effectively trying to capture what people  
17 would have done -- implemented the equipment that's in  
18 the code if there was no code.

19                   We did find out that -- that after our  
20 report went in that the -- that to the a certain -- a  
21 certain extent, as opposed to a very spec -- explicit  
22 NOMAD adjustment, changing the baseline assumptions  
23 for -- over time is one of the ways that you could do  
24 that and -- and Efficiency Manitoba has said that  
25 that's what they're doing, and again, I haven't -- we

1 haven't had a chance to close that loop to say that we  
2 -- that we agree that it's done enough or -- or in the  
3 correct way, but it sounds like they've tried to  
4 capture this effect.

5                   So I'll -- I'll skip over slide 7D. 6  
6 -- oh actually, no, I'll leave 7D 6 in there.

7                   So we were talking about whether, you  
8 know, what would happen if you did two things. If you  
9 sunset a code and standard by saying that, you know,  
10 we know the code and standards in place, it's been in  
11 place for ten years, but maybe the -- maybe the real  
12 impact that that code and standards have and compare  
13 than not having it is starting to get de minimis.

14                   And -- and that, plus the NOMAD, if you  
15 -- on the next slide, on the electric side, you could  
16 -- you -- you would get a much smaller effect  
17 potentially if you were worried about -- if you  
18 thought that conceptually it made sense to sunset the  
19 -- the codes. That's the -- the difference between  
20 the gr -- the red bar and the green bar is the -- this  
21 kind of sunsetting after seven (7) years of a code  
22 being in place, and -- and you know, not focussing for  
23 the moment on the yellow, because that -- there's some  
24 question as to whether they're doing that already.

25                   So -- so that -- that -- you know,

1 we're not trying to point this out as a way of -- of  
2 penalizing the -- the codes and standards objective,  
3 we're just trying to make sure that it -- that the  
4 inadvertent aspect is that you don't end up getting  
5 all of your -- more and more of your savings just from  
6 codes and standards when you really had opportunities  
7 or additional programs.

8                   Then the gas side, it's almost all --  
9 on the next slide, it's almost all in construction and  
10 -- and you know, it -- here's where you've got a -- a  
11 very vivid example, if you -- if you sunsetted the --  
12 the codes and standards around residential  
13 construction after seven years, you'd have a very  
14 small, small effect from the codes and standards on  
15 the effect of natural gas and stuff.

16                   You know, whether that's seven (7),  
17 whether it's ten (10), whether it's a -- you know,  
18 there was no -- there's no benchmark, no scientific  
19 stuff that I don't want to put -- I don't want to  
20 portray this for something it's not, it's an  
21 illustration of stuff, but we just know that it just -  
22 - there was something about the fact that just going  
23 on for perpetuity is -- is something that would  
24 probably be maybe not the right thing to do

25                   So -- so we think that in the course of

1 -- of trying to, you know, accept the plan of -- or  
2 the numbers in the plan or things like that, there is  
3 some -- this is not unfortunately a black and white  
4 area, they're doing rigorous calculations, but the --  
5 whether you want to have that -- that code have such a  
6 profound effect after it's been in place for ten years  
7 or so, is, you know, is -- is a policy decision.

8                   Turning to the --

9                   THE VICE-CHAIRPERSON:   Mr. Athas, just  
10 before you leave codes and standards, could you say  
11 something about what your experience in other  
12 jurisdictions has been in terms of codes and  
13 standards, and in particular the sunseting that  
14 you've spoken of?

15                   MR. JOHN ATHAS:    The -- my experience  
16 in Nova Scotia is they definitely let codes and  
17 standards contribute.

18                   I think that they've -- they -- they  
19 don't necessarily go back as far in the codes and  
20 standards. I'm not sure that they -- that that's a  
21 sunseting effect or just the -- or just the -- when  
22 the -- when the codes were implemented.

23                   I'm not sure that it's -- I -- I  
24 really, in a sense, I haven't seen the sunseting  
25 applied, but I also -- you don't -- most jurisdictions

1 aren't necessarily driven off of a hard savings target  
2 in the -- in their regulations, and other stuff like  
3 that.

4                   So, you have to make sure that you  
5 understand what the codes are going to do versus what  
6 you're trying to -- what behaviour you're trying to  
7 regulate within Efficiency Manitoba is really what the  
8 question kind of comes down to.

9

10   (BRIEF PAUSE)

11

12                   MR. JOHN ATHAS:    Okay.  Look at the --  
13 one (1) of the things that is a definite active task  
14 that Efficiency Manitoba is taking on is that wherever  
15 there's been some commercial codes that are low as 50  
16 percent in compliance with the code.

17                   So, even though there's a code out  
18 there, there's -- there's buildings going in  
19 substandard, below code; it might be as much as 50  
20 percent.

21                   And there -- they have a part of their  
22 plan to get that number, the compliance number, higher  
23 and higher or non-compliance lower.  So, they -- so,  
24 again, by having them be allowed to take advantage of  
25 codes and standards savings, you want them to do this

1 kind of activity.

2                   You don't want to -- you don't want to  
3 have them ignore this kind of activity for -- for --  
4 and turn our attentions to the program when this might  
5 be really low hanging fruit.

6                   Going on to the long-term impact. The  
7 -- this is one where there hasn't been a lot of  
8 information within the -- within the Efficiency  
9 Manitoba report.

10                   They have -- you know, we've seen  
11 things like, well, the savings to the long-term is  
12 going to be fifteen (15) years time 1.5 percent. And  
13 that could be right if you just -- if you're just kind  
14 of counting individually the activities of that -- of  
15 those fifteen (15) years meeting a 1 perc -- 1 1/2  
16 percent target, and, similarly, on natural gas, it  
17 would 11 1/4.

18                   But we don't know whether the --  
19 whether the -- the 22 1/2 percent is essentially this  
20 is how much lower year 15 load is going to be after --  
21 after fifteen (15) years worth of -- of Efficiency  
22 Manitoba program in -- in year fi -- in year 15.

23                   And what -- what I'm going to show you  
24 is it's -- that's not going to be the case. If the --  
25 if the long-term objective of, like, 22 1/2 percent is

1 -- is, I'm -- of -- of these fifteen (15) years of  
2 programs is -- is what you want to get, having --  
3 going 1 1/2 percent each year is not going to get  
4 there.

5                   And -- and we're going to look at this  
6 illustrated on just the program side and not  
7 necessarily on the co -- codes and standards side, so.

8                   And the reason why it's -- it's a  
9 problem is the measure life again because you have a  
10 lot of electric programs that -- electric measures  
11 that are going to be gone in -- before year 15 that  
12 are be -- that are being installed in the next three  
13 (3) years.

14                   The -- so going to the slide 82. And  
15 there's two (2) things I wanted to discuss from here -  
16 - from -- aspect, is this was showing in the red the  
17 implementation of programs in this three (3) year  
18 plan.

19                   So, they go out and get a percent and -  
20 - 1.3 percent. And we -- and we did this illustration  
21 with taking the same number each year. We didn't try  
22 to get as particular as to how those three (3) years  
23 vary.

24                   So, you get -- you get 1.13 percent  
25 each year of the three (3) years and -- but what you



1 have happen is there -- because of some low-life  
2 programs. Now, talking about to low-life measures,  
3 that immediately almost some of the -- some of the  
4 saving starts going away from the -- from the -- from  
5 a measure, and we can talk about that.

6                   But over -- but over time, they go and  
7 the -- as those lives start playing out, you start  
8 stepping down this waterfall chart, as it's referred  
9 to, and you -- you don't end up with three (3) times  
10 1.13 at the end of the -- at the end of the 15 years,  
11 you end up with only 1.16.

12                   And if you lay it on five (5) of these  
13 -- four (4) -- four (4) more of these, and to the  
14 effect, instead of getting -- the math works out,  
15 instead of getting the 22 1/2 percent that we were  
16 talking about, which on the program side would be 17  
17 percent, that's 16.95, that's in the middle, we would  
18 be get -- you're going to get on the electric side 9.2  
19 percent.

20                   So, if -- so, if the -- if the  
21 regulation of -- of the action is -- still -- still  
22 enables the -- the spread basket of measure lives and  
23 -- over time and stays with the 1.5 percent, if -- if  
24 you were looking for a 20 percent or more reduction in  
25 the load in 2015, that's not -- this is not going to

1 get there.

2                   If you're looking for -- so -- but if  
3 the 22 1/2 percent was just meant to be the sum of all  
4 the different years on an individual basis, that's  
5 okay, you could -- you could get there from here,  
6 okay.

7                   So, it's -- so, that's the -- that's  
8 one (1) of the questions around long-term that's  
9 important to point out as you're getting started with  
10 the first three (3) year program.

11                   The -- there is one (1) specific  
12 program that -- that bears mentioning. And the -- the  
13 first three (3) big, green boxes, relatively big, are  
14 really driven by the way Efficiency Manitoba is  
15 accounting for their load displacement program.

16                   A generation facility that was  
17 originally -- will be going in place that originally  
18 was incented by Manitoba Hydro. And -- and for that  
19 generation to be working behind the meter, there's  
20 going to be some ongoing incentives to help defray  
21 some of the operating costs so it'll run.

22                   So, Manitoba Hydro's incentive have  
23 gotten it there, and it still needs some annualized  
24 ince -- annual incentives to get it to run on -- on an  
25 economic basis.

1                   The -- the savings in years 2 and 3 in  
2 the Efficiency Manitoba plan come from the same  
3 generator. And they counted again in year 2 and again  
4 in year 3.

5                   And the rationale which is not -- you  
6 know, its -- its own, for interpretation, is they are  
7 taking money out of their budget to make sure that the  
8 generator runs wi -- within the incentives they're  
9 giving it in that year so that it's like buying the  
10 conservation in year and buying the conversation in  
11 year 3.

12                   But the one (1) thing about it is the -  
13 - the first year one (1) is gone, and the second year  
14 one (1) is gone in year 3. So, if they have to buy it  
15 again, they don't have this residual effect like you  
16 would have in -- in measures where you put it in  
17 place, and it's saving for fifteen (15) years without  
18 having to give it any incentives.

19                   So, there's a -- there's a large amount  
20 of the electric program, maybe as much as 25 percent,  
21 that -- that is effectively with a one (1) year  
22 measure life aspect because of being able to count  
23 that load displacement measure again in -- in year 2  
24 and again in year 3 because other load displacement  
25 facilities that don't have the ongoing incentive that

1 needs to be in place, so they only get count one (1) -  
2 - count -- counted once in the -- for the annual  
3 achievements.

4                   So, it's a little -- and I'm not -- I'm  
5 sure I didn't do -- do it justice, but it is a little  
6 bit of a convoluted kind of thing, but it's -- and --  
7 and it -- you know, the logic of why they're doing it  
8 isn't -- is a judgment as to whether that's a fair  
9 logic or not.

10                   It's not -- but -- but to -- but to say  
11 that -- that, since 20 to 25 percent of your savings  
12 in the first year -- because you have to give them  
13 some additional money in the second year, you're going  
14 to let it count toward the achievement of the second  
15 year goal, as well, that's -- you -- you know, you  
16 might take a look at -- you might take a look at that  
17 and say, you -- you shouldn't be doing that.

18                   And if you shouldn't be doing that,  
19 then there's a definitive shortfall in the -- in the  
20 program -- in the target -- in -- in the plans  
21 accomplishing the targets in year 2 or 3 for -- on the  
22 electric side is -- is significant.

23                   It might be -- instead of being a cu --  
24 it might be three tenths of a ce -- of a percentage  
25 point off the 1.5, so it's -- it's a big number

1 because it's such a big facility.

2                   The -- the same effect is happening a  
3 little bit on natural gas, but, again, because of the  
4 long life measures of natural gas, natural gas  
5 layering on fifteen (15) years of programs -- fifteen  
6 (15) years of program in success of five (5) year --  
7 three (3) year plans on the natural gas side, it gets  
8 pretty close to that simple math of -- of the programs  
9 times -- the program goal times fifteen (15) years.

10                   And so -- so, relatively speaking, that  
11 -- that blue bar is much closer to, like -- like,  
12 three (3) of the reds, you -- and stuff like this,  
13 where if you -- if we flip back to the electric side  
14 one and one (1) more slide back, you can see that the  
15 -- that the blue bar is a lot smaller than three (3)  
16 of the reds.

17                   So it's a -- it's a -- it's a long-term  
18 aspect. It's not a economic analysis question and  
19 cost-effectiveness, but it's just a matter of, you  
20 know, if you want -- if you're thinking about what  
21 you're trying to effect by the end of this fifteen  
22 (15) years that -- that's been spoken about, you --  
23 you have to know that this effect is out there and  
24 it's going to go on.

25                   It may be -- might look a little

1 different because, as I said, to do the calculations  
2 of the numbers that are in -- in the text in there in  
3 the middle of, I assume, the identical next plan in  
4 terms of measure lives, and that -- that might -- that  
5 is certainly not going to happen, something identical.

6           So if we go to the next slide, that  
7 leads us to one (1) of the questions that was posed to  
8 us in our scope of work, is, you know, do we -- what  
9 do we see that makes us think that you should change  
10 your targets, you know, and we broke it up in two (2)  
11 ways.

12           Should they be increased? Well, the  
13 fact that the -- the regulations and the legislation  
14 talks about increasing targets if it's -- if they're  
15 still more cost-effective measures out there and the  
16 fact that we have some deliverability concerns and  
17 other stuff that -- to be -- be pushing that envelope  
18 too bad, and we're already using some potentially non-  
19 cost-effective bundles and stuff like this, that says  
20 that it's probably not poised to be increasing the --  
21 the target and stuff -- and -- or -- or conversely,  
22 should it be lower.

23           And -- and because there's -- there's a  
24 very limited amount and a -- and a very minority  
25 amount of measures that have poor economics and that

1 there are other factors that were right in the  
2 legislation and in the and in the -- and in the  
3 overall planning on the energy side for the -- for  
4 Manitoba, that we wouldn't see that the information is  
5 telling us to recommend to you a decrease in target.

6 Now that's in some ways a lot of self-  
7 fulfilling prophecy because they obviously spent a lot  
8 of time trying to get to the target, you know, and  
9 trying to figure out how to make that work, but it's  
10 -- but it says that it's for -- and I understand that  
11 when they were -- when the target was being set, it  
12 was trying to be set at something reasonable that  
13 could happen. So it's -- it's -- it kind of -- it  
14 kind of -- it kind of seems like it fell into a  
15 reasonable sweet spot. So --

16 THE VICE-CHAIRPERSON: When you say  
17 decrease or increase a savings target, are you talking  
18 about the one (1) year targets or the fifteen (15)  
19 year?

20 MR. JOHN ATHAS: The one (1) year  
21 target.

22 THE VICE-CHAIRPERSON: Thank you.

23 MR. JOHN ATHAS: Yeah. The only thing  
24 we know about the fifteen (15) year target is it seems  
25 to be a summation of the one (1) year targets. And it

1 -- and it might not even be something that you have to  
2 address now, you know, in this -- in this three (3)  
3 year plan, but it's just something that you might want  
4 to understand where you're heading. Okay.

5 MS. KATHLEEN KELLY: Okay. On the  
6 evaluation measurement and verification of the  
7 programs, this Slide 86 talks about the summary  
8 findings from our report from Section 7, numbered in  
9 that order, thirty-one (31) to forty-two (42). We've  
10 already talked a bit about thirty-one (31) and thirty-  
11 two (32), which is the tracking system and the  
12 procurement go -- ongoing for that.

13 One (1) good thing that Efficiency  
14 Manitoba has put in place and is adopting is a DSM  
15 scorecard for benchmarking their program and their  
16 progress against like entities that are third-party  
17 administrators for projects for programs.

18 It is -- it appears to be self-scoring  
19 and someone will talk a little bit more about what it  
20 does in a moment. There are some qualitative metrics  
21 in there that may be difficult to score.

22 Efficiency Manitoba is relying on  
23 independent assessors and will also use the EEAG to  
24 help them select some of the independent assessors.

25 The framework and the plans included in



1 the filing, it's going to be implemented over the next  
2 three (3) years, so the intent is to have an impact  
3 evaluation for each program sometime in that three (3)  
4 year period, but not all of the evaluations are going  
5 to necessarily be ready to impact the next three (3)  
6 year plan. Many will, but there may be some that are  
7 not quite finished in time for that three (3) year  
8 plan.

9                   The methodologies for doing all of this  
10 are not fully developed yet. They have an advisor  
11 that has worked with them to set up the initial  
12 framework. And then you've already heard this as  
13 well, monitor early roll-out and make sure you track  
14 the data, pre the change to the CRM.

15                   But I'll let Suman point out a few more  
16 points.

17                   DR. SUMAN GAUTAM: Sure. Thank you,  
18 Kathy. In addition to the findings highlighted here,  
19 I'd like to outline a few things that Efficiency  
20 Manitoba has planned and -- and included in its  
21 filing.

22                   So one (1) is system enhancement.  
23 They're proposing system enhancements as a part of the  
24 new CRM/DSM system, which will, as -- as -- which will  
25 help in deliverability of -- in addition to helping

1 with deliverability, it will also help them track and  
2 monitor not only savings but budget, participation  
3 rates and this greenhouse gas emissions all the way to  
4 the measure level, and -- and also the program level  
5 and bundle level. So this system is expected to  
6 streamline and centralize their process.

7                   And is there -- as they highlighted in  
8 their filing, as we pointed out earlier as well -- so  
9 they're in the process of procuring this system, and -  
10 - and it's expected to -- the final selection of the -  
11 - of the vendor is expected to happen at the end of  
12 February, so that's something to be closely watched so  
13 that -- that the system is in place, you know, before  
14 -- before 20 -- this plan rolls out.

15                   So in addition to system enhancement,  
16 as Kathy pointed out, they have -- they are proposing  
17 some sort of DSM scorecard to evaluate not only the  
18 program performance but also their corporate  
19 performance, and they're doing it in -- in a couple of  
20 different ways.

21                   One (1) is comparing with the baseline  
22 scorecard, and then the baseline scorecard is coming  
23 from what Manitoba -- just evaluating Manitoba Hydro's  
24 I think 2017/2018 DSM plan. And they're also  
25 benchmarking their performance with other -- other

1 utilities that are doing energy efficiency programs.

2           So -- so besides this self-evaluation  
3 and system enhancement, other measures, I think the  
4 crucial part is their plan for evaluation,  
5 measurement, and verification of the -- of the -- the  
6 savings that they are projecting here.

7           And as we have pointed out before,  
8 there are two (2) main categories where savings are  
9 coming from. There's a program best savings and there  
10 is codes and standard best savings. And as mandated  
11 by the regulation, they are planning to engage third  
12 party assessor for both of these for a rigorous  
13 evaluation and measurement of savings coming from both  
14 of these categories, and -- and they -- they also file  
15 this evaluation framework, which outlines the  
16 methodologies and time lines and cycles that -- that  
17 they need to consider in -- in evaluating programs.

18           But one (1) thing to note is that the  
19 evaluation framework is -- is more focused on program  
20 best savings, and it doesn't -- it touches on -- on --  
21 on the need for evaluating codes and standards  
22 savings, but it's not outlined in detail as -- as --  
23 as evaluating program best savings.

24           So that's something -- and Efficiency  
25 Manitoba has mentioned through responses to IRs and

1 through consultation that they are planning to engage  
2 third-party assessor in developing rigorous  
3 methodology to evaluate codes and standards savings,  
4 but that's something that needs to be closely watched  
5 as well.

6 MR. JOHN ATHAS: And that includes --  
7 that concludes our presentation, unless -- except for  
8 questions that you might have still, and you know, we  
9 -- we know we ran a little longer than you might've  
10 saw on the schedule. We -- we felt that -- we tried  
11 to trim it down but we -- we had -- there's a lot of  
12 different points that we made throughout our report  
13 that we thought needed to be aired to start off our  
14 potential cross-examination.

15 THE CHAIRPERSON: Thank you, Mr.  
16 Athas. I'm going to ask the Panel if they have any  
17 questions.

18 I've got one (1) question for Ms.  
19 Kelly. Kristen, can you go back to Screen 66?

20 You mentioned some of the best  
21 practices -- says it includes several best practices  
22 for improving access for hard-to-reach customers.

23 Are there any best practices that you  
24 know of that are not included here that you would  
25 recommend?

1 MS. KATHLEEN KELLY: I'll have to give  
2 that some thought, and if it's okay, I'll come back --

3 THE CHAIRPERSON: Sure.

4 MS. KATHLEEN KELLY: -- with a  
5 response to that, but I need to give that a little  
6 more thought than off-the-cuff.

7 THE CHAIRPERSON: Okay, certainly.  
8 Now, we've hit noon. Ms. Dilay, did you want to do  
9 your cross-examination now?

10 MS. KATRINE DILAY: Mr. Chair, I'm  
11 open to the Panel's preference. I expect to be thirty  
12 (30) to forty (40) minutes, depending on responses.  
13 I'm happy to go now or following the lunch break.

14 THE CHAIRPERSON: Okay. We'll --  
15 we'll break for forty-five (45) minutes for lunch and  
16 then start after --

17 MS. KATRINE DILAY: Thank you.

18 THE CHAIRPERSON: -- after that.

19 Thank you.

20

21 --- Upon recessing at 12:01 p.m.

22 --- Upon resuming at 12:46 p.m.

23

24 THE CHAIRPERSON: Ms. Dilay...?

25

1 CROSS-EXAMINATION BY MS. KATRINE DILAY:

2 MS. KATRINE DILAY: Thank you, Mr.  
3 Chair. Good afternoon to Mr. Athas, Dr. Gautam, and  
4 Ms. Kelly. My name is Katrine Dilay. I'm a lawyer  
5 with the Public Interest Law Centre here in Winnipeg,  
6 and I represent the Consumers' Coalition, which is  
7 comprised of Winnipeg Harvest and the Manitoba branch  
8 of the Consumers Association of Canada. And to my  
9 right is Danielle Morrison, who is an articling  
10 student with our office.

11 I'd propose that my questions today --  
12 I'll generally direct them to the panel, and I would  
13 invite whoever is most appropriate to answer the  
14 question. And to the extent possible, if the  
15 witnesses could keep their answers succinct. Of  
16 course, I understand where that is not possible, but  
17 that would be appreciated.

18 I'd like to start my questions for you  
19 on the topic of deliverability risk. So I -- I --  
20 this may be appropriate for Ms. Kelly.

21 At a high level and without necessarily  
22 elaborating on this, you'll agree that the Daymark has  
23 identified certain deliverability concerns with the  
24 Plan as filed by Efficiency Manitoba?

25 MS. KATHLEEN KELLY: Would you restate

1 that? Unfortunately, I wasn't listening close enough.

2 MS. KATRINE DILAY: No problem. At a  
3 high level, you will agree that Daymark has identified  
4 certain deliverability risks with the Plan as filed by  
5 Efficiency Manitoba?

6 MS. KATHLEEN KELLY: Yes, we have.

7 MS. KATRINE DILAY: And if we turn to  
8 page 27 of your report, which is PDF 33. Thank you,  
9 Ms. Schubert.

10 You'll agree that this is where Daymark  
11 has summarized the major reasons for the concerns of  
12 Daymark relating to the deliverability of the Plan?

13 MS. KATHLEEN KELLY: That's correct.

14 MS. KATRINE DILAY: And just to  
15 confirm for the record, the reasons for concern that  
16 you have identified which are currently on a page  
17 before us, you'll agree that the first has to do with  
18 the substantially lower budget compared to Manitoba  
19 Hydro combined with increased energy savings?

20 MS. KATHLEEN KELLY: Yes.

21 MS. KATRINE DILAY: And the second one  
22 has to do with Efficiency Manitoba projecting to have  
23 30 percent less staff than Manitoba Hydro, correct?

24 MS. KATHLEEN KELLY: That's correct.

25 MS. KATRINE DILAY: And the third has

1 to do with a concern relating to meeting the natural  
2 gas savings target for the first year?

3 MS. KATHLEEN KELLY: Efficiency  
4 Manitoba recognized that it would not meet them, yes.

5 MS. KATRINE DILAY: And the fourth is  
6 that Efficiency Manitoba relies on new or updated  
7 sources for estimating participation, which may  
8 produce a step change increase in the level of saving  
9 expected for existing programs?

10 MS. KATHLEEN KELLY: Yes.

11 MS. KATRINE DILAY: And can you  
12 clarify for us what you mean by a step change  
13 increase?

14 MS. KATHLEEN KELLY: It's probably a  
15 poor choice of words, but there is a large change in  
16 the level of savings expected for each of the  
17 programs.

18 But when one goes through and looks of  
19 all of the detail, part of the reason for that is that  
20 there is an addition of measures for those programs.  
21 So one would expect the savings to increase. It is  
22 large. It -- you know, depending on where you are in  
23 the industry, some people might say it's a step  
24 change, but it -- it is a fairly significant increase.

25 MS. KATRINE DILAY: Thank you. And



1 you'll agree that as we see on this page, the fifth  
2 reason for the deliverability concerns is relating to  
3 the CRM system?

4 MS. KATHLEEN KELLY: Correct.

5 MS. KATRINE DILAY: And the sixth  
6 reason relates to agreements with third party  
7 providers, correct?

8 MS. KATHLEEN KELLY: Correct.

9 MS. KATRINE DILAY: And so I'd just  
10 like to ask some questions, digging a little bit more  
11 into the details of these deliverability concerns,  
12 specifically why they matter in the Public Utilities  
13 Board review of the Efficiency Plan.

14 If we turn to page 61 of your report,  
15 which is PDF 67, would it be fair to say that the  
16 bottom line regarding the deliverability risks  
17 identified by Daymark is that Efficiency Manitoba may  
18 not be able to reach the savings targets that it  
19 projects in its three (3) year plan?

20 And Kristen, maybe if we go back to the  
21 top of the page, just before the bullet. I'll just  
22 referred Daymark to -- we do find savings at risk. So  
23 would that mean that the bottom line is regarding  
24 Efficiency Manitoba's ability to reach the savings  
25 targets that it projects?

1 MS. KATHLEEN KELLY: As I explained  
2 earlier this morning when we did our presentation, I  
3 think our -- our concern revolves around the fact the  
4 there may be some transition and startup issues that  
5 might keep them from achieving the initial year's  
6 savings that may be made up in the second year.

7 It's just a natural end result of  
8 changing the program and adding a bunch of new  
9 measures and new approaches to things that is a  
10 concern that -- that the -- the PUB should be aware of  
11 as we move forward.

12 MS. KATRINE DILAY: Thank you. And so  
13 to summarize, the savings for the first year, I think,  
14 is what you indicated, may -- may not be achieved, and  
15 may or may not be resolved in the years after that?

16 MS. KATHLEEN KELLY: It may or may not  
17 be resolved in the first year. They -- they are all  
18 dependent on their ability to get all of the systems  
19 in place so that they can then move forward and obtain  
20 the savings.

21 MS. KATRINE DILAY: And just to  
22 reiterate what Efficiency Manitoba is currently  
23 projecting for savings it is under -- it is your  
24 understanding that Efficiency Manitoba's current  
25 revised protection for over the three (3) years for

1 the average electric savings will be 1.46 percent?

2 MS. KATHLEEN KELLY: That's correct.

3 MS. KATRINE DILAY: And this is  
4 slightly lower than the electric saving target in the  
5 legislation by 0.04 percent, correct?

6 MS. KATHLEEN KELLY: That's correct.  
7 But as pointed out by one (1) of my associates this  
8 morning, depending on how you round it, it's fairly  
9 close.

10 MS. KATRINE DILAY: Thank you. And  
11 the natural gas savings are projected to be 0.78  
12 percent on average over the three (3) years of the  
13 Plan?

14 MS. KATHLEEN KELLY: Correct.

15 MS. KATRINE DILAY: And this is  
16 slightly higher than the natural gas savings target in  
17 the legislation by 0.03 percent, correct?

18 MS. KATHLEEN KELLY: I'll accept that.

19 MS. KATRINE DILAY: And so would it be  
20 fair to say that if in the event that the efficiency--

21 DR. SUMAN GAUTAM: Can we comment?  
22 The regulation target for natural gas is 0.75 percent.

23 MS. KATRINE DILAY: Yes, thank you.  
24 And so the 0.78 percent would be slightly higher, by  
25 0.03 percent?

1 DR. SUMAN GAUTAM: Yes.

2 MS. KATHLEEN KELLY: Yes.

3 MS. KATRINE DILAY: Thank you. And so  
4 would it be fair to say that in the event that  
5 Efficiency Manitoba achieves lower than projected  
6 targets -- or savings, pardon me, this could impair  
7 their ability to meet the savings targets in the Act?

8 MS. KATHLEEN KELLY: Can you say that  
9 again?

10 MS. KATRINE DILAY: Of course. Would  
11 it be fair to say that in the event that Efficiency  
12 Manitoba achieves lower than projected savings, this  
13 could impair their ability to meet the savings targets  
14 in the Act?

15 MS. KATHLEEN KELLY: I'm going to pass  
16 that one (1) to John. I'm not quite sure, but that  
17 you can take one (1) -- you can take your statement --

18 MR. JOHN ATHAS: M-hm. Yeah.

19 MS. KATHLEEN KELLY: -- and make it  
20 the end result.

21 MR. JOHN ATHAS: Yeah. It -- it  
22 sounds like it's the same thing that you're talking  
23 about. If you're -- I mean, they're at -- they're at  
24 -- depending on how you round, they're at the target,  
25 and if they don't make the savings, say that -- that -

1 - does that impair their ability to make the target is  
2 like saying if they don't make the savings, they're  
3 not going to make the savings to me.

4                   It -- it sounds identical. I mean, I  
5 don't know -- I don't know that this -- how to  
6 distinguish if they don't make the savings, they don't  
7 make the target, if they're starting at target.

8                   MS. KATRINE DILAY: Thank you. So --  
9 and so you'll agree that if Efficiency Manitoba, given  
10 that the savings are essentially at the target, if  
11 they are not -- if they do not achieve those savings,  
12 they will as a result not achieve the target in the  
13 Act?

14                   MR. JOHN ATHAS: Correct.

15                   MS. KATHLEEN KELLY: I would modify  
16 that by saying perhaps in the first year. I think  
17 what we've identified are things that need to be paid  
18 attention to by Efficiency Manitoba to -- to ensure  
19 that the risks that we've identified don't happen, and  
20 I think that that is -- has -- is and has been  
21 communicated as the intent of their Evaluation Plan as  
22 they move forward is they're going to be looking at  
23 what's happening in the field on a regular basis.

24                   That's just a natural part of -- of  
25 implementing programs like this. So it's -- as you go

1 out in the field, you start to monitor what's  
2 happening. You look at them, and you say, well,  
3 this is way overachieving, way underachieving. What  
4 do I do with it?" So it's -- it's -- it -- it's just  
5 the natural course as it goes through.

6 MR. JOHN ATHAS: Yeah, and -- and one  
7 (1) other point to clarify, the statement that you  
8 made was to the extent, and that -- that sounds just  
9 as a generic question, and it was taken as a generic  
10 questions to me. It should not be inferred that we've  
11 -- that our forecast is that they're going to be --  
12 not make the savings targets.

13 MS. KATRINE DILAY: Thank you. And  
14 indeed, my question was in the event that this  
15 happens.

16 MR. JOHN ATHAS: Correct.

17 MS. KATRINE DILAY: So if we talk a  
18 little bit about participation rates that are  
19 projected in programs, you'll agree that Efficiency  
20 Manitoba is relying on a certain number of customers  
21 participating in programs, and installing energy  
22 efficiency measures as a result, for the consumption  
23 savings that it projects to materialize?

24 MS. KATHLEEN KELLY: I think so, yes.

25 MS. KATRINE DILAY: And is it your

1 understanding that Efficiency Manitoba's budget, once  
2 it is set for the three (3) year plan, will not be  
3 increased?

4 MR. JOHN ATHAS: I don't know. I  
5 don't think we've --

6 MS. KATHLEEN KELLY: I don't know.

7 MR. JOHN ATHAS: Yeah, I don't think  
8 we know that. It never came up in our discussions.

9 MS. KATRINE DILAY: Thank you. I'd  
10 like to -- I have a few questions about the CRM tool.  
11 You'll confirm that it is your understanding that  
12 Efficiency Manitoba is proposing that the CRM is  
13 planned to streamlize (sic) and centralize operations  
14 from both customer-facing and internal operations  
15 perspectives?

16 MR. SUMAN GAUTAM: Yes.

17 MS. KATRINE DILAY: And if we turn to  
18 Coalition/EM number 23, please, if we go to the  
19 response, and if you look at the -- the little  
20 paragraph just before the bullets, you'll see that  
21 Efficiency Manitoba has also responded in IRs that:

22 "The CRM system is considered an  
23 enabling -- enabling strategy, as it  
24 is needed to support overall  
25 operations at Efficiency Manitoba,

1 with features including but not  
2 limited to managing all aspects of  
3 customer and contractor and  
4 relationship, including but not  
5 limited to tracking customer data,  
6 project status, and issues."

7 You see that reference?

8 MS. KATHLEEN KELLY: I do.

9 MS. KATRINE DILAY: And if we turn now  
10 to your evidence, the revised report that was filed,  
11 at page 2.

12

13 (BRIEF PAUSE)

14

15 MS. KATRINE DILAY: And if we go to  
16 the last sentence of the second bullet, you can  
17 confirm that Daymark has stated:

18 "Because a compu -- because computer  
19 system development is notorious for  
20 delays, there may be a risk that a  
21 delayed CRM rollout is -- sorry,  
22 will cause Efficiency Manitoba to  
23 miss its participation targets."

24 You see that reference?

25 MS. KATHLEEN KELLY: I do.



1 MS. KATRINE DILAY: And you'll agree  
2 that this risk to participation targets would be  
3 because of the integral role that the CRM tool is  
4 planned to play in customer relationships?

5

6 (BRIEF PAUSE)

7

8 MS. KATHLEEN KELLY: The risk to the  
9 participation targets --

10 MS. KATRINE DILAY: Yes.

11 MS. KATHLEEN KELLY: -- is because the  
12 CRM is an enabling strategy and because it is designed  
13 to simplify participation for those who are  
14 participating. It's designed to enable their  
15 education, so it -- it is a potential for a risk.

16 MS. KATRINE DILAY: Thank you. And a  
17 second reason why Efficiency Manitoba's savings  
18 projections may be at risk from the CRM system being  
19 delayed would relate to consistency in gathering of  
20 information for evaluation processes?

21 MS. KATHLEEN KELLY: A...

22

23 (BRIEF PAUSE)

24

25 MR. SUMAN GAUTAM: The -- the impact

1 of CRM/DSM system could -- could affect -- there could  
2 be a risk on participation rates, but we don't see any  
3 -- and that could impact, you know, the savings  
4 achieved, but there is no other -- we do not see other  
5 way for CRM -- a delay in CRM/DSM system affecting  
6 savings target.

7 MS. KATRINE DILAY: So to confirm, it  
8 could affect participation, but that would be the only  
9 impact from the CRM being delayed?

10 MR. SUMAN GAUTAM: That -- that's what  
11 --

12 MR. JOHN ATHAS: Yeah, I believe it  
13 was the only impact that we -- that we've identified  
14 right now.

15 MS. KATRINE DILAY: Thank you. I have  
16 a few questions about third-party contractors. You'll  
17 agree that one (1) of the concerns highlighted by  
18 Daymark was that program delivery may be hindered by  
19 the fact that all the third-party partners Efficiency  
20 Manitoba plans to work with are not yet on board?

21 MS. KATHLEEN KELLY: We identified  
22 that as a risk, yes.

23 MS. KATRINE DILAY: And at a high  
24 level, that would be because Efficiency Manitoba will  
25 be relying heavily on third-party partners to deliver

1 its programs, correct?

2 MS. KATHLEEN KELLY: I'm not sure  
3 about the use of the term 'heavily,' but I would say  
4 they are relying more on third party than Manitoba  
5 Hydro did, because they are reducing their internal  
6 staff.

7 MS. KATRINE DILAY: And so if third-  
8 party contractors are not in place in a timely matter  
9 -- manner, pardon me, for plan implementation, the  
10 ability of Efficiency Manitoba to offer its planned  
11 programs and initiatives could be impacted?

12 MS. KATHLEEN KELLY: It -- it may be  
13 impacted. It could be impacted in a number of ways.  
14 Efficiency Manitoba could -- could start running the  
15 program themselves with their own staff and try to  
16 mitigate some of those changes. If the contractor is  
17 selected a month or so late, it may impact how quickly  
18 some of the participation starts up. They could also  
19 -- depending on how the contractor manages the program  
20 once selected, they could make that up during the  
21 first year, depending on what kind of activities and -  
22 - and approaches they take.

23 Again, the -- the -- as we said this  
24 morning, we don't see these as fatal flaws, but they  
25 are adjustments that need to be monitored and made in

1 order to ensure that the targets that are set can be  
2 met as well as possible.

3 MR. JOHN ATHAS: The -- the -- one  
4 thing I -- I'd add is that if they -- it could be a  
5 very concentrated effect of not -- of not getting all  
6 the con -- all the third-party signed contracts. You  
7 know, if they miss it on -- if they -- if they delay -  
8 - if they have some delay on -- on people that are  
9 delivering a certain couple of programs, you know,  
10 there was a way that you asked it made it sound like  
11 it could affect all programs, and it might -- and it  
12 might not -- and it might not do that.

13 It also might be that they -- that if  
14 the programs have a -- are looking at seasonal end  
15 uses and they -- and they really don't necessarily  
16 have to get that -- that program off the ground on Day  
17 1, that that's -- that's why there's 'may' affect  
18 participation. You know, I mean, it could be -- but  
19 the -- but the -- just -- our observations was that  
20 they're saying they need third party and they just  
21 don't have them all yet.

22 MS. KATRINE DILAY: Thank you.  
23 Relating to codes and standards, if we turn to page 3  
24 of your report.

25

1 (BRIEF PAUSE)

2

3 MS. KATRINE DILAY: And if we go to  
4 the bullet that starts with "Taking into account,"  
5 would it be fair to summarize this point as being that  
6 Efficiency Manitoba may not be on track to meeting the  
7 fifteen (15) year reduction targets in the plan  
8 because of the significant role played in the first  
9 three (3) years by measures with relatively short  
10 lives as well as possible adjustments to codes and  
11 standards savings projections?

12

13 (BRIEF PAUSE)

14

15 MR. JOHN ATHAS: I mean, the key --  
16 key word that we have there is -- in the second to  
17 last line is 'may,' and -- and some of our  
18 presentation brought up the fact that we're not, by  
19 any means -- we're -- we -- we don't have a -- an  
20 exact definition of what the fifteen (15) year target  
21 is.

22

23 So besides the effects happening to  
24 cause 'may,' the interpretation of what the target is  
25 can -- itself can cause 'may.' So I'm not -- so I --  
I would -- I would caution that, you know, we -- we

1 tried not to present anything that said that we know  
2 we're not going to make the target, because the  
3 target's kinda still undefined.

4 MS. KATRINE DILAY: Understood.

5 And if we just provide some context in  
6 terms of codes and standards, I believe you referred  
7 to this this morning, but you'll agree that projected  
8 savings from codes and standards make up almost one-  
9 quarter of electricity savings?

10 MR. JOHN ATHAS: That's correct.

11 MS. KATRINE DILAY: And one-third of  
12 natural gas savings?

13 MR. JOHN ATHAS: That's correct.

14 MS. KATRINE DILAY: And Daymark has  
15 characterized this as being a significant share of the  
16 total savings projected, correct?

17 MR. JOHN ATHAS: That's correct.

18 MS. KATRINE DILAY: And relatively  
19 quickly, if we turn to page 124 of your report, this  
20 is where in this section, if we go to the -- towards  
21 the bottom of the page, you'll agree that this section  
22 outlines two main differences between how Efficiency  
23 Manitoba treats savings from codes and standards, and  
24 how they treat savings resulting from programs,  
25 correct?

1 MR. JOHN ATHAS: I don't think that  
2 that's -- that comparison was meant to take that. We  
3 just -- we used the free ridership concept as one (1)  
4 statistic that is here that is -- is kind of analogous  
5 to early adopters.

6 So the -- the NOMAD effect is also  
7 early adopters, they're different early adopters and  
8 other things like this. So we're not saying that they  
9 didn't look at free ridership, we're saying that they  
10 might not have calculated a baseline consistently and  
11 other things, and we've now been informed that they --  
12 they have made some adjustments to their baseline  
13 savings calculations that they believe gets the -- the  
14 same effect.

15 MS. KATRINE DILAY: Thank you. If we  
16 turn to Daymark EM-62(b), you'll agree that Efficiency  
17 Manitoba states here that it will rely on its third-  
18 party evaluator to implement the methodology to assess  
19 the success and impact of Efficiency Manitoba's  
20 participation in codes and standards committees?

21 MR. JOHN ATHAS: That's definitely  
22 what it says.

23 MS. KATRINE DILAY: And is it your  
24 understanding that the third-party evaluator who will  
25 be hired by Efficiency Manitoba will be independent?

1 MS. KATHLEEN KELLY: That's pretty  
2 much how they planned it, yes.

3 MS. KATRINE DILAY: And this means  
4 that the third-party evaluator will not be bound by  
5 the projections that Efficiency Manitoba has included  
6 in its plan, correct?

7 MR. JOHN ATHAS: I believe that the  
8 third-party evaluator is trying to assess what they  
9 think happened. So they're certainly not bound to say  
10 that the -- that what the -- what Manitoba --  
11 Efficiency Manitoba was hoping to happen and  
12 forecasting to happen happened, they -- they'd better  
13 do a little bit more work than that.

14 MS. KATHLEEN KELLY: Hopefully they  
15 will compare it to the original plan, but they aren't  
16 bound by it.

17 MS. KATRINE DILAY: And so it is  
18 possible that they will disagree with Efficiency  
19 Manitoba's interpretation of which savings from codes  
20 and standards can be counted towards Efficiency  
21 Manitoba's savings targets, correct?

22 MS. KATHLEEN KELLY: I'd like to offer  
23 a point on that, and that is that the interpretation  
24 of how the codes and standards are accounted for is  
25 something that the evaluator will have to take into



1 account, because that's part of the way the Act and  
2 the regulations have set up where codes and standards  
3 will be.

4 MR. JOHN ATHAS: Yes, and they -- and  
5 there's nothing in -- nothing in that role that's  
6 described that makes me believe that they would be  
7 bound by -- from discussions like -- like we are for -  
8 - during this proceeding.

9 You know, we can't -- we couldn't have  
10 it during this last eight weeks a discussion with the  
11 panel members and say how do you interpret codes and  
12 standards to know what to do.

13 And so there's the independent  
14 evaluator can be -- can have that discussion. They  
15 don't have to make it up in isolation, they just need  
16 to be different than -- than Efficiency Manitoba.

17 MS. KATRINE DILAY: Sorry, can you  
18 repeat just that last point?

19 MR. JOHN ATHAS: They just have to --  
20 they have to be independent of Efficiency Manitoba, is  
21 the key -- what it looks like to say how much the  
22 savings was achieved.

23 It didn't -- it didn't say that in  
24 anything in the legislation that I see that it had to  
25 be mimicking the -- the role that we played here.

1 MS. KATRINE DILAY: Thank you. And so  
2 to confirm, it is possible that the third-party  
3 evaluator could disagree with Efficiency Manitoba's  
4 interpretation, correct?

5 MR. JOHN ATHAS: Yeah, it's possible  
6 everybody in this room could dis -- disagree with the  
7 Efficiency Manitoba's estimate.

8 MS. KATRINE DILAY: And --

9 MS. KATHLEEN KELLY: If we could --

10 DR. SUMAN GAUTAM: Can I add a point?  
11 So I think you're referring to a general principle of  
12 evaluation, measurement, and verification. As a part  
13 of E, M and V process, there is always an estimated  
14 savings that any utility can put forward to -- as in  
15 our -- that -- that program or get into -- it gets  
16 implemented than the evaluation, measurement, and  
17 verification process kicks in, right?

18 So we're -- our understanding is that  
19 the courts understand that related savings targets  
20 would also undergo through similar E, M and V process.

21 And as part of that process, the  
22 independent assessor hired by Efficiency Manitoba will  
23 -- will make its own decision based on what it finds.

24 MS. KATRINE DILAY: Thank you.

25 MS. KATHLEEN KELLY: Also add that

1 that evaluator is expected to ensure a certain amount  
2 of rigour and transparency in the -- in the  
3 assessment.

4 So they will have to make it very clear  
5 what their considerations were for how they did it.

6 MS. KATRINE DILAY: Thank you, that's  
7 helpful.

8

9 (BRIEF PAUSE)

10

11 MS. KATRINE DILAY: That seems like a  
12 much better arrangement.

13 For my next few questions, I'd like to  
14 take you to the Information Request at Coalition  
15 Daymark number 6.

16 And if we go to the response, you see  
17 there that Daymark stated that significant reductions  
18 in consumption of electricity within Manitoba would  
19 very likely result in a combination of less imports of  
20 electric power from MISO by Manitoba Hydro, or more  
21 exports of hydro electric power to MISO by Manitoba  
22 Hydro.

23 You see that?

24 MR. JOHN ATHAS: Yes.

25 MS. KATRINE DILAY: And then it states

1 each of these would reduce the amount of fossil  
2 generation needed by MISO generation facilities,  
3 correct?

4 MR. JOHN ATHAS: Correct.

5 MS. KATRINE DILAY: And at a high  
6 level, and without necessarily elaborating on this,  
7 you'll agree that the greenhouse gas emissions coming  
8 from the MISO region today may not remain at the same  
9 level in the future, correct?

10 MR. JOHN ATHAS: Correct.

11 MS. KATRINE DILAY: And you'll agree  
12 that Miso's generation mix has become cleaner in terms  
13 of greenhouse gas emissions over the past decade?

14 MR. JOHN ATHAS: I -- I'll take that  
15 subject to check, but it doesn't effect the statement  
16 that's -- the statements on this page at all.

17 MS. KATRINE DILAY: Thank you. And in  
18 terms of their generation mix becoming cleaner, is  
19 your understanding -- would it be your understanding  
20 that this would be due to, for example, declining wind  
21 resource costs?

22 MR. JOHN ATHAS: A number of factors.  
23 Well, the -- the increased installation of wind is  
24 what would happen, not just -- I can't say that just  
25 if they -- if the price for it is lower that it's

1 going to have any effect until somebody installs it.

2 MS. KATRINE DILAY: Thank you for  
3 that. And it -- it is possible that MISO's generation  
4 mix could become even cleaner in terms of greenhouse  
5 gas emissions in the future?

6 MR. JOHN ATHAS: Lots of things are  
7 possible, but that's one (1) of them.

8 MS. KATRINE DILAY: And are you  
9 familiar with the energy company Consumer's Energy?

10 MR. JOHN ATHAS: By -- by name.

11 MS. KATHLEEN KELLY: Yes.

12 MS. KATRINE DILAY: And is it your  
13 understanding that Consumer's Energy is a public  
14 utility that provides natural gas and electricity in  
15 Michigan?

16 MS. KATHLEEN KELLY: I believe so,  
17 yes.

18 MS. KATRINE DILAY: To approximately 6  
19 million consumers?

20 MS. KATHLEEN KELLY: I'll accept that,  
21 subject to check, but I don't remember the number.

22 MS. KATRINE DILAY: That's fine, thank  
23 you. And are you generally aware that consumer's  
24 energy has recently proposed and has approved a new  
25 integrated resource plan that anticipates retirement

1 of all of its cold -- coal fired power plants?

2 MS. KATHLEEN KELLY: I know it has  
3 proposed significantly reducing it. I don't recall if  
4 it's all, but it was a significant reduction.

5 MS. KATRINE DILAY: As well as  
6 replacement of the retired coal capacity with clean  
7 resources, such as energy efficiency, demand response,  
8 and renewables?

9 MS. KATHLEEN KELLY: Subject to check,  
10 yes. I recall reading the article, but it doesn't all  
11 stay up here.

12 MS. KATRINE DILAY: And this can be  
13 subject to check as well, but this plan anticipates a  
14 reduction of its carbon emissions by 90 percent, from  
15 2005 levels by the year 2040?

16 MS. KATHLEEN KELLY: Again, subject to  
17 check. It will definitely reduce the carbon levels by  
18 getting rid of coal.

19 MS. KATRINE DILAY: And would you  
20 agree that over the next several decades, it is  
21 possible that many other North American jurisdictions  
22 will look internally within their own regions for ways  
23 to lower their greenhouse gas emissions?

24 MS. KATHLEEN KELLY: That's a little  
25 too broad for me.

1 MR. JOHN ATHAS: Yeah, that's pretty  
2 broad, and -- and several decades, that's getting  
3 beyond the -- the impact of anything that's been  
4 contemplated in the plan here.

5 MS. KATRINE DILAY: But you'll agree  
6 that Consumer's Energy is looking at the next couple  
7 of decades in its integrated resource planning,  
8 correct?

9 MR. JOHN ATHAS: Yes, I would even  
10 concede that I would be surprised if any utility  
11 isn't.

12 MS. KATRINE DILAY: Just a couple of  
13 clarification questions regarding marginal values.

14 If we turn to MIPUG Daymark number 22,  
15 and I'll just give you a minute to look at -- at the  
16 response that was provided by Daymark.

17 MR. JOHN ATHAS: Sure.

18 MS. KATRINE DILAY: And can you  
19 confirm this means that Daymark did not examine  
20 whether the marginal values presented by Manitoba  
21 Hydro were reasonable?

22 MR. JOHN ATHAS: That's correct.

23 MS. KATRINE DILAY: In other words,  
24 there was no analysis by Daymark of whether the  
25 marginal values provided by Manitoba Hydro were

1 calculated in an appropriate way?

2 MR. JOHN ATHAS: It was not in our  
3 scope.

4 MS. KATRINE DILAY: Thank you. This  
5 will be my last section of questions this afternoon.

6 And we don't need to turn there, but  
7 you can confirm that your scope of work included, in  
8 general, reviewing materials filed by Efficiency  
9 Manitoba?

10 MR. JOHN ATHAS: Yes.

11 MS. KATRINE DILAY: And assessing  
12 whether and the extent to which Efficiency Manitoba's  
13 initial three-year efficiency plan meets the mandate  
14 and requirements of the Efficiency Manitoba Act and  
15 the Efficiency Manitoba regulation?

16 MR. JOHN ATHAS: Yes.

17 MS. KATRINE DILAY: And if we turn to  
18 page 2 of the report, of your report. And if we look  
19 at the first bullet on this page, one of your  
20 observations or the first observation listed here is  
21 that as a document, the plan is complete and addresses  
22 the requirements of the Act and regulation in terms of  
23 its content, correct?

24 MR. JOHN ATHAS: Correct.

25 MS. KATRINE DILAY: And you'll agree



1 that in the event that Efficiency Manitoba is not able  
2 -- does not deliver its plan, as proposed, your  
3 conclusions that the plan is complete and addresses  
4 the requirements of the Act and regulations may  
5 change?

6 MR. JOHN ATHAS: Well, there's a  
7 couple of "mays" in there and other stuff, but I -- I  
8 think when you said "change," you meant didn't meet --  
9 came up with less savings.

10 There's obviously the chance they could  
11 come up with more savings when the -- an independent  
12 evaluator goes through and does E, M and V, so -- but  
13 you're right that the -- that if they have less  
14 savings and they were planning to be a target, they --  
15 they would be short of target, just like we talked  
16 about before.

17 MS. KATRINE DILAY: And you'll agree  
18 at a high level that there is a number of different  
19 combinations of energy efficiency initiatives that  
20 Efficiency Manitoba could have selected to comprise in  
21 its proposed portfolio in order to meet the  
22 legislative targets?

23 MR. JOHN ATHAS: Correct.

24 MS. KATRINE DILAY: And Daymark did  
25 not test the proposed portfolio from Efficiency

1 Manitoba against alternative portfolio designs,  
2 correct?

3 MR. JOHN ATHAS: That's correct.

4 MS. KATRINE DILAY: And assuming that  
5 the plan would be delivered as -- as contemplated,  
6 you'll confirm that Daymark is not making a judgment  
7 on whether the plan could be better, in general,  
8 correct?

9 MR. JOHN ATHAS: Absent of the para --  
10 taking a very broad interpretation of "better",  
11 because I don't know what your standard is. It's --  
12 they could come out.

13 There could be other things they could  
14 have done that may have more savings, more greenhouse  
15 effects, cover more people for -- for assessability  
16 in a different way than what they have now.

17 And -- and all the -- all the different  
18 things that the -- that the Act and regulations are  
19 trying to make sure the plan constitutes could be  
20 increased from what -- any one of those could be  
21 increased from what the -- from what this plan has if  
22 you change the mix of programs.

23 MS. KATRINE DILAY: And you did get a  
24 little bit ahead of me in terms of questions, but...  
25 So, you'll confirm that Daymark has not tested whether

1 their plan could be more accessible to Manitobans in a  
2 cost-effective manner?

3 MR. JOHN ATHAS: That's correct.

4 MS. KATRINE DILAY: And Daymark has  
5 not tested whether the plan could be improved by ex --  
6 or, sorry, could expand on residential programming in  
7 a cost-effective manner?

8 MR. JOHN ATHAS: That's correct.

9 MS. KATRINE DILAY: And Daymark has  
10 not tested whether the plan could be more cost-  
11 effective than currently proposed?

12 MR. JOHN ATHAS: That's correct.

13 MS. KATRINE DILAY: And Daymark has  
14 not tested whether Efficiency Manitoba could be making  
15 additional efforts to reduce greenhouse gas emissions  
16 in Manitoba in the three (3) year plan in a cost-  
17 effective manner?

18 MR. JOHN ATHAS: We did not address  
19 that.

20 MS. KATRINE DILAY: And Daymark has  
21 not tested whether Efficiency Manitoba could better be  
22 setting up the market for reducing greenhouse gas  
23 emissions beyond the three (3) year plan?

24 MR. JOHN ATHAS: That's correct.

25 MS. KATRINE DILAY: And Daymark did

1 not test the portfolio from an integrated resource  
2 planning perspective, correct?

3 MR. JOHN ATHAS: That's correct. It  
4 wasn't in our scope of work.

5 MS. KATRINE DILAY: And given your  
6 scope of work, you'll agree that Daymark did not judge  
7 Efficiency Manitoba's portfolio by a best practice  
8 standard, correct?

9

10 (BRIEF PAUSE)

11

12 MR. JOHN ATHAS: Again, the -- I -- I  
13 don't know how to answer that because we compared a  
14 lot of stuff to how our industry's done other stuff,  
15 so you'd have to give me a lot more parameters around  
16 practice for -- for me to even venture a guess on how  
17 to answer that question.

18 MS. KATRINE DILAY: But you'll agree  
19 that your scope of work focussed on the legislative  
20 and regulatory requirements under the Act and  
21 regulations, correct?

22 MR. JOHN ATHAS: Correct.

23 MS. KATRINE DILAY: Thank you. Those  
24 are all my questions for Daymark witnesses today.

25 THE CHAIRPERSON: Thank you, Ms.

1 Dilay.

2

3

(BRIEF PAUSE)

4

5 MS. KATHLEEN KELLY: If I could just  
6 address one (1) of the questions that we had before  
7 the lunchbreak.

8

THE CHAIRPERSON: Certainly.

9

MS. KATHLEEN KELLY: And just wanted  
10 to ask your patience. It will probably take us  
11 overnight to get to the -- the question --

12

THE CHAIRPERSON: That's fine.

13

MS. KATHLEEN KELLY: -- and get it  
14 back here tomorrow. Thank you.

15

THE CHAIRPERSON: Mr. Hacault...?

16

MR. ANTOINE HACAULT: Yes. Thank you,  
17 Mr. Chair. Could you give me a sense of when you  
18 would like to break? Because then, when I'm asking my  
19 questions, I'll -- I'll try and -- and organize it  
20 according to that.

21

I think I was allocated about two and a  
22 half (2 1/2) hours.

23

THE CHAIRPERSON: Yeah. I was  
24 actually going to leave that up to you to determine  
25 when. Two and a half (2 1/2) hours puts us almost at

1 4:00, so if we could break somewhere around, I don't  
2 know, quarter to 3:00, 2:30, quarter to 3:00,  
3 something like -- but you -- you pick.

4 I don't -- I don't want to sort of set  
5 a time. I'd rather have you figure out when you're at  
6 a good -- at a good point.

7 MR. ANTOINE HACAULT: Thank you very  
8 much. I just wanted to have some idea. That way, if  
9 I had a natural break, I -- I could try and ensure I  
10 met that.

11

12 CROSS-EXAMINATION BY MR. ANTOINE HACAULT:

13 MR. ANTOINE HACAULT: Good afternoon,  
14 panel. My name's Antoine Hacault. I'm counsel for  
15 MIPUG, Manitoba Industrial Power Users Group, as you  
16 would know from prior hearings.

17 And as Board counsel always indicates,  
18 too, because you have had access to CSI, just a  
19 reminder that none of my questions are intended to  
20 elicit CSI.

21 So, if, for some reason, it would  
22 require that kind of additional response, I'd  
23 encourage you to speak to your counsel, and then  
24 provide that additional response in confidence to the  
25 Public Utilities Board.

1                   If some of my questions are unclear and  
2 need clarification, let me know. With that, I'm going  
3 to get into one (1) of your scope items, which was  
4 scope 2F, and I'm quoting:

5                   "Whether the saving targets should  
6                   be increased or decreased based on  
7                   cost-effectiveness or other  
8                   considerations."

9                   I note before starting the questions  
10 that, initially in the report, Daymark indicated that  
11 it did not reach conclusions on increases or  
12 decreases, but that has now changed, as I see from the  
13 end of your presentation.

14                   Is that correct?

15                   MR. JOHN ATHAS: I think the -- it's a  
16 cleaner articulation of not reaching a conclusion is  
17 what we put in the slide.

18                   MR. ANTOINE HACAULT: Okay. As  
19 Daymark probably knows, the NFAT report, which came  
20 out of the Needs For and Alternatives To testing, led  
21 to the creation of this Crown corporation and the  
22 enactment of this legislation.

23                   Is that consistent with your  
24 understanding?

25                   MR. JOHN ATHAS: Generally, yes.

1 MR. ANTOINE HACAULT: And in the Needs  
2 For and Alternatives To testing, it was a separate  
3 integrated resource planning, but we did consider  
4 level 1, level 2, and level 3s of DSM. There were  
5 various levels.

6 Do you recall that?

7 MR. JOHN ATHAS: In -- in the NFAT?

8 MR. ANTOINE HACAULT: Yes.

9

10 (BRIEF PAUSE)

11

12 MR. ANTOINE HACAULT: If you don't,  
13 it's okay.

14 MR. JOHN ATHAS: I -- if it was at the  
15 tail end of it, you may have. But I actually remember  
16 that there was no variations and a re -- and a -- and  
17 a reluctance from Manitoba Hydro to do any variation  
18 in -- in the -- in the cases that they tested,  
19 including not wanting to run the -- as a hypothetical  
20 one (1), that Daymark, then La Capra Associates, was -  
21 - was asking them to run.

22 MR. ANTOINE HACAULT: Yes. Well, the  
23 report itself will ex -- explain some of that. I'm  
24 not intending to test your memory too much, sir.

25 But you'll agree that one (1) of the



1 concerns of the Public Utilities Board in writing that  
2 report was that DSM was not dealt with as a standalone  
3 resource competitive with other generation resources?

4 MR. JOHN ATHAS: Yeah, I do recall  
5 generally that that was in -- language in the report.

6 MR. ANTOINE HACAULT: And another  
7 concern that the Public Utilities Board explained was  
8 that it wanted to see what demand side resource mix  
9 was in the best interests of electricity customers?

10 MR. JOHN ATHAS: Subject to check,  
11 I'll take that -- I don't remember that -- that kind  
12 of reference.

13 MR. ANTOINE HACAULT: Now, I'll refer  
14 you to a document which you did not quote in your  
15 materials but which was quoted in Efficiency Manitoba  
16 materials. It's what we've marked as Exhibit 11. It  
17 is the regular regulatory accountability impact  
18 analysis.

19 I gather than, since you did not quote  
20 that document, it was not a document you reviewed  
21 prior to preparing your report?

22 MR. JOHN ATHAS: I -- I personally did  
23 not review that. I'm not aware of anybody on our team  
24 having reviewed that, but it's -- we had a large team  
25 to get this worked out at a large -- in a short period

1 of time.

2 MR. ANTOINE HACAULT: I'm not faulting  
3 you, sir. I just wanted to clarify.

4 MR. JOHN ATHAS: I'm just not -- I  
5 just said I don't -- I don't know. If we -- if we  
6 asked everybody on the team, somebody might have  
7 looked at it.

8 MR. ANTOINE HACAULT: Okay. I'd like  
9 to direct your attention, either as a panel and  
10 individually, to some of these statements that are  
11 highlighted under the heading, "Public policy  
12 objective of the regulatory project," and I'll quote  
13 it into the record.

14 "Programs and services delivered by  
15 the Corporation will reduce the  
16 impact of future electricity rate  
17 increases on Manitoba ratepayers,  
18 defer costly new generation, foster  
19 private investor segment -- or  
20 sector involvement in the program  
21 delivery, and contribute to the  
22 reduction of greenhouse gases with  
23 Manitoba.

24 The efficiency plan will help  
25 Manitoba Hydro counter growing

1 demand for electricity and defer the  
2 need for Keeyask-like generation  
3 developments far into the future."

4 Now, having read that, I'll suggest to  
5 you that the parts that talk about deferring costly  
6 new generation, including the need for Keeyask-like  
7 generation developments, would be an integrated  
8 resource planning objective.

9 Do you agree?

10 MR. JOHN ATHAS: It's a question that  
11 could be considered within integrated resources  
12 planning --

13 MR. ANTOINE HACAULT: Okay. Thank  
14 you.

15 MR. JOHN ATHAS: -- but I'm not sure I  
16 -- 'objective' may be too strong a word.

17 MR. ANTOINE HACAULT: Okay. In  
18 Daymark's report, there is reference to an April 24,  
19 2019, mandate letter. That's at page 5 of the report.  
20 It's marked as Exhibit 4 to the AMC exhibits found at  
21 page 4. If we can go there.

22

23 (BRIEF PAUSE)

24

25 MR. ANTOINE HACAULT: Now, in the

1 report you do reference this letter and one (1) quote,  
2 but there's two (2) other quotes which I'd like to  
3 bring your attention to which were not set out in your  
4 report. And one of them starts in the third paragraph  
5 of the letter and it reads as follows:

6 "First and foremost, Manitoba Crown  
7 corporations are part of our  
8 government family, and must align  
9 with our government's mandate to fix  
10 our finances, repair our services  
11 and rebuild our economy."

12 And I'll ask a general question. Did  
13 Daymark, in preparing its report, consider and analyse  
14 the first and foremost objectives as set out in this  
15 mandate letter, being threefold, and one (1) of the  
16 three (3) being rebuilding our economy, because I  
17 didn't see that analysis on how the DSM plan could  
18 contribute to rebuilding the economy.

19 MR. JOHN ATHAS: Economy impacts on --  
20 we didn't consider that part of our scope.

21 MR. ANTOINE HACAULT: Okay. Now, I  
22 would suggest to you that one (1) way that Efficiency  
23 Manitoba could assist in rebuilding the province's  
24 economy is to assist industrial, commercial, and  
25 agricultural sectors being cost competitive by

1 lowering that sector's energy costs by DSM  
2 initiatives.

3                   Would that be something you could agree  
4 to?

5                   MR. JOHN ATHAS: It depends how much  
6 it costs, so you didn't give me a qualifier with that,  
7 so I'm -- I mean, certainly in the application of  
8 cost-effective energy efficiency programs to any --  
9 any sector, even the consumer sector, is generally  
10 considered in -- in econometric modelling to be more  
11 value -- more money within the economy, that helps  
12 stimulate an economy, whether that's residential or  
13 commercial or industrial.

14                   MR. ANTOINE HACAULT: Okay. And I  
15 would to you that in the commercial, industrial, and  
16 agricultural sectors, which develop jobs in our  
17 economy, that you could have the additional lens of  
18 lowering costs to encourage industry growth and job  
19 development as opposed to the residential sector,  
20 which is putting more money into that person's pocket.

21                   MS. KATHLEEN KELLY: One (1) of the  
22 results of the industrial, commercial, and  
23 agricultural sector participating in these programs  
24 will be a reduction of costs if they are using energy  
25 more -- more efficiently and more effectively as they

1 go forward. That is -- is and always has been one (1)  
2 of the preferred outcomes of the energy efficiency  
3 programs, is to help people manage their usage better  
4 to reduce costs.

5 So that -- I would argue that that does  
6 -- the energy efficiency helps those customers reduce  
7 costs.

8 MR. ANTOINE HACAULT: Okay, thank you.

9 MR. JOHN ATHAS: You -- you contrasted  
10 savings that flow to residential with savings that  
11 flow to industrial as the -- because the -- there's a  
12 job issue on creation of that.

13 I -- I've been party to energy  
14 efficiency advocates that have run econometric models  
15 -- economy modelling that -- that show that that --  
16 effective jobs -- not -- I'm not saying more  
17 intensity/less intensity, happens at residential  
18 because like the -- when you create a job, you create  
19 a person with more money in their pocket, and if they  
20 -- if they -- if -- and then if they spend it, they  
21 get -- so it -- it's not -- I don't think -- I think  
22 that the lowering of the cost of energy, which a cost-  
23 effective energy efficiency program does is  
24 advantageous to the economy.

25 MR. ANTOINE HACAULT: Okay. Thank you

1 for that insight.

2 Another part which wasn't quoted in  
3 your report which I'd bring your attention to is on  
4 the second page of this mandate letter, and it -- it  
5 starts with the sentence, "We also ask." So I'm  
6 quoting:

7 "We also that you assume ownership  
8 and leadership in respect of our  
9 following priorities for you:"

10 And there's a list of four (4) bullets.

11 The one (1) which was not quoted in your report reads  
12 as follows:

13 "Develop and submit for review and  
14 approval your initial three (3) year  
15 plan for decide -- demand side  
16 management initiatives to meet your  
17 mandated savings targets, while  
18 optimizing value for money."

19 And I'd like to focus on the last part  
20 of this priority, which indicates, "while optimizing  
21 value for money."

22 Now, what priority did Daymark give in  
23 its analysis to this priority of optimizing value for  
24 money?

25 MR. JOHN ATHAS: We didn't -- we

1 didn't do anything about optimization.

2 MR. ANTOINE HACAULT: Okay. If you  
3 had focused specifically on this priority, which is  
4 quoted, "While optimizing value for money," might it  
5 have led to a different analysis?

6 OBJ MR. WILLIAM HAIGHT: I'm going to  
7 object to that. That's a hypothetical and I think  
8 beyond the scope of work.

9 MR. ANTOINE HACAULT: Okay. Well,  
10 the scope of work required, and that was -- or sorry,  
11 the -- one (1) of the specific items that the PUB set  
12 out in things that were in scope were compliance with  
13 the mandate letter, and if -- if the answer is, well,  
14 although it was one (1) of the scope items of the PUB,  
15 it wasn't something we were asked to do, well then  
16 they can answer that way, but they did comment on one  
17 (1) of the priorities and comment on compliance with  
18 the mandate letter at page 5 of the report. So I'm  
19 not too sure what the objection is about.

20 MR. WILLIAM HAIGHT: The objection is  
21 it's a hypothetical question. If you had done  
22 something, what would the result be, and they haven't  
23 done is what -- was I believe the evidence is.

24 MR. ANTOINE HACAULT: I didn't ask  
25 what the result was, I asked might it have led to a



1 different analysis. I think that was...

2 THE CHAIRPERSON: I don't know where -  
3 - where you can go with it, quite frankly, because if  
4 they haven't done it, I don't know how they can be  
5 expected to give an answer saying what it would be,  
6 even though they haven't done anything about it. So I  
7 -- I'm not going to --

8 MR. ANTOINE HACAULT: I'll move on.

9

10 (BRIEF PAUSE)

11

12 CONTINUED BY MR. ANTOINE HACAULT:

13 MR. ANTOINE HACAULT: Let me put a  
14 question in a slightly different way, on a more  
15 focused analysis, which would be purely monetized.

16 So earlier in this hearing, and as you  
17 may have followed when I was cross-examining  
18 Efficiency Manitoba, I went through the levelized  
19 costs of residential programs that were 4.38 cents  
20 compared to levelized costs of custom programs for  
21 commercial, industrial, and agricultural programs as  
22 at 1.65 cents per kilowatt.

23 Firstly, from a pure monetary  
24 perspective, the levelized cost at 1.65 cents to  
25 achieve an energy savings compared to 4.38 cents

1 indicates more bang for your buck. You agree?

2 MR. JOHN ATHAS: Nothing in the  
3 statement on costs gives me an idea what the bang is.

4 MR. ANTOINE HACAULT: Okay.

5 MR. JOHN ATHAS: So I don't know. I  
6 mean, you can have a lower cost program that has lower  
7 value savings and you're back where you -- back where  
8 you were. So, I mean --

9 MR. ANTOINE HACAULT: Okay.

10 MR. JOHN ATHAS: -- without -- without  
11 posing the bang --

12 MR. ANTOINE HACAULT: Yeah. So --

13 MR. JOHN ATHAS: -- I can't answer  
14 what -- the bang-for-the-buck question.

15 MR. ANTOINE HACAULT: Maybe I won't go  
16 through that whole analysis because it took me about  
17 twenty (20) minutes to go through the savings, et  
18 cetera, but there were, as the record will -- will  
19 note, significant savings that also accompanied the  
20 lower level costs, you got more for your investment,  
21 but I'll move on.

22 That type of analysis of the portfolio,  
23 which was just prioritizing the investment in bang for  
24 the buck wasn't the priority focus in the analysis.

25 Am I understanding that?

1 (BRIEF PAUSE)

2

3 MR. JOHN ATHAS: It -- it -- what...

4

5 (BRIEF PAUSE)

6

7 MR. JOHN ATHAS: Well, a couple of  
8 steps in the -- in -- in the answer, here. Optimizing  
9 value for the money, to me, doesn't automatically mean  
10 pick the lowest ratio. And people pick the highest  
11 ratio program, because I don't see that -- it's not --  
12 it doesn't -- I don't see a dollar sign in front of  
13 value.

14 Okay. That -- that's one (1) thing.  
15 The other thing is, because there's been value placed  
16 in the legislation of accessibility to -- to all  
17 Manitobans and -- and the like so that that kind of  
18 value could happen.

19 The other thing that's there is the --  
20 we had -- we spent some time talking about it. We had  
21 some time -- questions from Coalition counsel is  
22 deliverability of -- with the infrastructure that you  
23 have, that you inherited a lot from Manitoba Hydro,  
24 determines a lot of how -- how we -- how much more  
25 risk there is if you deviated from that mix of

1 programs considerably.

2                   If you -- if Manitoba -- if Efficiency  
3 Manitoba came in here and said that they are dropping  
4 the residential programs, that they have just an  
5 industrial programs, I think our -- we would have had  
6 concerns and a -- a bigger concerns deliverability of  
7 suddenly tripling the industrial programs, you know,  
8 because a lot of the -- our concerns in watching on in  
9 -- on -- on deliverability have to do with a -- a  
10 program that has a lot of commonality to the Manitoba  
11 Hydro programs and their infrastructure and delivery  
12 of their programs.

13                   So in -- the delivery question in  
14 optimizing anything is a very, very important  
15 question, as well as those other value tags that have  
16 been placed in -- in the -- in the legislation.  
17 That's why when we -- we read the whole letter, it  
18 didn't seem inconsistent with -- without -- nothing  
19 seemed inconsistent to us, and maybe it's -- it -- by  
20 -- maybe Manitobans, including the panel, would have a  
21 -- a more refined -- a more -- interpretation to that.

22                   That's okay, but we -- we didn't think  
23 that that was a -- that the plan was in -- that --  
24 that the plan was ignoring, in contrast, or whatever  
25 to anything that we saw in this letter.

1 MR. ANTOINE HACAULT: There was a lot  
2 of information there. Sorry, I didn't want to  
3 interrupt your answer, Ms. Kelly.

4 MS. KATHLEEN KELLY: I -- I was going  
5 to add, one (1) of the things that -- that Daymark was  
6 -- was trying to do was making sure that we looked at  
7 a balance perspective. So we weren't driven by anyone  
8 as well. That's why getting delivery to many  
9 Manitoban sectors is important in looking at -- at the  
10 analysis.

11 MR. ANTOINE HACAULT: Thank you. And  
12 I'm going to explore that a bit further, so thank you  
13 for that introduction. It'll be a bit later on in my  
14 questioning, but thank you for those thoughts.

15 Daymark has noted in the Efficiency  
16 Manitoba legislation, the mandates -- if we could go  
17 to Section 4(1), paragraph C of the legislation.

18

19 (BRIEF PAUSE)

20

21 MR. ANTOINE HACAULT: Did Daymark  
22 distinguish between the mandate set out in Section  
23 4(1)(a) through to (d) versus other considerations  
24 that could be taken into account in trying to achieve  
25 the mandate?

1 MR. JOHN ATHAS: First, we didn't --  
2 and I personally didn't interpret that mandate, all  
3 these actions that they want to see happen, have to  
4 come out of the first three (3) year Plan.

5 The -- the life expectancy of  
6 Efficiency Manitoba in all this legislation is longer  
7 than the -- this three (3) year Plan. So it was not a  
8 restriction that -- that had to do everything on the  
9 three (3) year plan.

10 And so again, we didn't see anything  
11 that was ignored, or -- or something bill -- something  
12 done in contrast to any of the -- kind of the design  
13 parameters for Efficiency Manitoba.

14 MR. ANTOINE HACAULT: Perhaps I'll try  
15 to rephrase it to better communicate what I'm trying  
16 to do by looking at Section 4(c), which follows the  
17 mandatory requirements if we go to the next page of  
18 the legislation, and we go to 4(3), there's a listing  
19 of considerations that are followed -- or preceded by  
20 the word may, discretionary.

21 I -- and what I was trying to get a  
22 sense of is whether or not Daymark put all the items  
23 that are found in 4(3) on an equal footing with those  
24 that are set out in 4(1) that we were just looking at,  
25 or did it treat them all equally?

1 MR. JOHN ATHAS: A couple of things.  
2 First, we were asked to review the ability of that  
3 plan to succeed in -- in short -- in short. We were  
4 not asked to do an independent plan. We were not  
5 asked to -- to opine on whether every particular  
6 aspect of this -- of -- that could be assigned to  
7 Efficiency Manitoba was indeed captured in the first  
8 three (3) year plan of a -- of -- what we know to be -  
9 - we understand to be a fifteen (15) year journey.

10 So -- I mean, that's, you know, putting  
11 priority on the stuff that you're applying a level of  
12 interpretation of -- trying to interpretation on the  
13 Act that we didn't do.

14 MR. ANTOINE HACAULT: I don't know  
15 whether I've really had an answer to my question of  
16 whether you believe your approach gave equal priority  
17 all the items in 4(1) and 4(3) to the extent that you  
18 did it, or whether you tried to give priority to the  
19 mandate specifications in 4(1), and then once you've  
20 reached that mandate level, try to see how the other  
21 considerations fell within that mandate.

22 MR. JOHN ATHAS: Based on your  
23 description, we did not do that.

24 MR. ANTOINE HACAULT: Thank you, sir.  
25 Now...

1 (BRIEF PAUSE)

2

3 MR. ANTOINE HACAULT: You may or may  
4 not have heard that earlier in my cross-examination of  
5 Efficiency Manitoba, I pointed out that back in August  
6 of 2019, as part of the Advisory Group meetings,  
7 Efficiency Manitoba was advised of concerns by  
8 Consumers' Coalition, specifically that there was a  
9 lack of alternative portfolios to position EM, so  
10 Efficiency Manitoba, for a move to a more integrated  
11 resource planning process.

12 Were you aware that these concerns were  
13 raised prior to the filing of the Plan?

14 MR. JOHN ATHAS: No.

15 MR. ANTOINE HACAULT: Now, I'll go  
16 into a little bit more detail as to subject matter  
17 that I would qualify DSM as a standalone resource, so  
18 if you could perhaps help me out in that. I'll have  
19 some -- some questions.

20 I had circulated earlier on an extract  
21 of minimum filing requirement 72 which was filed as  
22 part of 2017/'18 and 2018/'19 General Rate  
23 Application. It's a four (4) page extract.

24 I'd ask that document to be marked as  
25 our next exhibit. It'll be Exhibit 12, I believe.



1 --- EXHIBIT NO. MIPUG-12: Extract of minimum filing  
2 requirement 72 which was  
3 filed as part of 2017/'18  
4 and 2018/'19 General Rate  
5 Application

6  
7 CONTINUED BY MR. ANTOINE HACAULT:

8 MR. ANTOINE HACAULT: Now, from my  
9 recollection in the evidence this morning, Dr. Gautam  
10 and Ms. Kelly, you were part of that 2009 --  
11 '17/'18/2018/'19 GRA, correct?

12 MS. KATHLEEN KELLY: We were on the  
13 subject of the load forecast, yes.

14 MR. ANTOINE HACAULT: Yes. Now, I'm  
15 not asking any of the panel members to comment on the  
16 accuracy of the analysis that's before them or of the  
17 scenarios that are before them, but this series of  
18 documents as will be confirmed on that record.

19 And the bottom of the latter pages were  
20 analysis done in August of 2016. If we could go to  
21 the last page, please, just for the time being, at the  
22 very bottom in the footnote. If we could blow that  
23 up.

24 The reason I'm trying to put the date  
25 into context is we had our NFAT report in 2014 and

1 this modelling was occurring in -- in 2016. It's not  
2 too clear from this particular scan.

3                   So, it says, "August 2016," we can see  
4 now, I think, a bit better at the very bottom corner.  
5 And some of this explanation I just want to set up as  
6 to I would like to -- I'm letting you aware and I'd  
7 like to have a little bit more insight as to what kind  
8 of information would Daymark recommend we get if we're  
9 going to get into analysis of alternatives as we -- as  
10 these slides appear to give us options.

11                   So, just bear with me a little bit to -  
12 - to try and set up some of those questions. So, if  
13 we go back to the first slide, first page of this.

14

15   (BRIEF PAUSE)

16

17                   MR. ANTOINE HACAULT:    The left-hand  
18 column -- I don't know if any of you recall, set up  
19 what Manitoba Hydro had as a target. So, if we go  
20 under the first column, "Status quo DSM," and then,  
21 "The capacity megawatts," is the left-hand column, and  
22 across from that there's some percentages, and we see  
23 the 1.2 percent.

24   Is that consistent with your  
25 recollection, that the DSM plan that Manitoba Hydro

1 had was a 1.2 percent target?

2 MR. JOHN ATHAS: I don't recall.

3 MR. ANTOINE HACAULT: Okay. Subject  
4 to check...?

5 MR. WILLIAM HAIGHT: They don't  
6 recall.

7

8 CONTINUED BY MR. ANTOINE HACAULT:

9 MR. ANTOINE HACAULT: Okay. And we  
10 see in the extreme right-hand column that it indicates  
11 PUB impulse target of 1.5 percent. That wa -- was  
12 another scenario being considered by this consulting  
13 group which happens to coincide with the PUB  
14 recommendation in the NFAT report.

15 Are we online there, at the 1.5  
16 percent?

17 MR. JOHN ATHAS: The last column?

18 MR. ANTOINE HACAULT: Yes.

19 MR. JOHN ATHAS: Okay. Yeah.

20 MR. ANTOINE HACAULT: And then there  
21 were two (2) other alternatives, or scenarios, being  
22 analysed by this group which are between the hydro  
23 target and the PUB target.

24 Do you see that, balance DSM first and  
25 signifi -- significant ramp down DSM?

1 MR. JOHN ATHAS: Those two (2) columns  
2 there? Yeah.

3 MR. ANTOINE HACAULT: Yeah. And the  
4 balance DSM, according to this, was going to give us a  
5 scenario where we brought down the savings from 1.2  
6 percent down to 1.1 percent.

7 Do you see that across the, "Capacity  
8 savings," line? It's the first --

9 MR. JOHN ATHAS: So, the -- yeah, so  
10 the capacity percent savings went down by a tenth of a  
11 percent.

12 MR. ANTOINE HACAULT: That's right.  
13 And -- and they call that option or alternative a  
14 balance to DSM option. And do you see the heading  
15 right under, "Balance DSM," there's a bullet that  
16 says, "Unchanged new resource date"?

17 MR. JOHN ATHAS: Those words are  
18 there.

19 MR. ANTOINE HACAULT: Okay. So, with  
20 this kind of initial illustration, I'm not saying we  
21 have to accept any of the numbers here, if we were  
22 going to consider whether it was in the public  
23 interest, or in the best interest of ratepayers, to  
24 either nominally lower a target or increase a target,  
25 what kind of information would we need to have to do

1 an analysis that might lead to similar types of  
2 conclusions as to what was led by this Boston  
3 Consulting Group?

4 So, where would we start? What will we  
5 need to evaluate our options as to whether or not the  
6 targets should be lower or higher?

7

8 (BRIEF PAUSE)

9

10 MR. JOHN ATHAS: There's -- the bottom  
11 row is undefined to me, and it -- it -- and it's  
12 surprising to me. I don't know what it is because of  
13 what it -- what values are implied there.

14 So, I really am not sure what kind of  
15 parameters they were trying to do because it says  
16 total cost for utility five (5) and fifteen (15)  
17 years, so the numbers are positive; they went up.

18 So, it looks like to me that they --  
19 they postulated scenarios where you spend a lot of  
20 money on DSM and you don't get -- you don't get  
21 benefits that exceed your costs.

22 MR. ANTOINE HACAULT: Yeah, I'm not so  
23 much trying --

24 MR. JOHN ATHAS: But -- no, but -- but  
25 --

1 MR. ANTOINE HACAULT: -- to postulate  
2 what they decided.

3 MR. JOHN ATHAS: No, but you're asking  
4 me to comment on whether -- what kind of information  
5 would I might need to do this kind of analysis, so I  
6 have to think. I have to understand what the kind of  
7 analysis is.

8 MR. ANTOINE HACAULT: Okay.

9 MR. JOHN ATHAS: So, if they --

10 MR. ANTOINE HACAULT: So --

11 MR. JOHN ATHAS: If they did an  
12 analysis on just spending and less on benefits because  
13 the -- the benefits of the cost benefit analysis are  
14 using values of marginal costs are savings that offset  
15 -- offset the cost.

16 So, they didn't -- if they didn't look  
17 at that, then the -- then I understand what kind of  
18 analysis they're doing. They're just talking about  
19 what goes out of the pocket for -- for energy  
20 efficiency versus what -- how does it compare to going  
21 out of the pocket for -- for imports from MISO or from  
22 -- or from -- of way -- or less exports to MISO.

23 So, I don't know what -- I don't know  
24 what this analysis is, so it would be pretty hard for  
25 me to frame out what you need to do.

1 MR. ANTOINE HACAULT: Okay. Well, let  
2 me drill down a little bit more on the column,  
3 "Significant ramp down DSM." You can see the heading  
4 there. The second bullet says, "Date for new  
5 generation advanced to early 2030s."

6 So, another consideration wasn't only  
7 the financial consideration, it was whether -- if you  
8 invest less in DSM down to .7 percent, whether that  
9 would advance the need for new generation.

10 Does that help you understand perhaps  
11 what -- and we -- let's look at the next slides  
12 quickly because I'm going to suggest to you in -- in  
13 more detail perhaps later if -- if you can't answer  
14 the question, that certain things we ought to be  
15 asking ourselves to be better informed as to whether  
16 or not we should increase or decrease DSM.

17 So, that's the context of my question.  
18 So, the next slide in the order of slides that was  
19 produced in this deck, so it's page -- we're from page  
20 218 going to 219, you're correct, appears to be only  
21 focussed on the CAPEX needed to deliver the extra  
22 savings from 1.2 percent to 1.5 percent.

23 And this particular group thought that  
24 it would cost an extra billion dollars from 2016 to  
25 2030. Do you see that on the top, the heading, "Total

1 DSM program costs from 2016 to 2030"?

2 MR. JOHN ATHAS: Yeah.

3 MR. ANTOINE HACAULT: That -- and then  
4 it says in the bubble:

5 "Achieving 1 percent -- 1.2 percent  
6 target DSM would require over a  
7 billion collard CAPEX over the  
8 IFF16."

9 So, that was the Hydro 1.2. So, what  
10 kind of information would you need to be able to  
11 advise this Board whether or not it continues to be  
12 true that bumping up the target from 1.2 percent,  
13 which was Hydro's target, up to 1.5 percent is going  
14 to cost Manitobans \$1 billion CAPEX in about fourteen  
15 (14), fifteen (15) years?

16 What kind of information would you need  
17 to advise the Board on that?

18 MR. JOHN ATHAS: Well, the first  
19 advice I'd give to the Board is don't ask the question  
20 that way. I -- how much the -- I mean, first of all,  
21 I don't understand this \$1.1 billion more or putting  
22 \$2.2 billion for over a fifteen (15) year period to do  
23 something that we -- of a plan in front of us that's  
24 going to be accomplished with si -- \$16 million a year  
25 for fifteen (15) years.



1                   That's not -- that's not billions.  
2 When I -- when I -- that's not \$2 billion to do -- to  
3 meet the plan if it -- if it succeeds for \$62,  
4 thereabouts, to make 1.5 percent.

5                   So -- so, that alone on the spending  
6 side, I -- I'm not sure -- you know, I -- I'd start  
7 asking -- the first thing is, have somebody give you  
8 some of the numbers that we have in this plan, whether  
9 it saves money, how much does it cost to get 1.5  
10 percent that -- that's more of a -- that seems to be  
11 consistent.

12                   I have -- like I say, I have no idea  
13 why they are spending -- why their numbers are \$2.2  
14 billion when I multiply, and I have ga -- when I  
15 multiply \$62 bi -- million, and that's with gas and  
16 electric, by fifteen (15) and I get -- and I get 900  
17 million gas an electric, if I do my -- if I did my  
18 math right.

19                   And so, I -- I don't know what -- I --  
20 I would be hesitant to say what you do for this  
21 analysis. But I would say, if you want to know how  
22 much you should spend on energy efficiency, you might  
23 want to know how much they cost and how much they --  
24 and how much they will -- will save and what are the  
25 risks of not performing, just like you would for a

1 generation plant or other stuff, how much does it  
2 cost, what happen -- is it going to always going to  
3 run and is it -- how much does it save.

4 So, that -- that's my general answer to  
5 your question. If -- if this is supposed to be a  
6 decision support analysis for whether to spend money  
7 on energy efficiency, I would -- I would be sugge --  
8 asking for what programs cost and what are their  
9 benefits.

10 MR. ANTOINE HACAULT: Okay. So, you'd  
11 want --

12 MS. KATHLEEN KELLY: But I would add  
13 that it's not what we were asked to do in scope.

14 MR. JOHN ATHAS: Yeah, no, right.

15 MS. KATHLEEN KELLY: I just wanted to  
16 get that back out there.

17 MR. ANTOINE HACAULT: Yeah. That's  
18 good. So, just to kind of -- is -- is it fair to  
19 summarize then what you -- if you were asked to do  
20 this, you'd ask yourself the question what would be  
21 the CAPEX we would spend to reach the 1.2 percent  
22 target, and then we would compare that CAPEX with the  
23 CAPEX we would have to spend to meet the 1.5 percent  
24 target, and that would give us a difference, if any,  
25 between the two (2) targets, which could be one (1)

1 measure that the PUB could in its wisdom consider?

2 MR. JOHN ATHAS: Well, you might have  
3 been able to save yourself some time if -- the  
4 Coalition asked us a little while ago did we look at  
5 alternative scenarios of spending and other stuff like  
6 this. And our answer was no.

7 So, the answer to your question is we  
8 haven't done that. It wasn't in our scope. We didn't  
9 do it.

10 MR. ANTOINE HACAULT: But I'm asking  
11 if we were going to look at it, would we look at the  
12 CAPEX to res -- reach, for example, 1.2 percent, and  
13 then compare that to the CAPEX to reach 1.5 percent.  
14 It would then at least give us an idea what that  
15 number is between the two (2) targets, and that might,  
16 in the PUB's wisdom, inform whether it decides to  
17 lower the target or increase the target.

18 MR. JOHN ATHAS: You -- to repeat my  
19 answer before, you have to get a lot of information on  
20 the cost and ben -- and benefits of energy efficiency  
21 programs. From there, you probably could dissect it  
22 into the information that you're talking about and --  
23 and perform the analysis. And it's not unlike the  
24 kinds of information that Dr. Grant was ref -- and I  
25 were referring to when we talked about a supply curve

1 of energy efficiency.

2                   So you know, you -- you -- you --  
3 you're talking about how do you -- how would you do an  
4 -- any analysis on changing targets? You have a lot  
5 of -- you asked for a lot of information on benefits  
6 and costs, and it's -- and it's not just linear  
7 benefits and costs. It's not just on the cost side  
8 for what -- for what happens if you scale back on  
9 programs.

10                   MR. ANTOINE HACAULT:    Okay, thank you.  
11 And if we'll flip to the next slide, this relates back  
12 also to the initial ones, but again, it's -- seems to  
13 be just a pure analysis of utility costs.

14                   If we wanted to compare Base DSM to  
15 Balanced DSM to 1.5 percent target DSM, it would be  
16 possible if we had the same type of information as  
17 these people presumably had, which would give us that  
18 metric also, correct?

19                   MR. JOHN ATHAS:    Well, I can't go  
20 there on with -- I'm presuming, any information that  
21 they had, okay? I have no idea what information they  
22 had, and so that -- that -- that's number 1.

23                   I remember seeing some of this anal --  
24 some of this analysis in 2016, when I was up here  
25 doing some other work, but I have no idea what

1 information they had.

2 I re-repeat, that to decide between  
3 alternative energy efficiency paths, for a lack of a  
4 better thing, you would need the costs and benefits --  
5 a lot of information on the costs and benefits of the  
6 programs of energy efficiency. And I probably  
7 wouldn't even associate the term 'CAPEX' with it, but  
8 it was a...

9 MR. ANTOINE HACAULT: Well, here, they  
10 distinguish between CAPEX and annual utility costs in  
11 their slides.

12 THE CHAIRPERSON: Mr. Hacault, I --  
13 you can keep going. I don't know where you're going.  
14 We have a study done by other people based on  
15 information -- they don't know anything about the  
16 study other than seeing it. I don't know if we're  
17 supposed to accept that this information is correct or  
18 accurate or how it was developed or -- or anything  
19 like that.

20 So in terms of this information, I  
21 don't know how they're supposed to comment about what  
22 -- what they should be reading into this or -- or  
23 whether just simply asking the question, you know,  
24 what do you need for these situations? Because making  
25 reference to this, you know, if -- if -- if the idea

1 is that the panel's supposed to take into account this  
2 BCG study, then you better bring BCG here and tell us  
3 what's -- what factors they looked at for the study,  
4 because we -- we keep going around to the same point.

5                   Mr. Athas keeps saying he needs a lot  
6 of information about costs and benefits, and you keep  
7 referring him back to this -- to -- to this report  
8 that BCG did for Manitoba Hydro. So I -- I just don't  
9 know. You know, you can keep going, but I don't know  
10 how much more information we're going to...

11                   MR. ANTOINE HACAULT: No, the ques --  
12 the -- the -- the answer I was trying to get from the  
13 witnesses -- and they don't appear to be able to give  
14 me the answer, Mr. Chairman, was: What type of  
15 information would you need in a subsequent hearing to  
16 be able to produce these alternatives that would give  
17 the same type of analysis as produced in the Boston  
18 Consulting Group slides?

19                   THE CHAIRPERSON: Well, but the  
20 problem is, you know, the same type of analysis in  
21 Boston Consulting, but we don't have the people who  
22 performed the Boston Consulting to tell us what their  
23 analysis was. We have their results, but we don't  
24 know how they arrived at those results, so I don't  
25 know if the witness can actually answer the -- answer

1 the question.

2                   You know, if you want to keep going in  
3 a different way, but I'm -- I'm -- I'm thinking we may  
4 end up with the same answers for the next while.  
5 That's all.

6

7 CONTINUED BY MR.. ANTOINE HACAULT:

8                   MR. ANTOINE HACAULT:    Thank you.  So  
9 if the panel can't really help me in that regard, as I  
10 explained to the Chair, was to find out would you have  
11 any recommendations, because I know in Nova Scotia,  
12 there are alternatives that are considered.

13                   There has to be data and types of  
14 information that are sought as a minimum filing  
15 requirement or as a filing requirement to come up with  
16 these types of analysis, and I was trying to get some  
17 of your insight as to what kind of information would  
18 we need to be able to do this type of analysis.

19                   MR. JOHN ATHAS:    We -- we're not going  
20 to answer the question, because it was -- we haven't  
21 given enough thought to that on scope -- based on our  
22 scope of work, so we're not prepared to do anything  
23 like that.

24                   MR. ANTOINE HACAULT:    Okay, thank you.

25

1 (BRIEF PAUSE)

2

3 MR. ANTOINE HACAULT: Now, I'll start  
4 by prefacing that in this hearing, we have that  
5 Keeyask will, after coming in -- online, generate  
6 capacity and energy up to a late 1930s, perhaps up to  
7 2040. I gather that Daymark was not asked to analyze  
8 whether or not building a standalone DSM resource  
9 could be done gradually and in a less aggressive way  
10 because of this new generation.

11 MR. JOHN ATHAS: We did not look at --  
12 at any -- have any discussion about alternative DSM  
13 scenarios.

14 MR. ANTOINE HACAULT: Okay, thank you.

15

16 (BRIEF PAUSE)

17

18 MR. ANTOINE HACAULT: Now, at page 94  
19 of its report -- I believe it's been modified now --  
20 Daymark had identified at that time 7 percent -- and  
21 it's gone down to 4 percent -- of the savings, and I'm  
22 quoting:

23 "Come from measures for which the  
24 cost measure alone is larger than  
25 the benefits."



1                   Again, it may be obvious, but are you  
2 able to advise this Board what happens if you  
3 eliminate those measures but keep the 5 percent  
4 legislative requirement for low-income and hard-to-  
5 reach customers?

6

7   (BRIEF PAUSE)

8

9                   MR. JOHN ATHAS:    Okay.  There --  
10 there's another table at the bundle level that says  
11 what percentage of the -- of the savings in that  
12 bundle has -- has -- have these measures -- these type  
13 of measures that are below one-point-o (1.0), if  
14 that's kind of -- and -- and that -- those bundles --  
15 some of those bundles are directly applicable to -- to  
16 hard-to-reach customers.

17                   MR. SUMAN GAUTAM:    That will be Table  
18 32 in our report, which is -- that shows electric  
19 portfolio bundles on page 95.

20

21   (BRIEF PAUSE)

22

23                   MR. ANTOINE HACAULT:    My question was  
24 perhaps ineloquently asked.  I wasn't asking at the  
25 bundle level, if there was a -- a measure level of --

1 of this, if you eliminated the specific measures for  
2 which you had described as -- as not being paying for  
3 the cost under that measure that you introduced, are  
4 you able to advise what happens if you eliminate those  
5 but keep the 5 percent legislative requirement?

6                   For example, would you be able to  
7 calculate or advise on the new level of DSM achieved?  
8 Would it go down by half a percent, a tenth of a  
9 percent? What would the new level of targets being  
10 achieved be?

11                   MR. JOHN ATHAS: We have not broken  
12 out a calculation to say do you -- if we eliminated  
13 all these measures, would we go below the 5 percent  
14 threshold. I -- I don't know that.

15                   MR. ANTOINE HACAULT: Okay.

16                   MR. JOHN ATHAS: We have not -- the  
17 measures get applied through the bundles. So that's -  
18 - that's why the bundle is pretty important when  
19 you're talking about the -- the measures, to find out  
20 whether it's -- it's assumed to be applicable to the  
21 population that you're talking about

22                   So the fact that there's some numbers  
23 in the -- in the hard-to-reach customer bundles here,  
24 is -- you know, there's -- there's some impact. I  
25 don't know whether that goes down below -- whether the

1 budget with that goes down below the 5 percent at all.

2                   So it may -- it may have no effect on  
3 it because it was at 6, right? It was at 6. And --  
4 and the -- so the -- you know, I also don't know, and  
5 I haven't had conversations with -- with -- with  
6 Efficiency Manitoba for issues like what my colleague,  
7 Ms. Kelly, was talking about, that the -- the -- these  
8 measures could be measures that get people -- that  
9 generate their interest in the bundle.

10                   So if they -- if they like that idea  
11 because there's some -- something's new that they get,  
12 you know, if one (1) of the savings is a -- is a  
13 motion sensor on the front light of the house, and  
14 they're always thinking about getting one (1) of  
15 those, that might be the thing that lets them -- let's  
16 just come in and talk to me about the bundle.

17                   So I don't know what secondary,  
18 tertiary or other stuff effects happen when you  
19 eliminate these measures. Okay?

20                   So I mean -- and -- and I'd like to  
21 think that -- that it would -- that probably even off  
22 the top of their head, I bet you the people at  
23 Efficiency Manitoba don't know because they -- because  
24 we don't know because we haven't looked at redesigning  
25 the programs as -- with taking away some measures.

1 MR. ANTOINE HACAULT: Thank you. I'd  
2 like to go to MIPUG EM, round 1, 16 please.

3 At -- at the -- so we see the answer,  
4 the information is not within the knowledge of  
5 Efficiency Manitoba.

6 If we go back up the question, I know  
7 the legislation and the PACT test has required us to  
8 use the levels -- levelized costs provided by Manitoba  
9 Hydro.

10 Are you able to provide an overview of  
11 the directional change in the marginal values since  
12 the last Power Smart plan was provided by Manitoba  
13 Hydro?

14 MR. JOHN ATHAS: No.

15 MR. ANTOINE HACAULT: Okay. And can  
16 you comment on your experience in other jurisdictions?  
17 Do they try to use the most current levelized value  
18 for all the different marginal values set out in this  
19 question?

20 MR. JOHN ATHAS: I would like to think  
21 that they have, but I can tell you that within the  
22 last year there -- the marginal values given to  
23 Efficiency Nova Scotia, E1 is their name, from the  
24 utility to do their analysis was not the most recent  
25 information, because it became an issue within the --

1 within the proceeding and other stuff like that.

2                   So while it would certainly make sense  
3 to use the latest and greatest, it -- you know, it  
4 doesn't always happen.

5                   MR. ANTOINE HACAULT:    Why is it  
6 important to use the latest and greatest, sir?  How  
7 does it influence the recommendations and the choices?

8                   MR. JOHN ATHAS:    Let's -- let's back  
9 it up for a second.  I -- you want to get the highest  
10 quality metric to go into your decision making  
11 process, and with the best available information of  
12 the current thinking and other stuff.

13                   So you'd like to get the cost, you'd  
14 like to get the market assessments, other stuff like  
15 this, and you'd like to get the latest viewpoint on  
16 the -- on the marginal value for energy.

17                   You certainly don't want to use the  
18 2011 one, so you know, whether or not the -- whether  
19 or not a 2017/'18 is close -- is effectively the same  
20 number as the '19/'20 one, you know, but you like to  
21 have in -- in doing analysis as a -- as a planner, I  
22 always like to have the -- the latest thinking.  It's  
23 different than past thinking, it's probably improved  
24 numbers.  At least in an opinion.

25                   MR. ANTOINE HACAULT:    Thank you.  I'm

1 going to get into a little bit more questions about  
2 the type of information which Daymark has used or  
3 seen, and some of that is found in MIPUG Daymark round  
4 1, question 1.

5 So this question related to energy  
6 efficiency potential studies. That -- let's clear it  
7 up, we did not get that kind of information in this  
8 hearing, correct?

9 MR. JOHN ATHAS: I'm not aware of when  
10 it's been filed.

11 MR. ANTOINE HACAULT: Okay. Now, how  
12 does that assist parties in deciding, for example,  
13 whether we might include different initiatives?

14 MR. JOHN ATHAS: It may or may not  
15 have -- have some information in it that makes people  
16 think about different measures, different programs, or  
17 other things. It -- it could.

18 MR. ANTOINE HACAULT: Okay.

19 MR. JOHN ATHAS: It's -- it's more  
20 current information and it's not necessarily something  
21 that's done, because it's a very big undertaking.  
22 It's not done before any energy efficiency analysis.  
23 It's not done immediately before every IRP analysis.  
24 It's done when they -- when they -- when people  
25 believe that the old information is out of date, so

1 much that they'd better do a new one.

2                   And so -- so you know, the -- the  
3 implication there is if they don't have a new one yet,  
4 the -- the other information is -- is fairly valid.

5                   MR. ANTOINE HACAULT:    Okay.  Could we  
6 go to the very top in the preamble to this question?

7                   Were you aware, sir, that the last  
8 potential study was based on load assessments in 2010,  
9 nearing about ten (10) years, as far as being out of  
10 date?

11                  MR. JOHN ATHAS:    I was aware that they  
12 were doing one around that time.

13                  And it doesn't surprise me that they --  
14 I was pretty sure that we've -- we talked about it  
15 once, they didn't do a new one recently.

16                  MR. ANTOINE HACAULT:    So sir, say for  
17 example in my cross-examination of Efficiency Manitoba  
18 I went through a program available to commercial,  
19 agricultural, and industrial sector in which there was  
20 a cap imposed on the program.

21                  Would a study such as this one look at  
22 the issue as to whether or not if you change the cap  
23 whether you had additional potential in that  
24 particular sector and that particular program?

25                  MR. JOHN ATHAS:    I don't know why the

1 cap was imposed, so let's just make sure we understand  
2 that.

3                   And if the cap was imposed for  
4 budgeting, standpoint of total budget, because there's  
5 energy efficiency and administrators and utilities all  
6 over the country have tie -- have budgets for programs  
7 that they -- sometimes they run out of money in  
8 September. And -- and so that's effectively a cap.

9                   Would -- would information in this  
10 study make -- provide new information about the impact  
11 of taking a cap off? Maybe. They might already know  
12 what the implication of taking the cap off, but that's  
13 what I said, I don't know why the cap's on, you know.

14                   MR. ANTOINE HACAULT:    Okay. I'm not  
15 expecting you to have read the transcript. They told  
16 me it was because Hydro had the cap, and they just  
17 continued it.

18                   But in any event, I just wanted to get  
19 a sense of the usefulness of this report and whether  
20 it might be something, after having had ten (10)  
21 years, because we're going to have another review in  
22 another three (3) years, whether it's -- or not it's  
23 something, because then we'll be like over thirteen  
24 (13) years -- whether it's something else we should be  
25 striving to have as far as input to allow us to make a



1 decision next go-around.

2 MS. KATHLEEN KELLY: I think --

3 MR. ANTOINE HACAULT: Would there be  
4 something that would be a best practice?

5 MS. KATHLEEN KELLY: I think in the  
6 current Efficiency Manitoba Plan, they are including a  
7 -- an -- a technical potential study in the '21/'22  
8 time frame. I don't recall exactly what year it was,  
9 but there is a potential study included in the plan  
10 for E, M and V is that one (1) of those would be  
11 completed.

12 They're a pretty big undertaking, and  
13 typically pretty expensive to do, and the -- you know,  
14 people don't do them really frequently because the  
15 stock of what's in place changes slowly, so I'm not  
16 surprised that it's this old, but that -- it is in the  
17 plan.

18 MR. ANTOINE HACAULT: Okay. Can I go  
19 to the answer (d) on the next page of this  
20 interrogatory? And (d) indicates:

21 "An updated energy efficiency  
22 potential study may reaffirm  
23 established annual and cumulative  
24 regulatory targets or may suggest  
25 different targets to be considered.

1                   The main benefit of such a study  
2                   would be to assist in determining  
3                   whether there are potential measure  
4                   revisions that should be  
5                   incorporated within the electric and  
6                   gas portfolios and that the  
7                   potential study could inform new  
8                   program choices or the redesign of  
9                   programs or bundles."

10                   So firstly, I've correctly read that  
11 into the record?

12                   MR. JOHN ATHAS:    Yes.

13                   MR. ANTOINE HACAULT:   And am I getting  
14 from this then if we were asked to answer the  
15 question, should we increase or decrease the 1.5  
16 percent target, that this would be useful information  
17 that we should consider in trying to make that  
18 decision?

19                   MR. JOHN ATHAS:    I'd say simply there  
20 for many reasons it's probably -- it's probably timely  
21 to use -- to do a potential study, but I'd also want  
22 to make sure that the implication of a vintaged  
23 potential study doesn't mean that the -- the energy  
24 efficiency planners have a -- have a set of blinders  
25 on that they only can use the information in that

1 potential study from 2013 and they -- and they don't -  
2 - they don't have to know what's going on in their  
3 industry for consumer electronics and other stuff like  
4 that.

5                   And there's a bunch of people running  
6 energy efficiency programs out there, and you can  
7 probably look at any of their report and see what --  
8 what's the latest and greatest, and they may have done  
9 that potential study. And then you say, what is it --  
10 how does it with -- with Manitoba.

11                   So it isn't an automatic, they're  
12 behind the times implication of having a potential  
13 study that's old.

14                   MR. ANTOINE HACAULT:    Okay, thank you.  
15 I have a couple of more questions, and I think that  
16 would be a good time to break.

17                   I just want to know whether or not  
18 Daymark con -- considered how each DSM measure dealt  
19 with particular peaking hours in a day.

20

21   (BRIEF PAUSE)

22

23                   MR. JOHN ATHAS:    We -- we know that  
24 there were profiles that had on peak and off peak --  
25 and usage that -- so -- -- but I don't know for every

1 measure -- or for what measure they -- they might have  
2 done a peak hour of the day issue. I doubt -- I don't  
3 think they've done -- they did anything at an hourly  
4 level for the measure. That -- that...

5 MR. ANTOINE HACAULT: If one were to  
6 deal with a supply side or a demand side resource, and  
7 to know how a new resource fits into there, would we  
8 need to know the details of all the other resources in  
9 the system, as to how they contribute to energy and  
10 capacity?

11 MR. JOHN ATHAS: With the -- with that  
12 all-encompassing everything on the system, I think the  
13 answer could be no, you don't have to know all that to  
14 do an analysis because if you have -- if you have an  
15 operating characteristics of a certain resource that's  
16 not going to change how much it runs and other stuff  
17 like that, you don't have to know any details about  
18 that other than it's not going to change and not going  
19 to run -- and how it runs.

20 So it's -- you know, you're pretty all-  
21 encompassing about what you said you had to know  
22 everything about, so I would be very surprised if  
23 given some more time that a whole bunch of us could  
24 come up with reasons why we don't need everything  
25 about everything.

1 MR. ANTOINE HACAULT: Okay. I guess  
2 I'll take the break now, Mr. Chairman, if that's  
3 appropriate.

4 THE CHAIRPERSON: Yes, it is. We'll -  
5 - we'll break for fifteen (15) minutes now. Thank  
6 you.

7

8 --- Upon recessing at 2:32 p.m.

9 --- Upon resuming at 2:50 p.m.

10

11 THE CHAIRPERSON: Okay, if we could  
12 resume. Mr. Hacault...?

13 MR. ANTOINE HACAULT: Thank you, Mr.  
14 Chair.

15

16 CONTINUED BY MR. ANTOINE HACAULT:

17 MR. ANTOINE HACAULT: Just one (1)  
18 follow-up question on the subject that we were  
19 discussing prior to the break.

20 Am I correct in understanding that in  
21 the Nova Scotia Utility Review Board hearings, that  
22 Board considers and debates alternatives on DSM  
23 programming?

24 MR. JOHN ATHAS: The -- the  
25 information in the docket included -- in the matter

1 included inf -- information on alternative scenarios.  
2 How much they considered and debated the Board, I  
3 don't know.

4 MR. ANTOINE HACAULT: Okay. And to  
5 allow to get information about alternatives, what type  
6 of information was gathered?

7 MR. JOHN ATHAS: The -- the efficiency  
8 1, their -- their Efficiency Nova Scotia people, did  
9 an ultimate scenario of -- at the gross level, for  
10 cost and benefits.

11 MR. ANTOINE HACAULT: Okay. Thank  
12 you. Now, is it Daymark's view that, as suggested by  
13 the PUB and NFAT, DSM can be treated as a standalone  
14 resource?

15 MR. JOHN ATHAS: I guess my  
16 inclination would be to say yes, but I'd like to just  
17 make sure I understand what you guys mean by,  
18 "Standalone resource."

19 I mean, if it -- if it's a -- if it's a  
20 resource that can be taken in and out of -- out of  
21 cases, like they do with -- like they did with hydro  
22 and gas plants and stuff like this, yes.

23 MR. ANTOINE HACAULT: Okay. Thank you  
24 for clarifying that answer. So, if we are dealing  
25 with DSM as a resource that can be taken in or out of

1 an integrated resource plan, would it make sense that  
2 we need to know the load characteristics which need to  
3 be met by that resource?

4 MR. JOHN ATHAS: It's -- it's  
5 important to have load characteris -- load -- I -- I -  
6 - actually, let me just ask. Are you talking about  
7 the -- if it was a generator, the amount it generates,  
8 and if it's a -- if it's a DSM, the amount it saves,  
9 or are you talking about the load characteristics of  
10 the system?

11 MR. ANTOINE HACAULT: Well, the load  
12 characteristics of the system is the first point. And  
13 then the second point would be, to use your analogy,  
14 if it's a generator, what can that generator do to  
15 meet the load characteristics of the system and, if  
16 it's DSM, what can DSM do to meet the load  
17 characteristics of the system?

18 MR. JOHN ATHAS: It's an awfully good  
19 idea to have that information if you're going to do an  
20 IRP and you don't want people to laugh at you.

21 MR. ANTOINE HACAULT: And if DSM is  
22 going to be used as an input into an IRP and  
23 considered as a standalone resource, it would be a  
24 good idea to have that information?

25 MR. JOHN ATHAS: Are you talking about

1 that info -- I hate to -- I hate to play antecedence  
2 to pronouns here, but is that information information  
3 about the DSM or information about all the -- all the  
4 units?

5 MR. ANTOINE HACAULT: Information  
6 about DSM and the load characteristics DSM is appo --  
7 is expected to meet.

8 MR. JOHN ATHAS: That's -- that's  
9 helpful at any analysis, including the analysis that  
10 was done here.

11 MR. ANTOINE HACAULT: Okay. And, for  
12 example, what I -- do you agree if I suggest that it  
13 would be important to know which DSM initiatives are  
14 most effective in reducing hourly and seasonal peaks  
15 if you have a peaking system?

16

17 (BRIEF PAUSE)

18

19 MR. JOHN ATHAS: It would be good to  
20 have the effect on seasonal peaks of the program as we  
21 know as comparisons to how which ones are -- are  
22 better and not -- at doing that, which was in -- which  
23 was in your question.

24 I'm not sure what the -- would I need  
25 that specific information.



1 MR. ANTOINE HACAULT: So, say, for  
2 example, if you do an insulation program -- oh, sorry,  
3 Kelly has some...

4

5 (BRIEF PAUSE)

6

7 MR. JOHN ATHAS: A couple things. One  
8 (1) is that you can -- the odd jurisdictions -- plenty  
9 of jurisdictions out there that just never get --  
10 never get to that DSM as a standalone resource kind of  
11 analysis.

12 They just -- they take DSM programs and  
13 other things as -- as a change to the -- as impacting  
14 on the load forecast, and it stays in that load  
15 forecasting process as opposed to a resource planning  
16 process.

17 The -- the second thing is that -- that  
18 the -- you know, the -- the characteristics of what a  
19 measure saves in terms of impacts on peaks. And  
20 impacts is, you know, generally a good idea. I think  
21 that was part of your question.

22 MR. ANTOINE HACAULT: Sorry, generally  
23 -- I didn't --

24 MR. JOHN ATHAS: Generally, a good  
25 idea.

1 MR. ANTOINE HACAULT: Okay.

2

3 (BRIEF PAUSE)

4

5 MR. JOHN ATHAS: Sorry about the  
6 accent.

7 MR. ANTOINE HACAULT: No, it's my --  
8 my hearing, obviously. With respect to supply side  
9 resources, am I right in understanding that we  
10 generally ask our self what's the energy need and  
11 what's the capacity need?

12

13 (BRIEF PAUSE)

14

15 MR. WILLIAM HAIGHT: Mr. Athas has  
16 just asked me the question that I will convey to the  
17 panel. And that is, is -- is this is -- the question  
18 that's asked is -- is not something that form part of  
19 Daymark's analysis of Efficiency Manitoba's plan, not  
20 form part of their scope of work and, therefore, is  
21 reluctant to get into it.

22 They certainly have the ability to do  
23 so. If the panel so wishes them to ask -- to try to  
24 respond, my question would be to try to find the  
25 relevance as to why Mr. Hacault is asking this

1 question of these witnesses when it's not within their  
2 scope of work or their analysis.

3

4 (BRIEF PAUSE)

5

6 MR. ANTOINE HACAULT: Well, I had  
7 taken the witness to item 4(c), which is the mandate,  
8 and the mandate -- that's section 4(c), and also  
9 through 4(1), sorry, (c).

10 One (1) of the mandates is to delay the  
11 point at which capital investments in major new  
12 generation transmission projects will be required by  
13 Manitoba Hydro to service the needs of Manitobans.  
14 And that's also -- it follows in the ter --  
15 determination of relevant factors for the -- the  
16 Public Utility Board.

17 And I've referenced that, not only in  
18 this legislation. It was also in the NFAT report  
19 which led to the legislation. It's also in the policy  
20 statements that lead to the regulations which has all  
21 the different characters in it.

22 And given that the genesis of this  
23 legislation and the creation of this Crown corporation  
24 was in the context of dealing with DSM as a standalone  
25 resource instead, because it was criticized in the

1 NFAT for doing so, of dealing it as a load redu -- you  
2 know, just part of the load forecast, I was exploring  
3 with this witness whether or not the same type of  
4 questions should be asked with respect to DSM as are  
5 being asked for a supply side resource, if they're  
6 both going to be standalone resources and given that  
7 one of the objectives is to delay supply side  
8 resources.

9 THE CHAIRPERSON: I took Mr. Hacault's  
10 question of being one of general -- of general nature,  
11 not specifically in terms of -- and -- and whether a  
12 detailed examination was done.

13 So in terms of -- if you have a general  
14 question, I think it would be appropriate. If you're  
15 going to go into anything in more detail, especially  
16 since they haven't actually done any analysis of it, I  
17 don't -- I don't think you're going to go very far.  
18 But in terms of the general question, I think you can  
19 ask the question.

20

21 CONTINUED BY MR. ANTOINE HACAULT:

22 MR. ANTOINE HACAULT: Okay. Thank  
23 you. And thank you, Mr. Athas, for bringing that up  
24 and for doing the best you can, because I know you  
25 have a wealth of experience. I was trying to get some

1 of that experience for this Board.

2 MR. JOHN ATHAS: Well, I -- I'm only -  
3 - I'm only fearful that if we -- if we really wanted  
4 to talk a lot about certain -- integrated resource  
5 planning, that I'd have to change my Wednesday flight.

6 MR. ANTOINE HACAULT: No, I don't  
7 intend -- I have four (4) or five (5) questions and --  
8 to give some general information so.

9 And my question, I think, before we had  
10 this exchange, was on a sus -- supply side resource,  
11 don't we ask ourselves what the energy need is and  
12 what the capacity need is to be able to start the  
13 analysis?

14 MR. JOHN ATHAS: If -- if you're doing  
15 it -- a full resource planning analysis, you have to  
16 know a lot of things, including when the -- what the -  
17 - what's happening to the existing system, what's your  
18 existing loads, and a lot of other stuff. Just to  
19 make sure I -- we're talking about the timing of the  
20 need for capital investment.

21 The capital investment potential  
22 avoidance is something that gets to the extent it is  
23 over the time period, and it gets built into the  
24 marginal value. We took -- we were -- within our  
25 effort, were told, Don't worry about that.

1                   And so you're -- the -- the -- to the  
2 extent that that value should be in there, there  
3 should be to stec -- to the effect that generation --  
4 extent that generation should be affecting marginal  
5 value, and then -- then starting to go toward that  
6 objective that is in the mandate, there at four 'C' --  
7 4(1(c), it's -- it's being captured to the extent it  
8 is. That's all -- but we didn't have to know -- we  
9 didn't have to look at anything about that and know  
10 any particulars.

11                   But in ge -- you're right. Into -- if  
12 you want to do a resource planning study, you got to  
13 know stuff -- a whole bunch of stuff about loads and  
14 resources.

15                   MR. ANTOINE HACAULT:    Okay. And --  
16 and we'd have to make a decision, again, on a  
17 standalone resource. How much do we invest? We had  
18 that in NFAT. Do we invest, you know, in a turbine?  
19 Do we invest in DSM? Do we inv -- invest -- how much  
20 do we invest? Don't we ask our -- or, ourselves a  
21 question, How much do we invest?

22                   MR. JOHN ATHAS:     That -- that could --  
23 that's one (1) of the potential question in -- in --  
24 in doing a resource planning analysis.

25                   MR. ANTOINE HACAULT:    Okay. And

1 another potential question we ask is in what type of  
2 asset do we invest?

3 MR. JOHN ATHAS: I assumed we were  
4 talking about a specific type when we asked the other  
5 question.

6 MR. ANTOINE HACAULT: So would the --

7 MR. JOHN ATHAS: So -- I mean, so you  
8 can't -- you can't ask how much should I -- how much  
9 should I spend on nothing. So -- so the -- they're  
10 the same question.

11 MR. ANTOINE HACAULT: And another  
12 question we ask is when do we make the investment?

13 MR. JOHN ATHAS: That's -- that's a  
14 variable that in some IRPs is taken as a given, and  
15 some -- in other analyses, it's a -- it's a -- it's  
16 freedom -- a free variable to play around with.

17 MR. ANTOINE HACAULT: And another  
18 item, I think you started by mentioning as a whole  
19 bunch of different things, would be the expected --  
20 expected duration of the resource? That would be  
21 another question we would ask our self?

22 MR. JOHN ATHAS: True. It's a good  
23 idea to mod -- model resource -- resource life.

24 MR. ANTOINE HACAULT: And if we had  
25 regionally specific marginal benefits for electric and

1 -- transmission and distribution which did not match  
2 the general assumption, we'd have to ask us --  
3 ourselves how the -- the resource deals with those  
4 issues. That would be another question.

5

6 (BRIEF PAUSE)

7

8 MR. JOHN ATHAS: The -- a resource  
9 planning exercise -- and since you talk about this  
10 starting an NFAT -- does not deal with marginal  
11 values. It deals with impact on the -- of -- of  
12 generation cost and all the factors that go into that  
13 for -- under the different cases and compares that --  
14 that number. Implied in there is a marginal value,  
15 but it's not a marginal value analysis when you're  
16 doing an integrated -- any kind of big resource  
17 planning study.

18 You usually -- usually you can -- have  
19 to make some -- you're asking yourself the question  
20 'What is the cost?' in each of those cases, and -- and  
21 there's an implication for a marginal value. And if  
22 it's a simple enough analysis, you might be able to  
23 use marginal values as opposed to complex models. But  
24 -- but it's -- it's -- there's -- you know, so you --  
25 you may not have to do the examination that you were



1 talking about.

2 MR. ANTOINE HACAULT: Okay. But you  
3 weren't asked to look at that, so I'm not going to get  
4 into more detail about that. That's correct, you  
5 weren't asked to do that?

6 MR. JOHN ATHAS: We were asked to --  
7 we were asked to make sure that there were numbers in  
8 the marginal-value cells.

9 MR. ANTOINE HACAULT: Yeah.

10 MR. JOHN ATHAS: And that they were  
11 being multiplied by the right -- by stuff to get  
12 savings.

13 MR. ANTOINE HACAULT: I'm going to  
14 move to codes and standards.

15 THE CHAIRPERSON: Mr. --

16 MR. JOHN ATHAS: Yeah.

17 THE CHAIRPERSON: Sorry. Mr. Athas,  
18 can you move the mic just a little, just --

19 MR. JOHN ATHAS: I'm sorry.

20 THE CHAIRPERSON: -- just a little  
21 closer. I'm just having trouble hearing. Thank you.

22

23 CONTINUED BY MR. ANTOINE HACAULT:

24 MR. ANTOINE HACAULT: I'm going to  
25 move to codes and standards, Daymark panel. And to

1 start that discussion, I'll go to MIPUG/Daymark-I-24  
2 at page 2.

3 First, could you just briefly explain  
4 this graph? And then I'm going to get into a bit of  
5 questions on a very practical example to make sure I  
6 understand exactly Daymark's approach to the analysis  
7 on codes and standards. So first, could you explain  
8 this graph? And if you need to refer to the  
9 introductory paragraph to do that, which is the  
10 response to 'A', please do so.

11 MR. JOHN ATHAS: That's good.

12

13 (BRIEF PAUSE)

14

15 MR. JOHN ATHAS: Okay. This -- this  
16 chart -- the blue line is representing -- in an  
17 illustration, because there's a lot of simplification  
18 in the -- mentioned in that paragraph -- is the blue  
19 line is mar -- is doing more and more three (3) year  
20 plans. You know, so one to three -- three year --  
21 three (3) year plan, and a four (4) to six (6) three  
22 (3) year plan, and a -- and other ones. And then the  
23 -- the coloured lines going across are the -- are the  
24 -- represent the loss of savings because measures are  
25 retiring at the end of their life.

1 MR. ANTOINE HACAULT: Okay. So you  
2 used the words "measures are retiring at the end of  
3 their life." Is there an example that might be  
4 appropriate to try and explain that? For example, I  
5 don't know if there was a code on exit lights having  
6 LEDs, something like that, just to explain when the  
7 code is passed, when that lightbulb burns out, you  
8 know, just, like, kind of those critical times, when  
9 does Daymark consider the code to have reached the end  
10 of its life?

11 MR. JOHN ATHAS: Let's -- let's just  
12 make sure -- and I'll try to do better on the mic --  
13 is -- can we go to the top of the respo -- the  
14 question? 'Cause I don't think this question is just  
15 codes.

16 Go -- go down -- oh, sorry.

17 I don't think -- I don't think this  
18 question is just codes and standards.

19 Oh, I'm sorry. You were going in the  
20 right direction.

21 MR. ANTOINE HACAULT: The -- the --

22 MR. JOHN ATHAS: This is without codes  
23 and standards.

24 MR. ANTOINE HACAULT: Yeah. The --

25 MR. JOHN ATHAS: Okay, so this is

1 programmatic effects.

2 MR. ANTOINE HACAULT: Okay. And the --

3 MR. JOHN ATHAS: So --

4 MR. ANTOINE HACAULT: -- the question  
5 I was trying to get clarification on is paragraph C,  
6 as in Charlie, on page 203 of this response.

7 MR. JOHN ATHAS: And I can answer  
8 your question on the measure live stuff but I just  
9 want to make sure that --

10 MR. ANTOINE HACAULT: Yeah. So we had  
11 the explan --

12 MR. JOHN ATHAS: We didn't do an  
13 analysis like this around codes and standards, so I  
14 just want to make sure that you -- that we weren't --  
15 that we weren't having a discussion that people were  
16 thinking was around codes and standards.

17 MR. ANTOINE HACAULT: Okay.

18 MS. KATHLEEN KELLY: I think we should  
19 go back and see the question, to see -- just to make  
20 sure, because I've flipped by --

21 MR. ANTOINE HACAULT: "C" as in  
22 "Charlie."

23 MS. KATHLEEN KELLY: Question (c)  
24 refers to codes and standards.

25 MR. JOHN ATHAS: Yeah. (c) refers to

1 codes and standards. The (a) analysis was programs.

2 MR. ANTOINE HACAULT: Okay.

3 MR. JOHN ATHAS: And the -- and the --  
4 the -- the answer is that there would be, if you tried  
5 to do it for codes and standards, there'd be some  
6 similar looking effects.

7 MR. ANTOINE HACAULT: Okay.

8 MR. JOHN ATHAS: Because meas --  
9 measures on codes and standards also end their useful  
10 lives.

11 MR. ANTOINE HACAULT: Okay. So could  
12 you take me through a practical example? If there's a  
13 code and standard -- I don't know if I'm -- I don't  
14 know if I'm using a proper illustration; you pick the  
15 one that's best -- that requires an LED, and Antoine  
16 Hacaault goes and buys an LED and screws it up, and --  
17 because he's complying with codes and standards in a  
18 new built.

19 How much of that is allocated to codes  
20 and standards and when does it retire?

21 Does it retire when the bulb burns out?  
22 Does it retire when the market's adopting the  
23 technology? Could you explain what this is measuring  
24 and when it's considered as --

25 MR. JOHN ATHAS: So in --

1 MR. ANTOINE HACAULT: -- having been  
2 retired --

3 MR. JOHN ATHAS: So we're in -- were  
4 in a scenario where you -- you've purchased the -- the  
5 LED bulb because it's either required of you or  
6 required of only -- of the store, that they can only  
7 sell that, or whatever happened to the code and  
8 standard that that was the option that you had to  
9 pick, okay.

10 What -- what the analysis that they've  
11 done -- Efficiency Manitoba has done, which is, okay,  
12 they said without the code and standard what bulb  
13 would Antoine have picked, okay, stuff like that, and  
14 then they say that's a savings, okay.

15 Now, that decision of whether to put in  
16 the other light bulb or the LED is done for that year  
17 and it's going to play out for its life, and it's  
18 going to have some savings over its life, and it might  
19 have some degradation or other stuff or some things,  
20 but basically it's in place until it burns out, and  
21 the idea of measure lives is hopefully the average of  
22 all of -- all of those LED light bulbs is somewhere  
23 very, very close to the measure life, or we estimated  
24 measure life wrong.

25

1 (BRIEF PAUSE)

2

3 MR. ANTOINE HACAULT: So I'll drill  
4 down a little bit more. If the code is passed in  
5 2020, I buy the bulb in 2022, how is it being  
6 ascertained as to when the savings start?

7 MR. JOHN ATHAS: Saving starts when  
8 you click the on switch that the bulb and it's plugged  
9 -- and it's screwed into the socket. So that's 20 --  
10 I assume that's around 2022 and you're not putting it  
11 in your closet.

12 So -- so that -- that's -- that's when  
13 the savings start. The savings start when measures go  
14 out, and -- and a code, as the way they've -- as the  
15 way it's been done in this calculations for Efficiency  
16 Manitoba, and just talking about the way the -- let's  
17 just say on the calculation of the effect versus the  
18 issue of -- of whether or not should be counted toward  
19 the target, okay. The effect is not an issue.

20 It says what -- they -- they say how  
21 many going in this year? How many -- what would --  
22 what would have happened without the -- for  
23 consumption without the code? So what's the  
24 alternative light bulb that you would have screwed in  
25 because we're assuming that a light bulb burnt out or

1 you bought a new lamp, and -- and that -- that --  
2 that's the -- that's the standard and the alternative  
3 at the point in time when the decisions are made.

4                   And then that savings happens for the  
5 rest of the -- for the life of the bulb. Okay, that -  
6 - that's how the code and standard estimation process  
7 is being done and it was done by Efficiency Manitoba  
8 and we had no problem with that.

9                   MR. ANTOINE HACAULT: Okay. Are you  
10 assuming when the bulb burns out then that the person  
11 reverts back to, in this example, an incandescent  
12 bulb, and the savings no longer continue?

13                   MR. JOHN ATHAS: It's -- it's an --  
14 it's an issue that -- it's the way that the analysis  
15 was done for both programs and codes and standards  
16 that was not addressed in the -- in -- in the  
17 Efficiency Manitoba analysis, and it -- and I think  
18 that's okay.

19                   It just looked at the -- it was looking  
20 at savings that started being created during this  
21 three (3) year period. So it wasn't -- in any of its  
22 programs, it doesn't ask themselves the question what  
23 -- what happens when -- if you -- if you had LED  
24 program, what happens when the savings that goes on  
25 after the -- after that, and that's what I mentioned a



1 little bit earlier during a presentation about market  
2 transformation.

3                   There could be residual -- you could  
4 have put the market in motion so that you get some  
5 energy efficiency for, you know -- pro --  
6 programmatically for nothing, okay. But -- and so in  
7 the codes and standard, if the code and standard's in  
8 effect, you're going to put in the LED and -- but in -  
9 - in the calculation of savings attributable to that  
10 calendar year's worth of Efficiency Manitoba's  
11 activity, they only count the -- the measures of the  
12 light bulbs that were screwed in that year.

13                   If it was 20 -- if it was the third --  
14 a third plan year, it would go toward -- go toward the  
15 -- the savings that they are attributing to target for  
16 the third plan year, and it would run out its course  
17 and of its life, but they're not assuming that -- they  
18 -- they are not taking credit for anything that  
19 happens like the kind you said that you might -- you  
20 might go back to incandescent, go back to that  
21 alternative, or you might say I was okay with the  
22 LEDs, and -- and, you know, they're not -- they're not  
23 worried about that.

24                   They didn't -- they didn't address that  
25 as it's unimportant, they didn't address it as it's

1 wrong, they just -- they just didn't look at the next  
2 decision because all they were worried about is the  
3 decisions that happened by consumers and businesses  
4 during this plan three (3) year window.

5 MR. ANTOINE HACAULT: And as I  
6 understand the evidence, Efficiency Manitoba also went  
7 back to look at some of the codes and standards that  
8 Manitoba Hydro had some contribution to prior to its  
9 creation and is also counting some of those decisions  
10 made by the market in its plan.

11 Am I getting that right?

12 MR. JOHN ATHAS: Correct.

13 MR. ANTOINE HACAULT: Now, what -- if  
14 I've understood your evidence correctly, there isn't  
15 an analysis as to whether or not, when there's a code  
16 and standard, people -- I'm trying to think -- you  
17 wouldn't revert back to the old technology because the  
18 code and standard is still there.

19 How would you revert back to the old?

20 MR. JOHN ATHAS: Right. You wouldn't  
21 -- you wouldn't revert back. The -- I mean, if --  
22 assuming that the -- the stuff that's on the shelves  
23 is the same stuff that you -- that you did in the  
24 first time, you'd be having to -- if you went to  
25 something less efficient, you'd be violating the code

1 or standard, which can happen, but -- but it would be  
2 -- but that's -- but that's what would have to happen.  
3 So it's -- but it's -- but it's a moot decision in  
4 this -- in the analysis.

5                   You don't have to worry about what --  
6 what you're going to do after -- after the LED burns  
7 out because they only captured savings in programs and  
8 in codes and standards for the measures that get  
9 installed during the three (3) year plan window.

10                   MR. ANTOINE HACAULT:    But they do  
11 include it in that present value calculation, don't  
12 they?

13                   MR. JOHN ATHAS:     For the life of the  
14 measure.

15                   MR. ANTOINE HACAULT:    Yeah.

16                   MR. JOHN ATHAS:     So just to make sure  
17 that -- for the Panel -- that the -- that when they  
18 say thirty (30) year analysis, like they've talked  
19 about for the LRI and some other things, if it's a --  
20 if it's a ten (10) year LED, right, that -- the -- the  
21 analysis of the LED is zero in year 11. They don't --  
22 they don't look at thirty (30) years worth of LEDs,  
23 they just say that measure's zero.

24                   If they go to -- if they have a longer  
25 life measure, they go all the way out to -- to as far

1 as the measure goes. So they don't look at the -- the  
2 downstream effects that could be happening like the  
3 kind you're describing because you're going to make  
4 another decision if you need the light, but the --  
5 because ones that aren't used hardly ever burn out,  
6 but the -- the -- so that -- that's -- that's right.  
7 That's what -- they just look at this, the measures  
8 that were installed during the three (3) year window.

9 MR. ANTOINE HACAULT: And I think you  
10 explained that in some jurisdictions they don't have a  
11 similar test to what we have, being like material  
12 contribution towards the code. They just count the  
13 codes.

14 MR. JOHN ATHAS: We know that -- that  
15 codes savings are counted in other jurisdictions. We  
16 -- we didn't -- we -- we don't have a -- a deep  
17 diagnostic on the -- on the enabling rules and  
18 regulations, legislation, other stuff that says why  
19 it's a good idea, you know, I mean.

20 MR. ANTOINE HACAULT: Okay. But you  
21 would agree that there isn't an -- one (1)  
22 organization, one (1) single organization that can  
23 facilitate the entire spectrum of activities that are  
24 required for implementing codes and standards?

25 MR. JOHN ATHAS: That -- that sounds

1 correct. I've been -- I've never been involved in a  
2 codes and standards kind of process. Have -- have  
3 you, Kathy?

4 MS. KATHLEEN KELLY: Some. I've been  
5 involved some, I mean, but there were different  
6 organizations that set codes -- codes and standards  
7 and different things, I mean, but basically, the codes  
8 and standards for buildings are set, sometimes  
9 nationally, sometimes locally. I'm -- I'm not sure  
10 how it works specifically here, because we didn't go  
11 into that much detail.

12 MR. ANTOINE HACAULT: Now I -- I would  
13 suggest that codes and standards savings exists and  
14 provide the same benefits attributable to incentive-  
15 based programming savings. The savings in both cases  
16 are savings?

17 MR. JOHN ATHAS: Yeah. I mean, a  
18 program and a code and standard have somebody  
19 implement a more efficient measure than otherwise.

20 MR. ANTOINE HACAULT: And the  
21 advantage of a code and standard is that the PAC --  
22 PACT, P-A-C-T, ratio if it was computed would be  
23 multiples of any other PACT ratio provided in the  
24 Efficiency Manitoba Plan, correct?

25 MR. JOHN ATHAS: It would be -- it

1 would be infinity.

2 MR. ANTOINE HACAULT: Well, in  
3 fairness, Hydro did talk about a four hundred (400) to  
4 five hundred thousand dollars (\$500,000) investment in  
5 participat --

6 MS. KATHLEEN KELLY: Yeah, I -- I  
7 don't think it's free. I think the effort to go --  
8 that goes into making sure the codes and standards are  
9 adopted would take some time from either Efficiency  
10 Manitoba or Manitoba Hydro to make sure that -- that  
11 the codes are increased and improved in order to bring  
12 some savings forward. So --

13 MR. JOHN ATHAS: Correct. In -- in  
14 the --

15 MS. KATHLEEN KELLY: It's -- it's  
16 going to be large.

17 MR. JOHN ATHAS: -- in this -- in the  
18 extent that the code and standard is equivalent to --  
19 to a prior -- to program startup costs --

20 MS. KATHLEEN KELLY: Yeah.

21 MR. JOHN ATHAS: -- you're right. In  
22 the case that -- like -- like a -- a measure that  
23 could be going into an existing program like we have  
24 some of them here that have PACTs and other stuff,  
25 there might not be any -- for the codes -- codes and

1 standards, any current codes and standards startup  
2 cost.

3                   So I -- I'm glad you brought that up,  
4 but I think it's, you know, depending on -- depending  
5 on which one you're -- which situation you're doing of  
6 starting from scratch in the Plan -- in the Plan year,  
7 they -- a new one started, I'd hope that they'd  
8 capture all those costs that -- that you were talking  
9 about, you know, Kathy and now -- but I -- but if it's  
10 -- but if the startup of the new code is not during  
11 the Plan year, then you have -- then there's -- then  
12 there's a, you know, question as to whether they were  
13 -- whether those costs are relevant in this  
14 discussion.

15                   MR. ANTOINE HACAULT:    And as I  
16 understand your testimony, one (1) of the reasons why  
17 we might look at materiality is that there might be a  
18 concern that there isn't init -- and -- initiative or  
19 incentive for Efficiency Manitoba to continue to  
20 invest in codes and standards. You may not devote as  
21 much time to it, and you may not get the same results?

22                   MR. JOHN ATHAS:    That's correct. I  
23 mean, there's -- one (1) -- one (1) of the things that  
24 -- just to make sure that we're -- differentiate,  
25 here, we had some discussion about this, is the reason

1 we're here and the regulations of -- that are  
2 governing this and other stuff is that -- is that to  
3 us, seems like it's all about oversight, incentive,  
4 and performance of Efficiency Manitoba to do the  
5 things that -- that we want to do, okay? So that --  
6 so that -- so that's why we say the thing that says  
7 it's good to have them be able to credit of something  
8 that might be a -- a lower cost way of getting measure  
9 implemented, okay.

10 We -- we are -- we're -- we don't think  
11 that this approval of a plan here is necessarily about  
12 trying to figure out a way to account for everything  
13 under the -- everything that you'd want to do, or --  
14 for accounting for energy efficiency, because it's --  
15 it -- I -- I think this is more about, like I said,  
16 giving Efficiency Manitoba the incent -- the -- the  
17 right direction and oversight to do what you want to  
18 them to do.

19 So whether it's, you know, if it's  
20 something that's done by a tot -- another organization  
21 within the government and other things like that,  
22 nobody knew anything about it, you know, it's probably  
23 not worth the time talking about here, because you --  
24 you want -- you want to talk about what you want  
25 Manitoba -- or Efficiency Manitoba to do.



1                   So that -- so the -- that's kind of how  
2 we view this -- this effort here. And -- and there is  
3 some question in our own judgment -- we don't know  
4 essentially how to interpret the -- the starting time,  
5 and the degree of material effect that you'd have to  
6 have with the -- in the -- in -- based on the  
7 regulation and the Act to acc -- account for -- to let  
8 codes and standards count. We don't -- we don't know  
9 what the right interpretation of that.

10                   And that's -- that's a choice. There's  
11 no -- there's no right or wrong. You know, I mean,  
12 there's -- there's just what do you want -- what do  
13 you want to -- how -- how do you want the number to  
14 count?

15                   MR. ANTOINE HACAULT:     Am I  
16 understanding correctly, then, if we were focused on  
17 DSM as a standalone resource and how much energy we  
18 were going to save in the next thirty (30) years, we  
19 wouldn't have to say, the LED bulb stops giving us  
20 savings in ten (10) years, because we know it's going  
21 to give us savings in each and every year for the next  
22 thirty (30) years, until we need the new resource. We  
23 don't have to pretend that the LED bulb all of a  
24 sudden is going to go back to incandescent, and people  
25 are going to breach codes.

1 MR. JOHN ATHAS: You -- you're talking  
2 about an analysis that I don't think -- that we didn't  
3 consider that this was the -- that this was the forum  
4 for that. You know, that's -- that's an appropriate  
5 thing. If you were doing -- if you're doing resource  
6 planning analysis, and you have an option to buy ten  
7 (10) year contracts on resources, and you have to  
8 replace them in time, you're going to do all that  
9 stuff, and -- and you might roll it over a couple of  
10 times, like a ten (10) year measure. That's -- that's  
11 very appropriate.

12 This seems to us about how Efficiency  
13 Manitoba is procuring the 1.5 percent and the .75  
14 percent. That is -- and I -- and -- that has been  
15 established by the regulations in the Act in lieu of a  
16 number that's been established by a resource planning  
17 or an IRP decision.

18 If -- it might be that the -- the  
19 objective target to the procurer is the outcome of an  
20 IRP, but the -- but there is a procurement phase that  
21 goes out that -- that they still visit economics.  
22 People that do an IRP that says go out and -- and get  
23 a -- put solar in, when they buy the solar capacity,  
24 or buy the -- the product -- the -- the facility and  
25 stuff like this, they do an analysis of what the

1 economics are, even though was in -- it was analyzed  
2 somewhat within the IRP.

3                   And I think that's where we are here.  
4 We're about how does -- how do we want -- how do you  
5 guys want Efficiency Manitoba to act to procure the  
6 target? That's been -- as I've said, that's been  
7 established by the -- the Act and the regulations in -  
8 - it seems to me, in lieu of an -- of an IRP.

9                   MR. ANTOINE HACAULT: I just want to  
10 get some clarification on your slide 75, then, second  
11 bullet, in the context of this discussion that we've  
12 had.

13

14   (BRIEF PAUSE)

15

16                   MR. ANTOINE HACAULT: It says:

17                                   "The Plan also makes no adjustments  
18                                   for codes and standards aging."

19                   I'm not so sure I understand what that  
20 means.

21                   MR. JOHN ATHAS: It means that if the  
22 code went into effect fifteen (15) years ago, and --  
23 that said to buy LEDs, and you've -- you've been  
24 conditioned to the fact there's that -- all you know  
25 about is LEDs, and some other stuff, they'll -- and

1 you -- and you buy that LED bulb during the three (3)  
2 year window, they count it.

3 MR. ANTOINE HACAULT: Okay.

4 MR. JOHN ATHAS: So that -- that's the  
5 current -- where it -- so they -- they're going to  
6 count that -- they're going to count that -- that code  
7 as having the effect until the technology that you  
8 getting people to buy with the code changes. And then  
9 they will -- then if you -- then if they -- if they  
10 change the code, you buy an LED, but it was supposed  
11 to be a super LED, then they're going to -- then they  
12 -- then there's no savings.

13 So, it's -- you I know that -- that's -  
14 - there's no aging. And that's why it's going to be  
15 somewhat -- as codes and standards get modified, get  
16 added to, and other stuff, there's -- there's going to  
17 be a little bit of a growth in the degree of savings  
18 from codes and standards.

19 And that'll -- that may get to the  
20 point where it's now not one quarter (1/4) or three  
21 quarters (3/4), it might get -- might grow to a lot.  
22 And -- and it might -- it might make everybody  
23 comfortable that -- to say that -- that that's okay,  
24 50/50 and other stuff, and not look very hard at the  
25 other opportunities that are there for -- for electric

1 program savings with -- with new -- newer technologies  
2 emerging.

3 MR. ANTOINE HACAULT: Okay. I'll deal  
4 with that in two (2) bites. Firstly, a savings is a  
5 savings, correct? If it's a required savings and you  
6 don't have a choice, a savings is a savings, correct?

7 MR. JOHN ATHAS: Correct. I didn't --  
8 I said earlier we don't dispute that calculation and  
9 other stuff. And it's just -- and the -- how it gets  
10 accounted for in the -- in the -- achieving the yearly  
11 target is open for interpretation.

12 Otherwise, they wouldn't have had to  
13 put into the legislation that said let's -- how can  
14 you account -- what savings can you account for if it  
15 was just anything that you could slap the label  
16 savings on.

17 MR. ANTOINE HACAULT: And the second  
18 point which you've raised, and -- and it's -- it's an  
19 excellent point, is the whole issue of, if codes and  
20 standards increases in proportion to programs, and you  
21 testified, well, that might lead to some dis --  
22 disincentive, and being as aggressive in programs, I'd  
23 suggest to you that that would be something that this  
24 Board could easily take into account by increasing the  
25 target of savings. They could sa --

1 MR. JOHN ATHAS: Absolutely.

2 Absolutely 100 percent agree.

3 MR. ANTOINE HACAULT: So that, if all  
4 of the sudden another .2 percent was codes and  
5 standards, instead of saying 1.5 --

6 MR. JOHN ATHAS: Right.

7 MR. ANTOINE HACAULT: -- is the  
8 appropriate target, we'll put it up to .7 because  
9 you've got a substantial set of codes and standards  
10 and --

11 MR. JOHN ATHAS: When -- when we're  
12 sitting here in the three (3) years and the codes and  
13 standards in year 5 is -- if 45 percent for electric,  
14 you know, there's nothing -- nothing inherently wrong  
15 with that. And it -- and it -- but it really probably  
16 makes the question of 'should there be more' a little  
17 bit more acute.

18 MR. ANTOINE HACAULT: And that's one  
19 (1) thing that I covered with the Efficiency Manitoba  
20 panel. They had mentioned that they hadn't really  
21 looked at the impact of, I'm going to say, the  
22 commercial type codes and standards.

23 I had mentioned my understanding that  
24 they had been involved in developing a CSN -- CSA  
25 standard called 3 -- or C390 which deals with three

1 (3) phase induction motors.

2 MR. JOHN ATHAS: Who -- who is they  
3 been involved with?

4 MR. ANTOINE HACAULT: Manitoba Hydro.

5 MR. JOHN ATHAS: Okay.

6 MR. ANTOINE HACAULT: Now, it wasn't  
7 part of your task to see whether or not Efficiency  
8 Manitoba was missing some codes and standards which  
9 they should have claimed, correct?

10 MR. JOHN ATHAS: Correct.

11 MR. ANTOINE HACAULT: And I also  
12 covered another area which codes are standards are  
13 developing standards that are designed for use by  
14 industry for measuring and validating in situ energy  
15 performance so that accurate and relevant decisions  
16 about energy consumption and equipment operation and  
17 selection can be made.

18 Now, that wasn't something that you  
19 looked at either to see what measure of savings should  
20 be attributed to that kind of initiative, correct?

21 MR. JOHN ATHAS: I think you described  
22 the standard. And we didn't -- except for the issue  
23 of a code and standard that was included by Efficiency  
24 Manitoba since we didn't review anybody analy --  
25 calculation.

1

2

(BRIEF PAUSE)

3

4

MR. ANTOINE HACAULT: Now, I just want to make sure I understand some of your -- or Dayma -- Daymark's comments with respect to the life cycle revenue metric which I think you indicated to the chairperson that is not a standard in the DSM industry as a metric.

10

Firstly, am I right in understanding that the weighted average measured life for the electrical portfolio is eight point eight (8.8) years? That was in IR Coalition to Daymark question 10.

14

MR. JOHN ATHAS: That if it's the -- yeah, if you pull up that question, I'll be able to verify that that's what we said. Here we are. Okay.

17

18

(BRIEF PAUSE)

19

20

MR. ANTOINE HACAULT: I think it's further down into their responses.

22

MR. JOHN ATHAS: It's waiting for the window to catch up to the... I hate when that happens.

25

MS. KATHLEEN KELLY: The system's



1 taking a minute.

2 MR. ANTOINE HACAULT: Now, if you  
3 confirm it verbally, we don't need --

4 MR. JOHN ATHAS: We have it up on our  
5 -- yeah, eight point eight (8.8) is what --

6 MR. ANTOINE HACAULT: Okay. And  
7 that's why you were expressing some concern that the  
8 use of the thirty (30) year life measure instead of  
9 some lesure -- lesser measured life might not give us  
10 an accurate picture of what's happening?

11 MR. JOHN ATHAS: Just it was pla -- in  
12 my mind, it was just inappropriate to -- to take  
13 something that's relevant for eight point eight (8.8)  
14 years on average and -- or five (5) years or whatever,  
15 anything that's lower, and start stretching that out -  
16 - their effect out over an impact on rates over thirty  
17 (30) years because that's what the calculation does to  
18 LRI.

19 And -- and 'stretch' is not -- not  
20 exactly a term of art -- I mean, term of science for  
21 math, but it's -- but it -- it paints the picture.

22 MR. ANTOINE HACAULT: Okay. And  
23 slides 47 and 48 of your presentation you had  
24 reproduced tables 42 and 43. I may not have seen it,  
25 but could I have an undertaking, if it's not going to

1 require too much work, to add one (1) extra line on  
2 tables 42 and 43?

3                   It would be to add a line which would  
4 say LIR (sic) percentage increase "using four point  
5 five (4.5) cents per kilowatt hour" at the beginning  
6 of the table.

7                   Would you be able to do that for the --  
8 that table?

9                   MR. JOHN ATHAS:    Yeah, we just change  
10 the denominator in that regard, so it's not -- not  
11 anything that's in effect.   So, we can do that.

12                   The -- I would just point out that I  
13 don't -- in the way we've done this analysis and the  
14 way -- and with the -- let's just focus on the six  
15 (6), eight (8), and ten (10), the six (6), eight (8),  
16 and ten (10) were not meant to be looking at it for  
17 specific rate classes, as I understand, because they -  
18 - the analysis of the -- of the effects of lost  
19 revenue were the same for all those six (6), eight  
20 (8), and ten (10) numbers.

21                   They didn't change that in their  
22 analysis.   And we -- we followed that same  
23 methodology.   So, if the -- I would not ascribe a new  
24 line that we put in here as what I think the LRI would  
25 be for a customer class.   All it's doing is dividing

1 by a different denominator.

2 MR. ANTOINE HACAULT: Okay. Thank you  
3 for that caveat.

4 MR. JOHN ATHAS: And -- and we'll  
5 caveat that when we -- when we file it.

6

7 --- UNDERTAKING NO. 12: Daymark on tables 42 and  
8 43, to add a line which  
9 would say LRI percentage  
10 increase using four point  
11 five (4.5) cents per  
12 kilowatt hour at the  
13 beginning of the tables

14

15 CONTINUED BY MR. ANTOINE HACAULT:

16 MR. ANTOINE HACAULT: And that caveat  
17 applies to all the different numbers that you've put  
18 here?

19 MR. JOHN ATHAS: Correct, that these  
20 numbers, the four (4) -- four (4) -- at that time,  
21 we'll say the four and a half (4 1/2), six (6), and  
22 eight (8), and ten (10) cents are not -- are not  
23 saying that we're -- that this is the answer you'd get  
24 if you were trying to do it for a specific rate class  
25 because then you'd have different rate design

1 implications.

2

3

(BRIEF PAUSE)

4

5

MR. ANTOINE HACAULT: Do you know if

6

some of the lost revenue is distribution system

7

revenue?

8

MR. JOHN ATHAS: For sure --

9

MR. ANTOINE HACAULT: Okay.

10

MR. JOHN ATHAS: -- which is exactly

11

the reason I said you can't do it as a rate class.

12

MR. ANTOINE HACAULT: Okay. Now, the

13

next question -- actually, Ms. Schubert, I should have

14

just referred you to the Board Book of Documents

15

because the previous document as well as the next one

16

are in the Board Book of Documents, at page 413 of the

17

Board Book of Documents.

18

19

(BRIEF PAUSE)

20

21

MR. ANTOINE HACAULT: Now, the answer

22

that I'd like to -- or the question and answer is 'H'

23

as in Harry. You'll see on the screen:

24

"The revenue loss calculations

25

include revenue loss from programs

1 but do not include the revenue  
2 impacts from codes and standards."

3 I had some questions of Efficiency  
4 Manitoba on this.

5 MR. JOHN ATHAS: Just to be clear, I  
6 have -- I didn't see your cross-examination, and I  
7 actually haven't read the transcript of -- of that --  
8 of that part of the hearing, so.

9 MR. ANTOINE HACAULT: So I'll repeat  
10 som -- some of the questioning. The codes and  
11 standards, as you -- I think I'm correctly  
12 characterizing, come mainly from the residential  
13 sector and commercial sector as far as savings.

14 MR. JOHN ATHAS: Yeah, that's correct.  
15 That's correct.

16 MR. ANTOINE HACAULT: Okay. And if we  
17 had a revenue loss from codes and standards in the  
18 residential sector for electric and -- oh, sorry, for  
19 the residential and commercial sector in the electric,  
20 it's 20-some percent of the savings?

21 MR. JOHN ATHAS: The -- repeat that,  
22 please? I'm not --

23 MR. ANTOINE HACAULT: That the savings  
24 for codes and standards in electricity --

25 MR. JOHN ATHAS: Oh.

1 MR. ANTOINE HACAULT: -- residential  
2 and commercial, is in the range of 20 percent. I  
3 think it was 23 percent is the number you gave.

4 MR. JOHN ATHAS: Yeah, it's -- yeah,  
5 it's 23 percent of that. It just -- I didn't think of  
6 that number because you were talking about  
7 residential, but -- right, it's effectively  
8 residential commercial, so I -- I --

9 MR. ANTOINE HACAULT: And if I take it  
10 one (1) step at a time, if we save that energy on  
11 consumers like myself -- and commercial consumers, if  
12 it was a codes and standards -- I'm not paying, in the  
13 case of a residential person, eight (8) cents a  
14 kilowatt, because I've saved that kilowatt as a result  
15 of codes and standards.

16 MR. JOHN ATHAS: Correct. To the  
17 extent that that is how that load shape savings gets  
18 affected by the -- by the rate design, you're right.

19 MR. ANTOINE HACAULT: Okay. And then  
20 there isn't very much expense to achieve that savings.  
21 That's the next step, because otherwise, we'd have  
22 some kind of expense. If it was the LED bulb, we'd  
23 have the expense of the LED bulb, correct? But for  
24 codes and standards --

25 MR. JOHN ATHAS: Yeah.

1 MR. ANTOINE HACAULT: -- it's nominal  
2 expense.

3 MR. JOHN ATHAS: M-hm.

4 MR. ANTOINE HACAULT: Yes?

5 MR. JOHN ATHAS: Right.

6 MR. ANTOINE HACAULT: Okay. So we've  
7 got -- in my specific example as a residential  
8 consumer, I save that eight (8) cents. There's  
9 nominal costs to Efficiency Manitoba to get me to do  
10 that. And then next step is where does that kilowatt  
11 of energy go, because I've freed it up.

12 Is that the next step?

13 MR. JOHN ATHAS: What happens to the  
14 Manitoba Hydro cost, because you have -- they have  
15 less -- less kilowatt hours to serve? If that's -- if  
16 that's what you're asking, paraphrased, then I can say  
17 yes.

18 MR. ANTOINE HACAULT: Yeah. So it  
19 might go to the export market, either opportunity or  
20 contract, but that kilowatt of power is going to be  
21 sold somewhere by Manitoba Hydro.

22 MR. JOHN ATHAS: Correct. I'm sure --  
23 I'm -- I'm not -- I wouldn't assume for any of this  
24 analysis that it would cause a water spill in -- in  
25 the dam system.

1 MR. ANTOINE HACAULT: Okay. And part  
2 of the analysis which was done in the 2017 rate  
3 hearing, as we saw, for every dollar spend on DSM, it  
4 actually cost money in the sense that there was less  
5 retained earnings. I don't know if any of you  
6 remember that. It's in this evidence too.

7 MR. JOHN ATHAS: I don't remember  
8 seeing that, but -- but I -- I understand the  
9 mechanics, and there's -- from a cashflow standpoint  
10 for Manitoba Hydro, they -- the -- the three -- the  
11 three (3) things that happen there where they -- where  
12 the energy has value and they do something with it,  
13 the costs have -- get -- need to be of -- of the  
14 energy efficiency programs need to be collected, and  
15 the -- and the -- the revenue loss number is -- you  
16 know, could make that happen.

17 MR. ANTOINE HACAULT: So where I'm  
18 getting from that stepped analysis, sir -- and maybe  
19 ineloquently, is that if we don't include in the  
20 revenue loss calculations the revenue loss we have  
21 from the impact of codes and standards, I would  
22 suggest to you that the impact of one (1) time  
23 equivalent rate increase is understated, because we  
24 have not taken into account the negative rev --  
25 revenue loss caused by codes and standards.



1 (BRIEF PAUSE)

2

3 MR. JOHN ATHAS: If we put the  
4 parameters in for -- for the codes and standards  
5 calculation, just like it's used in -- and accounted  
6 for in the three (3) calendar years, the -- the -- the  
7 one (1) time equivalent rate increase would -- or --  
8 or my adjusted would -- would go up. So -- so it's  
9 understated.

10 MR. ANTOINE HACAULT: Yeah, okay. If  
11 I could bring you to MIPUG/Daymark-I-23, Question (a)  
12 asked Daymark whether it agreed that:

13 "The transmission customers who  
14 accept service at higher  
15 transmission voltages..."

16 -- and I won't read the rest of the  
17 sentence --

18 "...would not obtain a reasonable  
19 indication of rate impact through  
20 Efficiency Manitoba's use of the  
21 lifecycle revenue impact measure."

22 And the response in (a) was yes. Could  
23 you explain why you agreed that the LRI wouldn't tell  
24 us anything about the rate impact on transmission  
25 customers?

1 MR. JOHN ATHAS: I could repeat what I  
2 said a couple of minutes ago, that it's not specific  
3 to any customer class.

4 MR. ANTOINE HACAULT: Okay. It's just  
5 directional. Is that it?

6 MR. JOHN ATHAS: And over -- overall.  
7 I mean, the -- to -- to give you a -- a view into the  
8 calculation, the -- the savings are -- the lost  
9 revenues are calculated for the rates and the classes  
10 of where they -- best estimate of where it's  
11 happening.

12 So if they -- the -- in the LRI  
13 calculation by Manitoba Hydro -- I mean, Efficiency  
14 Manitoba and by -- that -- that we did as well, is --  
15 you know, if -- if that program was affecting a -- a  
16 transmission level service customer, that transmission  
17 level service rate is in the calculation to be -- to  
18 be multiplied by the savings parameters to get the  
19 revenue loss for that.

20 I just want to make sure that that's  
21 not the rea -- that's not the reason I'm saying that  
22 it's not customer class specific, because they do do a  
23 rather rigorous loss revenue calculation that happens  
24 by -- that is different for the kilowatt hours,  
25 depending on which class they're -- they save -- they

1 save energy in.

2 MR. ANTOINE HACAULT: Thank you very  
3 much to the panel for having answered my questions,  
4 and I really appreciate it. Thank you.

5 THE CHAIRPERSON: Thank you, Mr.  
6 Hacault. AMC...? I don't know which -- which counsel  
7 will be... Thank you.

8 Yeah, you -- you... We can try it. It  
9 might be -- I'm sorry -- do you have any idea how long  
10 you'll be?

11 MS. EMILY GUGLIEMIN: We're hoping to  
12 be about thirty (30) to forty-five (45) minutes.

13 THE CHAIRPERSON: Okay, thank you.

14 MS. EMILY GUGLIEMIN: Possibly less.

15 THE CHAIRPERSON: Okay, thank you.

16 Please go ahead.

17 MS. EMILY GUGLIEMIN: Okay.

18 Hello. Thank you for taking the time  
19 to be here today. My name is Emily Gugliemin, and I  
20 represent the Assembly of Manitoba Chiefs. To my  
21 right is Carly Fox, my associate.

22

23 CROSS-EXAMINATION BY MS. EMILY GUGLIEMIN:

24 MS. EMILY GUGLIEMIN: I'm going to  
25 direct the questions to the panel, and I would just

1 ask that whoever's best suited to answer do so. And  
2 with that, I'm going to jump right in.

3 Ms. Schubert, I'd like to pull up the  
4 Daymark report, page 56. Okay. And if we can just  
5 scroll down a little bit so I can see what we're  
6 looking at is a table of the Indigenous program  
7 bundle, and what I'd like to refer you to specifically  
8 -- oh, just a little -- sorry, right there.

9 It says in the first paragraph that:

10 "These programs are typically  
11 assuming a slight reduction in the  
12 amount of projects that Manitoba  
13 Hydro had been experiencing."

14 Is that correct?

15

16 (BRIEF PAUSE)

17

18 MS. KATHLEEN KELLY: Yes.

19 MS. EMILY GUGLIEMIN: Okay, thanks.

20 And you would agree that within the Indigenous program  
21 bundle in that table that First Nations customers  
22 cannot access the Metis income qualified program?

23 MS. KATHLEEN KELLY: Which program?

24 MS. EMILY GUGLIEMIN: The Metis Income  
25 Qualified Program. It's the last program in that

1 bundle -- in the program bundle -- customer segment  
2 bundle, I should say.

3 MS. KATHLEEN KELLY: That's what I  
4 would presume, yes.

5 MS. EMILY GUGLIEMIN: Okay. And  
6 that's also a new program -- like, Manitoba Hydro  
7 didn't have that program before?

8 MS. KATHLEEN KELLY: That is new, yes.

9 MS. EMILY GUGLIEMIN: Yeah. And would  
10 you agree also that the Indigenous Small Business  
11 Program is new as in not provided by Manitoba Hydro?

12

13 (BRIEF PAUSE)

14

15 MS. EMILY GUGLIEMIN: It's -- if you  
16 scroll up a little bit.

17 MS. KATHLEEN KELLY: Yes.

18 MS. EMILY GUGLIEMIN: Okay. And so  
19 then when you say that the Indigenous programs set out  
20 are slightly reduced from the amount of projects that  
21 Manitoba Hydro had been experiencing, that's a  
22 specific res -- reference to the First Nations on-  
23 reserve residential programs, correct? So that would  
24 be the geothermal insulation and direct install.

25 MS. KATHLEEN KELLY: It's the

1 geothermal and it may also be some of the  
2 participation rates as well.

3 MS. EMILY GUGLIEMIN: Okay, thank you.  
4 I'm jut going to move on a little bit, and I am not  
5 trying to be redundant. I just want to make sure it's  
6 on the record. But earlier you agreed with Ms. Dilay  
7 that Daymark had not tested whether the plan can be  
8 more accessible to Manitobans or more accessible to  
9 residential customers.

10 Could you please confirm in addition  
11 that you did not test whether the plan could be more  
12 accessible to First Nations customers either on or off  
13 reserve?

14 MS. KATHLEEN KELLY: That's correct.

15 MS. EMILY GUGLIEMIN: Thank you. Ms.  
16 Schubert, could I go to PUB/Daymark I-8(e)? And I'm  
17 going to go to page 2 of 2 for that, I believe, and  
18 the last paragraph.

19 And about part way through that  
20 paragraph it starts with "However," and essentially it  
21 says:

22 "Even if there are no additional  
23 benefits, it does not mean that  
24 measures should be removed from the  
25 plan just based on the PACT or TRC

1 cost-effectiveness. It would make  
2 sense to consider whether these  
3 measures are driven by other reasons  
4 such as strategic market  
5 transformation, social energy, or  
6 environmental policy, or assuring  
7 access to the broad cross-section of  
8 Manitobans before making any  
9 recommendation as to whether to  
10 include or exclude them from the  
11 plan."

12 Did I summarize that correctly?

13 MS. KATHLEEN KELLY: Yes.

14 MS. EMILY GUGLIEMIN: Do you agree  
15 that in relation to First Nations programs, there are  
16 potential benefits that are not necessarily included  
17 in the PACT or TRC cost-effectiveness test, for  
18 example, bill reduction, reduction of energy poverty  
19 levels, or calculation of economic benefits?

20 MS. KATHLEEN KELLY: Yes.

21 MS. EMILY GUGLIEMIN: Thank you. Are  
22 you aware that the Indigenous Electric Program  
23 contains the highest average per customer bill  
24 reduction pro -- projections of all the electric  
25 programming?

1 MS. KATHLEEN KELLY: I -- I don't  
2 know.

3 MS. EMILY GUGLIEMIN: Okay. I can  
4 pull up -- Ms. Schubert, Coalition EMI-102. Keep  
5 going there. Right here. Oh no, sorry. Keep going.  
6 Right here.

7 So here is the electric customer  
8 participation and bill savings, and it just shows that  
9 the Indigenous program bundle for residential is  
10 estimated at \$470 per house, so.

11 MS. KATHLEEN KELLY: Okay.

12 MS. EMILY GUGLIEMIN: Okay.

13 MS. KATHLEEN KELLY: It does.

14 MS. EMILY GUGLIEMIN: So would you  
15 consider a factor like estimated customer bill  
16 reduction alongside metrics like cost-effectiveness to  
17 help determine whether the programs are driven by  
18 reasons other than cost-effectiveness?

19 MS. KATHLEEN KELLY: Can you restate  
20 that?

21 MS. EMILY GUGLIEMIN: Sure. Would you  
22 consider a factor like the estimated customer bill  
23 reduction alongside metrics like cost-effectiveness  
24 would help to determine whether the programs are  
25 driven by reasons other than cost-effectiveness?



1 MS. KATHLEEN KELLY: Yes, I would  
2 consider that for sure.

3 MS. EMILY GUGLIEMIN: Thanks. And  
4 along somewhat of the same vein, in the report it  
5 states that:

6 "Providing training for members of  
7 Indigenous organizations and  
8 communities is another main  
9 deliverable for the Indigenous  
10 programs that may lead to job  
11 growth."

12 Would you agree?

13 MS. KATHLEEN KELLY: Yes.

14 MS. EMILY GUGLIEMIN: And do you agree  
15 that within the plan as filed there are no targets or  
16 estimated for -- estimated participation for First  
17 Nation employment or economic opportunities in  
18 relation to energy efficiency programming?

19

20 (BRIEF PAUSE)

21

22 MR. JOHN ATHAS: No. We -- we hadn't  
23 -- we hadn't looked at -- I mean, we -- we knew that  
24 job discussion was around the questions and other  
25 stuff. We haven't -- hadn't looked at it. It wasn't

1 in our scope of work to evaluate the programs from --  
2 from an economic impact and stuff so we -- it wasn't  
3 something that we focused on if we saw it.

4 MS. EMILY GUGLIEMIN: Okay. So it's  
5 not something you're aware of?

6 MR. JOHN ATHAS: Right.

7 MS. EMILY GUGLIEMIN: Okay, thank you.  
8 I think I'll move on and go to Daymark page 53. I'm  
9 looking at the first paragraph after these bullets.  
10 It says:

11 "To help overcome these barriers,  
12 Efficiency Manitoba will be  
13 establishing two (2) to three (3)  
14 First Nation community advocates."

15 Do you see where I'm looking at that?  
16 Did I summarize it correctly?

17 MS. KATHLEEN KELLY: Yeah, yes.

18 MS. EMILY GUGLIEMIN: And if we just  
19 scroll down to Daymark 59, and looking at a -- the  
20 first bullet point on that page. There we go. And to  
21 summarize, it says:

22 "Efficiency Manitoba made it clear  
23 that its intentions are to be highly  
24 engaged with the First Nations,  
25 establishment of two (2) to three

1 (3) First Nation community  
2 advocates, however, the number of  
3 organizations is in the dozens and  
4 that may be a stretch for truly  
5 being impactful to help assure  
6 accessibility to meaningful  
7 Indigenous program designs."

8 Did I summarize that correctly?

9 MS. KATHLEEN KELLY: Yes, you did.

10 MS. EMILY GUGLIEMIN: And were you  
11 aware that the two (2) to three (3) First Nations  
12 community energy advocates are actually for the  
13 purposes of developing community energy efficiency  
14 plans for two (2) to three (3) First Nations  
15 communities?

16 MS. KATHLEEN KELLY: I may have, but I  
17 don't recall.

18 MS. EMILY GUGLIEMIN: And you are  
19 aware that there are sixty-three (63) First Nations in  
20 Manitoba?

21 MS. KATHLEEN KELLY: Yes.

22 MS. EMILY GUGLIEMIN: And that it's  
23 part of Efficiency Manitoba's plan to directly engage  
24 with all sixty-three (63) First Nations?

25 MS. KATHLEEN KELLY: Yes.

1 MS. EMILY GUGLIEMIN: And, Ms.  
2 Schubert, could we pull up the transcript for January  
3 8th? It's page 868. And we're looking at lines 17.  
4 And then it kind of goes down to number 4 of the next  
5 page, but if we -- this should be good.

6 So this is where I asked about the  
7 dedicated First Nation energy advisor, and I asked  
8 Efficiency Manitoba will that be one (1) energy  
9 advisor who will then be responsible for all First  
10 Nations customers. And Ms. Tuck responded:

11 "Yes, correct. There would be a  
12 dedicated First Nation energy  
13 advisor who would be a technical  
14 position and would work with the  
15 communities to identify those  
16 opportunities going into the home  
17 and going into the community."

18 Just to summarize.

19 Did I summarize that correctly, and  
20 were you aware of that information?

21 MS. KATHLEEN KELLY: You did summarize  
22 it correctly, but I would go back to the Efficiency  
23 Manitoba Plan that we reviewed that talked about more  
24 -- the two (2) to three (3) community positions, so.

25 MS. EMILY GUGLIEMIN: Could we just

1 bring up AMC/EM-I-17(e).

2

3 (BRIEF PAUSE)

4

5 MS. EMILY GUGLIEMIN: So this is  
6 talking about the two (2) to three (3) First Nation  
7 community energy advocates, and their role is to  
8 participate in the development of community energy  
9 efficiency plans. And those plans -- I think if we go  
10 up it -- we should see it. They're for two (2) to  
11 three (3) First Nations.

12 So basically, one (1) energy advocate  
13 per community, and that's to work on the plans. And I  
14 might not be right about that, but. Yeah, if you go  
15 up. There we go. On (c).

16

17 (BRIEF PAUSE)

18

19 MS. KATHLEEN KELLY: Two (2) to three  
20 (3) communities in the first three (3) years, yes.

21 MS. EMILY GUGLIEMIN: Yeah. And so  
22 were -- basically, what I'm asking you is that if it's  
23 one (1) dedicated First Nation energy advisor who is  
24 responsible for the direct install program, the  
25 geothermal program, would you consider this a stretch

1 for implementation of the Plan, perhaps more so than  
2 you originally determined, given you were thinking  
3 that it was the two (2) to three (3) advocates that  
4 would have those responsibilities?

5 MS. KATHLEEN KELLY: One (1) thing I  
6 would observe is that as the Plan begins to move  
7 forward, it's going to take time to become efficient  
8 and effective at operating and interacting with all of  
9 these organizations, and I don't think that there is  
10 sufficient money in the budget to hire thirty (30) or  
11 forty (40) people to do that.

12 I think what Efficiency Manitoba is  
13 doing is trying to learn, and move into that area, and  
14 get to know more about it. So yes, they could hire  
15 more people and do that, but they've chosen in this  
16 Plan to start small.

17 I appreciate understanding or -- or  
18 knowing better that there's one (1) -- one (1) for the  
19 efficient application of things, and then three (3)  
20 for the planning. I'm -- I'm assuming that the --  
21 those four (4) will work together. There won't be  
22 walls between them, that they will do whatever they  
23 can to start understanding how to roll these programs  
24 out.

25 MS. EMILY GUGLIEMIN: I think the

1 distinction I'm trying to make is that the two (2) to  
2 three (3) community advocates, from the transcript,  
3 are meant for the two (2) to three (3) energy  
4 efficiency plans, and not for all of the plans in --  
5 or all of the programs in general. And I'm just  
6 pointing to the part of your report where it says:

7 "The number of organizations is in  
8 the dozen, and the two (2) to three  
9 (3) community advocates may be a  
10 stretch for truly being impactful."

11 And if that was -- be changed to one  
12 (1) person doing that --

13 MS. KATHLEEN KELLY: Yes, it probably  
14 should, but I'll tell you, it will take time to build  
15 up. This is one (1) of the most difficult areas in  
16 energy efficiency to address.

17 MS. EMILY GUGLIEMIN: Okay. I think  
18 I'll move on. I'd like to go now to page 58 of the  
19 Daymark report.

20

21 (BRIEF PAUSE)

22

23 MS. EMILY GUGLIEMIN: And at the  
24 bottom of the page -- essentially, it says, A specific  
25 plan to address barriers to participation for First

1 Nations living off-reserve has not been developed.

2 All energy efficiency plans will be available to First

3 Nations off-reserve customers.

4 Did I summarize that correctly?

5 MS. KATHLEEN KELLY: Yes.

6 MS. EMILY GUGLIEMIN: And if we keep

7 going, it says,

8 "Efficiency Manitoba will engage the

9 EEAG to establish an Indigenous

10 Energy Efficiency Working Group with

11 First Nation and Metis

12 representation to address barriers

13 for First Nations off-reserve if

14 current programming does not address

15 needs."

16 Did I summarize that correctly?

17 MS. KATHLEEN KELLY: Yes.

18 MS. EMILY GUGLIEMIN: And Ms.

19 Schubert, if we can go to the Plan, page 94.

20

21 (BRIEF PAUSE)

22

23 MS. EMILY GUGLIEMIN: And I'm looking

24 at the last bullet.

25 So partway through, here, it says:



1 "In order to learn what specific  
2 barriers may exist for Metis  
3 customers, Efficiency Manitoba will  
4 work for the Met -- Manitoba" --  
5 Sorry.

6 -- "with the Manitoba Metis  
7 Federation."

8 Did I summarize that correctly?

9 MS. KATHLEEN KELLY: Yes.

10 MS. EMILY GUGLIEMIN: Do you agree  
11 that according to what has been provided in the Plan  
12 and Information Requests thus far, Efficiency Manitoba  
13 did not have specific knowledge about the unique  
14 barriers that Metis income qualified population faces  
15 in relation to energy efficiency programming?

16 MS. KATHLEEN KELLY: I think that  
17 Efficiency Manitoba is trying to build its knowledge  
18 in doing this, and that there are bound to be some  
19 missteps as we go forward. Obviously, there's a  
20 little bit of difference here, so something that needs  
21 to be addressed.

22 It goes back to the, I guess, earlier  
23 today, when we did the presentation, when we talked  
24 about it's a learning curve. There are transition  
25 issues. This kind of thing needs to be pointed out

1 and addressed, if it is, in fact, lesser.

2 MS. EMILY GUGLIEMIN: And do you agree  
3 that the Metis population in Manitoba falls into the  
4 residential customer segment or the income qualified  
5 segment of residential programming?

6 MS. KATHLEEN KELLY: Yes.

7 MS. EMILY GUGLIEMIN: So when you  
8 stated in your report that all energy efficiency plans  
9 will be available to First Nation off-reserve  
10 customers, this would also be true of income qualified  
11 Metis customers?

12 MS. KATHLEEN KELLY: That's my  
13 understanding, yes.

14 MS. EMILY GUGLIEMIN: Okay. And I  
15 just have a few more minutes of questions here. I'd  
16 like to go to Daymark report, page 133. And I think  
17 I'm at number 14 on this one.

18 Is this correct?

19

20 (BRIEF PAUSE)

21

22 MS. EMILY GUGLIEMIN: Sorry, I think I  
23 have written down the wrong thing. I'm -- what I'm  
24 looking at is a statement that says:

25 "Daymark's review finds there are

1                   some delivery concerns across the  
2                   board, but recognizes, among other  
3                   things, that the Efficiency Manitoba  
4                   Plan is rel -- relying on immediate  
5                   and effective collaboration with  
6                   First Nations leadership groups."

7                   Do you recall that statement in your  
8 report?

9

10   (BRIEF PAUSE)

11

12                   MS. KATHLEEN KELLY:    We -- we do have  
13 language in the report that says, the Efficiency  
14 Manitoba Plan is relying on immediate and effective  
15 collaboration with the First Nations, which is what we  
16 are -- we were saying right there are on number 14 on  
17 that page.

18                   We're looking in the report now to try  
19 and --

20                   MS. EMILY GUGLIEMIN:    I can --

21                   MS. KATHLEEN KELLY:    -- locate what  
22 you were pointing to.

23

24   (BRIEF PAUSE)

25

1 MS. EMILY GUGLIEMIN: Okay, sorry. It  
2 is at number 14, there, Efficiency Manitoba. And if  
3 you just scroll up, Ms. Schubert, to the top of this  
4 list.

5

6 (BRIEF PAUSE)

7

8 MS. EMILY GUGLIEMIN: Right. So here  
9 we're talking about delivery concerns. And then if we  
10 go back to number 14, it says that Efficiency Manitoba  
11 Plan is relying on immediate and effective  
12 collaboration with First Nat -- Nation leaderships  
13 groups.

14 Do you agree?

15 MS. KATHLEEN KELLY: Yes.

16 MS. EMILY GUGLIEMIN: Sorry about  
17 that.

18 MS. KATHLEEN KELLY: It's -- it's a  
19 difficult area to address.

20 MS. EMILY GUGLIEMIN: M-hm.

21 MS. KATHLEEN KELLY: So.

22 MS. EMILY GUGLIEMIN: And could I pull  
23 up the transcript from January 8th, page 873, lines 7  
24 to 14.

25

1 (BRIEF PAUSE)

2

3 MS. EMILY GUGLIEMIN: And here, Ms.  
4 Tuck is talking about competing priorities for  
5 capacity and First Nations. And when we're talking  
6 about capacity, we're talking about staffing levels,  
7 paid positions, and competing priorities. And  
8 essentially, that these tend to be issues for -- for  
9 First Nations governments.

10 And then if we could scroll to page  
11 889.

12

13 (BRIEF PAUSE)

14

15 MS. EMILY GUGLIEMIN: Lines 21 to 24.

16 And I've asked here:

17 "Are you aware that for First  
18 Nations organizations, in  
19 particular, that capacity issues can  
20 also be barriers to participation in  
21 these kind of organizations?"

22 And Ms. Tuck agreed.

23 Did I summarize those two (2)  
24 statements correctly?

25 MS. KATHLEEN KELLY: Yes, though I

1 would like to read the rest of the conversations that  
2 led up to that, but, yes, you summarized those two (2)  
3 statements correctly from the transcript.

4 MS. EMILY GUGLIEMIN: Essentially,  
5 what I'm getting at are that there are often capacity  
6 concerns for First Nations governments and First  
7 Nations organizations.

8 And do you agree, if those issues are  
9 not adequately recognized and addressed, it may add to  
10 the delivery -- deliverability concerns mentioned by  
11 Daymark?

12

13 (BRIEF PAUSE)

14

15 MS. KATHLEEN KELLY: What are the  
16 capacity --

17 MS. EMILY GUGLIEMIN: Oh, sorry.

18 MS. KATHLEEN KELLY: -- I suppose it's  
19 referring to?

20 MS. EMILY GUGLIEMIN: We were talking  
21 about competing priorities, adequate staffing levels,  
22 and adequate number of paid positions.

23 MR. JOHN ATHAS: That's within the  
24 First Nations organizations, right, not -- not  
25 Efficiency Manitoba?

1 MS. EMILY GUGLIEMIN: No, First  
2 Nations organizations and First Nations governments.

3 MR. JOHN ATHAS: Right.

4 MS. EMILY GUGLIEMIN: And --

5 MS. KATHLEEN KELLY: -- that  
6 conversation.

7 MS. EMILY GUGLIEMIN: -- so --

8 MS. KATHLEEN KELLY: I apologize.

9 MS. EMILY GUGLIEMIN: Oh, did you want  
10 to speak?

11 MS. KATHLEEN KELLY: Yes.

12 MR. WILLIAM HAIGHT: Well, perhaps --  
13 perhaps, just because there's been a bit of a  
14 conversation going back and forth, if you could  
15 restate the question for -- for the panel, that would  
16 be great.

17 MS. KATHLEEN KELLY: Thank you.

18 MR. WILLIAM HAIGHT: Thank you.

19

20 CONTINUED BY MS. EMILY GUGLIEMIN:

21 MS. EMILY GUGLIEMIN: Sure. So, to  
22 summarize, we've been talking about deliverability  
23 concerns across the board but that Efficiency Manitoba  
24 has planned to rely on the immediate and effective  
25 collaboration with First Nations leadership groups.

1                   And so, considering that reliance --  
2 and I think you were talking about the EEAG, but  
3 correct me if I'm wrong. We then talked about the  
4 recognition of capacity issues, meaning adequate  
5 staffing levels and paid positions that tend to be  
6 issues for First Nations governments and  
7 organizations.

8                   And so, I asked if you agree that, if  
9 those capacity issues are not adequately recognized  
10 and addressed, it will add to deliverability concerns  
11 mentioned by Daymark?

12                   MS. KATHLEEN KELLY: Yes. If the --  
13 the capacity of First Nations is not addressed to --  
14 to bring in more people and focus on these issues,  
15 then, yes, it will be more of a de -- deliverability  
16 concern.

17                   MS. EMILY GUGLIEMIN: And so, that  
18 would impact the effectiveness of Efficiency  
19 Manitoba's plans for collaboration and, thus,  
20 engagement?

21                   MS. KATHLEEN KELLY: It would affect  
22 their plan and would require them to regroup and --  
23 and rethink how to go after that group.

24                   MS. EMILY GUGLIEMIN: Okay. I don't  
25 have any further questions. Thank you for taking the



1 time to answer.

2 MS. KATHLEEN KELLY: Thank you.

3 THE CHAIRPERSON: Thank you. Mr.  
4 Wheeler, do you have an estimate of the time you'd  
5 require?

6 MR. JARED WHEELER: I would estimate  
7 about thirty (30) minutes.

8 THE CHAIRPERSON: Okay. If you could  
9 proceed.

10 MR. JARED WHEELER: I'm just going to  
11 move up to the front.

12

13 (BRIEF PAUSE)

14

15 CROSS-EXAMINATION BY MR. JARED WHEELER:

16 MR. JARED WHEELER: It's been a long  
17 day already, so maybe while we're shifting around I'll  
18 get started. By way of brief introduction, my name is  
19 Jared Wheeler, with me is Mr. Markus Buchart. We are  
20 legal counsel to Manitoba Keewatinowi Okimakanak Inc.,  
21 or MKO in this Hearing.

22 And so the panel is aware, MKO is a  
23 nonprofit political advocacy which represents twenty-  
24 six (26) First Nations in Northern Manitoba. Before  
25 we begin, on behalf of our client, we say good day to

1 the Board and to everyone in the room with us this  
2 morning as well as to everyone monitoring this Hearing  
3 online.

4 My wife was one (1) of those people,  
5 but I've gone a little later than anticipated, so here  
6 we are. Thank you to the panel from Daymark Energy  
7 Advisors for joining us today. We'll be asking you  
8 some questions.

9 Our intention, of course, is to further  
10 everyone's understanding of Efficiency Manitoba's  
11 initial three (3) year efficiency plan as well as  
12 Daymark's review of that plan.

13 The two (2) broad categories on which  
14 we'll be focussing today relate to Daymark's review of  
15 whether the plan complies with directions from the  
16 minister, as well as questions about deliverability  
17 risks, especially as pertaining to hard-to-reach First  
18 Nation customers. We won't be reit -- reiterating any  
19 of the questions we've already heard.

20 And so, I've condensed what I had here.  
21 So, first, please confirm that Daymark was tasked  
22 with, among many other things, assessing the plan's  
23 compliance with the Efficiency Manitoba Act and the  
24 Efficiency Manitoba regulation.

25 MR. JOHN ATHAS: Yes.

1 MR. JARED WHEELER: Yes. That was the  
2 -- that was the really easy part. Ms. Schubert, can  
3 we please bring up the Efficiency Manitoba regulation?  
4 And I'm looking specifically for section 11 of the  
5 regulation.

6 And while that's coming up, I'm sure  
7 you're all familiar with this regulation. Daymark  
8 will, of course, agree that part of Daymark's work was  
9 to assess whether Efficiency Manitoba has reasonably  
10 attempted to comply with the directions of the  
11 minister. And this is in 11(1).

12 You'd agree with that, that that was  
13 part of your work?

14 MR. JOHN ATHAS: Yes.

15 MR. JARED WHEELER: Thank you. And  
16 then, Ms. Schubert, if we can bring up PDF page 29 of  
17 Daymark's expert report. And this section of the  
18 report discusses the efficiency plan and elements  
19 mandated for PUB review.

20 And in the second full paragraph on PDF  
21 page 29 of Daymark's report -- oh, thank you, PDF page  
22 23, small 29, with respect to regulation 11(1) which  
23 we just looked at, whether Efficiency Manitoba has  
24 reasonably attempted to comply with the directions of  
25 the minister, you'll see here:

1 "As noted above, the minister's  
2 instruction to Efficiency Manitoba  
3 directed that Efficiency Manitoba's  
4 plan should provide at least as good  
5 or better results than the previous  
6 Power Smart program but at a  
7 significantly smaller percentage of  
8 the cost and materially less labour  
9 costs."

10 I've read that out correctly?

11 MR. JOHN ATHAS: Yes.

12 MR. JARED WHEELER: Thank you. And  
13 you would agree that on this page on the screen just  
14 past the last bullet Daymark sets out a conclusion  
15 that:

16 "Overall then, our review of plan  
17 completeness generally finds that  
18 all the requirements of the Act and  
19 regulation are addressed in some  
20 form."

21 Right after regulation 11(1), the next  
22 paragraph down?

23 MR. JOHN ATHAS: Yes, that's -- you  
24 read what we wrote there, yes.

25 MR. JARED WHEELER: And now, Ms.

1 Schubert, on the -- on the very same topic, can we  
2 please bring up PDF page 11 of the Daymark report?  
3 Halfway down the page at point 3 under the heading,  
4 "Minister's letters," we see here Daymark has set out  
5 that:

6 "In addition to the above -- so in  
7 addition to the other things that  
8 had been considered -- Efficiency  
9 Manitoba is also subject in the  
10 preparation of its plans to  
11 directions provided in two (2)  
12 minister's letters dated April 24th,  
13 2019, and October 18th, 2019.  
14 Most notably, for the purpose of  
15 this report, the two (2) letters are  
16 specific in their instruction to the  
17 Effic -- in their instruction about  
18 the Efficiency Manitoba's plan  
19 should provide at least as good or  
20 better results than the previous  
21 Power Smart program but at a  
22 significantly smaller percentage of  
23 the cost and materially less labour  
24 costs."

25 Very similar quote from what I had read

1 on page 23, correct?

2 MR. JOHN ATHAS: Yes.

3 MR. JARED WHEELER: Thank you. Now,  
4 Ms. Schubert, can we please bring up on the screens  
5 the AMC book of documents which is marked as AMC  
6 Exhibit 4? And I'm looking just for the first page  
7 here.

8 Mr. Hacault had asked some questions  
9 about this letter. Again, I assure you I am not going  
10 to repeat his questions.

11 You would agree that on the first page  
12 here what we're -- what we're looking at is we have a  
13 letter from the Premier of Manitoba to the Honourable  
14 Colleen Mayer, the Minister of Crown Services,  
15 correct?

16 MR. JOHN ATHAS: Yes.

17 MR. JARED WHEELER: And can you just  
18 confirm for the record that this letter is dated  
19 October 18th, 2018?

20 MR. JOHN ATHAS: Yes.

21 MR. JARED WHEELER: And this is one  
22 (1) of the minister's letters reviewed by Daymark in  
23 its review of the plan, correct?

24 MR. JOHN ATHAS: Yes.

25 MR. JARED WHEELER: And so, it's not

1 likely to make a material difference, but just so  
2 there's no confusion on the record, the -- the letter  
3 referred to in the Daymark report as being dated  
4 October 18th, 2019, I suggest to you that was likely a  
5 typo in the date in the report, no big deal, should  
6 have reformed -- referred to October 18, 2018,  
7 correct?

8 MR. JOHN ATHAS: That sounds correct.

9 MR. JARED WHEELER: Thank you. Ms.  
10 Schu -- Schubert, can we just scroll down to the top  
11 of the second page of this letter, right where it  
12 says, "Your mandate"? Thank you.

13 And it says here, the second paragraph:

14 "As Minister of Crown Services, you  
15 are responsible for the following  
16 commitments. First bullet,  
17 launching Efficiency Manitoba as a  
18 smaller more efficient demand side  
19 management agency than the current  
20 Power Smart program. Efficiency  
21 Manitoba will do a better job  
22 lowering energy consumption, cutting  
23 emissions, and reducing costs for  
24 Manitoba ratepayers."

25 And so with respect to whether in the

1 plan, Efficiency Manitoba has reasonably attempted to  
2 comply with the directions of the minister, this  
3 commitment was one of the directions of the minister  
4 that Daymark considered. Is that correct?

5 MR. JOHN ATHAS: Yes.

6 MR. JARED WHEELER: And Ms. Schubert,  
7 can you just scroll a bit further down on this page to  
8 the second set of bullets? Thank you.

9 And we see here that the premier set  
10 out for the minister that:

11 "As part of our Cabinet team, you  
12 will assist your colleagues in  
13 fulfilling the following commitments  
14 --"

15 And the fourth bullet down, which has  
16 been helpfully highlighted by AMC's counsel, it says:

17 "Advancing reconciliation with  
18 Indigenous Manitobans, led by the  
19 Minister of Indigenous and northern  
20 relations."

21 And would you agree that I've read that  
22 bullet from the second list of commitments --

23 MR. JOHN ATHAS: Yes.

24 MR. JARED WHEELER: -- in this section  
25 properly? Thank you.



1                   And can you tell us with respect to  
2 whether in the plan, Efficiency Manitoba has  
3 reasonably attempted to comply with the directions of  
4 the minister, did Daymark consider this second list of  
5 commitments?

6

7                   (BRIEF PAUSE)

8

9                   MR. JOHN ATHAS:    In a -- in a general  
10 sense, we were -- we're familiar with it and know --  
11 and we were looking to see if there is -- if actions  
12 were consistent with some of these -- the mandates  
13 versus directly implementing a mandate, you know.

14                   So -- and we -- we didn't have an  
15 extensive amount of time to do, you know, a lot of  
16 discussions with the -- with the -- the stakeholders  
17 that you'd want to do in -- in this kind of review.  
18 You know, we would -- we would have liked to sit down  
19 and talk to Efficiency Manitoba and then talk to --  
20 and talk to representatives of -- of First Nations and  
21 other stuff to get an idea as to how these fit in.  
22 But we just did not have the -- the time to do that.

23                   MS. KATHLEEN KELLY:    I might just add  
24 to that, some of the review that we did relative to  
25 this looked at has Efficiency Manitoba paid attention

1 to it? Have they put out some ideas? Are they  
2 looking to include it in the -- in the program? And  
3 does it appear to be an -- a change and, hopefully, a  
4 better approach for the short term than what was  
5 already in place? So it's -- as John said, there was  
6 only so much time to review all of this. Our  
7 knowledge of the Indingent -- Indigenous and -- and  
8 other here in Manitoba is a bit limited, so.

9

10 (BRIEF PAUSE)

11

12 MR. JARED WHEELER: So then I would  
13 suggest that given that there were two (2) separate  
14 letters -- minister's letters -- that were reviewed,  
15 and the second letter that also refers to  
16 reconciliation, that would be the same answer that we  
17 -- that Daymark, to a limited capacity, did consider  
18 this in their review?

19 MR. JOHN ATHAS: Very limited  
20 capacity, I mean, and the -- and then as I mentioned -  
21 - of parties to talk to. If in a different kind of  
22 project, we -- we had enough time to sit down with the  
23 panel members and members of the PUB, we -- that  
24 certainly'd be a good place for us to -- to get more  
25 up to speed of the, you know -- what's meant by -- to

1 what extent it would take to be consistent with rec --  
2 reconciliation. We know what's meant by it; I just  
3 mean that, you know -- again, a policy interpretation  
4 as to how far that needs to go before it's considered  
5 above the minimum.

6 MR. JARED WHEELER: So let me ask,  
7 then, can we conclude that the report, full airing  
8 from Daymark's review of the plan, took into  
9 consideration some of Efficiency Manitoba's directions  
10 from government through mandate and framework letters  
11 to a limited extent and some to a greater extent?

12 MR. JOHN ATHAS: I'd say that we saw -  
13 - and I don't think we made a value judgment on that,  
14 but I think that to the extent that we saw activities  
15 that were more related to some than the others, that  
16 we -- that -- that we definitely took note of that.

17 But the -- but we didn't -- we didn't  
18 make a value judgement that the -- that the -- the  
19 ones that we saw more activity on and more of --  
20 progress would -- were more important.

21 MR. JARED WHEELER: And I -- I'm not  
22 suggesting a value judgement was made at all. I'm  
23 wondering if Daymark is aware of whether the word  
24 'reconciliation' shows up at all in the three (3) year  
25 plan at all.

1 MR. JOHN ATHAS: I think that -- I'm  
2 not sure where -- I'm not sure where I -- where I've  
3 heard that that -- that that doesn't show up in the --  
4 in the three (3) year plan. I'm not -- I'm not sure I  
5 can -- I can't remember what form it was, whether it  
6 was at one of the -- at one of the hearings --  
7 procedural hearings or something -- something else,  
8 but it's a -- I'd be -- I'm pretty sure that I heard a  
9 discussion and somebody prove out that that was no.

10 MR. JARED WHEELER: There has  
11 certainly been a discussion of that. We could bring  
12 it up if need be, but I don't think it's necessary. I  
13 think we'll leave this topic here.

14 And I'd like to move on now to  
15 questions about accessibility and, specifically,  
16 Daymark's review of the plan with respect to the  
17 question of whether Efficiency Manitoba is reasonably  
18 achieving the aim of providing initiatives that are  
19 accessible to all Manitobans.

20 You would agree with me that this was  
21 within the scope of Daymark's review of the plan?

22 MR. JOHN ATHAS: Yes.

23 MR. JARED WHEELER: And along this  
24 topic, we'll also be asking some questions about  
25 Daymark's review of the plan with respect to

1 deliverability risks. A layman such as myself, I  
2 would suggest that this is in some ways tied to the  
3 question of accessibility. Perhaps I'm wrong about  
4 that. Maybe you can educate me about that as we go.

5                   Given the nature of our client, our  
6 questions will be focussing on the accessibility of  
7 the plan to First Nation customers in northern  
8 Manitoba, as well as div -- deliverability risks that  
9 may affect this same customer base.

10                   To get started in this section of our  
11 questions, Ms. Schubert, can we please bring up PDF  
12 page 12 of Daymark's report, and I'm looking right at  
13 the top of the page.

14                   Okay, and this lists off the scope of  
15 work, and the scope of work of Daymark's work  
16 includes, at 2(e) of this list, that:

17                   "Daymark should address as part of -  
18 - of your assessment, whether  
19 Efficiency Manitoba is reasonably  
20 achieving the aim of providing  
21 initiatives that are accessible to  
22 all Manitobans. In this context,  
23 the Efficiency plan should include  
24 initiatives applicable to all  
25 geographic regions of the province

1 as well as all customer segments,  
2 residential, commercial, and  
3 industrial."

4 I've read that out correctly?

5 MR. JOHN ATHAS: Yes.

6 MR. JARED WHEELER: So in considering  
7 accessibility, in Daymark's opinion, does  
8 accessibility of programs include whether programs are  
9 financially accessible, meaning affordable?

10

11 (BRIEF PAUSE)

12

13 MR. JOHN ATHAS: The -- the -- just  
14 had a discussion that -- that accessibility within the  
15 -- within Manitoba is a very specific actions,  
16 mandates -- I'm not sure what the right word is -- as  
17 opposed to -- so it's a -- like, it's a -- it's a  
18 capital 'A' word versus a -- a small 'A'. I can  
19 honestly say that -- that I'm not sure that we were  
20 aware that we probably should have looked at that --  
21 at that trigger and stuff like that.

22 MR. JARED WHEELER: So would that  
23 mean, then, that in Daymark's review of the plan,  
24 accessible meant that a program had to be physically  
25 accessible?

1 MR. JOHN ATHAS: Oh, yeah. In -- in  
2 the -- in the idea of accessible, you asked about if  
3 it was financially feasible. I'm sorry, I forgot that  
4 part of the question. Is -- that would -- that would  
5 be something if it was, you know, at a -- at a very --  
6 you know, very visible level of a -- of a major hurdle  
7 that we could -- we could -- we expected that program  
8 designs, including, like, incentives and things like  
9 that, would be part of the accessible versus just --  
10 versus just they were on the mailing list.

11 You know, we -- we -- we thought there  
12 was more to bringing that program to -- to people than  
13 just, like I say, they're on the mailing list and the  
14 ad was in their paper and stuff.

15 MR. JARED WHEELER: So then would you  
16 agree that to be accessible a program has to be  
17 physically accessible to customers in its target  
18 market?

19 MR. JOHN ATHAS: Yes.

20 MR. JARED WHEELER: And -- and taken  
21 then to the next step then, so for a program  
22 specifically targeting First Nation customers for --  
23 for Daymark to consider the program to be accessible,  
24 the program would have to be physically accessible to  
25 First Nation customers. Is that right?

1                   Would you agree with that?

2                   MR. JOHN ATHAS:    Or the plan is  
3 heading in a direction that that's -- that's the case.  
4 I mean, I just -- not to try to -- when we -- we --  
5 when we're looking at deliverability and people were  
6 talking about it, like the third parties and stuff, if  
7 we took -- and this is not the third parties that are  
8 there, see.

9                   If we took the idea, is it deliverable  
10 with what third parties are in the contract now versus  
11 what their intention to do, we would have been --  
12 like, we wouldn't have been having some deliverability  
13 concern. We'd say that right now it's not  
14 deliverable.

15                  So similarly with -- with some of the  
16 expectations that -- that things have to be  
17 aggressive, different, and -- and, you know, designed  
18 with -- with collaboration with First Nations to be --  
19 truly be accessible to First Nations, our  
20 understanding is that's where they -- that's where  
21 they're heading, you know, and it's -- it -- or prove  
22 -- prove out in time whether the -- there's nothing we  
23 saw that said that -- that that they were heading in a  
24 direction that wasn't going to work, but we -- time  
25 will tell whether it was -- whether they were heading



1 with enough -- enough action.

2 MS. KATHLEEN KELLY: And -- and we  
3 also recognize it will take time to get there.

4 MR. JARED WHEELER: Right. I -- I  
5 don't think the plan is anticipated to be in place  
6 today. It's -- you know, it's a roll-out, right. I  
7 think we all agree on that.

8 So maybe can we just -- Ms. Schubert,  
9 can we please bring up PUB/Daymark IR I-3? And in  
10 response to this IR from the Board, Daymark set out --  
11 it's the last paragraph on what we can see on the  
12 screen right now, so that's perfect. It sets out what  
13 Daymark sees as major objectives -- oh, maybe I'm  
14 looking at the wrong -- okay, sorry. Right at the top  
15 there:

16 "Daymark recognizes that there is a  
17 complex set of objectives or  
18 attribute -- or attributes that the  
19 province expects of the activities  
20 proposed by Efficiency Manitoba in  
21 each three (3) year plan. We view  
22 the major objectives put forth,  
23 which at times can create  
24 conflicting strategies as being the  
25 following."

1                   And the first bullet there is:

2                   "The plan should provide programs  
3                   that are accessible to all  
4                   Manitobans regardless of geography  
5                   and especially to hard-to-reach  
6                   customers, such as those who have  
7                   lower incomes and Indigenous people  
8                   and businesses."

9                   Now -- now, I'm not suggesting that  
10                  this is in any way in any order of priority. Can you  
11                  just confirm that in Daymark's opinion one (1) of the  
12                  major objectives put forth is as it says on the top  
13                  here, that "The plan should provide programs," et  
14                  cetera, as I read out earlier.

15                  MR. JOHN ATHAS:    Yes, I confirm.

16                  MR. JARED WHEELER:   And, Ms. Schubert,  
17                  can we please turn to PDF page 17 of the Daymark  
18                  expert report? And towards the bottom of the page it  
19                  says:

20                  "Geographic reach. Denmark's scope  
21                  of work specifically mentions  
22                  geographic regions in asking Daymark  
23                  to assess whether Efficiency  
24                  Manitoba is reasonably achieving the  
25                  aim of providing initiatives that

1           are accessible to all Manitobans,  
2           including initiatives applicable to  
3           all geographic regions of the  
4           province, as well as all customer  
5           segments, residential, commercial,  
6           and industrial."

7           And I'm -- I'm going to go on, but I --  
8 I've read that part correctly, right?

9           MR. JOHN ATHAS:    Yes.

10          MR. JARED WHEELER:   And then the  
11 report goes on to state -- and Daymark goes on to  
12 state that:

13                   "The Efficiency Manitoba plan  
14                   itself, although it mentions  
15                   geography as a potential challenge,  
16                   does not directly focus on the  
17                   question of whether the programs it  
18                   proposes are applicable to all the  
19                   geographic regions of Manitoba."

20          And again I'll have some questions  
21 flowing from this excerpt, but then again of course  
22 I've -- for the record, I just read that out  
23 correctly, right?

24          MR. JOHN ATHAS:    Yes.

25          MR. JARED WHEELER:   And then in the

1 report, Daymark goes on to state:

2 "This is not a compliance issue,  
3 since neither the Act nor the  
4 regulations specifically require  
5 Efficiency Manitoba to address  
6 geographic reach in the plan."

7 Correct?

8 MR. JOHN ATHAS: That's what it says,  
9 yes.

10 MR. JARED WHEELER: So now, while  
11 neither the Act nor the regulations specifically  
12 require Efficiency Manitoba to address geographic  
13 reach in the plan, in Daymark's view one (1) of the  
14 major objectives is that the plan should provide  
15 programs that are accessible to all Manitobans  
16 regardless of geography, and especially to hard-to-  
17 reach customers such as those who have lower incomes  
18 and Indigenous people and businesses. We saw that  
19 before.

20 So, Mr. Athas, would you agree that  
21 there -- that while it may not be a compliance issue -  
22 - let me ask that a little different.

23 While it may not be a compliance issue,  
24 does Daymark have an opinion as to whether the plan is  
25 reasonably achieving the aim of providing initiatives

1 that are accessible to all Manitobans?

2 MR. JOHN ATHAS: We've -- we've  
3 articulated there that geography is not one that we've  
4 been able to see a lot of the proof of attention and  
5 activity and -- and the like. The -- so that -- so  
6 that the extent that geography, as it -- is it one of  
7 the differentiations between -- differentiators that  
8 makes subgroups of all, and we're saying that -- and  
9 we'd say that -- say that it's not -- it's not  
10 accessible to all Manitobans, and we might not have  
11 had that clear -- clear a view on that in -- in our  
12 report compared to what I just stated now.

13 MR. JARED WHEELER: Mr. Chair, I've  
14 probably got about ten (10) minutes left. I -- I'll  
15 be finishing off, I'm sure.

16 So I -- I'm going to shift very  
17 slightly to questions of the topic -- on the topic of  
18 deliverability risks.

19 Ms. Schubert, if we can please bring up  
20 PDF page 8 of Daymark's report. And here we see that  
21 the Daymark report makes the following major  
22 observations about the plan, and the second bullet --  
23 I'm going to sort of cherry pick a little bit here.

24 "We have some concerns about the  
25 ability of Efficiency Manitoba to

1 deliver the volume of services and  
2 to recruit the levels of customer  
3 partition -- customer participation  
4 that it projects in the plan."

5 While I stumbled on it, I did read that  
6 out eventually correctly, right?

7 MS. KATHLEEN KELLY: Correct.

8 MR. JARED WHEELER: And -- and then  
9 you'll agree that later on in this same paragraph,  
10 Daymark notes that:

11 "In some cases"

12 So it's not the beginning of a  
13 sentence, but it says:

14 "However, in some cases, Efficiency  
15 Manitoba is projecting customer  
16 participation rates significantly  
17 higher than those achieved by  
18 Manitoba Hydro."

19 Correct?

20 MS. KATHLEEN KELLY: That's correct.

21 MR. JARED WHEELER: And -- and this  
22 morning we heard that in its review of the plan,  
23 Daymark sought to address whether Efficiency Manitoba  
24 has set reasonable targets for numbers of  
25 participation. Is that correct?

1 MS. KATHLEEN KELLY: Yes.

2 MR. JARED WHEELER: Now, Ms. Schubert,  
3 can we please bring up PDF page 31 of the Daymark  
4 report, and I'm looking right at the bottom of this  
5 page and going on to the next page. Thank you.

6 So Daymark states here that:

7 "Deliverability is key to Efficiency  
8 Manitoba's success from two (2)  
9 perspectives, the customer and the  
10 trade partner, where the latter can  
11 include third party intermediaries  
12 who agree to engage with customers  
13 on Efficiency Manitoba's behalf."

14 Now, I just want to make sure that --  
15 that we're all on the same page on this. In this  
16 reference to third-party intermediaries, is Daymark  
17 referring to members of the Energy Efficiency Advisory  
18 Group or to delivery contractors, or possibly both?

19 MS. KATHLEEN KELLY: That would  
20 include the EEAG, as well as potentially  
21 intermediaries on behalf of groups, low income  
22 customers, and that sort of thing. So it's -- it's a  
23 broader perspective.

24 MR. JARED WHEELER: Thank you for  
25 clarifying that for me, because I wasn't too sure

1 where we were going on that.

2                   So now if we scroll a little further  
3 down on this page, with respect to deliverability,  
4 Daymark states in the paragraph that starts with the  
5 word "First," right there on the screen, second  
6 sentence. We've got:

7                   "Successfully installing all  
8 participant projects presented in  
9 this three (3) year plan requires  
10 that Efficiency Manitoba accurately  
11 assess the target market, as well as  
12 a reasonable estimate of how many of  
13 the incremental sales will occur  
14 each year.

15                   When no information is given for the  
16 former, it is difficult to assess  
17 how successful Efficiency Manitoba  
18 will be at achieving the latter."

19                   Now forgive me, but I'd like to clarify  
20 the last sentence. "When no information is given for  
21 the former," the last sentence that I read out, not in  
22 the paragraph, "When no information is given for the  
23 former," does that mean when no information is given  
24 for the target market?

25                   MS. KATHLEEN KELLY: That's correct.



1 MR. JARED WHEELER: And then:

2 "When no information is given for  
3 the target market, it is difficult  
4 to assess how successful Efficiency  
5 Manitoba will be at achieving a  
6 reasonable estimate of how many of  
7 the incremental sales will occur  
8 each year."

9 Do I have that right?

10 MS. KATHLEEN KELLY: Yes.

11 MR. JARED WHEELER: And then you would  
12 agree that, in general terms, in order to estimate  
13 savings resulting from a project or projects, one  
14 would need a reliable estimate of the overall target  
15 market size, correct?

16

17 (BRIEF PAUSE)

18

19 MS. KATHLEEN KELLY: Not to calculate  
20 savings necessarily. You would need the number of  
21 participants and the measures installed and the  
22 estimated savings. You don't necessarily need the  
23 target market to estimate the savings.

24 MR. JARED WHEELER: If you wanted to  
25 estimate savings in a particular target market, you

1 would need to know the target market size, correct?

2 MS. KATHLEEN KELLY: If you wanted to  
3 calculate the percentage of total, then, yes, I would  
4 agree you need that.

5 MR. JOHN ATHAS: The one (1) thing  
6 that I would just put a little asterisk around that is  
7 if -- to the extent that the program is a cont -- a  
8 lot of continuity to it and the other stuff, you might  
9 be able to -- to project that based on past activity,  
10 successes and other stuff without trying to make an  
11 overall market definitive assessment.

12 Yeah, you would clearly have to say to  
13 yourself is there still a market left, but you don't -  
14 - but you might not have to be as precise is -- is  
15 kind of what -- what the conversation was implying.

16 MS. KATHLEEN KELLY: For example, to -  
17 - to do what John's suggesting, if -- if a program has  
18 been in place for five (5) years and you know the  
19 number of participants from Manitoba Hydro's records  
20 and you also know the total residential class, for  
21 example, you could then compare one (1) to the other  
22 and see how far you've gone at addressing that market.

23 So, that's one (1) way of doing it. If  
24 you have a subset of information say about electric  
25 customers or water heating customers, the same is

1 true.

2 MR. JARED WHEELER: The asterisk  
3 portion, where we've gone here, this is assuming that  
4 it's -- continuity. This is assuming that there's an  
5 existing program. If it's a new program and you  
6 wanted to measure the -- the -- or estimate savings in  
7 a target market, you would need to know who's in the  
8 target market, correct?

9 MS. KATHLEEN KELLY: Yeah. Again, it  
10 goes back to knowing what the target is. You can  
11 still estimate the savings from the program with the  
12 participants, but comparing it, you're correct.

13 MR. JARED WHEELER: And in the same  
14 vein, considering a new program, without a reliable  
15 estimate of the overall market size of a particular  
16 customer segment targeted by a program, one could not  
17 provide a reasonable estimate of the market  
18 penetration rate of programs targeting that customer  
19 segment, correct?

20 MS. KATHLEEN KELLY: That would be  
21 true. I would also just note that that comment about  
22 not having the target market numbers, they may be in  
23 Efficiency Manitoba's hands, but they were not in the  
24 work papers that we had access to in the time we had  
25 to review it.

1 MR. JARED WHEELER: Thank you. They  
2 very may well be. Now, then assuming all of these  
3 same assumptions, new -- new program numbers unknown  
4 for a target market, Efficiency Manitoba would not  
5 have any certainty about when we're approaching market  
6 saturation, things like that.

7 Just taking market penetration to  
8 further exa -- we wouldn't know where we're getting  
9 with market saturation, right?

10 MS. KATHLEEN KELLY: One would assume  
11 that during the rollout of the programs and, as  
12 indicated in their E, M and V plan for the next three  
13 (3) years, that they are looking at a technical  
14 potential study.

15 So, when they go through that technical  
16 potential study, that kind of information, if they  
17 don't have it today, should become more available, and  
18 they will be able to know that.

19 MR. JOHN ATHAS: And --

20 MS. KATHLEEN KELLY: And, yes, they  
21 wouldn't be able to calculate it right off the bat  
22 right now.

23 MR. JOHN ATHAS: And some programs  
24 might have lend themselves to be a little bit more --  
25 start and experience and adjust and flexible and

1 things like that, then -- then you have such a big,  
2 huge investment that you better do a lot of homework  
3 before you -- before you commit on that.

4 So, that's just... But the -- the one  
5 (1) thing I would say is that, I mean, you used the  
6 word 'surety', and I -- I'm not sure -- I'm not sure  
7 that I'd apply that to any of the discussion that  
8 we've been having here for the -- for today, that  
9 there's anything sure.

10 MR. JARED WHEELER: If I said  
11 'surety', I certainly didn't intend to. I think I'm  
12 going to leave all of this there. So, I thank this  
13 panel very much for -- for your time and your very  
14 thoughtful responses to our questions. Thank you so  
15 much.

16 MR. JOHN ATHAS: You're welcome.

17 MR. JARED WHEELER: Have a good day.

18 THE CHAIRPERSON: Thank you, Ms.  
19 Wheeler. I'd like to thank the panel and all the  
20 parties today for allowing us to catch up. We're  
21 going to adjourn until nine o'clock tomorrow morning.  
22 Thank you.

23

24 (DAYMARK PANEL STAND DOWN)

25

1 --- Upon adjourning at 4:45 p.m.

2

3

4 Certified Correct,

5

6

7

8 \_\_\_\_\_

9 Donna Whitehouse, Ms.

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25