



“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

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

2

3 THE CHAIRPERSON: Good morning,
4 everyone. We're now at the point of final submission.
5 Before that, I'd like to call Ms. Hart, if she has any
6 comments.

7 MS. KATE HART: Thank you, Mr. Chair.
8 On the schedule today, we have closings submissions by
9 Efficiency Manitoba, the Coalition, and MIPUG.

10

11 (BRIEF PAUSE)

12

13 THE CHAIRPERSON: Thank you. Ms.
14 Schofield...?

15

16 CLOSING SUBMISSIONS BY EFFICIENCY MANITOBA:

17 MS. JESSICA SCHOFIELD: Thank you.
18 Good morning, Mr. Chair, Madam Vice Chair, Board
19 member Hamilton, and Board member Grant.

20

21 (BRIEF PAUSE)

22

23 MS. JESSICA SCHOFIELD: My submissions
24 today will focus on six (6) subject areas which are
25 broadly described on slide 2 on your screen.

1 (BRIEF PAUSE)

2

3 MS. JESSICA SCHOFIELD: Or maybe on
4 the piece of paper in front of you.

5 First -- thank you. First, I will
6 address Efficiency Manitoba's compliance with the
7 Efficiency Manitoba Act and regulations, and
8 specifically, Sections 9 and 11 of the Act and Section
9 11 of the regulations.

10 Secondly, I will walk through
11 Efficiency Manitoba's budget and how the organization
12 is meeting the mandate of doing more with less.

13 Thirdly, we will spend some time
14 addressing the issues with the suggestion that this
15 panel should consider a one (1) year or conditional
16 approval of the Plan, and why the success of
17 Efficiency Manitoba requires a three (3) year
18 approval.

19 Next, I will review the work that
20 Efficiency Manitoba has done to engage stakeholders in
21 the limited time that it had prior to the filing of
22 the Plan, and how this important issue will be
23 addressed and implementation of future plans.

24 Finally, before summarizing Efficiency
25 Manitoba's position, I will briefly address the issue

1 of an Integrated Resource Plan in the context of this
2 panel's review of our submission.

3 As outlined in our written submission,
4 Efficiency Manitoba is proud of the Plan it has
5 presented to the panel for review, and is excited to
6 get to the implementation stage. Efficiency Manitoba
7 values the feedback it has received throughout this
8 process, and has created a plan of sufficient
9 flexibility to have the ability to take this feedback
10 into account. The Act specifically contemplates
11 adjustments during the Plan, and this will be
12 discussed later in my submissions.

13 The Efficiency Manitoba Act outlines
14 the mandate of Efficiency Manitoba at Section 4(1).
15 And Kristen, if we could go to the next slide. Thank
16 you.

17 As shown in the Plan, and discussed
18 throughout the evidence in this proceeding, Efficiency
19 Manitoba has introduced a new approach to DSM
20 programming that targets service initiatives to
21 specific customer segments.

22 If we could move momentarily to slide
23 5, we see that there -- there are four (4) customer
24 segments: Residential Income Qualified, Indigenous,
25 Commercial, Industrial, and Agricultural. These

1 customer segments encompass the unique characteristics
2 of consumers in Manitoba and their distinct energy
3 consumption patterns.

4 By having identified these customer
5 segments, Efficiency Manitoba is able to customize and
6 deliver offers and programs that are customer centred
7 for the market, and help to facilitate participation
8 for all Manitobans in energy efficiency.

9 As shown at slide 6, there are a
10 widespread of bundles identified across customer
11 segments. For ease of reference, detailed information
12 with respect to the programming for each customer
13 segment can be found in the Plan at Appendix A
14 sections A4 to A8.

15 For all programs and measures within
16 the Plan, Efficiency Manitoba has outlined the steps
17 that will be taken to implement and support those
18 demand-side initiatives. By way of example, for
19 Indigenous customers, Efficiency Manitoba recognizes
20 that there are barriers to participation that must be
21 addressed in order to ensure the successful
22 implementation of the Plan, and has taken steps to
23 address these barriers through the selection of
24 programming for this customer segment.

25 Efficiency Manitoba is committed to

1 ensuring the ongoing pursuit of reconciliation for the
2 implementation of the Plan, including a focus on
3 community-driven programming. Efficiency Manitoba
4 believes that this approach will ensure that there is
5 more participation from Indigenous customers than seen
6 by Manitoba Hydro in the recent years.

7 Turning now to the savings targets, the
8 government set the savings targets for a fifteen (15)
9 year period based on a 1.5 percent annual target for
10 electricity savings and a 0.75 percent annual target
11 for natural gas savings. These targets are consistent
12 with the findings of the NFAT hearing, and can be
13 reasonably achieved by Efficiency Manitoba as outlined
14 in the Plan. Daymark has confirmed in its
15 recommendations that these targets are reasonable, and
16 should not be changed.

17 Efficiency Manitoba is immediately
18 contributing to the mitigation of rate increases and
19 the delay of capital investments, including
20 generation, transmission, and distribution. The
21 specific values and timings of these imp -- impacts
22 have to be calculated by Manitoba Hydro.

23 Efficiency Manitoba has demonstrated
24 that every dollar spent in the electric portfolio
25 provides three dollars and twenty-seven cents (\$3.27)

1 in value to Manitoba electric ratepayers, and
2 similarly, every dollar spent in the natural gas
3 portfolio results in a dollar and twenty-four cents
4 (\$1.24) in value to natural gas ratepayers. This
5 latter figure does not include the impact of
6 interactive effects.

7 The evidence is also clear that
8 Efficiency Manitoba meets its mandate to delay capital
9 investment. Mr. Stocki testified that without the
10 forecasted DSM that Manitoba Hydro is projecting,
11 their need date for next resources would be 2030 to
12 2031. With the DSM included at that point in time,
13 their need date gets moved to 2039/2040.

14

15 (BRIEF PAUSE)

16

17 MS. JESSICA SCHOFIELD: If we can turn
18 now to slide 11. Daymark was retained by the Public
19 Utility Boards to, amongst other things, assess
20 statutory compliance and determine if the Efficiency
21 Manitoba plan has provided the required analysis. The
22 only concern that was real -- raised by Daymark in
23 this regard related to the alternate deter --
24 interpretation of the cumulative fifteen (15) year
25 target.

1 Efficiency Manitoba will also be working with the
2 Government to include energy efficiency in school
3 curriculum, creating an environment where energy
4 efficiency and conservation become part of a regular
5 conversation.

6 As required by Section 9(3), the
7 resulting greenhouse gas reduction is outlined at
8 6.3.3 of the plan. The annual GHG savings by customer
9 segment are also detailed at PDF page 509 of the plan.

10 Section 9(f) addresses the issue of net
11 savings and cost-effectiveness. The plan contains
12 analysis of cost-effectiveness and the benefits of
13 each initiative.

14 Daymark has confirmed during its
15 evidence that Efficiency Manitoba is compliant with
16 these requirements and that it has received all
17 measure level data required from Efficiency Manitoba
18 to complete its analysis of cost-effectiveness and the
19 portfolio and the measure level and had no concern
20 with Efficiency Manitoba's application of the PACT
21 ratio.

22 If we turn to the next slide, we can
23 see that the Efficiency Manitoba electric portfolio
24 PACT ratio is 3.27 and the natural gas portfolio PACT
25 ratio is 0.99, taking into account interactive

1 effects, or 1.24, without taking these into account.

2 There has been some dispute that
3 Efficiency Manitoba has -- sorry, there has been no
4 dispute that Efficiency Manitoba has applied the PACT
5 test properly, and this has included an analysis of
6 the program delivery, program design, modelling,
7 management, administration, technis -- technical
8 support, and customer support, as well as program
9 advertising, corporate overhead, and enabling
10 strategies, in comparison to the marginal values from
11 Manitoba Hydro.

12 The Act is very clear that Efficiency
13 Manitoba must -- must use the marginal values for
14 Manitoba Hydro. As was determined by the Panel in
15 this proceeding, any question relating to the accuracy
16 of marginal values provided should remain out of scope
17 in future proceedings.

18 Daymark has played an important role in
19 this proceeding to ensure that the Panel receives a
20 complete and thorough analysis of Efficiency
21 Manitoba's mandate, including the cost-effectiveness
22 component. The appointment of an independent expert
23 consultant is consistent with the mandate of a more
24 streamlined regulatory process.

25 This is a reasonable approach that

1 Efficiency Manitoba suggests should be used as
2 required in future proceedings, particularly in light
3 of the issues surrounding commercially sensitive
4 information. It achieves a balance.

5 Turning now to customer bill impacts,
6 both as it relates to electric and natural gas
7 customers. The total annual savings are approximately
8 15 million for electric customers and 3 million for
9 natural gas customers. A breakdown of the estimated
10 15 million of annual electric savings by each customer
11 is shown on the table on in front of you. Similarly,
12 a breakdown of the \$3 million of estimated annual
13 natural gas savings by each customer segment is shown
14 on Slide 18.

15 The non-energy benefits of Efficiency
16 Manitoba's programming are outlined in the plan at
17 Section 6.3. These include social benefits like
18 improved occupant comfort, improved indoor air
19 quality, improved lighting quality, increased property
20 value, and reduced maintenance costs from an economic
21 perspective.

22 As outlined in the plan, it is also
23 anticipated that there will be economic benefits to
24 communities as a result of employment opportunities
25 arising from Efficiency Manitoba's programming.

1 Next slide, please. Efficiency
2 Manitoba has provided a description of the input from
3 stakeholders and the public in preparing the plan.
4 This can be found at Section 3.3, as well as at
5 Appendix A, Section A2.4, and Attachment 2, which
6 outlines the minutes from the Energy Efficiency
7 Advisory Group.

8 It is important to note that what is
9 required under this subsection reads:

10 "A description of the input that
11 Efficiency Manitoba received from
12 stakeholders, including the
13 stakeholder committee established
14 under Section 27 of the Act and the
15 public in preparing the plan, and
16 the process established for
17 receiving the input."

18 The panel is not being asked pursuant
19 to this section to consider the extent to which the
20 public or stakeholders have been consulted. The
21 requirement is that a description of what has been
22 done has been provided.

23 The plan outlines at Section 3.1.1 how
24 Efficiency Manitoba has positioned itself to attain
25 the cumulative fifteen (15) year target.

1 Finally, the plan at Table 2.4 and
2 Section 2.4.1 outlines the relevant portions that
3 address the mandatory consideration set out at 11(4)
4 of the Act.

5 Similarly, detailed information with
6 respect to the loan and financing programs as outlined
7 at Section A4.4 of the plan, and as it relates to the
8 budget, the projected costs for programming have been
9 outlined in the plan at Section 4.4, amongst other
10 sections, and will be discussed further in my
11 submissions.

12 Similarly, on the next slide, the
13 balance of the budget requirements are addressed
14 throughout the plan and the specific sections have --
15 have been identified.

16 And lastly, the plan proposes to
17 evaluate performance, implement improvements
18 identified, and continually act on lessons learned.
19 This is addressed in compliance with Section 9(m) at
20 Section 7 of the submission, which is a -- which also
21 outlines the CRM system that will be implemented later
22 this year.

23 Now turning to Section 11 of the Act,
24 we've already reviewed the saving target and cost-
25 effectiveness as part of the Section 9 review, and so

1 now I will turn to the issue of accessibility.

2 Efficiency Manitoba has been clear that
3 a balanced portfolio is a priority of the plan. In
4 responses to Information Requests and throughout this
5 proceeding, it has established that there are
6 reasonable aims to provide initiatives that are
7 accessible to all Manitobans. A balance has been
8 struck between this objective and the objective of
9 cost-effectiveness.

10 This approach has been supported by
11 Daymark in their evidence before this panel and in
12 their response to the IR request, PUB/Daymark I-8E
13 where they stated:

14 "It is very common in the DSM
15 industry that residential savings
16 costs more to acquire than
17 commercial or industrial savings.
18 The legislation balances this by
19 requiring that programs be
20 accessible to all Manitobans, and
21 further that 5 percent of the
22 overall budget is reserved for
23 customers that are hard to reach.
24 Efficiency Manitoba accomplishes
25 these considerations. No customer

1 segment has been left out."

2 Daymark has also confirmed that
3 Efficiency Manitoba has included a number of best
4 practices for improving access to hard-to-reach
5 customers in its plan. This included, for example,
6 Manitoba being one (1) of the first jurisdictions to
7 include a decluttering service that could be
8 especially helpful for seniors.

9 Efficiency Manitoba is committed to
10 being a leader in energy efficiency and intends to
11 continue during implementation to take steps to
12 increase access to programming by, for example,
13 reducing administration and paperwork requirements
14 necessary to participate. Next slide, please.

15

16 (BRIEF PAUSE)

17

18 MS. JESSICA SCHOFIELD: On Slide 25,
19 there is an outline of the energy savings and budget
20 dollars by customer segment.

21 Next slide, please. Section 11(d)
22 requires that the portfolio of demand side management
23 initiatives achieve the savings targets, and the
24 submission outlines in great detail how that has been
25 done.

1 (BRIEF PAUSE)

2

3 MS. JESSICA SCHOFIELD: Sorry Kristen,
4 could you go back to Slide 24, please?

5

6 (BRIEF PAUSE)

7

8 MS. JESSICA SCHOFIELD: So, if we look
9 at the methodology used by Efficiency Manitoba to
10 select or reject demand side management initiatives,
11 the steps have been outlined in the plan and Mr.
12 Harper, expert for Consumer's Coalition in these
13 proceedings, agrees with the appropriateness of step
14 1, the pre-screening approach adopted by Efficiency
15 Manitoba.

16 In our view, the screening criteria
17 used by Efficiency Manitoba at all stages are
18 reasonable. They're not overly-restrictive, and they
19 focus on practical considerations.

20 Efficiency Manitoba used the energy
21 efficiency measures remaining to develop a preliminary
22 portfolio with the intent of achieving the mandated --
23 mandated electric and natural gas savings targets.

24 Evaluation criteria was also used in
25 the development of the proposed electric and natural

1 gas portfolios. For this purpose, the key evaluation
2 criteria used to determine the DSM initiatives to
3 include in the portfolio -- the final portfolio, were
4 the level of energy savings, the program costs and the
5 program cost effectiveness.

6 Efficiency Manitoba has worked hard to
7 create new programming and new technologies and to
8 dedicate significant budget dollars to ensure that the
9 result is a balanced plan that considers the interests
10 of all Manitobans. Next slide, please.

11 You will note in this table that 33
12 percent of the overall budget has been dedicated to
13 Income Qualified customers.

14 We have heard from Daymark that in
15 comparison, the national average for this customer
16 segment is less than half, about 12 percent.

17 Ms. Kelly's evidence on this point is
18 found at page 1330 of the transcript, from lines 2 to
19 8. And you'll note that she specifically says that
20 Efficiency Manitoba should be commended for this
21 distinct effort. Next slide, please.

22 As it relates to the directions from
23 government, the mandate letter must be read in the
24 context of the Act and the Regulations.

25 For example, the obligation outlined in

1 the mandate letter that Efficiency Manitoba must meet
2 the savings target while optimizing value for money,
3 must be read in connection with the requirement that
4 programming be accessible for all Manitobans.

5 A plain reading of the Act cannot lead
6 to the conclusion that Efficiency Manitoba should
7 prioritize cost effectiveness over all other factors.

8 Next slide, please.

9

10 (BRIEF PAUSE)

11

12 MS. JESSICA SCHOFIELD: Daymark
13 commented in their evidence that screening out measure
14 -- screening out at the measure level for cost
15 effectiveness is not consistent with best practices or
16 recommended.

17 As it relates to Section 11(f), we have
18 received a significant amount of evidence from Daymark
19 as it relates to the comparison of Efficiency
20 Manitoba's budget with other similar jurisdictions
21 across the country.

22 There is no dispute that Efficiency
23 Manitoba is well-positioned in this regard.

24 As we've already covered bill impacts,
25 I'll just point out that these figures on the slide

1 show that there's \$15 million of customer savings on
2 the electric side, and \$3 million on the natural gas
3 side, and those are annual figures.

4 Again, with the next slide, we've heard
5 from Daymark that their recommendation is the savings
6 targets have been put in place by the legislation and
7 should not be changed.

8 These targets have been compared with
9 other jurisdictions during Daymark's analysis, and
10 they have Efficiency Manitoba's evidence that they are
11 attainable and consistent with Efficiency Manitoba's
12 goal to be a leader in the industry. Next slide,
13 please.

14 The plan provides for an enabling
15 strategy budget that supports research and development
16 through pilot programming for emerging opportunities
17 that are at an early stage. An emerging technologies
18 budget that moves forward technologies that are
19 reasonably past the pilot stage, but face barriers to
20 implementation that need to be explored further, such
21 as solar and bio-mass. And customers cited bio-mass
22 technology support under the current plan.

23 We have also provided the Panel with
24 responses to undertaking number 7, which we hope will
25 provide some clarity with respect to these two (2)

1 budget categories.

2

3 (BRIEF PAUSE)

4

5 MS. JESSICA SCHOFIELD: The letter
6 from government provides four main priorities for
7 Efficiency Manitoba: to establish the structure of a
8 new corporation, ensuring a leaner, more streamlined
9 organization to deliver energy efficiency programs.

10 To develop and submit for review and
11 approval an initial three-year plan for demand side
12 management initiatives to meet the mandated savings
13 target while optimizing value for money.

14 To work with the Public Utility Board
15 to develop streamlined processes to reduce overall
16 costs to ratepayers of regulatory hearings.

17 And to find ways to obtain the same or
18 better outcomes, as formally obtained under the Power
19 Smart program, but at a significantly smaller
20 percentage of the cost and materially lower labour
21 costs.

22 These priorities must be read in the
23 context of the Act and the Regulations, and we would
24 respectfully suggest cannot be read to say that the
25 only factor that matters in the determination of

1 programming is cost effectiveness.

2 In other words, the phrase optimizing
3 value for money does not mean that we only look at
4 economic value. As re -- we've reviewed at length
5 during these proceedings, there are many valuable
6 benefits of Efficiency Manitoba's programming over and
7 above the monetary savings to Manitoba Hydro.

8 Efficiency Manitoba has been directed
9 that it must do significantly more with significantly
10 less, and has crafted a plan to do accomplish -- to
11 accomplish just that.

12 It cannot go unsaid, however, that if
13 significant regulatory responsibilities not
14 contemplated by the Act are imposed, this money will
15 have to be taken away from customer incentives and
16 program costs.

17 With the minimalist structure that
18 Efficiency Manitoba has been required to build, there
19 is no room for significant obligations to be imposed
20 without the potential for a very significant impact on
21 the implementation of the plan.

22 As will be discussed later in my
23 submission, the suggestion that a one-year plan
24 approval should be recommended to government would
25 mean that thousands of hours would have to be diverted

1 from the implementation of the plan and its
2 programming, to create a new plan. And this process
3 would no doubt have an impact on the implementation of
4 Efficiency Manitoba's work.

5 Next slide, please. Sorry, Kristen, if
6 we could go to slide 33.

7 Government, after hearing the
8 recommendations coming from the NFAT hearing in
9 regards to a -- a separate DSM organization and the
10 many plan considerations, chose a three-year plan.

11 This is clear from the Act. Section 9
12 of the Act contemplated that the efficiency plan to be
13 submitted for review by Efficiency Manitoba would
14 cover a three-year period following the commencement
15 date of its initial plan, and for each three-year
16 period after that.

17 Those obligations are clearly spelled
18 out in the opening lines of section 9.

19 Section 9's requirements specifically
20 contemplate, in terms of the content of the plan, a
21 description of demand side initiatives that are
22 proposed for a three-year period.

23 Government was clear in its directions
24 that it wanted a streamlined process between
25 Efficiency Manitoba and the Public Utility Board.

1 Adding a shorter term clearly
2 increases, rather than streamlines, the regulatory
3 process. There are practical considerations that flow
4 from this.

5 Efficiency Manitoba has a great deal to
6 accomplish in implementing its inaugural plan. It has
7 to deal with the concurrent obligations of getting a
8 Crown corporation quickly and efficiently staffed,
9 third party contractors secured, and deal with a whole
10 host of operational matters moving forward
11 immediately, as well as commencing its program
12 implementation.

13 The efficiency plan has staggered
14 implementation of programming to account for these
15 concurrent obligations.

16 However, these obligations and
17 undertakings take time and dedicated resources and
18 Efficiency Manitoba is to accomplish both by doing
19 more with less.

20 Recommendations for a shorter plan,
21 including without limited to, for example, as proposed
22 by the Coalition experts, is not realistic and would,
23 in fact, threaten Efficiency Manitoba's ability to
24 carry out its plan.

25 Efficiency Manitoba's staff and

1 resources cannot be directed away from its operational
2 and implementational obligations for the plan to
3 essentially re-work, mid-term a new plan.

4 Efficiency Manitoba, in meeting its
5 mandate and government directives, is doing more with
6 less, including with less staff and less resources.

7 If additional regulatory obligations
8 are instituted in such a short period of time,
9 resources would have to be redirected from operations
10 and programming to regulatory compliance. This is
11 impractical and would affect the implementation of the
12 plan.

13 Efficiency Manitoba may be able to
14 report on a limited number of programs if an interim
15 reporting was required. This is anticipated to paint
16 a very unclear picture of the effectiveness of the
17 plan and its measures with programs only partially
18 rolled out over a short -- short period of time and
19 the ability to effectively and accurately report on
20 programming entirely compromised.

21 There are also very practical
22 complications that a change in plan term would have
23 with respect to staffing and contractors. Firstly, in
24 terms of staffing, the number of DSM experienced staff
25 at Manitoba Hydro has been declining due to the

1 uncertainty created when a separate organization was
2 announced in 2014.

3 Adding another level of uncertainty
4 would place additional stress on the workforce that
5 was poised and ready to start delivering on a plan and
6 that is likely expecting to have some clarity in their
7 career future.

8 Secondly, securing third-party
9 contractors would like become more difficult with a
10 shortened plan term. It would also be more expensive.

11 Although Efficiency Manitoba could
12 allow for a one (1) year award with contract language
13 for an extension, the public nature of a one (1) year
14 approval always essentially can -- being conditional
15 until plan approval will create a level of risk
16 eversion with bidders which could result in either
17 higher quotes to account for the risk or disinterest
18 in submitting a bid.

19 Either scen -- scenario creates a
20 situation where Efficiency Manitoba would likely be
21 paying more for services than was contemplated in the
22 plan. Next slide, please.

23 We've heard at significant length in
24 these proceedings the condensed time frame that this
25 process has entailed. And we can see from the time

1 line on the screen that the process doesn't get any
2 less condensed when we look at plan implementation for
3 April 1st of 2020.

4 All of Efficiency Manitoba's resources
5 need to be focussed from now until April 1st, 2020, on
6 implementation of the plan. Next slide, please.

7 It is also important -- it is also
8 important to consider that the Act specifically
9 contemplated flexibility in the implementation of the
10 plan. This is key to the operational success of
11 Efficiency Manitoba as it must be able to make
12 decisions based on the many years of expertise of the
13 people it employs. Next slide, please.

14 We also heard evidence during
15 Efficiency Manitoba's cross-examination that the
16 annual reporting requirement under section 32(1) of
17 the Act will be complied with and that that annual
18 report will be filed with the Public Utility Board.
19 Next slide.

20 Well, you've heard significant evidence
21 from Interveners as to the issues and the concerns
22 with respect to deliverability. Kathy Kelly was clear
23 in her evidence on behalf of Daymark that there are no
24 flat -- fatal flaws; there are just things to keep an
25 eye on.

1 And Efficiency Manitoba knows what they
2 are and knows what they're doing to monitor them.
3 They have the experience and the ability to deal with
4 these risks without being micro managed. Next slide,
5 please.

6 The engagement model that was developed
7 by Efficiency Manitoba was developed with the intent
8 to provide a process to engage consultation and
9 continuous improvement on the delivery of programs and
10 to facilitate identifying new opportunities and
11 partnerships going forward.

12 The graphic on the screen depicts the
13 outer ring which represents the program design and
14 devil -- delivery partners, including suppliers,
15 contractors, installers, and service providers,
16 essentially businesses that are responsible for the
17 delivery of energy efficiency products and services
18 into homes, commercial operations, and industrial
19 businesses.

20 The middle ring of the engagement model
21 represents the engagement and partnerships that will
22 be formed with customers and industry association and
23 social enter -- enterprises to assist in outreach for
24 Efficiency Manitoba's offerings and to get direct
25 feedback.

1 The centre of the engagement model
2 focusses on the EEAG. Those EEAG members represent
3 the customer groups that are targeted by the
4 initiatives of the plan.

5 And Efficiency Manitoba has invited
6 participation from groups that are represented and
7 experience the voices of these key stakeholders across
8 diverse identified customer segments.

9 These groups were also invited on the
10 basis that they represent the voices of their contin -
11 - constituents from an advocacy perspective and from
12 whom Efficiency Manitoba wanted to gather input in
13 setting its plan.

14 All four (4) Interveners in these
15 proceedings were issued invitations and did in fact
16 participate to differing degrees as part of the EEAG
17 process.

18 To compliment the feedback received by
19 representatives, Efficiency Manitoba offered EEAG
20 participants the opportunity to have further
21 presentations directly to its membership. The
22 facilitated an additional mechanism for direct
23 feedback into the plan.

24 Only two (2) of the EEG members,
25 Keystone Agricultural Producers and Manitoba

1 Industrial Power Users Group, accepted that offer.
2 Efficiency Manitoba, in its meetings with the EEAG,
3 requested that the EEAG consult with those they
4 represent regarding certain energy efficiency issues
5 to gain that public perspective from a -- from
6 targeted participants whose voices were important to
7 the plan.

8 Efficiency Manitoba expressed a desire
9 to listen to the customer perspective represented in
10 the EEAG and throughout this process.

11 Efficiency Manitoba reasonably relied
12 on these consultations with the EEAG and its
13 stakeholders for public engagement as provided for in
14 the Act. This reliance was reasonable given
15 Efficiency Manitoba's assessment that the EEAG
16 represented significant portions of Manitoba's
17 population.

18 Reliance on the EEAG and through the
19 EEAG to reach out to its members was also reasonable
20 in this case given the time restraints for public
21 engagement that materialized for Efficiency Manitoba.
22 Next slide, please. Forty (40), please, Kristen.

23 As is depicted on this time line, the
24 time that Efficiency Manitoba had to consult was very
25 limited and it did the best it could in the time it

1 had.

2 Efficiency Manitoba hired its first
3 employee in January of 2019. As with any new
4 corporation, staff must be hired and operational
5 duties completed.

6 Efficiency Manitoba had its first
7 meeting with the EEAG in May of 2019 and hired a
8 public engagement consultant to assist with this
9 process. Efficiency Manitoba had to prepare a plan
10 for filing in the fall of 2019 and, as part of this
11 process, draft customer segment portfolios that were
12 presented to the EEAG in June of 2019.

13 The election restricted Efficiency
14 Manitoba from corresponding with the public from the
15 beginning of June until the beginning of September.
16 Recognizing the importance of stakeholder and public
17 engagement, Efficiency Manitoba sought and obtained
18 special permission to continue the work with the EEAG.

19 These activities were all completed
20 with a view of development efficien -- an efficiency
21 plan and getting it filed to the Public Utilities
22 Board by the October 1st regulatory deadline.

23 Efficiency Manitoba achieved a great
24 deal of engagement in a very short period of time with
25 limited resources. The level of stakeholder and

1 public engagement that has gone into programs forming
2 the plan that have been transitioned from Manitoba
3 Hydro should also not be ignored.

4 Trans -- transitioned programs have
5 been subject to customer feedback and gathering
6 processes instituted by Manitoba Hydro which were
7 incorporated into those programs. A good example of
8 this is the Income Qualified Program which has several
9 years of feedback and input through Bill Affordability
10 Working Group.

11 While Dr. Fitzpatrick in her report did
12 not accept the Public Utility Board's review process
13 represented an additional avenue for public
14 engagement. Efficiency Manitoba respectfully submits
15 that this position should be rejected.

16 As we saw last week, there has been
17 significant involvement of the public through the
18 Interveners' role in this process and through the
19 panels that were presented on Friday. Daymark Energy
20 Advisors indicated in slide 20 of their presentation
21 that stakeholder and public engagement has been
22 completed in the pan -- planning process and that the
23 requirements of Section 9 have been met.

24 Dr. Fitzpatrick recommended the use of
25 an issue tracking table for all stakeholders and

1 public feedback, and Efficiency Manitoba has
2 determined that this recommendation will be adopted
3 for future engagement activity.

4 While Efficiency Manitoba is certainly
5 open -- open to considering necessary information-
6 gathering opportunities that will benefit its actual
7 or potential programming, subject to its operational
8 planning, it is important to recognize the nature and
9 scope that would be required to complete such an
10 undertaking and the dedication of resources required
11 to complete such tasks, given the operational mandate
12 of Efficiency Manitoba. Next slide, please.

13 There has been much discussion in this
14 process with respect to integrated resource planning.
15 The regulation at Section 12(2) is clear that Manitoba
16 Hydro will provide the levelized marginal value to
17 Efficiency Manitoba. That regulation says that this
18 value must be consistent with Manitoba Hydro's
19 resource planning process.

20 This Section is consistent with the
21 proposition that government intended -- I apologize.
22 This section is inconsistent with the proposition that
23 government intended to mandate an IRP process, as is
24 setting a specified savings target.

25 Efficiency Manitoba has been clear

1 throughout this proceeding that it would participate
2 in an integrated resource planning process if one was
3 initiated by the Government of Manitoba or by Manitoba
4 Hydro subject to compliance with the Act and
5 regulations.

6 The NFAT recommended an approach that
7 would ensure that energy efficiency was a focus for
8 Manitoba, recognizing that energy efficiency is most
9 often the lowest-cost resource. The legislation
10 accomplished this recommendation. There was no
11 requirement for multiple plans targeting different
12 levels of savings.

13 The PUB was directed to review a
14 efficiency plan, and that plan was required to
15 accomplish savings targets consistent with the 1.5
16 percent for electric and 0.75 percent for natural gas.
17 There was also -- sorry. This level of savings was
18 also required to be continued for a period of fifteen
19 (15) years. This effectively created an energy
20 efficiency resource standard in Manitoba.

21 The Act contemplated additional energy
22 savings could be accomplished if doing so was
23 consistent with a cost-effective approach. This is
24 driven by Manitoba Hydro's marginal values.
25 Essentially, this creates the ability for essentially

1 -- for Efficiency Manitoba to do more if required. As
2 a result, the legislation has created a provincial
3 hybrid approach for energy efficiency, a standardized
4 energy efficiency resource through the legislation
5 that can be exp -- expanded upon with a broader
6 integrated resource plan.

7 Notwithstanding that an integrated
8 resource plan process did not occur, Efficiency
9 Manitoba has developed a portfolio of offerings that,
10 as energy efficiency experts, capitalizes on available
11 and cost-effective technologies that are best
12 positioned to save customers on their energy bills.
13 Further engagement with the EEAG, stakeholders, and
14 customers, including Indigenous communities, will
15 assist with how Efficiency Manitoba reaches these
16 customers in the most effective way.

17 Efficiency Manitoba has stated multiple
18 times the importance of establishing relationships not
19 only with Indigenous customers and their leadership,
20 but the organizations and oth -- other government
21 agencies that support and work for them.

22 Efficiency Manitoba recognizes the need
23 for a strong relationship with Indigenous Service
24 Canada, but also recognizes the importance of having
25 First Nation representations in these discussions, as

1 it -- as they are in the best position to engage with
2 government agencies with First Nation representation.
3 It should not be Government agencies dictating what
4 should be happening in a First Nation, and Efficiency
5 Manitoba recognizes this. Next slide please.

6

7 (BRIEF PAUSE)

8

9 MS. JESSICA SCHOFIELD: In summary,
10 the Efficiency Manitoba plan has achieved a
11 reasonable, cost-effective portfolio that is
12 accessible to all Manitobans, with a rigorous
13 evaluation process outlined in the plan.

14 We ask that the Public Utilities Board
15 panel approve the plan as presented. And subject to
16 any questions, those are my submissions.

17 THE VICE-CHAIRPERSON: Thank you, Ms.
18 Schofield. Could you go back to your slide 33,
19 please? So I believe you said there that there could
20 be some interim reporting on the plan, but that the
21 results from that interim reporting could be unclear.

22 But I'm assuming that Efficiency
23 Manitoba must have some milestones and some reporting
24 targets of their own that they would be looking at to
25 be sure they're on track. So I'm not sure how that's

1 consistent with how interim reporting on the plan
2 would be unclear.

3 MS. JESSICA SCHOFIELD: So there will
4 certainly be interim reporting, pursuant to the
5 legislation, on that annual reporting requirement.

6 What we're suggesting is the detail
7 that has been suggested by Mr. Grevatt -- if that sort
8 of interim reporting was required, we wouldn't be in a
9 position to do that without providing unclear data,
10 because it just simply wouldn't be available.

11 THE VICE-CHAIRPERSON: Okay, thank
12 you. And then on your side 40, you had mentioned that
13 there have been consultations that have been ongoing
14 with Manitoba Hydro and that those should be
15 considered as well.

16 Do you happen to know if Manitoba Hydro
17 paid participants for taking part in consultations on
18 DSM programming?

19 MS. JESSICA SCHOFIELD: I -- I can
20 tell you that they did not pay participants for the
21 Bill Affordability Working Group that I mentioned
22 previously in my presentation.

23 THE VICE-CHAIRPERSON: And then in
24 terms of the additional consultations that you've
25 spoken of that will take place as the plan goes

1 forward, are the costs of those additional
2 consultations built into the budget as presented by
3 Efficiency Manitoba?

4 MS. JESSICA SCHOFIELD: The costs of
5 the initiatives that are outlined in the plan are
6 taken into account.

7 THE VICE-CHAIRPERSON: Okay, thank
8 you.

9

10 (BRIEF PAUSE)

11

12 BOARD MEMBER HAMILTON: Thank you, Ms.
13 Schofield. I have a question with regard to 4(1)(c)
14 of the Act, specifically, the first phrase that says
15 that the plan is to mitigate the impact of -- mitigate
16 the impact of rate increases.

17 Can you comment on that in relation to
18 the plan, I mean, without the, you know, future impact
19 in terms of delaying construction?

20 MS. JESSICA SCHOFIELD: So with
21 respect to rate impact rather than deferring the
22 capital investments?

23 BOARD MEMBER HAMILTON: Yes. I mean,
24 my reading of the -- of the clause says that it's to
25 mitigate the impact of rate increases and delay the

1 point. Are you -- what's your position with regard to
2 whether this plan mitigates rate impact overall at
3 this point in this three (3) year period?

4 MS. JESSICA SCHOFIELD: So Efficiency
5 Manitoba's position is that it does mitigate rate
6 increases, and to demonstrate that, we've shown that
7 for one dollar (\$1) that Efficiency Manitoba spends,
8 there's a savings to electric ratepayers, for example,
9 of three dollars and twenty-seven cents (\$3.27).

10 BOARD MEMBER HAMILTON: And you're
11 suggesting that that saving is to ratepayers overall
12 or just to those who are participating in the program?

13 MS. JESSICA SCHOFIELD: That's
14 overall.

15 BOARD MEMBER HAMILTON: My second
16 question relates to education initiatives and
17 specifically, the educational initiatives that will
18 encourage innovation.

19 Can you comment on where the innovation
20 aspects of that might be found in the plan?

21 MS. JESSICA SCHOFIELD: If I may just
22 have a minute.

23

24

(BRIEF PAUSE)

25

1 MS. JESSICA SCHOFIELD: So in Section
2 A(7), the enabling-strategies portion is dealt with,
3 and also I believe that in the response to Undertaking
4 number 7, we dealt with that and included plan
5 references. I don't have that with me, but I believe
6 that should be of assistance.

7 BOARD MEMBER HAMILTON: Thank you.

8 MS. JESSICA SCHOFIELD: And -- and
9 with respect to your first question, slides 17 and 18
10 also address the issue of bill impacts at a customer
11 segment level.

12 THE CHAIRPERSON: Ms. Schofield, would
13 I be correct in stating that Efficiency Manitoba does
14 not see a requirement for public engagement beyond
15 dealing with the EEAG or the specific stakeholders?

16 MS. JESSICA SCHOFIELD: No. We have
17 outlined in the Plan a significant opportunity for
18 engagement with Indigenous communities specifically.

19 But in terms of addressing our
20 obligation prior to the filing of this plan, we're
21 suggesting that the participation in the EEAG was
22 sufficient.

23 But ongoing, we fully intend to have
24 much broader public engagement.

25 THE CHAIRPERSON: Okay. And is that

1 outlined in the Plan?

2 MS. JESSICA SCHOFIELD: Yes.

3 THE CHAIRPERSON: Okay.

4 MS. JESSICA SCHOFIELD: Including in
5 the section that I just -- I apologize -- just
6 referred to for education initiatives.

7 There is a number of public engagement
8 opportunities in schools and with the public outlined
9 in that section.

10 THE CHAIRPERSON: Okay. And in your
11 submissions now you talked about the fact that you're
12 trans -- that Efficiency Manitoba is transitioning
13 programs from Manitoba Hydro to -- to Efficiency
14 Manitoba.

15 I guess the question is what do you see
16 as that period of time required to fully transition
17 the programs over?

18 MS. JESSICA SCHOFIELD: The programs
19 them -- themselves?

20 THE CHAIRPERSON: Yes.

21

22 (BRIEF PAUSE)

23

24 MS. JESSICA SCHOFIELD: Efficiency
25 Manitoba expects that that transition will be seamless

1 to the customer, particularly as it relates to those
2 programs that don't have enhancements.

3 THE CHAIRPERSON: I guess the problem
4 I have is when I'm looking at your time frames, which
5 I understand are condensed, and I'm looking at your
6 staffing, which is certainly not at the level is --
7 that's contemplated.

8 The -- and I -- and I hear about your
9 focus on implementation, when I hear that, you know,
10 the programs will be -- will be transferred
11 seamlessly, I'm just wondering how you -- how you
12 actually implement a program where part of it is being
13 done by Manitoba Hydro, moving to Efficiency Manitoba
14 and I still don't have a good idea in terms of when
15 Efficiency Manitoba will be up to the full compliment.

16 So I'm wondering, you know, when do --
17 when does the organization get geared up to the point
18 where it can actually run the programs that it intends
19 to run and operate the way it is suggesting it needs
20 to operate?

21 What's the time frame?

22 MS. JESSICA SCHOFIELD: Well...

23

24 (BRIEF PAUSE)

25

1 MS. JESSICA SCHOFIELD: So, much of
2 that work has started already. It's being done by
3 Manitoba Hydro employees, some of whom have been
4 seconded to Efficiency Manitoba.

5 And that is why the support of those
6 employees that are entrenched in that programming in
7 the implementation of it through their work at
8 Manitoba Hydro, that is why Efficiency Manitoba
9 expects it to happen right after the April 1st
10 implementation date.

11 THE CHAIRPERSON: Okay, thank you.
12 Those are the questions of the panel.

13 I'm sorry, I'm going to put Ms. Dilay
14 in the hot spot. Do you want to -- would you prefer
15 to start now or would you prefer to have the break
16 now?

17 MS. KATRINE DILAY: Mr. Chair, I think
18 it may make sense to have the break now, just so I can
19 set up the presentation and hand out the paper copies.

20 THE CHAIRPERSON: Okay.

21 MS. KATRINE DILAY: And then I do
22 expect to be approximately two (2) hours, so I think
23 we'd be done around 12:15, 12:30, if that works for
24 the panel.

25 THE CHAIRPERSON: Yeah, that's fine.

1 We'll -- we'll break til quarter after
2 ten. Thank you.

3

4 --- Upon recessing at 9:55 a.m.

5 --- Upon resuming at 10:14 a.m.

6

7 THE CHAIRPERSON: Ms. Dilay...?

8

9 CLOSING SUBMISSIONS BY THE COALITION:

10 MS. KATRINE DILAY: Good morning, Mr.
11 Chair, panel members. As you know, my name is Katrine
12 Dilay, and I'll be delivering the closing submissions
13 of the Consumers Coalition this morning.

14 To my left is Danielle Morrison,
15 articling student with the Public Interest Law Centre.
16 Behind me is Gloria Desorcy, from the Consumers
17 Association of Canada Manitoba branch. And Meaghan
18 Erbus, who is with Winnipeg Harvest, should be coming
19 in at some point this morning.

20 As you'll see on our first slide, we've
21 titled this presentation:

22 "A precarious balance, haste,
23 mediocrity, and risk in Efficiency
24 Manitoba's 2020/2023 plan."

25 And the reason why we've chosen this

1 title for the presentation is that our clients
2 definitely acknowledge that Efficiency Manitoba has
3 attempted to balance multiple statutory objectives
4 that are contained in the Act and in the regulation.
5 And this has, in fact, led to programming being
6 offered for all customer segments identified by
7 Efficiency Manitoba.

8 The types of programs that are included
9 in the proposed plan are typical of comprehensive
10 energy efficiency portfolios. And if budgeted
11 appropriately and implemented effectively, they can
12 provide significant opportunities to increase the
13 energy efficiency of homes and businesses in our
14 province.

15 However, our clients ask -- have asked
16 themselves over the course of this proceeding is this
17 sufficient. The best-case scenario if everything goes
18 according to plan, our clients submit, will be
19 mediocrity in light of significant missed
20 opportunities both in the development of the plan as
21 well as the content of the proposed plan.

22 As we've seen in evidence, specifically
23 from Mr. Grevatt, as well as Daymark, there are
24 substantial grounds to doubt the ability of Efficiency
25 Manitoba to be resilient in the face of uncertainty.

1 And Efficiency Manitoba has not filed any risk
2 mitigation strategy.

3 And finally, it is our clients'
4 position that Efficiency Manitoba has not fulfilled
5 its statutory duty on public engagement due to haste
6 and plan development. And we certainly acknowledge
7 that the -- the haste that has been put upon
8 Efficiency Manitoba was, at least, in part out of its
9 control.

10 Going into a little bit more detail in
11 terms of the missed opportunities in this plan, they
12 relate to good practice, public and stakeholder
13 engagement, previous Public Utilities Board findings
14 regarding the importance of energy efficiency,
15 especially for low-income consumers but, as well, for
16 residential consumers as a whole, previous Public
17 Utilities Board findings regarding integrated resource
18 planning and implications for future energy efficiency
19 portfolio development and Efficiency Manitoba plan
20 reviews.

21 There are also significant missed
22 opportunities in light of good practice in leading
23 energy efficiency jurisdictions with respect to
24 residential programming as well as good practice
25 relating to risk management and mitigation.

1 And finally, our clients submit there
2 are also missed opportunities relating to the climate
3 change crisis, electrification, and emerging
4 technologies.

5 In terms of risk and credibility, we
6 will go into more detail on this, but Efficiency
7 Manitoba's plan raises credibility challenges because
8 of risks and uncertainty, specifically in five (5)
9 areas relating to staffing, the customer relationship
10 management tool, the procurement of third-party
11 providers, the ramp up of programs participation and
12 the potential impact on savings targets as well as
13 savings from codes and standards that are projected by
14 Efficiency Manitoba.

15 Our clients certainly acknowledge that
16 it is possible that Efficiency Manitoba's goals in
17 these areas will be met, and they certainly hope that
18 they will.

19 However, they are very concerned about
20 the lack of a project management or a risk mitiga --
21 mitigation framework because this provides no
22 assurance to parties and to the Public Utilities Board
23 that Efficiency Manitoba is prepared to deal with any
24 risks if they materialize.

25 In terms of a roadmap for our

1 submissions this morning, I'll spend a few minutes
2 going over who are our Con -- the Consumers Coalition
3 as well as their experts. Then we'll move on to why
4 this Hearing matters for Manitobans, and it certainly
5 does, according to our clients.

6 I'll spend just a few minutes on
7 procedural challenges that have been pa -- faced by
8 parties, as well as the Public Utilities Board in this
9 proceeding before spending a few minutes on the
10 statutory context as an overview.

11 We will then discuss, based on the
12 statutory context, how Efficiency Manitoba must strike
13 the balance between multiple statutory objectives.
14 And then we'll go into public participation in the
15 Efficiency Manitoba plan 2020/2023.

16 We'll then discuss Efficiency
17 Manitoba's portfolio development in the context of
18 integrated resource planning principles and
19 components, and then go into the content of the
20 portfolio, discussing cost-effectiveness, specifically
21 the methodology used, project management and risk
22 mitigation, the residential program offerings which,
23 in our clients' view, are unreasonably conservative,
24 and then climate change and electrification before
25 closing off with a relatively short ques -- section,

1 pardon me, on cost allocation of corporate overhead
2 and support costs.

3 The Consumer Coalition members are
4 Winnipeg Harvest, as well as the Manitoba branch of
5 the Consumers Association of Canada; both of these
6 parties are relatively well known to the Public
7 Utilities Board.

8 They've participated in a number of
9 Manitoba Hydro hearings together as a coalition. And
10 CAC Manitoba has also participated in MPI hearings.
11 And both of these have also participated in hearings
12 relating to payday lending, so regulation of public
13 utilities and Crown corporation is certainly very
14 familiar to these organizations.

15 Winnipeg Harvest is a nonprofit
16 community-based organization committed to providing
17 food to people who struggle to feed themselves and
18 their families.

19 While they do seek to maximize public
20 awareness of hunger, they also work towards long-term
21 solutions to hunger and poverty. And this proceeding
22 would be one (1) example of that.

23 CAC Manitoba is a volunteer nonprofit
24 independent organization working to inform and empower
25 consumers and to represent the consumer interest in

1 Manitoba.

2 Over the past twenty-eight (28) years
3 they've participated in a number of rate regulation
4 matters relating to Manitoba Hydro, Centra Gas, MPI,
5 MTS, payday lending, and a maximum cost of cashing
6 government cheques.

7 And both Interveners has also
8 participated in telecommunications matters at the
9 federal level.

10 Our clients in this proceeding have
11 retained a team of four (4) experts. And the panel
12 has seen those four (4) experts testify last week --
13 or the week before.

14 The -- the team of expert -- of experts
15 retained by the Consumers Coalition is
16 interdisciplinary and highly qualified. And these
17 experts have been there and done it.

18 Through their combined years of
19 experience, they have approximately one hundred and
20 ten (110) years. Dr. Fitzpatrick is an expert on
21 public participation with over twenty (20) years of
22 experience in studying as well as doing good practice
23 public participation.

24 Mr. Harper is well known to this Public
25 Utilities Board and has significant experience both in

1 the Manitoba and Canadian regulatory landscape when it
2 comes to the regulation of electricity at utilities
3 specifically regarding rates and resource planning.

4 Mr. Grevatt is an expert in energy
5 efficiency planning and operations. And he certainly
6 had evidence regarding startup challenges that may be
7 faced by Efficiency Manitoba because he has been
8 there, in his experience.

9 And finally, Mr. Neme has worked in
10 thirty (30) US states, five (5) Canadian provinces,
11 and several European countries specifically in the
12 areas of analysis of markets for energy efficiency
13 demand response, renewable energy, and strategic
14 electrification measures as well as the design and
15 evaluation of programs and policies to promote them.

16 And you'll see at the bottom of our
17 slides we've included sources. I don't propose to
18 read them out to you, but this will be for the panels
19 reference after the Hearing.

20 We just want to take a minute to
21 highlight the differences between the Consumers
22 Coalition expert's scope of work compared to Daymark.
23 The Consumers Coalition experts were asked to evaluate
24 Efficiency Manitoba's plan based certainly on the
25 Public Utilities Board's issue list which we used to -

1 - to assign their scope of work.

2 But they were also asked to look at
3 good practice both in the energy efficiency sector
4 specifically as well as beyond in terms of good
5 practice.

6 Our clients found Daymark's evidence to
7 be very helpful in assessing whether Efficiency
8 Manitoba has met the legislative requirements both in
9 the ener -- in the Efficiency Manitoba Act and the
10 Efficiency Manitoba regulations.

11 They do want to note that the expert
12 evidence filed on behalf of the Consumers Coalition,
13 their analysis and recommendations were not limited to
14 a legislative checklist.

15 Rather, their expert evidence was
16 grounded in good practice both from within Manitoba
17 and other jurisdictions, from the energy efficiency
18 sector, and other sectors, as well. In other words,
19 it looked at how Efficiency Manitoba's plan could be
20 doing better and going further for all Manitobans.

21

22 (BRIEF PAUSE)

23

24 MS. KATRINE DILAY: For our clients,
25 it's really important to highlight that this hearing

1 matters for Manitobans. A well-designed, cost-
2 effective Energy Efficiency Plan can have positive
3 implications for Manitoba Hydro ratepayers, and this
4 includes, of course, residential ratepayers whom our
5 clients represent, and it can also have positive
6 implications for our environment.

7 Some of the positive implications that
8 have been established through the course of this
9 hearing include reduced or delayed capital
10 expenditures, which could lead to lower rate increases
11 for Manitoba Hydro ratepayers. It can also include
12 increased energy available for export. It can include
13 the reduction of wasted energy generally, as well as
14 the reduction of greenhouse gas emissions more
15 specifically, when we relate -- when we talk about
16 natural gas.

17 It can also lead to more control for
18 consumers over their energy bills, and this can
19 disproportionately impact consumers with limited
20 income for whom energy bills may make up a larger
21 proportion of their income.

22 Energy efficiency programming can lead
23 to increased comfort in homes, improved indoor air
24 quality, improved lighting quality, increased property
25 value, of course, depending on the improvements that

1 are made, reduced maintenance costs, as well as lower
2 water consumption.

3 However, our clients want to highlight
4 that in order for customers to access these benefits
5 from energy efficiency programming, there must be
6 choice in the sense that consumers all face and live
7 in different circumstances. For example, consumers
8 may be all electric, or may heat with natural gas.
9 Consumers may live in a rural or an urban setting in
10 the northern or southern part of the Province, or in a
11 house, a condo, or an apartment. All these different
12 circumstances mean that different programs may not be
13 appropriate for all consumers, and so choice needs to
14 be available for consumers to access the benefits.

15 Programs also need to be accessible,
16 both physically and financially for consumers. And
17 finally, consumers need to be aware that these
18 programs exist and that they are available to them.
19 And so this may mean div -- diverse outreach,
20 marketing, and education initiatives.

21 Our clients wanted to highlight some of
22 the procedural challenges that have been faced by the
23 Public Utilities Board, Efficiency Manitoba, as well
24 as other parties in this proceeding. And so in their
25 view, a poor filing and a relatively short process,

1 combined with the importance of this inaugural three
2 (3) year Efficiency Plan, has left parties and the
3 Public Utilities Board in a difficult position with
4 respect to the outcome of this proceeding.

5 As we know, the timeline from the
6 filing of the Plan to Public Utilities Board report is
7 compressed compared to other regulatory hearings. The
8 date of the initial filing was pushed back by almost a
9 month, and there was no second round of information
10 requests available to parties.

11 Our clients have seen a lack of measure
12 level details included in the Plan, the initial Plan,
13 as well as in responses to information requests.
14 There were also some issues with changing numbers, as
15 well as the lack of detail and confusing data, which
16 can lead to confusion and a lack -- lack of confidence
17 in the applicant, or in Efficiency Manitoba, in this
18 case, as well as inefficiencies in the process.

19 And finally, there was significant
20 information relating specifically to marginal values
21 that was considered confidential and not available for
22 Interveners to review.

23 We saw in a couple of different ways
24 throughout the hearing that the -- both the filing and
25 the process could be improved and could be more

1 efficient in the future. I believe this was by --
2 through cross-examination by Mr. Wheeler of Mr.
3 Grevatt that a better filing in future proceedings
4 could lead to a more efficient proceeding, and also an
5 improved process relating to confidential information
6 could make the process more meaningful for all parties
7 and be more aligned with processes in other
8 jurisdictions.

9 And in response to a question from the
10 Chairperson, we saw Mr. Neme indicate that numbers
11 such as mar -- marginal val -- values assumptions are
12 typically available to be tested in other hearings.
13 And in his experience, it's quite common for those
14 numbers not to be confidential.

15 And so in terms of recommendations for
16 future filings and processes from the Consumers'
17 Coalition, our clients would recommend that the Public
18 Utilities Board should find that there was
19 insufficient information and level of detailed file --
20 detail, pardon me, filed in the 2020/2023 Efficiency
21 Plan, especially measure level details.

22 The clients would also recommend to the
23 PUB that Efficiency Manitoba be directed to improve
24 the level of detail provided in future filings,
25 including for each program a listing of the measures

1 that result in the projected savings by year,
2 including the assumed quantity of each measure, the
3 assumed gross and net savings of each measure, the
4 assumed estimated useful life of each measure, the
5 assumed program incentive cost of each measure, and
6 the assumed customer cost of each measure.

7 And our clients certainly acknowledge
8 that a lot of this information was -- some of this
9 information was provided in response to information
10 requests, and a lot of this information was provided
11 confidentially to Daymark.

12 Our clients would recommend that in
13 order to increase -- increase efficiencies, as well as
14 meaningful participation by all parties, that this
15 information be included in the initial filing in a
16 consistent manner and be available for all parties to
17 review.

18 Relating confidential information, our
19 clients would recommend that future processes
20 regarding confidential information be improved through
21 collaboration between the PUB, Efficiency Manitoba,
22 Manitoba Hydro, as well as potential Interveners. And
23 while our clients don't have, you know, a magical
24 solution to this today, our clients have been involved
25 in proceedings relating to MPI where the confidential

1 -- the processes for confidential information has been
2 streamlined and improved over the years, and so there
3 may be best -- or good practices, rather, that we can
4 gain from that process.

5 I won't spend a lot of time on the
6 statutory context, because Efficiency Manitoba has
7 gone through multiple sections of the Act, and the
8 panel is -- is well aware of these sections, but we
9 have included a few slides because our client's
10 participation in this hearing was certainly guided by
11 the statutory context, both in the Efficiency Manitoba
12 Act, as well as the regulations.

13 So of course, the mandate of Efficiency
14 Manitoba is to implement and support demand-side
15 management initiatives, both to meet the savings
16 targets and to achieve any resulting reductions in
17 greenhouse gas emissions in Manitoba.

18 Part of the mandate is also to achieve
19 additional reductions if the reductions can be
20 achieved in a cost-effective manner, and finally,
21 mitigating the impact of rate increases and delaying
22 the point at which capital investments in major new --
23 new generation and transmission projects will be
24 required.

25 The reason why we're here today is that

1 the Public Utilities Board plays an important role in
2 the review of Efficiency Manitoba's three (3) year
3 Plan. The PUB must review the Efficiency Plan
4 submitted by Efficiency Manitoba and make a report to
5 the Minister. And the Act sets out, essentially,
6 three (3) options for the Public Utilities Board that
7 the Plan should be approved, approved with suggested
8 amendments, or rejected. And that's in Section 11(1)
9 of the Efficiency Manitoba Act.

10 The Act also sets out mandatory
11 considerations for the PUB to review. This includes
12 the net savings required to meet the savings targets,
13 and the plans to address any existing shortfall, the
14 benefits and cost effectiveness of the initiatives
15 proposed in the Plan, whether Efficiency Manitoba is
16 reasonably achieving the aim of providing initiatives
17 that are accessible to all Manitobans, and additional
18 factors prescribed by regulation.

19 The PUB may also make optional
20 recommendations regarding whether there should be an
21 increase or a decrease in the savings targets.

22 And I won't go through these in detail,
23 but additional factors have been prescribed in the
24 regulation, and this includes the methodology used by
25 Efficiency Manitoba to select or reject initiatives,

1 the interests of residential, commercial, and
2 industrial consumers, the budget for hard-to-reach
3 customers, as well as whether the Plan adequately
4 considers new and emerging technologies. And so we've
5 highlighted some of the ones that have been important
6 for our clients on slide 17 of our presentation.

7

8 (BRIEF PAUSE)

9

10 MS. KATRINE DILAY: And as can be seen
11 on slide 18, and the -- the three (3) should be
12 following shortly -- Efficiency Manitoba has had to
13 balance a number of statutory objectives, and the
14 Public utilities Board in its review, we would submit,
15 has to do the same.

16 Cost-effectiveness is certainly an
17 important factor from our clients' perspective,
18 because we will all pay for the 2020/2023 efficiency
19 plan.

20 And here we've included a -- a quote
21 from Mr. Stocki, saying that:

22 "For non-participating customers,
23 and for participating customers,
24 there'd be a rate increase
25 associated with their activities if

1 you used the proxy of the life cycle
2 revenue impact test."

3 And certainly for participating
4 customers, there'd be a corresponding bill savings
5 associated with reduced energy consumption, and so the
6 impacts in terms of rate increases from the plan will
7 be felt by all consumers.

8 Given that low income customers pay a
9 higher proportion of their income toward energy bills,
10 they are likely to be disproportionately impacted by
11 energy rate increase. And as we know through the
12 energy -- the Efficiency Manitoba rather, regulation,
13 cost-effectiveness is to be determined using the
14 Program Administrator Cost Test, and that's in section
15 12 of the regulation.

16 This means that Efficiency Manitoba has
17 had to compare the levelized cost to Efficiency
18 Manitoba of the electricity energy net savings
19 resulting from the initiative, with the levelized
20 marginal value to Manitoba Hydro of the net savings
21 resulting from those initiatives, and that's for the
22 electric portfolio.

23 And similarly for the natural gas
24 portfolio, Efficiency Manitoba has had to compare the
25 levelized cost to Efficiency Manitoba of the natural

1 gas net savings resulting from the initiatives
2 proposed, with the sum of the levelized marginal value
3 to Centra of the resulting reduction or savings in the
4 consumption of natural gas, and the natural gas
5 transportation costs to the Manitoba Board were saved
6 by Centra as -- as a result of the gas not being
7 consumed.

8 For our clients it's very important to
9 highlight that a cost-effective plan means -- pardon
10 me, that the benefits outweigh the costs. It does not
11 mean lowest cost. And we see here a quote from Mr.
12 Grevatt saying in his experience, in energy efficiency
13 parlance, cost-effective means it's a binary question,
14 it's that the benefits are greater than the costs or
15 they're not.

16 And so as we can see in Section
17 11(4)(b) of the Efficiency Manitoba Act, the Public
18 Utilities Board is certainly required to consider
19 cost-effectiveness, and from our clients' perspective
20 it's an important factor given that we will all pay
21 for any rate increases as a result of the
22 implementation of the plan.

23 However, Mr. Grevatt also confirmed,
24 and our clients would agree with this, that cost-
25 effectiveness does not mean the lowest cost portfolio.

1 Rather, from our clients' perspective, cost-
2 effectiveness is one (1) factor that must be balanced
3 with multiple other statutory objectives.

4 And Mr. Stocki confirmed this as well
5 on the record saying that their portfolio is achieving
6 an overall balance concerning multiple different
7 considerations.

8 And so other objectives that Mr. Stocki
9 confirmed in my discussion with him include providing
10 continuity of programs, energy savings targets,
11 reducing overall costs, accessibility of the plan to
12 all customer segments, spending at least 5 percent of
13 the budget on hard-to-reach customers, resulting
14 greenhouse gas reductions, and emerging technologies.
15 And after going through these factors with Mr. Stocki,
16 I asked and, in essence, in developing an energy
17 efficiency plan, there are a number of objectives that
18 need to be balanced, and he agreed with that.

19 And I've also included -- we have also
20 included additional sources at the bottom of Slide 21.

21 In my discussion with Mr. Stocki, he
22 also confirmed Efficiency Manitoba, or his
23 understanding that Efficiency Manitoba is not required
24 to pursue a lowest cost portfolio, but rather a
25 balanced portfolio. And so if you look at the first

1 bullet here, Mr. Stocki, in my discussion with him,
2 referred to a scenario that MIPUG had asked them to
3 consider, removing three (3) different residential
4 program bundles, and yes, he agreed that would be a
5 cheaper alternative than delivering the portfolio that
6 Efficiency Manitoba has proposed, but that means that
7 there are trade-offs. You're not going to hit your
8 savings targets. You're going to sacrifice
9 potentially reaching a large number of residential
10 consumers -- customers. So there's balance.

11 And then I asked him to agree that
12 Efficiency Manitoba did not necessarily pursue a
13 lowest cost portfolio, and he agreed with that, again,
14 indicating that they've hit a balanced portfolio,
15 taking into account a number of considerations, and he
16 agreed as well that Efficiency Manitoba does not have
17 a mandate to achieve a lowest cost portfolio, and he
18 agreed with that, that rather there are a number of
19 multiple objectives that need to be pursued, or
20 balanced.

21 And so I'll move on to the next section
22 in our submissions, which have to do with public
23 participation in Efficiency Manitoba's 2020/2023 plan,
24 and for the next number of sections in our
25 presentation we've tried to include an introductory

1 slide which ties in the PUB issues from the PUB
2 approved list from Order 162/'19, to what we're
3 discussing in this section.

4 And so for public participation, we see
5 this issue being significantly relevant to Issues
6 3(a), (b), and (c), from the PUB approved Issues List.

7 From our clients' perspective, public
8 participation is a cornerstone of the development of
9 good public policy, and our clients would submit that
10 this was recognized in the Efficiency Manitoba Act at
11 Section 9, which indicates that Efficiency Manitoba
12 must include a description of the input that
13 Efficiency Manitoba received from stakeholders,
14 including the stakeholder committee established under
15 Section 7 -- 27, pardon me, and the public in
16 preparing the plan, as well as the process established
17 for receiving the input.

18 From our clients' perspective, and this
19 was agreed to by Efficiency Manitoba during the course
20 of this hearing, public participation can add
21 legitimacy to process and outcomes, it can strengthen
22 public trust and confidence in the process, it can
23 improve representativeness and deliberation,
24 particularly when designed to ensure that the
25 interests of minorities are reflected in actions that

1 are taken, it can build transparency surrounding
2 costs, benefits, and risks of different options, and
3 it can also enhance learning and innovation by all
4 involved.

5 Of course, while the Efficiency
6 Manitoba Act is not prescriptive in terms of the type
7 of consumer and public engagements that need to be
8 undertaken by Efficiency Manitoba, our clients would
9 suggest that principles of meaningful public
10 participation should be at the core of the Crown
11 corporation -- corporation's engagement with both
12 stakeholders and with the public at large, and these
13 principles were outlined by Dr. Fitzpatrick in her
14 evidence.

15 They include transparency. They
16 include inclusivity, which means taking into account
17 the concerns of all parties. Another principle is
18 informed. The record must be entirely based on
19 evidence that is to be seen -- that is seen to be,
20 pardon me, unbiased, accurate, accessible, and
21 complete.

22 And finally, it must also be meaningful
23 in a sense that the process must be perceived by
24 Interveners to give them a real opportunity to be
25 heard and to feel that they have had a chance to

1 influence the ultimate decision.

2 And our clients would suggest that
3 these principles should be at the core again of
4 Efficiency Manitoba's engagement.

5 From our clients' perspective, Dr.
6 Fitzpatrick provided some very helpful definitions to
7 try to clear up some of the words that had been used
8 on the record of this proceeding. And so when we
9 refer to the public, we suggest that means the
10 collected citizens and residents of a state who may or
11 may not be interested in, or may be affect -- affected
12 by a particular issue. So it really means the public
13 at large.

14 Stakeholders refers to individuals,
15 organizations, with an interest in an issue and
16 therefore something at stake in a deliberation and
17 decision. Dr. Fitzpatrick suggests that this does not
18 include Government authorities.

19 And finally, customers -- those would
20 be the individuals who use the goods and/or services
21 provided by the company, the agency, or the Crown
22 corporation.

23 Our clients have reviewed the record,
24 and they would agree with Dr. Fitzpatrick's finding
25 that -- or, recommended finding, rather, that there

1 was insufficient evidence of public engagement
2 conducted by Efficiency Manitoba during plan
3 development. And when they refer to public
4 engagement, they do mean with the public at large.

5 And so we have here one (1) response from Efficiency
6 Manitoba to a Coalition IR that indicated:

7 "Outside of the feedback received
8 from the EEAG members, there was no
9 feedback received from the general
10 public in advance of the plan being
11 submitted to the PUB."

12 And in my question to Dr. Fitzpatrick
13 as to whether Efficiency Manitoba has adequately
14 engaged the public at large to date, she argues, No,
15 there was a missed opportunity. But she thinks that
16 that could be remedied moving forward.

17 Three (3) other issues that our client
18 highlight in terms of Efficiency Manitoba's strategy
19 to engage the public is that Efficiency Manitoba's
20 stakeholder engagement model encompasses the public
21 within the EEAG, or the Energy Efficiency Advisory
22 Group. They have not differentiated between
23 stakeholders and the public, but as we saw from our
24 recommended definitions, there is a difference between
25 those two (2) groups.

1 We've also seen at least one (1)
2 instance of where Efficiency Manitoba appears to have
3 conflated public participation and customer service,
4 and our proposed definitions would highlight a
5 difference between the two (2).

6 The public at large would include
7 customers as well as others who are not participating
8 as customers and who may have feedback as to why
9 they're not participating, what could make them
10 participate, and what could improve their
11 accessibility to energy efficiency programming.

12 And finally, Efficiency Manitoba has
13 relied, at least in part, on the Public Utilities
14 Board process for public engagement, but our clients
15 note that this happens too late in terms of early
16 engagement. The proposed plan by Efficiency Manitoba
17 had already been developed and filed. It was too late
18 in the process to begin engaging the public. And the
19 pu -- the Public Utilities Board does not conduct
20 surveys, focus groups, or workshops or provide plain-
21 language explanations of the issues at stake.

22 Our clients would submit that
23 participating as a presenter before the Public
24 Utilities Board can be intimidating for individual
25 consumers. There are other tools that were

1 highlighted by Dr. Fitzpatrick that may be more
2 appropriate to get the views of consumers both early
3 on as well as during plan implementation and
4 evaluation.

5 And turning to page -- to slide,
6 rather, 29, we saw last Friday, on January 24th, that
7 engaging directly with the public can lead to
8 innovative ideas which are grounded in lived
9 realities.

10 And the Consumers Coalition was proud
11 to bring a panel of four (4) individual consumers
12 representing different demographics of our province,
13 and they -- they certainly got a lot of interesting
14 ideas from those consumers.

15 For example, the desire for wood stoves
16 to assist in lowering energy bills, which came, I
17 believe, from Mr. Ross; installing so -- solar powered
18 security lights in order not to increase energy bills;
19 the need for more education about how to act on the
20 principles of reduce, reuse, and recycle; the idea to
21 create energy efficiency ads or commercials similar to
22 the Manitoba Public Insurance segments that appear on
23 the six o'clock news; and also the importance of
24 education and awareness to teach about what can be the
25 possible impacts of energy efficiency and how

1 consumers can access those impacts.

2 And so these ideas came from just four
3 (4) consumers, and our clients, certainly, were very
4 interested in those ideas. And they may or may not be
5 feasible or realistic, but engaging with consumers and
6 at least seeing what are some of the ideas that come
7 from lived realities is a very important perspective.

8 Moving to the EEAG and the stakeholder
9 survey, which were two (2) other tools used by
10 Efficiency Manitoba in terms of public and stakeholder
11 engagement, our clients have -- agree with Dr.
12 Fitzpatrick's evidence that the EEAG mandate was not
13 clear.

14 There were a few different instances of
15 the mandate on the record, and it did not appear to be
16 consistent. They note that the EEAG members were not
17 compensa -- compensated for their time, which can be
18 particularly challenging for First Nation, non-profit,
19 and community organizations who have limited capacity
20 and competing demands.

21 The stakeholder survey had a low
22 response rate and also had deficiencies in terms of
23 tool design, delivery, and analysis. And in terms of
24 the stakeholder survey, the evidence demonstrated no
25 specific interaction with northern communities and

1 First Nations, Metis, or low-income groups.

2 And so based on the evidence that our
3 clients have seen on the record of this proceeding,
4 they would argue that the requirements in Section 9(h)
5 of the Efficiency Manitoba Act has not been met.

6 They would recommend that the PUB
7 should conclude that Efficiency Manitoba has not
8 clearly identified input received from stakeholders,
9 including the Stakeholder Advisory Committee and the
10 public, in preparing the plan and the process
11 established for receiving the input.

12 And our clients certainly agree with
13 Dr. Fitzpatrick's recommendation that the
14 responsibility to engage with stakeholders and with
15 the public falls to the Crown Corporation.

16 And so our clients have a number of
17 recommendations in this area that are based on Dr.
18 Fitzpatrick's evidence, which they -- which they found
19 compelling. The first bullet, I've already spoken
20 about.

21 Essentially, they would recommend a
22 finding that Efficiency Manitoba did not meet the
23 requirement in Section 9(h) of the Efficiency Manitoba
24 Act.

25 They recommend that Efficiency Manitoba

1 should be directed to develop a robust plan for
2 engagement in program design, implementation, and in
3 the evaluation pro -- process, which should be
4 initiated two (2) years after implementation.

5 And they recommend that this plan
6 should distinguish between the public, including low-
7 income and hard-to-reach communities, and
8 stakeholders.

9 While EEAG members can certainly be a
10 good link to the public, as Efficiency Manitoba has
11 noted, they -- these stakeholders do represent various
12 customer segments.

13 Our clients recommend that the public
14 must also be able to engage directly with Efficiency
15 Manitoba through a variety of different media, and
16 this should not be limited to just customers, but
17 rather to the public at large in order to identify
18 barriers to participation that may exist.

19 Our clients also recommend -- and this
20 builds on the -- the first recommendation -- that the
21 principles of transparency, inclusivity, informed
22 decisions, and meaningful involvement should be built
23 into Efficiency Manitoba's engagement program, and it
24 should include specific mechanisms for public input
25 into plan development that would be distinct from

1 stakeholder engagement.

2 And I've included here a -- a quote
3 from Dr. Fitzpatrick about the -- the data that can be
4 collected from consumers. And so, she says:

5 "The idea of being swamped with five
6 thousand (5,000) online answers
7 fills my heart with joy."

8 And Dr. Fitzpatrick, of course, is
9 familiar with different data analysis tools that can
10 be used to code, you know, that -- that amount of data
11 and to really get meaningful insight from a -- a large
12 number of consumers.

13 Our clients also repre -- recommend a
14 transparent process for identifying how the input
15 informed the original plan -- so being transparent in
16 terms of how the feedback is being used -- and
17 detailed plans about how stakeholder input will be
18 received and responded to moving forward -- so again,
19 speaking to that transparency.

20 A few other recommendations include the
21 EEAG's mandate should be clearly articulated with
22 respect to membership, mandate, roles, and
23 responsibilities, including what is -- what is the
24 expected contact or relationship with the public and
25 how feedback from EEAG members is addressed.

1 Consideration should also be given to increasing the
2 representativeness of customer groups on the EEAG,
3 especially for hard-to-reach customers.

4 Our clients recommend that EEAG members
5 should receive appropriate compensation in accordance
6 with their mandate and responsibilities and in line
7 with other types or similar advisory committees. And
8 we saw some evidence from Dr. Fitzpatrick on that
9 point.

10 Efficiency Manitoba should be
11 encouraged to employ a statistical analyst when
12 developing surveys and analysing the results.

13 And moving forward, Efficiency Manitoba
14 should use a more robust issues tracking table to
15 track the input received from the public and
16 stakeholders.

17 And our clients were certainly pleased
18 to hear this morning that Efficiency Manitoba is
19 prepared to -- or our understanding is that Efficiency
20 Manitoba is prepared to implement this recommendation.

21 And finally, a recommendation on
22 education and awareness, which from our client's
23 perspective are key to the success of energy
24 efficiency programming.

25 We heard on January 24th, as well as in

1 Dr. Fitzpatrick's testimony, that education and
2 awareness, including for youth, are essential to
3 assisting consumers in reducing their energy
4 consumption. And we've included a quote from Dr.
5 Fitzpatrick, which indicates that in her personal
6 experience and her research experience, the consumers
7 of the future are able to understand the complexities
8 of energy efficiency and climate change quite well,
9 and are quite passionate about thinking how to do
10 better.

11 And so our clients would recommend
12 increased emphasis on education and awareness
13 initiatives in the 2020-23 plan, as well as future
14 efficiency plans.

15 And they sort of highlight three (3)
16 different areas of education and awareness
17 initiatives. One (1) of them is decision making and
18 choices, relating to how we consume energy on a daily
19 basis. Education about energy efficiency programs and
20 initiatives, what exists, what is the application
21 process, who is eligible and how to apply. And
22 finally, the financial and non-financial impacts that
23 consumers and businesses can gain from energy
24 efficiency programs.

25 And so that concludes the section on

1 public engagement and education. And the next number
2 of sections will talk about the efficiency plan
3 development and content.

4 And our clients' perspective is that in
5 the plan development and content there was a lack of
6 transparency, a number of missed opportunities, and
7 there are also credibility challenges relating to
8 risk.

9 And so we'll first look at portfolio
10 development process, specifically focusing on
11 integrated resource planning principles, and then look
12 at the portfolio content, first at the cost
13 effectiveness methodology, the lack of project
14 management framework, the offerings for the
15 residential customer segment, and finally
16 opportunities relating to climate change and
17 electrification.

18 And so the portfolio development
19 section begins on slide 37, and from our client's
20 perspective this relates to issues 1 a, b, and c, as
21 well as issue h, from the PUB approved issues list.

22 From our client's perspective, looking
23 at how Efficiency Manitoba developed its portfolio is
24 important, because there are multiple factors and
25 statutory objectives that the Public Utilities Board

1 has to take into consideration in reviewing the
2 efficiency plan. And we went through a number of
3 those objectives earlier on in this presentation.

4 And here we see Mr. Stocki agreeing
5 that generally speaking there is a number of different
6 combination of energy efficiency initiatives that
7 Efficiency Manitoba could have selected to comprised -
8 - to comprise its proposed portfolio in order to meet
9 the legislative targets.

10 And so given that there are a large
11 number of different combinations that exist out there,
12 our clients submit that the integrated resource
13 planning principles and components provide a helpful
14 lens through which to assess the portfolio development
15 methodology.

16 As we saw from the needs for and
17 alternatives to review in 2014, the report that came
18 out of that proceeding demonstrated that demand side
19 management measures were not being equally weighted
20 with other energy options, and that best practices for
21 integrated resource planning involves placing every
22 conceivable resource option on an equal footing. And
23 that was referred to in Mr. Harper's evidence.

24 Mr. Harper also notes a number of
25 similarities between Efficiency Manitoba's statutory

1 framework and integrated resource planning principles.

2 The objective or target is linked to
3 load requirement. There are a large number of options
4 or alternatives available. There is scope to consider
5 alternatives levels of demand side management. There
6 needs to be the assessment of multiple criteria.
7 There are the considerations of cost effectiveness
8 versus leased cost. And finally, the preferred plan,
9 in the end, will be a combination of different options
10 and alternatives considered.

11 And Mr. Harper notes that these
12 similarities should come as no surprise, because
13 demand side management is actually one of the options
14 that will be considered by Manitoba Hydro when it
15 comes to developing its resource plan.

16 And in particular, in Manitoba Hydro's
17 case, Mr. Harper strongly suggest -- suspects, pardon
18 me, that the demand side management options that it
19 considers were based largely on, if not entirely on,
20 input from Efficiency Manitoba.

21 And so Mr. Harper and our clients would
22 agree with this, finds that the development of the
23 efficiency plan is simply a micro-version of
24 integrated resource planning that is just focused on
25 demand side management options and alternatives.

1 And as a result, it's appropriate, and
2 in fact desirable, to consider integrated resource
3 planning principles in assessing portfolio development
4 by Efficiency Manitoba.

5 And we've included here a quote from
6 Mr. Harper that sort of summarizes it. When one
7 couples this perspective with the Board's NFAT
8 recommendation that integrated resource planning
9 become a cornerstone for a new, clean energy strategy
10 in Manitoba, a key consideration for the PUB in its
11 review of Efficiency Manitoba's approach to developing
12 its plan should be the extent to which the approach
13 conforms with the principles of integrated resource
14 planning.

15 And so what are those principles and
16 those components for integrated resource planning?
17 Mr. Harper helpfully identified them and quite
18 concisely.

19 So integrated resource planning
20 principles would include all feasible options being
21 identified, as a starting point. All options
22 considered, based on a common set of criteria. And
23 then the preferred portfolio reflects the best
24 balance.

25 Mr. Harper also identifies integrated

1 resource planning components, which helped him guide
2 his evidence, and which our clients also rely upon.
3 And so the first component would be identifying plan
4 requirements. And so what is the target in terms of
5 the resource or saving required.

6 Then identifying evaluation criteria,
7 identifying feasible resource options to meet the
8 targets, constructing multiple resource portfolios,
9 assessing the alternative portfolios versus the
10 evaluation criteria that is identified, and then
11 selecting the preferred portfolio.

12 And at the very bottom, Mr. Harper also
13 indicates that determining the appropriate balance,
14 and here he refers to -- to a number of statutory
15 objectives, is not a matter of applying weights and
16 formula, but rather a matter of judgment, which is why
17 plans are generally viewed by regulatory bodies, such
18 as yourselves. Of course, referring to the Public
19 Utilities Board.

20 And so from our clients' perspective,
21 the portfolio development process must be transparent
22 in order for the Public Utilities Board to be able to
23 review that process.

24 Mr. Harper also confirms that the
25 purpose of integrated resource planning is not

1 necessarily choosing the least cost option, but rather
2 balancing a number of objectives and evaluation
3 criteria. And this matches up with Mr. Stocki's
4 testimony regarding the balanced approach to
5 developing the portfolio.

6 And so if we look at the middle of that
7 quote, he indicates -- intecrated -- integrated
8 resource planning involves looking at a number of
9 evaluation criteria, and at the end of the day trying
10 to balance those.

11 And so the next few slides we'll walk
12 through those components that Mr. Harper identified
13 when we look at integrated resource planning. And so
14 the first component was identifying the plan
15 requirement, or the targets.

16 And so, from Mr. Harper's perspective,
17 and our client's agree with this, the use of forecast
18 values as a proxy for actual consumption was
19 reasonable.

20 However, in terms of the basis for
21 establishing the electric targets, Mr. Harper did note
22 some methodology challenges. The forecast values did
23 not appear to be aligned with the Efficiency Manitoba
24 Act in the sense that they were measured at generation
25 rather than at metre, which is what the Efficiency

1 Manitoba Act would appear to indicate.

2 Mr. Harper also noted that demand side
3 management is some -- adjustments do not include
4 2018/'19 plan savings, and that codes and standards
5 savings adjustment may double count impacts a future
6 codes and standards.

7 And I don't propose to go through this
8 from Mr. Harper's evidence, but we've included the
9 sources that -- where Mr. Harper has detailed those
10 methodology concerns from his perspective, and our
11 clients would agree with those.

12 In terms of the adjustments proposed by
13 Mr. Harper for the electric targets, our clients
14 certainly note that they don't materially change the
15 results for the 2020/2023 plan.

16 However, they would recommend his
17 approach, because it aligns with the Act and it
18 reduces potential for future controversy.

19 And this is what Mr. Harper highlighted
20 in the quote we have highlighted here from January
21 14th. So he set out that his evidence is preferable
22 because it follows the requirement of the Act, and it
23 eliminates the potential for future controversy
24 regarding how the savings targets are to be
25 calculated.

1 And our understanding, based on the
2 record of this proceeding, is that Efficiency Manitoba
3 has agreed that a consistent approach is preferable in
4 terms of the basis for calculating the electric
5 savings, and that Efficiency Manitoba does not appear
6 opposed to the Harper proposed adjustments.

7 And we've included here an excerpt from
8 Ms. Steinfeld's cross-examination indicating that
9 Efficiency Manitoba accepts this message --
10 methodology, referring to Harper's methodology, as
11 valid, as long as what you're doing throughout is
12 consistent. And Mr. Stocki indicated that's correct.

13 So that was for the electric targets.
14 For the natural gas targets, Mr. Harper has indicated
15 that the use of most recent actual sales and statutory
16 adjustments are reasonable.

17 He notes that no -- there is no
18 evidence that the demand side management adjustments
19 are required, however the impact on target
20 calculations is minimal.

21 And finally, that the Public Utilities
22 Board should consider natural gas both with and
23 without interactive effects.

24 So the next integrated resource
25 planning component that Mr. Harper notes is

1 identifying evaluation criteria. And our clients
2 would argue that there's room for improvement here.

3 Mr. Harper found that the initial
4 screening criteria used by Efficiency Manitoba was
5 reasonable, however, the key evaluation criteria used
6 at the next step were essentially limited to three:
7 the level of energy savings, program costs, and cost
8 effectiveness.

9 And this was confirmed in the
10 transcript, as well as in information request
11 response.

12 Mr. Harper indicated that a number of
13 other factors could be included as evaluation
14 criteria, some of those are referred to in the
15 Efficiency Manitoba Act and regulations. They may
16 include customer rate impacts, Manitoba economic
17 benefits, equity impacts, and there are others.

18 And Mr. Harper also indicates that the
19 use of a stakeholder process could assist in
20 identifying the relevant criteria to be used as -- at
21 this stage in the process.

22 Mr. Harper also noted transparency and
23 consistency concerns when it came to identifying the
24 options that Efficiency Manitoba would consider. He
25 noted that the pool of technologies and measures

1 identified at the first level were likely
2 representative of those available.

3 However, he noted that there was no
4 central repository for options identified, or a
5 consistent format for information collected, which
6 raised those transparency and consistency concerns.

7 And we've included here a -- an excerpt
8 from the transcript from Mr. Harper. He indicated
9 ensuring comparable information is available for all
10 options considered is important if they are all to be
11 given equal weight and consideration, and evaluated on
12 a common basis.

13 And our clients, at slide 49, have
14 included a -- an excerpt from Mr. Stocki's testimony
15 and their understanding of this excerpt is that
16 Efficiency Manitoba is open to improvement in this
17 area.

18 And so if we look towards the middle of
19 the page, certainly with respect to the central
20 repository and having access to measure level detail,
21 they didn't appreciate necessarily going through this
22 process, the level of information that would be
23 requested.

24 And personally a -- as the VP of
25 efficiency programs, that's something I would like to

1 implement over the next couple of years. And so our
2 clients were certainly pleased to hear that in terms
3 of lessons learned from Efficiency Manitoba.

4 A final concern in terms of identifying
5 options is the lack of sensitivity analysis. And by
6 this we mean that there was no sensitivity analysis
7 considering alternative incentive levels, as
8 alternative options considered.

9 And so we confirmed with Efficiency
10 Manitoba that there was no sensitivity analysis
11 undertaken in developing the plan, and they agreed
12 that they did not run multiple or different
13 portfolios. And Mr. Harper indicates why this is
14 important.

15 Incentive levels are critical in
16 determining both the level of participation and
17 therefore savings. And it's also critical in
18 determining the overall level of program costs.

19 As a result, it would be reasonable to
20 view alternative incentive levels as alternative
21 options when developing the plan.

22 And then the last component of the
23 integrated resource planning component is portfolio
24 selection. And our clients and Mr. Harper find that
25 there was a lack of transparency regarding the

1 development of the preliminary portfolio, especially
2 when we talk about program design objectives.

3 And so Mr. Harper here indicates why
4 this is important. If we look at the way the final
5 portfolio was developed, the preliminary portfolio was
6 effectively the foundation on which subsequent changes
7 were made. And if we're going to understand how the
8 final portfolio balances the various considerations,
9 it's important to understand how that preliminary
10 portfolio was constructed.

11 And so that speaks to the program
12 design objectives for the preliminary portfolio, but
13 Mr. Harper also notes a lack of transparency regarding
14 the refinements that were implemented by Efficiency
15 Manitoba to arrive at the preferred gas and electric
16 portfolios.

17 And then, of course, we've heard about
18 this throughout this proceeding, but another concern
19 is that there was no development of alternative
20 portfolios to indicate trade-offs involved.

21 And this is a key quote from Mr.
22 Harper, which indicates in order to clearly show the
23 differences that would arise, depending upon the
24 weight given to different evaluation criteria,
25 therefore allowing parties, including the regulator,

1 to consider the trade-offs that are involved in the
2 portfolio that is selected.

3 And he also notes that the Energy
4 Efficiency Advisory Group did request that alternative
5 portfolios be included in the plan, but Efficiency
6 Manitoba indicated that that was not possible due to
7 time constraints.

8 And we certainly acknowledge that a
9 portion of that would have been outside of Efficiency
10 Manitoba's control.

11 And so on this section, our clients
12 have a number of recommendations. Some of them could
13 be implemented for the 2020/'23 plan, and we've tried
14 to highlight those ones. Others may be
15 recommendations for the development of future
16 portfolios.

17 So regarding the demand side management
18 targets, clients recommend that the PUB should find
19 that overall there's a lack of clarity and
20 transparency in terms of how the target savings values
21 have been determined, and whether they have been
22 determined appropriately.

23 The PUB should find that in reviewing
24 the planning targets specifically for electricity
25 savings, that while the use of forecast values as the

1 starting point is reasonable, there are distinct
2 differences between the definition of consumption in
3 the Efficiency Manitoba Act, and how it has been
4 determined by Efficiency Manitoba.

5 And our clients would recommend that
6 Efficiency Manitoba be directed to revise its
7 calculations, as per Harper's recommendation, for the
8 current plan.

9 And the Public Utilities Board should
10 also consider if the demand side management
11 adjustments made by Efficiency Manitoba are
12 appropriate and necessary in the circumstance.

13 Regarding the planning targets for
14 natural gas, while using historical use as the
15 starting point is reasonable, the Public Utilities
16 Board should similarly consider whether the DSM
17 adjustments are appropriate or required.

18 And finally, in terms of actual target
19 achievement, the PUB should find that Efficiency
20 Manitoba's approach to calculating annual target
21 achievements and cumulative progress towards the
22 achievement of the 15 year target is reasonable.

23 In terms of the evaluation criteria,
24 the PUB should find that the criteria used should
25 extend beyond the level of budget and energy savings

1 targets and cost-effectiveness.

2 If practical considerations require a
3 shorter list of evaluation criteria than those
4 suggested by the range of considerations that we find
5 in the Act and regulation, then stakeholder processes
6 should be used to identify what are con -- what are
7 considered to be the more important considerations to
8 be used in evaluation criteria to determine the
9 preferred plan.

10 And so, our clients' recommendation is
11 that, overall, Efficiency Manitoba's choice or range
12 of evaluation criteria is not consistent with what one
13 would expect from an integrated resource planning
14 process and the PUB should recommend that this process
15 be improved for future filings.

16 In terms of the options that were
17 considered by Efficiency Manitoba, our clients would
18 accept Mr. Harper's finding that the pool of measures
19 and technologies created is likely to be
20 representative of those available.

21 However, the lack of documentation and
22 a centra repository raises concerns regarding both the
23 transparency and consistency in terms of how the
24 options were considered.

25 And so, going forward, the PUB should

1 recommend that Efficiency Manitoba develop consistent
2 documentation and a central repository in
3 consideration of options.

4 And they do note, and this has been
5 discussed on the record of this proceeding, that a
6 potential study regarding energy efficiency may assist
7 with the development of a central repository in terms
8 of the options that are available.

9 Our clients also recommend that
10 assumptions regarding the level of incentives are
11 likely to have a material impact on the level of
12 participation and the annual savings that can be
13 attributed to the measure.

14 Efficiency Manitoba's lack of
15 consideration of options with different levels of
16 incentives does not align with integrated resource
17 planning principles because it means that the
18 portfolio development process has not considered all
19 feasible options.

20 And the PUB should recommend that
21 Efficiency Manitoba consider options with different
22 level of in -- of incentives in future portfolio
23 development processes.

24 And finally, in terms of the preferred
25 portfolio selection, our clients recommend that the

1 PUB should find there's a lack of transparency in both
2 the objectives underlying the development of the
3 preliminary portfolio and how the considerations
4 relating to budget, energy savings, and cost-
5 effectiveness impact the development of the final
6 portfolios, both electric and natural gas.

7 The PUB should find that Efficiency
8 Manitoba has not included alternative demand-side
9 management portfolios and their subsequent assessment
10 using multi-criteria analysis in its plan mostly due
11 to time constraints.

12 This is a standard component of an
13 integrated resource planning process because it allows
14 parties to clearly see what are the tradeoffs
15 associated with a proponent's proposed plan.

16 And so, as a result, our clients would
17 recommend that the PUB should indicate the development
18 and presentation of alternative portfolios must be
19 included in future plans and that these portfolio
20 alternatives need to consider a wider range of
21 considerations than just costs, energy savings, and
22 cost-effectiveness.

23

24

(BRIEF PAUSE)

25

1 MS. KATRINE DILAY: Finally, our
2 clients have a recommendation on integrated resource
3 planning. And this certainly Mr. Harper addressed in
4 cross-examination. And we read with interest the
5 evidence of MIPUG as well, particularly Mr. Bowman,
6 with respect to the context of integrated resource
7 planning.

8 And so, our clients would recommend
9 that the next Efficiency Manitoba plan should be
10 reviewed with the benefits of a result -- with the
11 benefit, pardon me, of results from an integrated
12 resource planning process which would involve
13 collaboration between Efficiency Manitoba, Manitoba
14 Hydro, and other appropriate parties, as well as a
15 process for public and stakeholder input.

16 And our understanding would be that
17 this aligns or is similar to recommendations made by
18 Mr. Bowman.

19 They do -- our clients also note that
20 they had a recommendation regarding alternative
21 portfolios for development process -- portfolio
22 development process. And that would be portfolios
23 that all meet the same savings targets but that we can
24 see the tradeoffs.

25 When we refer to integrated resource

1 planning, it will be likely be necessary to develop
2 alternative portfolios that also meet different
3 savings targets. And Mr. Harper confirmed that in the
4 excerpt that we -- that we've included here.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: So, the next
9 section in our submissions relates to cost-
10 effectiveness and rate impacts. And, from our
11 perspective, this would be relevant to issues 2(a),
12 (b), (c), (d), and (e) from the PUB-approved issues
13 list.

14 Just by way of summary in terms of the
15 cost-effectiveness and rate impact methodologies that
16 were used by Efficiency Manitoba, the regulation
17 dictates the use of the program administrator cost
18 test, using marginal values for the electric portfolio
19 as determined by Manitoba Hydro based on a methodology
20 consistent with its resource planning process and
21 taking into account the timing and duration of
22 savings. And our understanding is that that is what
23 Efficiency Manitoba has applied.

24 For the rate impacts of the plan,
25 Efficiency Manitoba has used the life cycle revenue

1 impact metric as a simplified indicator. And
2 Efficiency Manitoba also calculates annual average
3 customer bill savings.

4 So, our clients, based on Mr. Harper's
5 evidence, have a number of concerns with the
6 methodology that was employed wi -- by Efficiency
7 Manitoba.

8 And so, on slide 60 we've included some
9 of the shortcomings from our client's perspective
10 relating to the PACT, or program administrator cost
11 test.

12 A few issues that they've raised
13 regarding the marginal values. This is just a note.
14 There was no analysis by the independent expert
15 consultant of whether the marginal values provided by
16 Manitoba Hydro were reasonable. And, of course,
17 Daymark, the independent expert consultant, was the
18 only party to have access to that confidential
19 information.

20 From Mr. Harper's evidence, it's not
21 clear whether Manitoba Hydro's resource plan or
22 marginal values are current. There were no peak and
23 off-peak marginal values provided for electricity.
24 And there was no explanation for the lack of marginal
25 values for gas, transmission, and distribution.

1 Mr. Harper, and our clients agree with
2 this finding, indicated that the thirty (30) year time
3 frame for the PACT was reasonable, but they do note
4 some concern with Efficiency Manitoba's use of
5 Manitoba Hydro's discount rate of 6 percent.

6 There were -- there was some debate in
7 the Needs For and Alternatives To proceeding regarding
8 the appropriateness of the 6 percent discount rate and
9 whether there may be a need to -- to use another
10 discount rate.

11 And as a result, Mr. Harper found that
12 the sensitivity analysis relating to discount rates is
13 important to consider in the consideration of this
14 plan.

15 And, of course, this is a summary of
16 Mr. Harper's findings which our clients agree with.
17 And we would refer the panel to the sources at the
18 bottom of this slide, spe -- specifically Mr. Harper's
19 direct evidence and pre-filed testimony for further
20 details.

21 Regarding the life cycle revenue impact
22 analysis, our clients would note the same shortcomings
23 as in the PACT relating to marginal values and
24 discount rates.

25 In this case, our clients notes that

1 the use of the thirty (30) time frame understates the
2 short-term rate impacts and so, that the life cycle
3 revenue impact analysis should also be calculated and
4 considered using a ten (10) year time frame.

5 And finally, the lost revenue
6 calculation for the life cycle revenue impact analysis
7 was based on future rate increases equal to the con --
8 consumer price index, so, essentially, inflation. And
9 our clients note that this may be reasonable for gas
10 given historical and projected rate increases, but
11 this is not reasonable for electric assumptions.

12 And so, our clients would recommend
13 that this should be evaluated using a ten (10) year
14 time frame and a 3.9 rate increase per year. And
15 again, the sources at the bottom will provide further
16 detail of that evidence.

17 Regarding customer bill impact
18 calculations, Mr. Harper noted a number of
19 shortcomings. He noted that bill impact calculations
20 misrepresents impacts for participating customers
21 because there is no recognition of the up -- the
22 upfront investments that are required.

23 The calculation uses the thirty (30)
24 year net present value for customer bill savings and
25 also uses Manitoba Hydro's discount rate. And Mr.

1 Harper noted that this excludes the cost that
2 participating customers will incur, and the discount
3 rate should reflect the customer's time value of
4 money, not Manitoba Hydro.

5 And just a quick note on the total
6 resource cost test. Our clients' understanding is
7 that this test looks at all benefits to utility and
8 participants and is another example of the cost-
9 effectiveness test.

10 And our clients' review of the evidence
11 -- specifically, the excerpt here from Mr. Neme -- is
12 that the total resource cost test can be an important
13 cost-effectiveness test to consider because it does
14 consider the impacts to both utilities and
15 participants, but they do highlight that there were
16 some methodological challenges highlighted by Mr.
17 Neme.

18 And so Mr. Neme indicated that the most
19 common, probably, used by name is the Total Resource
20 Cost Test, but that maybe of the twenty (20) or
21 twenty-five (25) jurisdictions that use that test,
22 he's not sure any of them actually confu -- computed
23 exactly the same.

24 And so there may be some methodological
25 challenges there. Conceptually, in the second

1 paragraph:

2 "The Total Resource Cost Test is
3 supposed to address the combined
4 impact to the utility system and
5 program participants. That means if
6 you're going to add the program
7 participants' contribution to the
8 cost of an efficiency measure, you
9 need to add all the program
10 participants' benefits. This can be
11 things like improved health and
12 safety, improved comfort, improved
13 building durability, improved
14 business productivity..."

15 And he notes that that's sometimes a
16 challenging thing to do.

17 And so this leads us to our clients'
18 recommendations regarding the methodologies employed
19 by Efficiency Manitoba on cost-effectiveness. And so
20 specifically relating to the program administrator
21 cost test, our clients recommend that the PUB should
22 find there are shortcomings with Manitoba Hydro's
23 marginal values and that these shortcomings should be
24 remedied in future proceedings.

25 And so with respect to electricity,

1 confidential process should be improved for parties to
2 be able to examine the reasonableness of marginal
3 values, there should be clarification regarding how
4 current the marginal values are, and values relating
5 to peak and off-peak energy should be provided. For
6 gas transmission and distribution, marginal values
7 should be provided.

8 The PUB should find there is
9 uncertainty regarding the appropriate discount rate --
10 pardon me -- and consider the results of the
11 sensitivity analysis. The PUB should consider the
12 natural gas PACT with and without interactive effects.

13 The PUB should find that the thirty
14 (30) year discount period used by ener -- Efficiency
15 Manitoba is reasonable, as is its treatment of codes
16 and standards and furnace replacement program costs.
17 In addition to the PACT, Efficiency Manitoba should
18 calculate and the PUB should consider results from the
19 total resource cost test, noting, of course, those
20 methodological challenge -- challenges.

21 Regarding the lifecycle revenue impact
22 analysis, the PUB should find that the PACT
23 conclusions with respect to the marginal values and
24 the discount rate are equally applicable to the LRI
25 test.

1 The PUB's consideration of rate impacts
2 should focus both on the ten (1) year values and the
3 longer-term thirty (30) year values. The PUB should
4 find that the system energy inputs used by Efficiency
5 Manitoba in the LRI cal -- calculations are
6 reasonable.

7 The PUB should find that the electric
8 rate increase assumptions used by Efficiency Manitoba
9 are understated in the short term and lead to an
10 understatement of the LRI results.

11 And finally, the PUB should find that
12 Efficiency Manitoba's treatment of codes and standards
13 and furnace replacement program costs in its LRI
14 analysis is reasonable.

15 And then relating to the customer bill
16 impacts calculation, of course, Mr. Harper noted a
17 number of concerns. And so our clients would agree
18 with his recommendation that the PUB should find that
19 the customer bill impact calculations provide an
20 incomplete picture of the impact on participating
21 customers, and as a result, the PUB should attach no
22 significant weight to the results.

23 And so the next section of our argument
24 -- and I'll note, we are over half way, and so I do
25 expect to be done about 12:30. And so if there are

1 any issues with that, of course, please let me know.

2 This next section relates to risk and
3 credibility challenges, and this section would be
4 relevant, our clients submit, to Issues 1(a), (b), as
5 well as Issue 7 from the PUB-approved issues list. So
6 this slide provides a bit of a summary of our clients'
7 submissions on this topic.

8 While Efficiency Manitoba is assuring
9 parties and the Public Utilities Board that everything
10 will go according to plan, until all the items
11 identified in the plan are complete, there still
12 exists a certain level of uncertainty and of risk.

13 Efficiency Manitoba has not filed a
14 project management or risk mitigation framework
15 identifying the risks and possible mitigation
16 strategies, and we'll go through that in a bit more
17 detail. From our clients' perspective, this raises
18 concerns regarding whether the plan, as proposed, can
19 credibly be achieved.

20 So what are the risks that are still
21 facing Efficiency Manitoba? Mr. Grevatt identified a
22 number of them, and Daymark also did. Our clients
23 would submit that the risks include whether the
24 proposed customer relationship management tool and the
25 proposed online home energy questionnaire will be

1 fully deployed and operational according to the
2 expected timelines. It also includes whether the
3 significant savings that are projected to come from
4 codes and standards will, in fact, be verified by the
5 independent assessor.

6 A risk includes whether programs will
7 ramp up according to the plan and meet participation
8 and savings targets within the proposed budgets;
9 whether the required staff transition from Manitoba
10 Hydro will be successful and accomplished in a timely
11 manner; whether procurement for third-party program
12 implementers will be successful and accomplished in a
13 timely manner; and finally, whether Efficiency
14 Manitoba's long-term savings are reasonably
15 achievable. And so we've summarized them -- these
16 risks on this slide, but we will go through them in a
17 bit more detail with reference to the transcript and
18 the record of the proceeding.

19 So from our clients' perspective, while
20 these risks certainly may not materialize and we
21 certainly hope that they do not materialize, there
22 still exists uncertainty. This is because these items
23 have not all been finalized or executed, and we've
24 included what we think is a helpful quote from Mr.
25 Grevatt on -- on this slide.

1 And so if we look at the second half
2 that we've bolded, from his point of view, his
3 experience tells him that these risks exist, and if he
4 were trying to do this launch, he would be much better
5 off to identify the risks, acknowledge them, and then
6 think about how he would address them if they did, in
7 fact, come up. And he wants to say that, in going
8 through that exercise:

9 "One might identify risks that they
10 hadn't thought of and think of ways
11 to sort of cut them off before they
12 get to the point where they're
13 happening and we don't know what to
14 do."

15 So he thinks it's a really important
16 tool in project management. And then the last
17 sentence -- he thinks that the point is simply that:

18 "Optimism is not the same as
19 success."

20 And that's really what our client wants
21 -- what our clients want to identify on this slide.

22 So going through the risks in a little
23 bit more detail, the customer relationship management
24 tool, we heard from Efficiency Manitoba, is going to
25 be fi -- foundational to the success of the Crown

1 corporation, and it is an integral and overarching
2 strategy that will provide optimal performance of
3 Efficiency Manitoba from both customer-facing and
4 internal operations' perspectives.

5 Given its importance, a potential delay
6 could have implication for Efficiency Manitoba's
7 success. It could have implications for the
8 transition between program launch and CRM
9 implementation date. It could also have implications
10 for tracking programs until the tool is implemented,
11 because there are changes between Manitoba Hydro's
12 program offerings currently and Efficiency Manitoba's
13 proposed programs.

14 But as was -- as we see on this slide,
15 no risk mitigation plan was filed, and so in cross-
16 examination by Ms. Steinfeld, Efficiency Manitoba did
17 acknowledge that with projects of the -- of this
18 nature, there is, of course, a risk, and that they
19 feel they've implemented a process that mitigates the
20 risk.

21 But while Efficiency Manitoba
22 acknowledges the risk and is confident that it has
23 processes in place to mitigate the risk, our clients
24 have not seen a Risk Mitigation Plan regarding the CRM
25 filed by Efficiency Manitoba.

1 Savings from codes and standards is
2 also another risk that our clients want to highlight.
3 These represent almost a quarter of electric savings,
4 and even more for natural gas, in the range of 32
5 percent. So our clients would -- would submit that
6 that's pretty substantial.

7 Efficiency Manitoba has confirmed that
8 it will rely on its third party evaluator to implement
9 the methodology to assess the success and impact of
10 Efficiency Manitoba's participation in codes and
11 standards committees. And they've also confirmed that
12 the third party evaluator will be independent, and so
13 it will not be bound by Efficiency Manitoba's
14 projections.

15 And so while Efficiency Manitoba
16 asserts that it has been con -- conservative in its
17 projection of savings from codes and standards, there
18 is no guarantee that the third party evaluator will
19 agree. And so from our client's perspective, this
20 remains a risk, because the third party evaluator's
21 report has not been completed.

22 And we've included here an excerpt from
23 Mr. Grevatt and that there is some risk that
24 independent evaluator may come in and say, the savings
25 from codes and standards are little bit optimistic

1 because the standard has been in place for a number of
2 years. The market is shifting in that direction
3 anyway, and we're not sure that the fact that there is
4 a standard on the books is contributing materially to
5 the savings anymore.

6 Mr. Grevatt indicates that he can't
7 make that judgment, but it's an area where and inde --
8 independent evaluator could, and where they could
9 disagree with Efficiency Manitoba. And again, no Risk
10 Mitigation Plan that our clients have seen was filed
11 by Efficiency Manitoba regarding any unplanned results
12 from codes and standards.

13 Regarding staff transition, here we've
14 included an excerpt from Ms. Steinfeld's cross-
15 examination, asking whether Efficiency Manitoba
16 accepts that there are risks associated with
17 transferring sixty (60) to seventy (70) employees to a
18 new organization, and Ms. Kuruluk indicated, I guess
19 there potentially could be a risk that staff may not
20 want to be employed by Efficiency Manitoba when it
21 comes to what our offer looks like.

22 And Efficiency Manitoba has not filed a
23 plan imple -- identifying what it would do in the
24 event that it is not fully staffed by the April 1st
25 2020 implementation date.

1 Third-party providers is discussed on
2 slide 76. As we saw on the record of this proceeding,
3 all third-party contracts have not yet been finalized,
4 and Efficiency Manitoba certainly indicated that they
5 are working on that, but they do not see this as a
6 risk. This is a -- a theme in these slides.

7 Even if Efficiency Manitoba is
8 confident that it will be able to do what it says it
9 will do, there still exists uncertainty, and therefore
10 a risk, because all contracts have not yet been
11 finalized. And Efficiency Manitoba, to our clients'
12 knowledge, has not filed a plan identifying what it
13 will do if it does not have all third-party contracts
14 executed by the April 1st 2020 date.

15 Regarding program ramp-up participation
16 and savings targets, in the event of challenges in the
17 participation targets in the Plans, which could happen
18 due to a variety of factors, some of which we've
19 already gone through, this could impact Efficiency
20 Manitoba's ability to reach the savings target that
21 are projected in the Plan.

22 And what Mr. Grevatt alluded to in his
23 evidence is that there may not be room for flexibility
24 for Efficiency Manitoba to just spend more if they are
25 falling short of their savings targets.

1 Efficiency Manitoba's acquisition costs
2 for electricity and natural gas savings are already
3 lower than Manitoba Hydro's costs, and also lower than
4 the 2017 US average. And Mr. Grevatt, in the -- the
5 quote in italics, there, indicated that one (1) of his
6 concerns is that if they don't get the codes and
7 standards savings, there is no budget to meet the
8 savings goals.

9 Efficiency Manitoba is finding
10 flexibility within its approved budget. We heard that
11 throughout the testimony. But we also heard that
12 Efficiency Manitoba cannot increase its overall three
13 (3) year budget. And that was confirmed by Efficiency
14 Manitoba, and is also found in the Efficiency Manitoba
15 Act at Section 125(3).

16 Efficiency Manitoba has projected no
17 contingency fund for costs resulting from shortfalls
18 in the Plan or potential unexpected costs of a start-
19 up organization. And we've included here an excerpt
20 from the transcript where I confirmed this with Ms.
21 Kramps.

22 And this is because the contingency
23 fund that is contemplated specifically by Efficiency
24 Manitoba is for unplanned opportunities that they may
25 wish to pursue, and that they're not aware of today.

1 And they confirmed that at the bottom of this page.

2 And so as it relates to Efficiency
3 Manitoba's to achieve -- Efficiency Manitoba's ability
4 to achieve the savings targets that are in the
5 legislation, because Efficiency Manitoba is projecting
6 savings that are, essentially, right at what the
7 legislative targets are, their ability to achieve
8 their projected targets could affect their ability to
9 achieve their legislative mandate. And there was a
10 bit of a discussion about this with the Daymark
11 witnesses, which we've included here. And so -- and I
12 asked Mr. Athas:

13 "You'll agree that if Efficiency
14 Manitoba, given that the savings are
15 essentially at the target, if they
16 do not achieve those savings, they
17 will, as a result, not achieve the
18 target in the Act?"

19 And he confirmed that.

20 The caveat was, of course, that
21 Daymark's concerns are mostly related to the first
22 year targets, and Efficiency Manitoba's ability to
23 reach the targets in the first year. And Daymark is
24 certainly not forecasting that Efficiency Manitoba
25 will not the -- the savings targets, but they have

1 noted it as a concern or a risk.

2 On this slide, we simply want to
3 highlight another risk that was highlighted by Daymark
4 relating to long-term savings. And so from there,
5 evidence at page 3, they say:

6 "Taking into account the challenges
7 posed by the significant role played
8 in the first three (3) years by
9 measures with -- with relatively
10 short lives, and the possible
11 adjustments that could be made to
12 codes and standards, it is our
13 assessment that although Efficiency
14 Manitoba has put forward a Plan with
15 substantial energy savings in the
16 first three (3) years, they may not
17 be on track at this point to meeting
18 the fifteen (15) year reduction
19 targets set out in the Plan."

20 And so our clients did note that as
21 another potential uncertainty or risk.

22 So now that we've gone through those
23 uncertainties or risks, our clients note that the
24 record has shown no project management or risk
25 mitigation framework filed by Efficiency Manitoba.

1 As Mr. Grevatt's box evidence alluded
2 to, and I confirmed with Mr. Stocki in cross-
3 examination, a risk management framework or process
4 would include essentially four (4) elements: risk
5 identification, risk evaluation, risk mitigation, and
6 contingency plans.

7 Efficiency Manitoba confirmed that it
8 did not file a risk management process or framework,
9 taking the position that it was not required to do so
10 under the Efficiency Manitoba Act. And we've included
11 the quote from the transcript on slide 81.

12 And so this leads us to our clients'
13 recommendations regarding project management and risk
14 mitigation. Our clients would recommend that the PUB
15 find that Efficiency Manitoba has not adequately
16 acknowledged or addressed the risks it faces in
17 implementing its 2020/2023 Efficiency Plan.

18 The PUB should recommend that
19 Efficiency Manitoba be directed to file a Project
20 Management Plan and Risk Mitigation Strategy within
21 thirty (30) days of Plan approval to demonstrate that
22 it will appropriately manage the launch and
23 implementation.

24 And just for reference, we've included
25 an -- an excerpt from the transcript from Mr. Grevatt,

1 that his evidence -- from his evidence, the primary
2 recommendations were that Efficiency Manitoba should
3 provide a Project Management Plan and Risk Assessment
4 Mitigation Strategies to the Board.

5 And from his perspective, it's less
6 important that parties have an opportunity to review
7 the plan than the fact that Efficiency Manitoba would
8 have it, and that's based on his experience that when
9 you do this kind of launch, you need to have a really
10 clear idea of everything that needs to happen, when it
11 needs to happen, what needs to happen first, what
12 you're going to do if one of those things doesn't
13 happen, and if that's not laid out and contemplated,
14 it really decreases the likelihood that the things
15 that need to happen are going to happen.

16 And then at the bottom of this slide, a
17 third recommendation would be: That the PUB should
18 recommend that Efficiency Manitoba be directed to file
19 an independent review of codes and standards savings
20 assumptions within six (6) months of plan approval.

21 And so we, essentially, have three (3)
22 sections left in the arguments before sort of our
23 final recommendation, and so just for the Panel's
24 information, I do still expect to be on time for -- to
25 be completed around 12:30 or so.

1 So this section relates to the
2 residential program offerings being contemplated by
3 Efficiency Manitoba, which in our clients' view is
4 unreasonable -- unreasonably conservative.

5 We've included here a number of issues
6 from the PUB Issues List that I will not list out, but
7 that are there for the Panel's consideration.

8 So as we alluded to in the title of our
9 presentation, our clients see that the two (2) themes
10 in this section as mediocrity and missed
11 opportunities, unreasonable conservative and -- and
12 residential program offerings. And this sort of
13 summarizes this section on Slide 84.

14 In its review of the Efficiency Plan,
15 as we saw, the PUB must consider whether Efficiency
16 Manitoba is reasonably achieving the aim of providing
17 initiatives that are accessible to all Manitobans.

18 From our clients' perspective, and this
19 is based on Mr. Grevatt's assessment of the plan, the
20 types of programs that are included in the plan are
21 typical of comprehensive energy efficiency portfolios,
22 and if budgeted appropriately and implemented
23 effectively, they could provide significant
24 opportunities to increase the energy efficiency of
25 homes and businesses in our province.

1 However, based on their review of the
2 plan, Efficiency Manitoba is unreasonably conservative
3 in the scope and scale of the proposed residential
4 sector programs. And in the next number of slides
5 we'll go through why this is our clients' conclusion.

6 So I think most of us will remember
7 this moment in the hearing, I certainly did -- what
8 does "acceptable" mean? And so Mr. Grevatt was the
9 Consumers Coalition independent expert who assessed
10 the residential program offerings, and he used an
11 analogy related to Oprah.

12 And so he -- if I can summarize the
13 quote we have in front of, he's saying, you know, if
14 Oprah talks about a book that everyone should go out
15 and read, if you walk into the bookstore and you ask
16 for the book and a person who works there says, oh
17 yeah, we have one (1) single copy, it's two hundred
18 dollars (\$200), and we don't know where it is in this
19 -- in the store, so go ahead and try to -- to access
20 the book. To Mr. Grevatt, that is not accessible.

21 He would say, if he walked in the
22 bookstore and there's a display there with a number of
23 copies, and I would -- he didn't say this but I think
24 we can assume from the rest of his testimony that the
25 price would also be relatively affordable. That's

1 what he would find accessible.

2 And using that analogy, he -- he
3 applied that to his assessment of the plan and he
4 said, when looking at this plan and thinking about
5 whether the programs are reasonably accessible,
6 especially to residential consumers, it doesn't appear
7 to me that they necessarily are, and that Mr.
8 Grevatt's conclusion on this slide.

9 So if we take a step back and look at
10 why do we care if programs are accessible to
11 residential consumers, it's because they can get
12 significant benefits from participating in energy
13 efficiency programs, and certainly Efficiency
14 Manitoba agreed with this on the record, indicating
15 that there's a number of reasons.

16 One (1) reason could be it assists
17 customers in reducing their energy bills. It also --
18 other benefits may include increasing the comfort of
19 the home, things like that, and they confirmed that
20 these reasons would be some of the reasons for
21 Efficiency Manitoba to endeavour for programs to be
22 accessible to all Manitobans, and they agreed, and
23 they also agreed that generally the Public Utilities
24 Board has previously found that low income energy
25 efficiency programs in particular are important.

1 Our clients want to note that spending
2 on the residential customer segment may need to be
3 higher in order to overcome barriers to participation,
4 and this would be especially true for lower income
5 customers. There exists barriers to participation for
6 low income customers to participate in energy
7 efficiency programs. This can include insufficient
8 income to pay for up-front costs. This is where
9 financial incentives can help to remove or alleviate
10 this barrier.

11 And our clients also note that many low
12 income customers are renters, and they may face
13 challenges in accessing either upgrades or savings
14 that come from energy efficiency program, and this is
15 due to the split incentive between landlords and
16 tenants that we went through in cross-examination.

17 Our clients were pleased to hear
18 positive initiatives -- initiative that Efficiency
19 Manitoba has indicated, that through their program,
20 landlords would have to transfer benefits from energy
21 efficiency upgrades to tenants. They -- they do raise
22 a question about how the benefits would be calculated,
23 and they certainly look forward to seeing how that
24 will be implemented for consumers.

25 So our clients' concern reflects what

1 Mr. Grevatt found in his evidence, that codes and
2 standards savings make up a large proportion of
3 savings for residential customer segment, for both
4 electrical and natural gas portfolios, and when we
5 talk about residential, we're including as well the
6 income qualified and Indigenous customer segments.

7 And so here we've included a chart that
8 Mr. Grevatt used in his evidence, and of course on
9 your printed copy, which is in black and white, you
10 will not see the difference, but I would refer you to
11 -- to the -- the version on the screen.

12 And so if we look at the proportions,
13 the orange bar is the industrial, agricultural, and
14 commercial savings, and then the green part is the
15 Residential, Indigenous, Income Qualified programs, so
16 these are the actual programs that consumers can go
17 out and either apply for or benefit from if they buy
18 or implement certain measures. And then the blue part
19 are the residential electric codes and standards.

20 And so we find this table to be
21 particularly instructive because we can really see
22 that the green part is the smallest, and so to our
23 clients that speaks to whether programs and energy
24 efficiency benefits are, in fact, accessible to
25 residential consumers, including income qualified and

1 Indigenous.

2 And while the previous slides provide -
3 - the previous slide provides you with one (1)
4 illustrative example of the proportion of codes and
5 standards that make up the savings for residential
6 consumers, we did also include Slide 89 more
7 references that you can go to for both the electric
8 portfolio as well as natural gas portfolio.

9 So in both cross-examination and in the
10 Efficiency Manitoba plan, as well as Mr. Grevatt's
11 evidence, you can see the comparison between the
12 commercial, industrial, agricultural sectors in terms
13 of access to programs and incentives compared to the
14 residential customer segment.

15 So why does it matter that residential
16 consumers -- that the savings rather for residential
17 consumers are in large part from codes and standards?
18 Our clients certainly acknowledge that codes and
19 standards can make a significant contribution to
20 energy efficiency. They do not deny that.

21 Codes and standards can and do make
22 significant contributions, for example, by locking out
23 energy inefficient products so that cannot be
24 installed anymore, and also enabling market
25 transformation, ad we found Mr. Bowman and Mr.

1 Friesen's discussion of this on January 20th very
2 informative. And so our clients certainly would not
3 recommend that Efficiency Manitoba stop its
4 participation in codes and standard committees.

5 But they do want to note that benefits
6 from codes and standards are not available to all
7 customers, and this is because codes refer to building
8 codes. Building codes apply to new constructions as
9 well as major renovations.

10 And Mr. Friesen was very helpful in
11 noting that there are efforts underway for codes to
12 apply to lesser renovations, and so then those codes
13 may be available to more consumers.

14 But, to our knowledge, it sounded like
15 that -- those efforts are still underway and may not
16 be available yet to consumers. In order to access
17 energy efficiency benefits from codes, customers need
18 to be building a new home or undertaking major
19 renovations; that's if they own their homes.

20 For renters, Efficiency Manitoba
21 indicated they could also get benefits if their
22 landlords undertake major renovations. Standards
23 refer to specifications, for example, to appliances.
24 And so, in order to access energy efficiency benefits
25 from standards, customers would have to be purchasing

1 a new appliance.

2 While these are certainly helpful in
3 terms of energy efficiency increases, codes and
4 standards do not provide financial assistance to
5 customers to build a home, to complete renovations, to
6 undertaken energy efficiency upgrades, or to buy new
7 appliances, and so they don't necessarily increase the
8 accessibility of energy efficiency programs for
9 Manitobans.

10 And Mr. Grevatt did summarize that in
11 the excerpt before you on slide 92. When we look at
12 codes and standards and think about who benefits from
13 those initiatives on the residential side, he confirms
14 that somebody who's buying a new home or undertaking a
15 major renovation, somebody who's buying a new
16 appliance that's covered by an appliance standard.

17 And then he notes:

18 "But for people who are not doing
19 these things, making those kinds of
20 investments already, codes and
21 standards don't provide any direct
22 benefit.

23 They don't provide any opportunity
24 for those residential consumers --
25 customers rather -- who don't have

1 the funds to make those -- these
2 investments to save energy."

3 And so, given that -- given the
4 importance of the benefits and the challenges to
5 accessibility for codes and standards, our clients --
6 it is our client's perspective that Efficiency
7 Manitoba can do more to provide meaningful
8 opportunities for residential customers, and this
9 would be in line with other jurisdictions.

10 We've included here an excerpt from Mr.
11 Grevatt. And I'll -- I won't read out the whole
12 thing. But going to the bolded section in the middle
13 of the page, when he thinks about how we use energy
14 efficiency to reduce costs for ratepayers, there are
15 certainly system-wide benefits from cost-effective
16 investments.

17 And my reading of that would be
18 delaying, for example, capital investments by Manitoba
19 Hydro. Mr. Grevatt goes on to say:

20 "But for any individual customer who
21 can participate in a program, that
22 is probably the single best way to
23 reduce costs. And so, if there are
24 opportunities, abundant, accessible
25 opportunities for residential

1 customers to participate, that's how
2 we reduce costs for those
3 customers."

4 And our clients would say that's how
5 you make energy efficiency programs accessible to
6 customers.

7 And I believe this was a cross-
8 examination by Mr. Wheeler of Mr. Grevatt where Mr.
9 Grevatt characterizes the -- the efforts to serve the
10 needs of residential customers as a missed opportunity
11 in the plan.

12 And so, this leads us to our clients'
13 recommendations regarding the residential program
14 offerings, and this includes income qualified and
15 Indigenous customer segments.

16 Recognizing the significant benefits
17 that residential customers can gain from energy
18 efficiency programming, both financial and non-
19 financial benefits, as well as the barriers to
20 participas -- pation that exist and which can lead to
21 a need for higher spending for residential customers,
22 this is especially the case for lower income
23 customers, the PUB should recommend that the
24 residential and income eligible, both income qualified
25 and Indigenous customer segments, budgets, savings,

1 and participation targets be increased.

2 This would be in line with other
3 comparable jurisdictions. And the rationale is to
4 meet the aim of providing initiatives that are
5 accessible to all Manitobans.

6 With respect to increased budgets, our
7 clients notes -- note that increased budgets may
8 include spending both on incentives for programs and
9 for participation and measures, and it may also
10 include spending on marketing and outreach to increase
11 participation and savings through awareness of
12 programs.

13 Our clients also note that increasing
14 the scope and scale of residential programming will
15 benefit all customers, including those who do fall
16 within the income qualified or Indigenous customer
17 segments, but those who do not fall within those
18 specific customer segments.

19 That may include customers who fall
20 just above the LIC0125 or the income qualified tre --
21 threshold. It would also include First Nations
22 customers living on and off reserve, Metis customers.
23 And it also would fall -- or would apply to rural and
24 urban customers.

25 So, from our perspective, increasing

1 this -- the budget savings and participation targets
2 for residential customers could -- could definitely
3 increase the accessibility of programs and initiatives
4 to all Manitobans.

5 The -- the next section -- so, we have
6 two (2) more sections left in this presentation before
7 our final recommendation and conclusion. And so, this
8 section talks about climate change, electrification,
9 and energy efficiency.

10 And here we listed the relevant issues
11 from the PUB issues list to these -- this section.

12 So, by way of brief introduction,
13 electrification of buildings is essential to
14 meaningfully addressing climate change. And I don't
15 think anyone here will deny that, when it comes to
16 addressing climate change, time is of the essence.

17 Our clients' perspective is that
18 Efficiency Manitoba's plan could advance
19 electrification and increase electrifica --
20 electricity savings at the same time by expanding its
21 proposed air source heat pump program.

22 And Efficiency Manitoba's proposal for
23 counting fuel switching impacts towards saving goals
24 could create perverse disincentives to pursue
25 electrification. And our clients will talk a little

1 bit more about this and will propose a recommendation.

2 So, as I said, climate change is a
3 serious environmental concern that cannot be ignored.
4 And this was confirmed by Efficiency Manitoba in terms
5 of the seriousness of the issue.

6 And I would say it was actually -- it
7 appeared to be a pretty big focus of the public
8 presentations on January 24th with the presentation of
9 Council of Canadians, Green Action Centre, Manitoba
10 Energy Justice Coalition, Manitoba Eco-Network, and
11 Sustainable Building Manitoba which at least -- which
12 appeared to focus their efforts, or at least partly
13 focus their efforts on the need to address climate
14 change, and Efficiency Manitoba's role specifically in
15 addressing climate change.

16 The Efficiency Manitoba Act recognizes
17 as part of Efficiency Manitoba's mandate to achieve
18 any resulting greenhouse gas reductions from demand-
19 side initiatives in section 4(1)(a).

20 So, certainly it appears that climate
21 change is a factor, at least a factor to be
22 considered.

23 The next few bullets refer to Mr.
24 Neme's evidence. And so, he indicated that we will
25 require at least 80 percent CO2 reduction by 2050 and

1 that decarbonization of building will be required if
2 we want to meet those objectives.

3 He indicated, based on his experience
4 and his review of the literature, that electrification
5 of buildings is the only realistic option to decrease
6 CO2 emissions. And time is of the essence,
7 specifically when we're talking about building
8 electrification, because transforming building stock
9 will take decades.

10 From our clients' perspective, Mr. Neme
11 referred to a recent report from the David Suzuki
12 Foundation which indicated electrify just about
13 everything. And so, from our client's perspective,
14 that sums it up.

15 We found this transcript excerpt to be
16 very informative on slide 99. And this is where Mr.
17 Neme essentially indicates that there's a global
18 climate crisis.

19 A number of years ago, scientists have
20 reached the conclusion that we need to reduce our
21 carbon dioxide emissions by 80 percent. He does go on
22 to say that that's for stabilizing global warming at
23 about 2 degrees Celsius.

24 But more recently, there has been
25 scientific suggestions that that may not be aggressive

1 enough and that we may need to stabilize the climate
2 at 1.5 degrees of warming, and that that would likely
3 require potentially something close to a hundred
4 percent reduction in net carbon emissions.

5 And I'll just note, in the middle of
6 that first paragraph, there's reference to the year
7 "by 2015," and our understanding of Mr. Neme's
8 evidence given four (4) lines above, '2015' should
9 likely read '2050.'

10 Mr. Neme also indicates that there's
11 been a number of studies in Europe and North America,
12 including in Canada, that one of the outcomes needed
13 will be decarbonizing buildings, including homes and
14 businesses. And so we need to dramatically reduce, if
15 not eliminate, the consumption of fossil fuels,
16 natural gas, oil, propane, et cetera, for space
17 heating, water heating, and other end uses.

18 And then he also says in the second
19 bullet there:

20 "It's going to take decades
21 [according to his experience] to
22 transform the building stock, and so
23 we cannot wait to get started."

24 But the good thing is that
25 electrification and energy efficiency go hand in hand,

1 according to Mr. Neme, and our clients would agree.
2 This was also recognized by the Expert Advisory
3 Council to the minister of sustainable development,
4 'A Carbon Savings Account for Manitoba,' in their
5 report dated June 2019. They made a recommendation
6 that:

7 "Efficiency Manitoba has a key role
8 in offering energy efficiency
9 solutions to Manitoba businesses and
10 consumers to reduce emissions."

11 And two (2) lines down, they go on to
12 say:

13 "This will require ongoing
14 coordination and alignment of
15 approaches between the government's
16 carbon savings account and
17 Efficiency Manitoba."

18 Mr. Neme indicates that electrification
19 measures can be energy efficiency at the same time.
20 And he refers, for example, to heat pumps that are
21 more efficient than gas, propane, and oil furnaces.
22 Some electric efficiency measures can also enable
23 future electrification by developing the market, and
24 some gas efficiency measures, such as building
25 envelope improvements, support future electrification

1 by reducing capacity needs and costs.

2 One (1) of the recommendations from Mr.
3 Neme has to do with one (1) of the objectives that
4 should be considered when developing all efficiency
5 plans by Efficiency Manitoba, and that's climate
6 change. Should -- climate change considerations
7 should be considered as an objective. And I found
8 this -- or, our clients found this excerpt from Mr.
9 Neme's evidence instructive because he says:

10 "The primary objective of Efficiency
11 Manitoba's plan is to achieve the
12 statutory targets -- the 1.5 annual
13 electricity savings and the 0.75
14 percent annual gas saving."

15 And he says:

16 "That is an obvious and eminently
17 reasonable starting point for our
18 planning process."

19 Similarly to Mr Harper's evidence,
20 though, he indicates:

21 "There are literally hundreds of
22 different efficiency measures that
23 efficiency programs can promote, and
24 numerous program that -- and por --
25 and portfolio design options that

1 efficiency planners can choose to
2 utilize to promote these programs.
3 Thus, there are myriad of
4 combinations of efficiency measures
5 and programs that could meet
6 Efficiency Manitoba's savings goals.
7 And so there needs to be choices
8 regarding which combination of
9 measures and programs to pursue, and
10 these choices should be guided by
11 relevant policy objectives."

12 He goes on to say -- Mr. Neme goes on
13 to say:

14 "Put another way, if the savings
15 goals could be met in multiple ways,
16 some of which advance
17 electrification more than others
18 and/or enable future electrifi --
19 electrification bether -- better
20 than others, then all things being
21 equal, there should be a preference
22 for the efficiency program
23 combinations that further advance
24 electrification over the next three
25 (3) year and/or better enable future

1 electrification."

2 He does acknowledge all other things
3 are rarely "equal," of course, so will likely be
4 necessary to consider tradeoffs before -- between
5 objectives. But his point here is simply that impacts
6 on current and future electrification should be part
7 of such tradeoff considerations. And given the
8 urgency of the climate change crisis, our clients
9 would agree with the -- this recommendation.

10 So concretely, what could this mean for
11 Efficiency Manitoba's plan? On slide 102, our clients
12 indicate that building the heat pump market through
13 electric efficiency measures has been a significant
14 missed opportunity in this plan.

15 There is the potential to prepare the
16 market for electrification if this program was
17 increased, and there's also the opportunity to create
18 energy savings for households who could replace
19 inefficient electric resistance heat with air source
20 heat pumps, even in Manitoba weather, as we saw in the
21 evidence of Mr. Neme.

22 He acknowledged that our knowledge of
23 cold-climate heat pumps is, of course, still evolving,
24 and our clients do not deny that, but studies have
25 shown approximately 55 percent average savings from

1 current air source heat pumps as compared to electric
2 resistance heat for most of Manitoba. And we've
3 included, as on other slides, relevant sources for
4 your consideration at the bottom of slide 102.

5 On slide 103 is another opportunity
6 that has been missed, and that is the opportunity to
7 electrify low-income customers on oil and propane
8 through heat pumps.

9 Mr. Neme noted over thirty-two hundred
10 (3,200) customers with incomes less than twenty-five
11 thousand (25,000) currently heat with oil or propane.
12 And he noted 62 to 82 percent savings could be
13 possible and that the Act does not preclude Efficiency
14 Manitoba from a fuel-switching from oil and propane.
15 But this is not a program that is currently being
16 offered by Efficiency Manitoba.

17 Just a note on the approach taken by
18 Efficiency Manitoba, which, of course, has been the
19 subject of discussion in this proceeding. Efficiency
20 Manitoba says it is taking a judicious approach to
21 heat pumps in the sense that it is gathering
22 information before pursuing this technology more
23 aggressively. And we've included here the excerpt
24 from Mr. Stocki, which indicates that they:

25 "Understand there is a strong

1 passion for these technologies in
2 the northeast and the northwest, but
3 again, we want to balance it and
4 make sure we're taking a judicious
5 approach to that technology and not
6 jumping in too aggressively."

7 However, from our clients' perspective,
8 and this is based on Mr. Neme's evidence, Efficiency
9 Manitoba's proposal for air source heat pumps is a
10 missed opportunity that we cannot afford in the year
11 2020.

12 Efficiency Manitoba is projecting
13 installation of seven (7) air source heat pumps over
14 its three (3) year plan, and this is all through the
15 home renovation program. So that's for the
16 residential customer segment, and they've confirmed
17 that there are no projected air source heat pumps
18 through the income-qualified program, specifically.

19 And so Mr. Neme has indicated, in terms
20 of the volume of potential heat pump opportunities:

21 "The bigger missed opportunity is
22 not -- is in promoting heat pumps as
23 a residential electric efficiency
24 measure."

25 And so Mr. Neme here is saying he's not

1 necessarily promoting converting natural gas to
2 electric heat pumps, he's saying air source heat pumps
3 could reduce electric consumption for those consumers
4 who are heating with electric resistance heat.

5 And our clients want to note that
6 Dunsky Consulting did recognize cold-climate air
7 source heat pumps as a "quick hit," and this is
8 included in one (1) of their memos, which is -- or
9 actually two (2) reports. We've included the sources
10 there on the third bullet on slide 105.

11 And so from our clients' perspective,
12 the air source heat pump proposal is a missed
13 opportunity because Efficiency Manitoba's limited
14 program will not enable air source heat pump
15 assessment before the next plan. The next plan is
16 likely going to be filed in the summer of 2022 or
17 around there.

18 Efficiency Manitoba only projects to
19 install three (3) air source heat pumps by that time,
20 and so they may not even have a full winter of data
21 for any heat pumps by the time the next plan is filed,
22 and that would be any heat pumps installed as a result
23 of this plan, recognizing, of course, there may
24 already be some air source heat pumps that have been
25 installed by consumers.

1 And Mr. Neme has noted that it's not
2 clear whether any of these would be ductlist --
3 ductless systems, which most cold-climate hear -- heat
4 pumps are. And Efficiency Manitoba did not consider a
5 co-pay option for income-qualified customers, which is
6 also a missed opportunity, from our clients'
7 perspective.

8 On slide 107 our clients certainly
9 acknowledge that Efficiency Manitoba is correct about
10 some performance un -- uncertainty for a Manitoba
11 climate. There is still information to be gathered.
12 That's been clear on the record.

13 However, what's also been clear from
14 Mr. Neme's evidence is that studies have shown
15 approximately 55 percent average savings for air
16 source heat pumps compared to electric resistance heat
17 for most of Manitoba.

18 Mr. Neme has indicated that the concern
19 about inadequate contractor capacity is speculative.
20 There's been no documentation of the number of
21 qualified contractor in the province.

22 The only evidence that we have is,
23 albeit anecdotal but it's from Mr. Neme, who made some
24 calls and found out that one (1) contractor stated
25 having thirty (30) certified residential contractors

1 in Manitoba, noting of course he did not know -- did
2 not get the information whether those were located
3 solely in Winnipeg or elsewhere in the province. So
4 there's certainly some information there to be
5 gathered.

6 Even if that wasn't the case in terms
7 of the contractors -- the certified contractors that
8 do exist, capacity will not grow if the technology is
9 not promoted.

10 Mr. Neme has noted that other
11 jurisdictions facing performance uncertainty launched
12 programs, recognizing the need to promote the
13 technology in order to grow the capacity and grow the
14 demand.

15 And the only way to better understand
16 the market and get performance data, as well as to
17 inform future programs, is to promote the program and
18 get the technology installed.

19 A relatively quick note on the MISO
20 market and the relationship between Manitoba and the
21 MISO market, the first point here is that Mr. Neme and
22 the consumers coalition are not proposing that fuel
23 switching to electricity from natural gas and other
24 fossil fuels become the primary focus of the 2020 and
25 2023 plan.

1 However, in the long term, the
2 suggestion that Manitoba should not fuel switch from
3 gas to electricity because the emission reductions
4 from reduced gas consumption could be more than offset
5 by higher emissions from non-Manitoba generators is
6 misguided. And this is from Mr. Neme's response to a
7 PUB IR.

8 Mr. Neme indicates that for a mixture
9 of economic reasons, for example declining wind
10 resource costs, lower costs of some natural gas
11 generation relative to coal, and climate policy
12 reasons, MISO's generation mix has become cleaner over
13 the past decade and is very likely to become even
14 cleaner in the future

15 And so our clients simply want to
16 acknowledge for this three-year plan they are not
17 proposing that the plan focus on fuel switching from
18 natural gas to electricity. They are just expressing
19 a caution for the future that Manitoba's energy policy
20 should not necessarily be guided by the fossil fuel
21 consumptions in other markets currently, because that
22 may be changing in light of a number of considerations.

23 The -- the last point regarding climate
24 change electrification and energy efficiency has to do
25 with accounting for electrification impacts in savings

1 goals.

2 Efficiency Manitoba's proposal is that
3 100 percent in reduction in fuel displaced counts
4 towards gas savings goals. So if natural gas
5 consumption is reduced, 100 percent of that reduction
6 will go towards meeting the natural gas goals.

7 On the other hand, 100 percent of
8 increased electricity consumption will be treated as
9 negative electric savings, making that goal harder to
10 achieve. And so Mr. Neme noted a potential for a
11 perverse incentive or disincentives and our clients
12 were -- found that evidence very compelling.

13 If Efficiency Manitoba is behind on
14 their electric goal, but they are on target for their
15 gas goal, there is going to be a disincentive to
16 pursue any electrification measures, even if that was
17 otherwise good to do for climate change policy
18 reasons, for example.

19 If Efficiency Manitoba is ahead on
20 their electric goal and behind on their gas goal,
21 there may be an incentive to pursue electrification
22 projects that otherwise may not make sense.

23 And so Mr. Neme, based on his
24 experience, has highlighted or identified four
25 alternatives to counting electrification impacts on

1 slide 110.

2 The first one (1) would be to restate
3 goals in fuel-neutral terms, and he noted that would
4 likely require a statutory change.

5 Another alternative would be to
6 establish separate efficiency and electrification
7 goals. And this would also likely require a statutory
8 change.

9 The last two (2) may be able to -- or
10 may be achievable within the current statutory
11 framework. The third alternative is treating
12 electrification projects in two steps. The first step
13 being electrification steps of fuel switch to standard
14 electric efficiency. And the second step being the
15 efficiency step of upgrade to higher electric
16 efficiency. And he highlighted that this is the
17 approach used in both Illinois and Vermont.

18 And the fourth alternative is to count
19 the site gigajoule reduction in kilowatt hour
20 equivalents for the electric savings only. And this
21 is the California approach.

22 And Mr. Neme did discuss these in more
23 detail in his evidence, and so we would refer you to
24 Exhibit CC-8, specifically at pages 17 to 18.

25 And so on page 111, these are the

1 recommendations of our clients relating to climate
2 change and electrification.

3 The PUB should recommend that
4 Efficiency Manitoba be directed to consider long-term
5 climate and electrification needs when designing and
6 implementing programs. And so this would be in any
7 future efficiency plan that is being developed.

8 The PUB should recommend that
9 Efficiency Manitoba be directed to increase its
10 emphasis and rebates for air source heat pumps in the
11 home renovation program, and this would be for the
12 current plan.

13 The PUB should recommend that
14 Efficiency Manitoba be directed to offer heat pumps as
15 an electric efficiency measure to income qualified
16 program, again for the current plan.

17 The PUB should recommend that
18 Efficiency Manitoba be directed to include in its
19 current plan heat pump incentives for oil and propane
20 heat customers who qualify for the affordable energy
21 fund.

22 And then regarding the accounting of
23 savings, the PUB should recommend that Efficiency
24 Manitoba be directed to count the impacts of
25 electrification towards savings goals, consistent with

1 the Illinois and Vermont approaches. So that would be
2 the third alternative on the previous slide, as
3 identified by Mr. Neme.

4 And finally, the PUB should provide
5 feedback to legislatures -- legislators, pardon me, on
6 either establishing savings goals in a fuel neutral
7 way, or having separate savings and electrification
8 goals.

9 And certainly from Mr. Neme's evidence,
10 there are good practices out there from different
11 jurisdictions that Manitoba could use in order to --
12 if legislative changes are to be made.

13 So the next section is really the last
14 substantive section of our argument, and it relates to
15 cost allocation of corporate overhead and support
16 costs. And our clients would submit that this is
17 relevant to issue 2e of the PUB's issues list.

18 So why does cost allocation of
19 corporate overhead and support costs matter? Because
20 there's approximately \$3 million per year in corporate
21 overhead, and \$8 million per year in enabling strategy
22 costs that need to be allocated.

23 And so the question is: Who should pay
24 for these costs? Is it Manitoba Hydro ratepayers, or
25 is it Centra Gas ratepayers?

1 On slide 114 we've summarized
2 Efficiency Manitoba's approach to allocating these
3 costs. So our understanding, and Mr. Harper's
4 understanding, is that some -- some enabling strategies
5 costs are predominantly electric-focused, and so
6 they've been assigned to the electric portfolio. That
7 would include First Nations support activities, and
8 emerging technologies supporting activities for solar
9 for -- photovoltaic and bioenergy.

10 The balance of the costs that are
11 associated with enabling strategies and corporate
12 overheads appear to be allocated between the two
13 portfolios by converting the net electricity savings
14 and net natural gas savings forecast in the plan to an
15 equivalent measures in gigajoule, and then allocating
16 these joint costs based on each fuel's share of the
17 total savings.

18 Efficiency Manitoba has indicated this
19 is the same approach that has been used by Manitoba
20 Hydro for DSM programs, and the result is a 75 percent
21 -- 25 percent allocation between the electric and
22 natural gas portfolios, respectively.

23 Then on slide 115, we have Mr. Harper's
24 recommendation. So he notes that there was no
25 explanation provided as to why the equivalent

1 gigajoule savings approach was adopted by Efficiency
2 Manitoba and Manitoba Hydro previously. And so he
3 notes that there may be a lack of transparency about
4 why this methodology would be applied.

5 Based on his experience, he notes that
6 administrative and support costs are typically
7 allocated between lines of business or affiliated
8 companies based on the principle of cost causation,
9 and this Board will be very familiar with that. Under
10 that principle, cost drivers such as labour costs,
11 operation, maintenance, and administration costs, or
12 OM&A, and plant investment costs are commonly used.

13 And Mr. Harper notes this is the
14 approach that is used by Manitoba Hydro to allocate
15 common costs between its natural gas and electric
16 utilities. And that's, of course, Manitoba Hydro for
17 DSM programs was using the -- the other approach we
18 saw on slide 114, but for their overall costs, Mr.
19 Harper notes that's what Manitoba Hydro uses.

20 And so Mr. Harper goes on to say that:
21 "Details of Efficiency Manitoba's
22 organization have yet to be
23 determined, and so it's not possible
24 to break down the forecast for
25 corporate overhead and staff by

1 function."

2 But he notes that there are two (2)
3 reasonable bases for allocating support costs related
4 to enabling strategies and corporate overheads, and
5 those would include the total direct costs for the
6 programs attributed to the natural gas and electricity
7 portfolios, and the Efficiency Manitoba staff costs
8 that are attributed to the natural gas and electricity
9 portfolios.

10 And so in the sources that we've
11 included at the bottom of this slide, you -- you can
12 see Mr. Harper's calculations for these two (2)
13 approaches. And he found that both approaches yield
14 close to the same result, 70 percent, 30 percent
15 between electric and natural gas.

16 And in cross-examination by Ms.
17 Steinfeld, Mr. Harper indicated to that when there are
18 differences between the two (2) approach --
19 approaches, it is common for utilities to just take
20 the average of the results.

21 And so from our clients' perspective,
22 Mr. Harper's approach is preferable, and we would
23 refer you to the excerpt on slide 117, where Ms.
24 Steinfeld asked Mr. Harper whether this approach is
25 more cost co -- causal than the allocation approach

1 that Efficiency Manitoba is using, and he said, Yes.

2 And he went on to explain why that is.

3 And we just highlighted -- or bolded a
4 section at the end, which says:

5 "All support costs, essentially, are
6 to some extent driven by program
7 costs. And so at a high level, it's
8 more related to cost causation than
9 the other approach, which is clearly
10 just based on the savings."

11 And so this leads us on slide 118 to
12 our clients' recommendation on cost allegation --
13 allocation of corporate overhead and support costs.
14 Our clients recommend that corporate overhead and
15 support costs should be allocated based on a cost
16 driver approach. For the current Plan, this would
17 mean an allocation split of 70 percent, 30 percent to
18 be used for electricity and natural gas.

19 And the rationale for our clients is
20 that Mr. Harper's evidence was compelling in terms of
21 the cost driver approach, which is common -- a common
22 utility practice for allocating support costs and
23 corporate overheads, and it's also the approach that
24 is used by Manitoba Hydro and Centra Gas to assign
25 similar costs between its natural gas and electric

1 utilities.

2 On slide 119, this is a -- a relatively
3 small points, but our clients did want to address it.
4 The current proceeding is not a cost of service
5 proceeding from Manitoba Hydro. And so our clients
6 would recommend that no cost of service issues should
7 be determined.

8 We had a comprehensive cost of service
9 hearing in 2016, with evidence from Interveners,
10 Manitoba Hydro, and that led to the PUB Order 164/'16.
11 This Efficiency Manitoba proceeding is focused on the
12 2020/2023 Efficiency Plan, and is not a cost of -- of
13 service hearing.

14 Our clients note that the PUB does not
15 have the benefit of evidence from Interveners and
16 Manitoba Hydro in this proceeding, and so -- and as a
17 result, cost of service was not included on the issues
18 list. And so we would just note that the best forum
19 to discuss all cost of service issues will be in the
20 next cost of service proceeding.

21 And so finally, this leads us to our
22 final recommendation, which attempts to bring together
23 a number of the concerns that our clients had with
24 this Plan. And so the -- the Consumers Coalition
25 recommends that the PUB should recommend approval of

1 the first year of the 2020/2023 Plan as filed.

2 And the PUB should recommend that
3 Efficiency Manitoba be directed to file an amended
4 Efficiency Plan for 2021/'22 and 2022/'23 that would
5 contain the following amendments: an update as to
6 progress on public participation and stakeholder
7 engagement; updated codes and standards savings
8 projections based on review by the independent
9 evaluator; increased savings for programs as required
10 to at least meet the targets in the legislation;
11 increased detail for all programs regarding proposed
12 measures, measure quantities, incentive amounts, and
13 expected savings; and finally, increased residential
14 LIC0125 or income qualified, and Indigenous budgets,
15 savings, and participation estimates, with a focus on
16 long-lived measures that support Provincial climate
17 objectives, including, for example, increased
18 penetration of building shell improvements, regardless
19 of whether electric or gas as the primary source of
20 heat, and increased promotion of cold climate heat
21 pumps for homes that currently have electric
22 resistance heating.

23 And on this slide, I just want to -- to
24 note a comment from Efficiency Manitoba in their
25 closing submission this morning regarding the

1 challenges that Efficiency Manitoba could face if this
2 type of recommendation were approved. From our
3 client's perspective, the Efficiency Manitoba Act does
4 not contemplate the Public Utilities Board simply
5 rubber-stamping Efficiency Manitoba's Plan.

6 There are a number of considerations
7 that the PUB must take into account, and the PUB can
8 make a recommendation that the Plan be approved, or
9 that it be approved with amendments, or that it be
10 rejected. And so certainly from our client's
11 perspective, the recommendation on this slide would be
12 open to the Public Utilities Board to recommend.

13 In conclusion, from our clients'
14 perspective, there is an important opportunity to
15 forge the energy efficiency path ahead in this
16 proceeding. This inaugural three (3) year Efficiency
17 Plan is important to all Manitobans, as we saw earlier
18 in this presentation.

19 Our clients certainly acknowledge and
20 appreciate Efficiency Manitoba's attempt in its Plan
21 to balance multiple statutory objectives, and it has
22 recognized that this is -- that was their aim, to
23 balance these objectives. And in fact, their plan has
24 a good mix of programs, but in part due to haste in
25 portfolio development, which is -- which was outside

1 of Efficiency Manitoba's control, there have been
2 significant missed opportunities in public
3 participation, in portfolio development, in
4 residential programming, and in climate change and
5 electrification objectives.

6 As well, there has been no recognition
7 or addressing of risks, which, from our clients'
8 perspective, raises credibility concerns as to the
9 ability of Efficiency Manitoba to be resilient in face
10 of risk, and to achieve its Plan as proposed.

11 Our clients say that mediocrity and
12 lack of risk mitigation is simply not enough. We can
13 and we should do better for all Manitobans and for our
14 environment. The PUB, the Minister, and Efficiency
15 Manitoba should take this opportunity to make a
16 lasting contribution that will forge the path ahead
17 for energy efficiency in Manitoba.

18 Subject to any questions, those would
19 be our submissions. And if I can just take one (1)
20 minute just to consult with my clients, that would be
21 appreciated.

22

23 (BRIEF PAUSE)

24

25 MS. KATRINE DILAY: Thank you, Mr.

1 Chair. Those are our submissions.

2 THE CHAIRPERSON: Thank you. I think
3 it's an appropriate time to break for lunch, so we'll
4 break forty-five (45) minutes and -- and return.
5 Thank you.

6

7 (BRIEF PAUSE)

8

9 THE CHAIRPERSON: I -- I'd just add
10 for the record, I'm sure the panel's going to have
11 questions, so we'll be returning to -- to you, Ms.
12 Dilay. Thank you.

13

14 --- Upon recessing at 12:34 p.m.

15 --- Upon resuming at 1:24 p.m.

16

17 THE CHAIRPERSON: Okay. If we could
18 resume, we'll start with questions from the Panel.
19 Ms. Kapitany...?

20 THE VICE-CHAIRPERSON: Thank you, Mr.
21 Chair. Ms. Dilay, could we go Slide 53 of your deck?

22

23 (BRIEF PAUSE)

24

25 THE VICE-CHAIRPERSON: On this slide

1 and some of the subsequent slides, you've got some
2 recommendations on the portfolio development process,
3 and I believe you said that some you recommend for
4 this plan, some for future plans.

5 So some of them, it says, like, do it
6 in future. Some of them I wasn't clear. Were you
7 recommending to do it now, and if so, are you
8 recommending a remedy or are you just saying we should
9 make this finding?

10 MS. KATRINE DILAY: Thank you, Board
11 Member Kapitany. So maybe if we go through the next -
12 - this slide and the next few slides I can clarify,
13 and I would also refer you to the undertaking -- or
14 rather the pre-ask from PUB counsel that was asked to
15 Bill Harper on these recommendations, and our clients
16 agree with his recommendations regarding how he
17 proposes to implement these recommendations.

18 And so on this Slide 53 relating to DSM
19 targets, most of these findings or rather, most of
20 these recommendations, or all of them, would be for
21 the current plan. So two (2) of them are findings,
22 the first one and the last one, and the other two (2)
23 would be considerations or revisions that should be
24 made by Efficiency Manitoba before the plan is
25 implemented.

1 On Slide 54, this would be for future
2 plan, so future plan development.

3 On Slide 55 regarding the options
4 considered, this would also be for future plan
5 development.

6 On Slide 56 we have some recommended
7 findings, and so the findings would be for the current
8 plan, but in terms of the remedies, those would be for
9 -- for future plans.

10 And then in terms of the recommendation
11 on integrated resource planning, which is on Slide 57,
12 it's kind of related to this topic, that would be for
13 future plans as well.

14 Just one (1) last point, I did neglect
15 to enter this presentation as an exhibit on the
16 record, and so I will -- I can do so right now. It
17 will be filed as Exhibit CC-22.

18 Board Member Kapitany, I hope that
19 answers the question, but if not, please let me know.

20

21 --- EXHIBIT NO. CC-22: CC's Presentation

22

23 THE VICE-CHAIRPERSON: Just on Slide
24 53 where you said the first one and the last one are
25 findings. The last one I -- I see, you find that what

1 they've done is reasonable, but on that first one, are
2 you recommending we make the finding and that there be
3 some remedy?

4 MS. KATRINE DILAY: Yes, exactly. So
5 the first one (1) is a finding that overall there is a
6 lack of clarity in terms of how they were -- the
7 savings values were determined, and then the second
8 and third bullet on this slide would be the remedies
9 to address that first finding.

10 THE VICE-CHAIRPERSON: That would be
11 done in the near term or for the next filing?

12 MS. KATRINE DILAY: Our recommendation
13 would be in the near term for the current plan.

14 THE VICE-CHAIRPERSON: The remedies.

15 MS. KATRINE DILAY: Yes.

16 THE VICE-CHAIRPERSON: So that before
17 the plan would be put into effect, you would want to
18 see these changes?

19 MS. KATRINE DILAY: Yes, exactly.

20 THE VICE-CHAIRPERSON: And then my
21 second question is on -- well, page 111 of your deck,
22 but it goes a bit beyond that.

23 So you've talked about doing some ex --
24 some more work on ground source heat pumps. You've
25 also made some other recommendations where there

1 should be some increases in the plan. You spoke
2 earlier about the fact that Efficiency Manitoba can't
3 increase its budget for the three (3) years.

4 I just wanted you to clarify, if you
5 could, when you talk about making these changes and
6 these increases in programming, are you talking about
7 then Efficiency Manitoba should go to the Government
8 and be asking for more money or it should be within
9 the budget that they've already identified and that
10 they would then have to reallocate dollars within that
11 budget?

12 MS. KATRINE DILAY: Thank you very
13 much for the question and the opportunity to clarify.
14 So I would say that the recommendations on Slide 11
15 would go hand in hand with the recommendations, I
16 believe, on Slide 120 or so about the ultimate plan
17 approval.

18 And so our clients have recommended
19 that the plan be approved for one (1) year as filed,
20 and so our clients would see that as being the
21 approval for the budget would be for one (1) year.

22 And our clients have recommended that
23 the next two (2) years of the plan be filed with
24 amendments, and so our clients would foresee that as
25 being an opportunity for Efficiency Manitoba to

1 increase the proposed budget and then could be subject
2 to further approval at -- by, first of all, the
3 recommendation by the PUB and then approval by the
4 Minister.

5 I will just maybe qualify the
6 recommendations -- or add a caveat to the
7 recommendations on Slide 11 (sic) that I should have
8 raised earlier in the submissions.

9 Regarding the first recommendation that
10 Efficiency Manitoba be directed to consider long-term
11 climate and electrification needs when designing and
12 implementing programs, our clients do want to note
13 that for consumers that may result in financial
14 impacts.

15 Of course we know that a lot of
16 residential consumers, especially in the City of
17 Winnipeg, heat with natural gas, and so if in the
18 future there are policies to fuel switch, for example,
19 from natural gas to electrification, that could have
20 financial impacts on consumers. So our clients
21 definitely don't want to ignore that fact.

22 What they would say is, for the current
23 three (3) year plan, they are not making the focus or
24 making a specific recommendation for fuel switching
25 from natural gas to electricity.

1 They are saying in the future, that's
2 an objective that could be considered and balanced
3 with other objectives, and in the future, if
4 electrification and fuel switching from natural gas to
5 electricity was considered and implemented, they would
6 argue very -- there would be a necessity for the
7 recognition of financial impacts on customers, the
8 necessity to mitigate the -- the -- any large
9 financial impacts on customers, and also the need for
10 education of customers.

11 THE VICE-CHAIRPERSON: Thank you. And
12 just for clarity on the record, that was Slide 111,
13 not 11, correct?

14 MS. KATRINE DILAY: Thank you, yes,
15 111.

16 THE VICE-CHAIRPERSON: Thank you.

17 THE CHAIRPERSON: Just a follow-up to
18 Ms. Kapitany's questions. If you -- I take it that
19 what you're proposing is there be a one (1) year
20 approval and that sometime next year we'd be back --
21 we go through the entire process, file an application,
22 go through IRs, and have a hearing for Years 2 and 3.

23 Is that correct?

24 MS. KATRINE DILAY: Not quite. Our
25 clients certainly recognize the resources that go into

1 a hearing of this magnitude, and so what they would
2 recommend is that the plan for the next two (2) years,
3 that would be filed with amendments, would be filed
4 with the Board and that there be at least an
5 opportunity for written comments from Interveners and
6 interested parties with potentially an opportunity for
7 IRs.

8 They are not necessarily recommending
9 that a full hearing would need to be -- need to happen
10 next year.

11 THE CHAIRPERSON: If you have a one
12 (1) year plan with the realization you're going to
13 have two (2) more years, how would Efficiency Manitoba
14 implement anything in Year 1, knowing that they have
15 to amend the plan for Years 2 and 3?

16 MS. KATRINE DILAY: Our clients would
17 recognize that if the first year is approved as filed,
18 then Efficiency Manitoba could continue with the
19 efforts it is currently undertaking, for example, the
20 CRM tool, staff -- staff transition, third party
21 procurement, as well as the programs and measures and
22 initiatives that are scheduled to happen in Year 1.
23 They would also indicate that a plan with an
24 amendments does not mean a brand new plan.

25 And so from our clients' perspective,

1 and they rely on Mr. Grevatt's evidence for this, it's
2 important that Efficiency Manitoba be -- have some
3 kind of plan approval for April 1st of this year so
4 that they can indeed continue with the important work
5 that they are doing, but our clients cannot ignore the
6 missed opportunities and the risks that are in this
7 plan, and that leads them to their recommendation for
8 the amended plan for the next two (2) years.

9 THE CHAIRPERSON: Okay. On page 101,
10 you have the -- the quote -- I can't remember who the
11 quote is from. Oh, Mr. Neme.

12 "Hundreds of different efficiency
13 measures that efficiency programs
14 can promote in numerous programs and
15 portfolio design options that
16 efficiency planners can choose to
17 utilize or promote."

18 And then I believe you made the comment
19 that climate change should be an objective. Is that
20 correct?

21 MS. KATRINE DILAY: Maybe not climate
22 change should be an objective, but the -- reducing
23 the impacts of climate change should be an objective
24 that is considered along with other objectives.

25 THE CHAIRPERSON: Well, I guess that's

1 the question I have. You have a lot of objectives.

2 If your -- if you have programs that
3 are focused on reducing greenhouse gases and if
4 climate change is one of the objectives, should there
5 be greater emphasis on those programs that reduce
6 greenhouse gases?

7 MS. KATRINE DILAY: And so our clients
8 unfortunately don't have, you know, a yes or no answer
9 to that because indeed that objective would have to be
10 balanced with many other objectives, and that goes to
11 one of the comments I just referred to in response to
12 Board Member Kapitany about the impact on consumers.

13 And so if, for example, you know, the
14 main objective was climate change -- addressing
15 climate change and we decided to fuel switch all
16 consumers from natural gas to electricity in the next
17 three (3) years, if we balance that with the objective
18 of reducing bill impacts on consumers, that may not be
19 the ideal circumstance.

20 And so our clients would say in plan
21 development in the future, climate change mitigation
22 should be an important objective of course, but to be
23 balanced with a lot of other objectives, and that
24 would go to Mr. Harper's recommendations as well about
25 transparency and consistency in terms of portfolio

1 development and documenting which objective and
2 valuation criteria are being used.

3 THE CHAIRPERSON: But -- for example,
4 on page 95, you refer to:

5 "We should recommend that
6 residential and income eligible
7 budgets, savings and participation
8 targets be increased."

9 They should be increased to what? How
10 much should they be increased by?

11 You have competing interests for all of
12 these programs, and I'm trying to figure out what you
13 increase it by.

14 MS. KATRINE DILAY: And I think Mr.
15 Grevatt, I think, was asked this in either an
16 Information Request or in cross-examination about
17 well, you know, what are the numbers that it could be
18 increased to.

19 And he did provide some helpful
20 responses in an undertaking. I believe it was to a
21 question from -- from Chairperson Gabor, where he gave
22 some examples of other programs that provide some
23 examples of numbers.

24 Unfortunately, Mr. Grevatt also raised
25 issues with the detail and the consistency of

1 information available on the record of this
2 proceeding, which did not allow him to make specific
3 recommendations in terms of numbers.

4 So what his recommendation ends up
5 being, and our clients agree with the recommendation,
6 is that budgets, savings, and participation targets
7 should be increased, and in fact based on his review
8 of the evidence, there's room to do that within and
9 still be cost effective.

10 But our clients would say that at this
11 point in time Efficiency Manitoba is the organization
12 with all the data and the details in order to -- to
13 know what those numbers should be very specifically.

14 THE CHAIRPERSON: And that -- sorry,
15 another question, and I can't find my notes on the
16 specific point, but you talked about marginal values
17 and the fact how more information should be presented
18 on marginal values and that even if it's confidential
19 we should create some sort of process so we can test
20 it.

21 Wouldn't that require a change to the
22 regulation?

23 MS. KATRINE DILAY: So the regulation
24 does indicate that it's marginal value is determined
25 by Manitoba Hydro --

1 THE CHAIRPERSON: Manitoba Hydro,
2 right.

3 MS. KATRINE DILAY: Our clients based
4 on experience in other jurisdictions would say that
5 there should be room in there to at least test the
6 reasonableness of the values that are determined by
7 Manitoba Hydro.

8 And that could potentially lead to a
9 recommendation or a finding by the Public Utilities
10 Board to the Minister, whether that be for Manitoba
11 Hydro to provide better values or potentially a
12 recommendation for a legislative change.

13 THE CHAIRPERSON: Okay.

14

15 (BRIEF PAUSE)

16

17 THE CHAIRPERSON: Similar question to
18 the -- the -- to the one I asked referring to Mr.
19 Neme's quote. On page 56, on the bullet, yeah, where
20 your -- just where your cursor is now.

21 "The PUB should indicate that the
22 development and presentation of
23 alternative portfolios must be
24 included in future plans and that
25 these portfolio alternatives need to

1 consider a wider range of
2 considerations that just costs,
3 energy savings, and cost
4 effectiveness."

5 The wider range of considerations is a
6 -- could potentially -- I mean, it's -- it's a very
7 general statement that doesn't really give much
8 direction to the Board in terms of what are those
9 considerations.

10 We've got a whole raft of
11 considerations in other places, but everybody's coming
12 up with -- you know, we want you to focus on this, we
13 want you to focus on that.

14 Is that what this is, or are -- have
15 you got a list of considerations that you think we
16 should be looking at, besides cost energy savings and
17 cost effectiveness?

18 MS. KATRINE DILAY: Thank you. I
19 think, you know, I started the presentation with the
20 balancing of the statutory objectives and our clients
21 recognize that that is a very difficult and nuanced
22 exercise from both Efficiency Manitoba, from the
23 Public Utilities Board, and ultimately the Minister.

24 So the recommendation on slide 56 that
25 -- that Chairperson Gabor you're referring to, we

1 would then refer you back for clarification to slide
2 54, where we talk about the evaluation criteria and
3 the selection of evaluation criteria.

4 And so there we recommended a finding
5 that the three considerations that were used by
6 Efficiency Manitoba in terms of budget levels, energy
7 savings targets, and cost effectiveness, those three
8 are not sufficient.

9 Then our clients go on to say that
10 there's a very long list in the Act and Regulations of
11 different considerations. And so if practical
12 considerations require a shorter list of evaluation
13 criteria, because as Chairperson Gabor is -- is
14 indicating, a very long list can make for
15 inefficiencies and maybe impractical.

16 Our clients would recommend that
17 stakeholder processes should be used to identify
18 essentially a short list or a -- an expanded list for
19 the development of future plan portfolios, or future
20 efficiency portfolios, rather.

21 And so at this point in time we would
22 not make specific recommendations about how to narrow
23 the considerations that are in the Act and Regulation.
24 We would recommend that the EEAG potentially, or other
25 stakeholder processes, be used.

1 THE CHAIRPERSON: Okay, included in
2 the list would be the items on page 9 of your
3 presentation, for example?

4 MS. KATRINE DILAY: For example, yes.
5 And factors -- other factors that are included in the
6 mandatory considerations for the PUB in the Act, as
7 well as the considerations in the Regulations.

8 THE CHAIRPERSON: But are you
9 suggesting there are any -- any priorities set out
10 here, or you just pick and choose from the list?

11 MS. KATRINE DILAY: At this point in
12 time our clients are not identifying priorities,
13 because they do recognize that their priorities may
14 differentiate from, for example, MIPUG or MKO or AMC.
15 And do that's why they're recommending that a
16 stakeholder process could be helpful in identifying
17 those priorities outside of the hearing room.

18 But they would indicate that the
19 considerations should go beyond the three (3) that
20 were used in Efficiency Manitoba and the development
21 of this plan.

22 And just as a last point, it also has
23 to do a lot with the consistent documenting and
24 monitoring, as well as the central repository.

25 So if parties in the Public Utilities

1 Board can see clearly which objectives and which
2 considerations were used, and how those were
3 prioritized and then led to the ultimate portfolio
4 that is presented, that would also go a long way
5 towards knowing which priorities were used.

6 THE CHAIRPERSON: Okay. And the --
7 the discussion of the factors and the priorities would
8 be part of the one-year?

9 MS. KATRINE DILAY: No. Our -- so our
10 clients would say that this would be for the fu -- the
11 -- the next three-year plan.

12 THE CHAIRPERSON: The next three-year
13 plan?

14 MS. KATRINE DILAY: Yes, not for the -
15 - the amended two-year plan.

16 THE CHAIRPERSON: Okay. Thank you
17 very much. Thank you, Ms. Dilay.

18 MS. KATRINE DILAY: Thank you.

19 THE CHAIRPERSON: Questions?

20 Thank you very much, Ms. Dilay.

21 MS. KATRINE DILAY: Thank you very
22 much.

23 THE CHAIRPERSON: I believe Mr.
24 Hacault, you're up.

25 MS. KATE HART: Mr. Chair. Mr. Chair,

1 if I may, Efficiency Manitoba just has a brief
2 housekeeping item.

3 THE CHAIRPERSON: Certainly.

4 MS. JESSICA SCHOFIELD: Thank you, Mr.
5 Chair. I just need to mark two (2) exhibits I failed
6 to do so this morning.

7 THE CHAIRPERSON: Okay.

8 MS. JESSICA SCHOFIELD: Our written
9 final argument, which was filed electronically on
10 January 23rd is Exhibit number 33, and the
11 presentation from this morning is Exhibit number 34.

12

13 --- EXHIBIT NO. EM-33: EM Final Argument

14

15 --- EXHIBIT NO. EM-34: EM's Presentation

16

17 MS. JESSICA SCHOFIELD: Thank you.

18 THE CHAIRPERSON: Thank you very much.

19

20 (BRIEF PAUSE)

21

22 MR. ANTOINE HACAULT: Yes, the written
23 submission which you have before you, if I could deal
24 with the housekeeping matter.

25 My understanding it's marked as exhibit

1 -- MIPUG Exhibit 16-1 and there were some attachments
2 which were answered, which were referenced in there.
3 And respectively the -- I -- my understanding, are
4 marked chronologically, as 16-2, 16-3, and 16-4, and
5 finally, I believe, 16-5.

6 THE CHAIRPERSON: Just -- I'm so --
7 I'm sorry. I'm asking the secretary, have we been
8 provided with them, or are they just in Dropbox?
9 Okay.

10 You know, we'll just continue without -
11 - without production. They're -- we have them
12 electronically, we haven't been -- received a written
13 copy yet.

14

15 CLOSING SUBMISSIONS BY MR. ANTOINE HACAULT:

16 MR. ANTOINE HACAULT: Thank you, Mr.
17 Chairman. Good afternoon all. We, again, express our
18 gratitude to all parties and their counsel for their
19 collaborative approach in this hearing.

20 We thank the PUB staff, court reporter,
21 we thank Efficiency Manitoba executive and their staff
22 for their dedication and effort in preparing this
23 first filing and in their openness to consider
24 comments on -- on all possible areas of improvement.

25 This afternoon I will have a couple of

1 introductory remarks, after which I intend to
2 highlight some of the points and recommendations set
3 out in the written submission, which was filed last
4 Friday.

5 I do not intend to repeat all of the
6 specific recommendations made in the evidence of Mr.
7 Bowman and Mr. Friesen.

8 I would encourage the panel to ask
9 questions during my submission, if they so wish,
10 rather than wait until the end of the submission. And
11 with that, I start with some reflection. These are
12 still the introductory comments, not submission.

13 It will soon make six (6) years since
14 the NFAT report was issued. That report resulted in
15 the enactment of the Efficiency Act, or Manitoba Act
16 and Regulations.

17 The legislature was very attentive to
18 the PUB's recommendations because of its specialized
19 knowledge and the input it receives from experts in
20 the industry.

21 I remark that the situation in which we
22 find ourselves had evolved in the last six (6) years.
23 We believe that the evidence and recommendations
24 provided by various experts put the P -- puts the PUB
25 in a good position to make additional recommendations

1 to the province to enhance the legislative and
2 regulatory framework so that this new Crown
3 corporation contributes to, and is part of, an
4 integrated resource plan which results in Manitobans
5 and Manitoba businesses benefiting from stable, low-
6 cost energy, and which allows Efficiency Manitoba to
7 contribute to social policy issues related to low-
8 income and First Nation and Metis people.

9 I start this way because we are
10 fortunate that resource planning in Manitoba is --
11 involves a long-term strategy.

12 We say this allows this Board,
13 Efficiency Manitoba and Manitoba Hydro and all parties
14 to take a gradual and measured approach.

15 Even with the previous target of
16 Manitoba Hydro at 1.2 percent savings in the
17 electrical sector, Manitoba Hydro with Keeyask coming
18 in online this fall, was forecasting having sufficient
19 energy and capacity for about another 20 years.

20 So let's just put that in perspective.
21 1.2 percent gives us another 20 years. We're now
22 looking at a 1.5 percent plan. This gives time for
23 everyone to be prudent and take considered steps.

24 Efficiency Manitoba is not and should
25 not be acting in its own silo. As Crown corporations,

1 both Manitoba Hydro and Efficiency Manitoba should
2 have the best interests of the public they serve, the
3 PUB through its oversight of these two Crown
4 corporations has an important role in ensuring that
5 the public interest is protected.

6 We know that DSM, as an alternate
7 resource, requires annual investments. DSM costs
8 money. And we haven't paid that much attention to
9 this issue, but if we look at Figure 1, and I think
10 Ms. Schubert has this, of section 4.2 of Mr. Bowman's
11 evidence, this was a table produced by Manitoba Hydro
12 in the 2017/'18, 2018/'19 GRA.

13 And what it showed us, it was an answer
14 to an IR, is that for every dollar we spend on DSM we
15 are having, I'm going to say, an adverse impact on
16 retained earnings. I had trouble understanding this
17 table initially.

18 But if we look to the bottom which had
19 the year 2036, what that IR told us is, if we didn't
20 spend any money on DSM, and I'm not suggesting that,
21 the Corporation would actually have \$4 billion more in
22 retained earnings.

23 On the Manitoba Hydro plan, if we only
24 spent 50 percent, that's the second line, it says:

25 "50 percent of proposed DSM

1 investment, 50 percent of expected
2 savings."

3 We would end up in 2036 with another \$2
4 billion additional retained earnings. Now, what
5 happens? We need to invest in DSM. Those costs will
6 be recovered in rates. All consumers in this Hearing
7 have expressed concerning -- concern over minimizing
8 rate impacts.

9 In particular, you've heard the
10 importance of this from the perspective of MPUG and
11 CME. In section 11(5) of the Efficiency Act, this
12 Board has the discretion to recommend to the minister
13 that targets are either increased or decreased if it's
14 in the public interest to do so.

15 MIPUG submits that it would be
16 appropriate for the PUB to recommend in its report
17 that during the first three (3) years it would be
18 appropriate to not insist on the strict adherence to
19 meeting the legislative target of 1.5 percent in
20 electricity savings.

21 We submit that there are two (2) key
22 pieces of information missing for the PUB to provide a
23 recommendation that 1.5 percent continues to be an
24 appropriate target.

25 As noted by Mr. Harper, we are

1 essentially putting the cart before the horse.
2 Daymark and Mr. Goldman also concurred in this
3 opinion. Unfortunately, the DSM portfolio was not
4 designed with an IRP focus.

5 There is an unproven assumption that
6 1.5 percent is the need, and this is six (6) years
7 later, whereas it may be greater or less than that
8 target.

9 The second piece of key information
10 that is missing and we say needs to be considered, we
11 say the significant pressure being put on Manitoba
12 Hydro's finances in the upcoming years as a result
13 unpresent -- unprecedented capital spending in
14 generation and transmission, it's appropriate for the
15 PUB to closely monitor and assess whether the timing
16 and the quantum of investment in the DSM resource with
17 an aggressive target of 1.5 percent is prudent and in
18 the public interest.

19 Before turning to the written
20 submission I now will make a couple comments on a
21 couple of the slides. The first one is Efficiency
22 Manitoba slide 10.

23 I just wanted to make sure that the
24 record reflected my understanding of the evidence.
25 This graph and the dates on this graph are Manitoba

1 Hydro based with the assumption of 1.2 percent DSM.

2 That gives us the 2039/'40 dates.

3 And zero percent, so that means if we

4 totally cut out DSM, would mean the 2030/'31 date.

5 So, nobody's suggesting that. But when we say,

6 without the forecasted DSM that Manitoba Hydro's

7 projecting, you have to put that in context. That was

8 the DSM at 1.2 percent.

9 The need date for the next resources

10 would be -- with DSM included at that point in time,

11 the need date was moved out to 2039/'40; that is based

12 on Manitoba Hydro projections at 1.2 percent.

13 Next I have some comments on slides 41,

14 42 of CAC's presentation. The -- I just want to

15 reemphasize that perhaps Mr. Harper is not that far

16 removed from where MIPUG is going because in the third

17 bullet, third line down, when Mr. Harper is talking

18 about lease cost and resource planning he uses words

19 like 'a key consideration'.

20 To me, that puts more than just

21 balancing; it's a priority. And I'll get to more of

22 that. The same things happens again on slide 43 of

23 that presentation when -- after the bold highlight it

24 says:

25 "Resource planning involves looking

1 at a number of evaluation criteria."

2 And at the end of the day, you're
3 trying to balance those, but you can't ignore what he
4 then says. And I think it's fair to say that cost
5 gets a material balance in that consideration. And
6 I'll get to why that's appropriate in the legislation
7 and the focus of the legislation and the PUB's prior
8 comments.

9 With respect to now the submission, I'm
10 going to go to page 1 of what I called the overview of
11 Manita -- Efficiency Manitoba's mandate. The issue
12 arises out of issues 6 and 8 in the scope.

13 And at line 10, if we could zoom that
14 in a bit for my eyes, please, I set out two (2)
15 recommendations which we'll then have a discussion in
16 support, minimized spending on programs that exhibit
17 unfavourable economics and, if possible, increasing
18 prioritization on programs that exhibit very
19 favourable economics, such as industrial custom
20 initiatives, reducing programs such as the following
21 would primarily -- primarily be absorbed by reducing
22 the achievement of the 1.5 percent.

23 Now, addressing one (1) of the
24 questions Board member Kapitany and Gabor may ask,
25 well, Antoine, what does that mean. Well, we know we

1 can go down to 1.2 percent and we still got twenty
2 (20) years.

3 And there's a lot of things I say we
4 can do to make this plan better in the next iterations
5 without getting worried about reaching the 1.5 percent
6 but starting to put some priorities in just a general
7 direction.

8 Let's start looking at minimizing some
9 spending on the ones that exhibit unfavourable
10 economics.

11 The second one, so 1(b):

12 "To seek from Manitoba Hydro details
13 of Manitoba Hydro's needs from an
14 integrated resource planning
15 perspective and that Efficiency
16 Manitoba be directed to amend its
17 electric DSM plan and programs and
18 measures in its electric DSM plan to
19 the extent required to put greater
20 emphasis on programs and measures
21 which meet the integrated resource
22 planning needs of Manitoba Hydro.
23 This directive includes a
24 consideration of the timing and the
25 needs and the region or regions of

1 those needs."

2 And lastly:

3 "By removing barriers to
4 participation for programs which are
5 more cost-effective, including caps
6 on industrial programming."

7 And we're suggesting simply a reporting
8 requirement. We're not suggesting coming back here
9 for another hearing in a year or coming back for more
10 approvals. Have some faith in Efficiency Manitoba
11 that it will do its best to implement priorities as
12 they may be set out by this Board.

13 Moving to page 2 of that submission.
14 So in this hearing, we submit the evidence suggests
15 that Efficiency Manitoba has designed its portfolio by
16 giving little or no priority to following mandatory
17 priorities. We have a different view on optimizing
18 value for money. We say that that should be read with
19 minimizing rate impacts, which is in Section 4(1)(c),
20 and 4(1)(c) also sets the second priority as treating
21 DSM as an alternative resource to meet demand
22 projections of Manitoba Hydro.

23 We say that the evidentiary record
24 demonstrates that it, rather, has focussed on
25 achieving a 1 percent -- 1.5 percent target and

1 sprinkling programs across residential, agricultural,
2 commercial, and industrial sectors.

3 Now, we don't challenge -- that's MIPUG
4 -- or question the design of the portfolio, which
5 gives substantial weight on the following factors set
6 out in Section 11. It's the 11(4)(c):

7 "Whether, if it is practicable to do
8 so, at least 5 percent of Efficiency
9 Manitoba's budget for demand side
10 management initiatives is allocated
11 to initiatives targeting low-income
12 or hard-to-reach consumers."

13 This was a clear direction not only in
14 the NFAT report, in the subsequent PUB Order done with
15 respect to the 2018/'19 rate hearing, this is a social
16 policy consideration, and social policy considerations
17 have their place. And in fact, it's practically -- I
18 would suggest in this hearing -- become the unwritten
19 rule, that even though it's discretionary, nobody's
20 going to touch that. It's so important that nobody's
21 going to touch it. So it practically has turned or
22 morphed into a mandatory requirement as opposed to a
23 dis -- discretionary one, as the le -- the regulation
24 suggests, if it's practicable to do so.

25 Now, what about -- I have a part here

1 that deals with statements made by the minister
2 responsible for the legislation. Why did I put that
3 in there? It's a recognized statutory-interpretation
4 approach to consider and look at historical statements
5 made by the minister leading to the passing of
6 legislation. It helps us understand, based on the
7 minister who's proposing this legislation, what the
8 government viewed as priorities in this legislation.
9 It's for that reason that those extracts are taken
10 out.

11 So what was important -- and all the
12 extracts are more fully set out -- is if we look at
13 some of the comments in the May 23 Hansard, which is a
14 committee meeting, the minister dealt with the PUB's
15 concern that Manitoba Hydro dealt with DSM as
16 reduction in load forecasts rather than as an
17 alternative resource to meet demand projections. That
18 was the whole gist of the NFAT report. You can see
19 there's extensive quoting from your report leading to
20 why this legislation gets created.

21 And if we flip to the next page, page
22 3, you'll see at the top, he quotes up to the point in
23 line 2 of this argument:

24 "The panel shares that view."

25 But then he says:

1 "And thus, Bill 19."

2 So it's very clear, when we read the
3 4(1)(c) and it talks about putting off new resource
4 expenses, that the Legislature put that in the le --
5 as a mandate because we're looking at treating this as
6 an integrated resource -- an alternate resource in the
7 mix.

8 I submit it would be really unfortunate
9 if this panel didn't seize the opportunity to --
10 because it's had a month of information -- to say,
11 Well, listen. The legislation has got it right, but
12 unfortunately, we had really tight timelines. Some
13 information, we didn't have.

14 And we really haven't been able to
15 properly address this priority that we mentioned in
16 the NFAT report six (6) years ago and that you
17 repeated when you were passing this legislation, and
18 that it turned its blinders on and said, Well, listen.
19 We're just going to forget about that because the
20 whole mechanism isn't there.

21 So we say that this whole IRP is
22 consistent with the regulations and the Act itself,
23 because even in the regulations, when we look at the
24 levelized marginal value, what do we see the
25 legislation requiring? It says it's:

1 "To be based on a methodology
2 consistent with resource planning
3 process."

4 Surprise, surprise. That's what
5 everybody's been wanting to do. But it says:

6 "Taking into account the timing."

7 Well, unfortunately, we didn't have
8 much information on that. What's the timing? And
9 taking into account the duration. What's the
10 duration? Do we have a whole bunch of three (3) year
11 programs for a twenty (20) year problem?

12 We really didn't get meaningful
13 information fr -- in this process to say -- Manitoba
14 Hydro can provide us the -- the numbers, but we have
15 to understand what those numbers mean.

16 When you put a number on a levelized
17 cost and you get it from Manitoba Hydro, is that a
18 thirty (30) year number and is that all we're looking
19 at? How can you do your resource planning? You have
20 to understand the timing and duration, and it's clear
21 that the legislation wanted us to do that, but we
22 haven't had that opportunity.

23 And Mr. Bowman -- I've put the extract
24 there -- deals with that situation and where we are
25 right now, and I cross-examined on that point too. I

1 said, Well, with Keeyask coming in online, aren't we
2 just looking at doing DSM for the opportunity to dump
3 power on the export market at SEP prices? Isn't that
4 what's really happening right now, that we're creating
5 that opportunity? Is that really a need, or is it
6 more an opportunity at this time?

7 And the failure to analyze DSM as an
8 alternate resource -- and I'm at the bottom of page 3
9 -- causes us to have some major issues, I say, in this
10 hearing. If we're going to optimize value and
11 optimize our spending, we need to understand the
12 opportunities that we have in the next three (3), four
13 (4), five (5), six (6) years and how we can maximize
14 on those. And the range of options could include
15 generation, DSM, and alternative levels and means.

16 And this -- to the next page, page 4 --
17 I didn't quote subsec -- or, three -- or, Subsection
18 4(3), but that's -- it follows the 4(1), and it gives
19 the "Efficiency Manitoba may," and one (1) of the
20 things it "may" consider in developing its plan is
21 accessibility to all Manitobans. And I tried to
22 contrast that in the cross-examinations.

23 I don't know if you recall that, but we
24 view there being the difference between the required
25 mandate and the priority accorded to that, and the

1 things are discretionary that maybe shouldn't be given
2 that high priority.

3 And that, again, priority was set out
4 in the Regulatory Accountability Impact Analysis.
5 Again, a document that sets out the policy
6 underpinning the regulation. And we've quoted on this
7 page 4 at lines 9 to 14 the policy which is consistent
8 with the Minister's statement to defer costly new regi
9 -- generation.

10 But also -- and we say this is very
11 much economic in the very first sentence:

12 "Programs and server -- services
13 delivered by the Corporation will
14 reduce what the impact of future
15 electricity rate increases."

16 That's wording that's very similar to
17 the 4-1(c), mitigate the impact of rate increases,
18 which is right above at line 4.

19 It's clear that the priority of this
20 government was very much focused on the economic
21 impact in the rate increases, and that's not a huge
22 surprise. You heard me talk in the last GRA, it's
23 going to take a lot of good communication in the
24 upcoming years in GRAs because we're expecting
25 negative results.

1 Increased spending on DSM that's not
2 necessary is only going to contribute to those
3 negative results. It's going to have an adverse
4 impact on Manitoba Hydro, which Manitoba Hydro may not
5 be able to absorb with the current rates.

6 I'm moving now to the midway. It's a
7 heading, 'Using the Most Cost-effective Measures in
8 Optimizing the Cost of the Plan'. Here, MIPUG
9 respectfully disagrees with the interpretations of
10 others presented this morning. Even in the
11 Ministerial statements, there was questions. Okay,
12 well, how are you going to sprinkle this?

13 So I took a quote out. It starts at
14 line 23:

15 "Programs will cover all customer
16 classifications. So it will be
17 residential, commercial, industrial.
18 The new Corporation will develop a
19 Plan that lays out the programs and
20 services to meet the legislative
21 targets. Many of the programs exist
22 today, but could be expanded, so
23 also new programs could be added."

24 And there is no intervening paragraphs.
25 This is a continuation of what the Minister says.

1 But what we want to do here is we want
2 to allow the professionals in the new Corporation to
3 tell us what the most cost-effective programs to meet
4 the targets. There's no doubt when read with
5 mitigating rate impacts that what the government
6 wanted us to do is to look at the most cost-effective
7 programs to meet the targets.

8 Then, we can see how it gets allocated,
9 but that's consistent with what the Minister later had
10 to say in the same kind of discussion. And this is on
11 page 5 of the submission:

12 "Let us be an efficient, effective
13 and dynamic and outstanding
14 Manitoban. Allow Manitoba Hydro to
15 start building equity."

16 Now, there's a reason I started with
17 that equity table and the retained earnings -- they
18 call it equity, it's really retained earnings -- is
19 because the more we spend, the last retained earnings
20 we have.

21 And one (1) thing that the government
22 wanted us to do is to work together to build retained
23 earnings in this Corporation. And that can be done,
24 but we have to be selective in what we invest in when
25 we're building this new resource called DSM.

1 Now, not much has been said about the
2 initiatives, but the Act itself asks us not to focus
3 only on the portfolio. It is very specific in asking
4 us to focus on initiatives. And again, that should
5 allow us to choose the most cost-effective
6 initiatives.

7 We don't have that information as to
8 exactly the full collection of how the new Plan can be
9 cost-effective and meet IRP, but we do have cost-
10 effectiveness information. So 9(f) requires the cost-
11 effective -- effectiveness of each initiative to be
12 looked at. And again in the Act, 11(4) -- and that's
13 a typo, (b) as in Bob; it should not be (p) -- of the
14 Act asks us to consider the benefits and cost
15 effectiveness of the initiatives proposed in the Plan.

16 Now how does this tie into what PUB has
17 recently said in its 2018 Order 59/'18, which is part
18 of the PUB Book of Documents? The Board had, in that
19 hearing, for the first time, seen a new levelized
20 marginal value for Manitoba Hydro. It went down
21 significantly. We don't know how current the current
22 -- the -- the ones we've been provided now are, but
23 when the Board looked at this new levelized value, it
24 provided instructions to Manitoba Hydro, and that's at
25 line 26:

1 "Given the evidence adduced at this
2 proceeding about energy poverty and
3 build affordability, it is
4 reasonable for consumer rates to
5 recover the costs of lower income
6 demand-side management programs,
7 even if not cost-effective, as
8 against -- assessed against the new
9 lower marginal value."

10 And again, I say the legislature is
11 paying attention to what the PUB says, because this
12 precedes the regulation. And remember, I started --
13 but we started in the regulation, if practicable, put
14 5 percent towards this group.

15 It's listening to what the PUB has to
16 say about cost-effectiveness, and about levelized
17 values, and how you are entitled, and they want to
18 respect your ability to do social policy objectives
19 with respect to lower income. And that's been put in
20 the regulation which was passed after this PUB
21 decision.

22 So consistent with the type of
23 recommendation we made, or we're making, the PUB in
24 that decision at line 31 on this argument says:

25 "In light of the above, the Board

1 recommends that Manitoba Hydro
2 reduce its demand-side management
3 spending. Manitoba Hydro should
4 review its demand-side management
5 programming for cost-effective and
6 ease, or modify spending on programs
7 that are no longer cost-effective,
8 except for programs targeted at
9 lower income and First Nation on-
10 reserve customers."

11 So we're saying, please direct
12 Efficiency Manitoba in a similar way with respect to
13 the less cost-effective measures that are set out in
14 this hearing.

15 Now I took the liberty to reproduce
16 once again the cost-effectiveness example. That's at
17 line 17 of this slide. And the numbers are fairly
18 small, so I don't know if we can zoom in on them. But
19 Mr. Bowman explained this slide in his evidence.

20 And one (1) of the things that he
21 explained a lot better than I will do is, you see
22 there's some red ink, which I call warning signs, on
23 some of the programs, residential direct install,
24 resident -- residential project rebates.

25 Now, he explained that the last two (2)

1 lines are saying is that -- under there, when we had
2 looked at -- at twenty-seven thirty-nine , that's what
3 the customer gets. And what's the benefit? It's
4 right under that. It's twenty-four eighty-two.

5 So he questioned whether or not we
6 really should be investing to pay more the clients
7 than what Manitoba Hydro is going to be able to get.
8 Because that makes sense at this time when we've just
9 built a Keeyask. And the same thing with residential
10 product rebates.

11 Now, we had program level information.
12 We are not saying that there are not initiatives
13 within that program that shouldn't be kept. We don't
14 have that level of detail in the initiatives. That
15 was CSI, there may be some programs which are -- have
16 better cost-effectiveness, which are worth investing
17 in.

18 But the metrics in this course
19 analysis, which is all we have to work with, are
20 suggesting no, it doesn't make sense to invest that
21 much because what's happening it's only the program
22 participants that get -- make off with these high
23 benefits, not everybody else, and Manitoba Hydro can't
24 sell that power on the opportunity market for the same
25 thing it's paying in this program.

1 So when you look at that slide that
2 says for every dollar we invest, we get 3.2 or
3 whatever on the electric. Well, that may be a
4 portfolio, but when you start to drill down to the
5 program, it doesn't hold true with all the programs.
6 Not under the present value tests, the participant
7 consideration which was provided by Daymark.

8 Now, we've quoted again at the top of
9 page 7 the infamous letter which has four different
10 priorities, and the one that I've focused on in my
11 cross-examination "while optimizing value for money,"
12 we have a different view of value for money than
13 Efficiency Manitoba. We say it was very much an
14 economic direction that was being expected.

15 Now, I've also focused in my cross-
16 examinations and in this hearing with another
17 government objective. And it's headed at the priority
18 of rebuilding Manitoba's economy by improving the
19 competitiveness of Manitoba business.

20 And really rates matter to everybody,
21 not just businesses, which is agricultural,
22 commercial, and industrial.

23 But the Minister, in setting up four
24 priorities for this legislation, took the time to list
25 the priority of improving the competitiveness of

1 Manitoba business. And you've heard from MIPUG how
2 rates are important for it, it's members, to be
3 competitive in this Manitoba economy.

4 And we say that that priority was
5 repeated not only in setting out the objectives of
6 this bill, but again in the mandate letter. And we've
7 bolded that. It was a request for the Crown
8 corporations to be part of the government, then align
9 with the government mandate to rebuild our economy.

10 Why? It makes sense. You give people
11 jobs, they spend. It's got a lot more impact. Build
12 jobs here instead of export the power where you don't
13 create jobs.

14 So we say coincidentally this priority
15 also aligns with creating a DSM portfolio which
16 optimizes value for money, which is also in the
17 mandate letter.

18 We're into other considerations on page
19 8. I'm skipping some of these things because they'll
20 be there for everybody's reading leisure at one point
21 in time.

22 Other Interveners have suggested an
23 increased investment in residential programs, such as
24 the air source heat pumps.

25 Now, here I must comment that I've used

1 some of the submissions by CAC to be inconsistent.
2 Because if we're going to take an IRP approach,
3 wouldn't we ask ourselves, much as like Mr. Stocki did
4 on that particular one when he was being cross-
5 examined, how does that help the Manitoba peak.

6 If those units aren't running and it
7 doesn't help us address the Manitoba Hydro peak, right
8 in the middle of winter when it's minus 30 or minus
9 40, is it really something that we should prioritize
10 our investment in?

11 It may be, on the face of it. Doesn't
12 seem like we should prioritize that, because it
13 wouldn't deal with one of the major issues we face in
14 this province, which is the peaking in winter.

15 The -- dealing with DSM as a stand
16 alone resource would help us deal with the needs for
17 Manitoba Hydro. Does it need three-year programs?
18 Does it need 15-year programs, does it need more to
19 address at peaks? We don't know much, if anything,
20 about that.

21 Does it need more investment in a
22 particular region because there's transmission and
23 distribution constraints? So let's focus our spending
24 in that area. We haven't had that discussion, which
25 is a very important discussion if you're going to

1 prioritize investments, because we are investing.

2 So I then make some conclusions on this
3 particular segment of this submissions, that subject
4 to the stated exep -- exception with respect to low-
5 income Metis and First Nation programs, we submit that
6 in recommending amendments to the plan, the PUB note
7 that this three-year plan submitted by Efficiency
8 Manitoba does not sufficiently address the stated
9 priorities of optimizing the cost-effectiveness of the
10 plan, and that it does not align with the objectives
11 stated by the PUB in the NFAT should be report and
12 restated by the Minister responsible that DSM plans
13 should be approached and designed with resour --
14 planning as a priority.

15 Without providing alternative DMS plans
16 showing how Efficiency Manitoba has aligned its plan
17 to meet the mandate to delay the point at which
18 capital investment and major new generation
19 transmission projects will be required by Manitoba
20 Hydro to serve the needs of Manitobans, the PUB we
21 submit is not in a position to conclude that the plan
22 properly addresses one of its priority mandates.

23 I'm moving on to another distinct
24 subject. As others have stated, we recognize that the
25 PUB has basically three options as we see it, and it's

1 not clear how far the second option goes.

2 Approved with suggested amendments.

3 Now, it is our recommendation that the PUB approve, as
4 planned, but with suggested amendments. And we've set
5 out the amendments that we are recommending be made to
6 the plan.

7 And again, maybe repeating myself, but
8 we have time, we've got twenty (20) years, there's no
9 rush to say let's do it exactly this way, let's meet
10 the 1.5 percent target.

11 We don't know yet whether that 1.5
12 number is the need at this time. It may be in five or
13 six or seven years from now. But at this time should
14 we transition.

15 So that's why we say the 1.5 percent
16 efficiency target should not be accepted as required
17 at this time, or an -- in any specific future year.
18 That would be with respect to the three (3) years in
19 question.

20 Secondly, the Efficiency Manitoba
21 programming should generally be accepted by the PUB
22 with a direction to work to minimize spending on
23 programs that exhibit unfavourable economics.

24 I've mentioned this before. I just
25 want to try and make sure it was comprehensive here.

1 And if possible, increasing prioritization on programs
2 that exhibit very favourable economics such as the
3 industrial custom and renovation bundles.

4 I might add, I went through in my
5 cross-examination the agricultural custom bundles and
6 the commercial custom bundles also demonstrate very
7 favourable economics. So although I'm presenting on
8 behalf of the industrials, it doesn't mean that we
9 haven't covered those areas too.

10 And we're saying reducing programs such
11 as the following would primarily -- primarily be
12 absorbed by reducing the achievement of the 1.5
13 percent target.

14 So when we say less cost-effective
15 programs within the direct install proda -- for
16 residential, residential product rebates and
17 residential home renovation bundles, we recognize
18 there may be specific measures within those bundles
19 which ought to be retained, but most of them appear to
20 be higher cost initiatives.

21 Sec -- or thirdly, remove barriers to
22 participation for programs which are more cost-
23 effective. We cover this in more detail, the caps
24 that there are on the custom programs, and that cap
25 applies not only to industrials, it applies to

1 agricultural and commercial.

2 Fourth bullet, accepts budgets for low
3 income and hard-to-reach customers for electricity
4 programming. Hasn't been much chatter about this, the
5 contingency fund. We say that fund should be
6 available to address any emerging opportunities not
7 included in the original plan, and that includes new
8 commercial and industrial custom programs by removing
9 the indus -- sorry, I go in more detail on this. New
10 buildings would be included in that.

11 There was a response in an IR on the
12 budget and the priorities to deal with that, but we'd
13 be submitting \$7 million for the three (3) years, not
14 \$7 million in each year for contingency, would be an
15 appropriate measure but only for cost-effective
16 measures.

17 Next, EM's budget should be generally
18 approved on an interim basis, subject to the reduction
19 related to elimination of programs that are not cost-
20 effective or represent the least cost-effective
21 components of the plan; additions to the cost-
22 effective, additional industrial programming; and then
23 recommendations -- I don't know that this is really a
24 plan approval, but recommendations for revision from
25 the PUB following future investigation at a Manitoba

1 Hydro hearing, including of revisions to marginal
2 values, particularly for shorter-lived initiatives;
3 also better understanding of the derivation and
4 relevance of the differing marginal values to the
5 power resources acquired by Efficiency Manitoba; more
6 refined estimates of the rate impacts on Efficiency
7 Manitoba's costs; and a decision to implement rate
8 impacts for other factors such as Keeyask that limit
9 the ability of ratepayers to absorb near term
10 Efficiency Manitoba costs.

11 And then an alternative to this, we
12 would support approving Manitoba budgets on a shorter
13 horizon subject to further review by the PUB if the
14 PUB were to convene an IRP or similar process within
15 the three (3) year horizon.

16 Let me say a little bit about that. We
17 know we're going to be hit by a Manitoba Hydro
18 strategic plan initiative. They're going to set out
19 the new priorities. There may be new levelized cost
20 numbers. I'm not too sure how we deal with that,
21 because if lev -- levelized costs change much in the
22 same way as they did in the last GRA, and we didn't
23 get that information at this hearing, how do we deal
24 with that?

25 Discussion and support -- I'll turn to

1 page 1-3, line 241. The broader public interest
2 nature turns on the issue of whether the 1.5 percent
3 savings is, in fact, needed and for what purpose.
4 There hasn't been much discussion about that need.
5 It's kind of an assumed need. Well, say, you got to
6 do the 1.5 because that's what need -- that's what we
7 need.

8 But remember the context of that when
9 Dunsky was coming to talk to us in NFAT, was let's
10 consider what we could have done with 1.5 percent and
11 whether we, in fact, need Keeyask at all. Can we
12 achieve a Keeyask by doing 1.5 percent? That was the
13 nature of discussions that were happening at NFAT.

14 We're in a different scenario now.
15 We're in the scenario of we're stuck with Keeyask. So
16 the initial analysis now in my respectful submission
17 is a bit different. The context is different.

18 What we're targeting when we're just
19 saying 1.5 percent at this time, it's all about -- and
20 this is line 26 -- Mr. Bowman said it better than I
21 would. It's all about an opportunity to acquire some
22 power that we can sell to export markets, but we're
23 actually spending more money than that power is worth,
24 driving up our rates, and I think you have a pretty
25 significant question about whether that target is in

1 the public interest.

2 Now, what did Mr. Athas have to say
3 about this? I'm on page 1-4, line 8. I, as an
4 integrated resource planer, always kind of thought
5 rate impacts for energy efficiency programs as tell me
6 what's happening to me in the next, you know, three
7 (3), four (4), five (5) years from the rate impacts to
8 see if it's going to be too painful to get to that
9 long-term savings, to be, you know -- that's to me --
10 that's much more informative and the like.

11 And we say although they weren't asked
12 to look at that question, they did give us some
13 insight as to what we would want to do if we were
14 properly analysing DSM as an alternative resource.

15 Now, page 1-5 at the top, there's been
16 different numbers put on the record. What's the rate
17 impact? And I did a fair amount of cross-examination
18 on this. The LRI of 19 cents has been criticized by
19 Daymark. They said that that's a measure that was new
20 to the regulatory world in answering the Chairman's
21 question. Daymark updated that calculation to do it
22 in five (5) year tranches.

23 Even when I cross-examined him, he said
24 well, yeah, Mr. Hacault -- and I'm kind of
25 paraphrasing here, but you're right that we didn't

1 include the reduced revenue to Manitoba Hydro which
2 results from codes and standards, and that's part of
3 the plan. So really our number is conservative.

4 It should -- should be higher than the
5 .059 cents per kilowatt, but it still doesn't achieve
6 the key question that Mr. Athas identified, because
7 these are thirty (30) year metrics and even the five
8 (5) year metric.

9 What's happening to me in the next, you
10 know, three (3), four (4), five (5) years from rate
11 impacts? In order to address those rate impacts, a
12 full analysis by Manitoba Hydro and an IFF would be
13 required.

14 Unfortunately, Manitoba Hydro did not
15 respond to the request by Efficiency Manitoba for that
16 number. There was an IR, and I had asked for it to be
17 updated by way of undertaking. But when that answer
18 to the undertaking came, he says, well, Manitoba
19 Hydro's still not providing us with that information.

20 So, what's the best information we
21 have? We say it's the information that's in MIPUG
22 Undertaking number 17. That's Exhibit 15, MIPUG
23 Exhibit 15.

24 And if we can go to that undertaking,
25 Exhibit 15, Ms. Schubert, please, to the table at the

1 end. Mr. Bowman, based on various scenarios which are
2 explained in the pages which precede this table sets
3 out his view of the rate impacts of the plan, and
4 about as close to what we can get to what those might
5 be.

6 And for the -- his view is the right-
7 hand column would be the one to focus on. And if we
8 can zoom in a little bit more, the right-hand column
9 you will see has -- it's a couple lines above the very
10 dark line that goes right across the bottom. You see
11 there's 3.7 percent, 3.7 percent.

12 If we go to the left, that's the bill
13 impact on MI -- MIPUG type members, GSL 30 to a
14 hundred kV. So, line 7, if you go right across to the
15 end, you'll see 3.7.

16 If we go down a bit lower, there's the
17 same type of calculation but with respect to the
18 residential bills. So, the residential impact, that's
19 line 19, residential bill impact, if we go right to
20 the extreme right, we see 2 percent.

21 So, that's the best information we
22 have. It's not insignificant.

23

24

(BRIEF PAUSE)

25

1 MR. ANTOINE HACAULT: Now, remember
2 this is only for the first tranche, the first three
3 (3) year plan. To that, in another three (3) years
4 we're going to be adding again because we're going to
5 be investing again.

6 So, it's very material because it's
7 telling us directionally that the rate impacts of this
8 plan are in that range of 3.7 percent for the large
9 users and in the range of 2 percent for the
10 residential users. And that's the three (3) years of
11 investment.

12 So, it's that if you continued in every
13 three (3) year segment to have similar types of plans,
14 you would be plan on plan, investment on investment.
15 The question is, should we really be doing a 3.7
16 percent hit. Is that really necessary when we're just
17 absorbing all the depreciation and all the interest
18 costs on all this major distribution -- sorry,
19 transmission and generation infrastructure?

20 Now, this leads to, in line -- I'm on
21 the page 1.5, line 30. This leads to the
22 recommendations that MIPUG adopts, Mr. Bowman's
23 recommendations 1, 12, and 14 which I'm not going to
24 reread, do not accept the plan as filed, target below
25 1.5 percent for the first few years, reallocate

1 program expenses away from least cost competitive
2 programs towards more cost-effective programs.

3 And then I move to page 1-6 which deals
4 with in more detail the contingency fund at line 10.
5 We've quoted from the legislation which allows an
6 amount reasonably required as a contingency fund to
7 enable Efficiency Manitoba to take advantage of
8 emerging opportunities.

9 And we note that -- Efficiency
10 Manitoba's Undertaking number 7. And you see we've
11 highlighted by underlining part of that response at
12 line 31 of this argument.

13 "An unplanned DSM opportunity could
14 be considered a technology that has
15 become ready for the market earlier
16 than anticipated or the emergence of
17 an energy efficient opportunity that
18 was not budgeted or planned for
19 such, as a new industrial plant
20 expansion, for example."

21 So, I'm loo -- moving to line thir --
22 23 on that page.

23 "As a result, MIPUG recommends
24 approval of the scoping of the
25 contingency as set out in Efficiency

1 Manitoba's Undertaking 7 and the
2 proposed budget of \$7 million should
3 it be required.

4 As a testimony indicated, the use
5 should be limited to cost-effective
6 programs which substantially -- or
7 sorry -- with substantially positive
8 PAC and levelized cost values.

9 Funds should not be used to address
10 simple cost overruns or under for --
11 under performance of Efficiency
12 Manitoba programs.

13 Also, the shu -- funds should not be
14 limited should EM have already
15 reached the 1.5 percent target as
16 cost-effective DSM opportunities may
17 be lost and added savings can be
18 credited into future years."

19 I'm moving now to topic number 2. I've
20 gone for about an hour or so. I think I have about
21 another three-quarters of an hour to go. I can
22 continue. I know it's been a long day. Okay.

23 So, this topic is focussed on
24 integrated resource planning and how we can get
25 Efficiency Manitoba to mesh.

1 THE CHAIRPERSON: Sorry, if I can just
2 interrupt. I just -- I was going to wait until the
3 end, but I want to ask a question on the --

4 MR. ANTOINE HACAULT: Yes.

5 THE CHAIRPERSON: -- the previous
6 section. Your comment is 1.5 percent may not be the
7 number, we shouldn't be tied to it, maybe it should be
8 a lower number, but the only number I kept hearing was
9 1.2 percent.

10 Are you saying that the numbers should
11 be 1.2 percent or are you saying it should -- we don't
12 know what the numbers should be, that the target maybe
13 shouldn't be 1.5?

14 MR. ANTOINE HACAULT: The second
15 portion of your suggestion, Mr. Chairman, because we
16 don't have the detail that we need. If we're going to
17 do resource planning, we need to know what's the need.

18 A conclusion of that may be, hey, we're
19 not aggressive enough, we need 1.7, let's start
20 building fifteen (15) year measures that are going to
21 attack this problem, that problem.

22 I don't think that'll be the answer,
23 but I'm not going to prejudge the answer. It may be
24 that -- that we -- we only need 1.2. It may be that
25 we need less in the first three (3) years. I -- I

1 can't -- I don't want to prejudge that.

2 But we're saying please don't recommend
3 to the government based on the information we have now
4 that the assumed need of 1.5 is the right number.
5 Let's -- it's a big ship, unfortunately.

6 Efficiency Manitoba's done the best it
7 can to do what it could in the time limits. We've
8 done the best as a group, I think, to give the best
9 information so.

10 THE VICE-CHAIRPERSON: Before you move
11 on, I have a question also from this section, and it's
12 on the contingency funding.

13 MR. ANTOINE HACAULT: Yes.

14 THE VICE-CHAIRPERSON: I just want to
15 confirm that we have the same understanding. We heard
16 testimony from Efficiency Manitoba that this is not
17 part of their budget, the 7 million over three (3)
18 years. This is funding that if they need it, if they
19 identify an opportunity, then they would go to
20 Manitoba Hydro for it.

21 So it sounded like you were talking
22 about it as part of their budget, but we understand it
23 the same?

24 MR. ANTOINE HACAULT: The -- we -- we
25 view it as it has to be an approved number, whether

1 that is a number that's approved in a budget, it's a
2 three (3) year number. It's -- it's something that
3 would allow flexibility over the next three (3) years
4 if there is cost effective.

5 But -- but it needs to be a number
6 that's -- that's approved somehow, I think, by the
7 PUB. We can't just say, you're going to have a
8 contingency fund. Was it going to be 1 million? Is
9 it going to be 2 million? What's the number?

10 We're okay with the \$7 million number,
11 but they should be able to come back to us later and
12 demonstrate that they've made a proper investment
13 following the criteria required by the legislation.

14 THE VICE-CHAIRPERSON: I believe Mr.
15 Stocki had asked this panel recommend the appropriate
16 level, and so 7 million was a number that was in the
17 information presented, but -- but not part of their
18 budget.

19 MR. ANTOINE HACAULT: Yes. And I -- I
20 think through the testimony of Mr. Friesen, that
21 there's a lot -- and I deal with this a little bit
22 further on in my submission, Member Kapitany, but
23 there's some projects where if you don't do them now
24 in the industrial sector, you may not have a chance to
25 do them in another ten (10) years.

1 And the reason why we asked some
2 questions of Mr. Stocki was, well, how are you going
3 to deal with those projects if you have a major --
4 really good project, but it wasn't in your budget.
5 How are you going to deal with it?

6 Because it's so specific that it's
7 something they couldn't have anticipated.

8 THE VICE-CHAIRPERSON: Thank you.

9

10 CONTINUED BY MR. ANTOINE HACAULT:

11 MR. ANTOINE HACAULT: So on the second
12 topic, we have a number of discrete recommendations
13 again which I propose to go through, and then some
14 limited discussion in support.

15 Somewhat repetitious, but the Plan
16 should be based on a need and opportunity as
17 determined through an integrated resource planning
18 process, including both Manitoba Hydro and Efficiency
19 Manitoba. And here there's some specifics that we've
20 tried to put together which we think would enhance the
21 whole regulatory purpose and objective of the
22 government and of this Board as stated in the NFAT.

23 We'd need annual and cumulative savings
24 targets in the EM Plan savings to be recommended by
25 the PUB should result from that planning, so -- and

1 the sub-bullet, capacity requirements, capacity
2 related efficiency programs, and savings should be
3 included in this IRP process and subsequent Efficiency
4 Manitoba plans.

5 Re-investment and long-term persistence
6 should be included in Plan consideration. We're
7 looking at a twenty (20) year need. We need to know
8 which ones are going to be there in twenty (20) years.

9 We also need to know which ones can be
10 extended by virtue of persistence factors to help
11 encourage spending on long-term efficiency measures
12 which help reduce the resource need as compared to
13 short-term efficiency programs with little or no
14 persistence.

15 Further, where appropriate, multiple
16 product lifecycles should be considered for long-term
17 efficiency programming where it is expected that
18 products or measures are replaced like for like.

19 The -- the next pieces of information
20 starting at line 22 are pretty consistent with what
21 Daymark said, and what Mr. Harper said, and -- and
22 what the Intergroup people suggested. We'd like to
23 have current marginal values. At the risk of
24 restating myself, we saw the influence that that had
25 in your last decision in 2018, marginal values went

1 down, including an understanding of how those marginal
2 values were calculated, and what they represent.

3 I appreciate the legislation says we
4 have to use what Manitoba Hydro provides us. I would
5 submit, they can provide it to us, but we need to
6 understand what they mean and how to use them. And
7 that's what we haven't had in this hearing.

8 That would not require a legislative
9 amendment. It's still Manitoba Hydro providing the
10 data to us, but we need to understand the data, which
11 we weren't given the opportunity to do in this
12 hearing.

13 If we don't have that data, it's pretty
14 hard to develop a proper plan to meet those values and
15 objectives. And consistent with multiple other
16 regulatory jurisdictions -- I'm at line 30 -- PUB
17 should develop a confidentiality process to permit
18 approved Interveners to be able to review and assess
19 the marginal value results, even if input data and
20 assumptions cannot be shared, to permit a proper
21 testing of the cost-effectiveness of Efficiency
22 Manitoba's plans.

23 Again, it's not to be a gripe but in
24 gas hearing, we got access to some of this stuff when
25 we signed an undertaking. There were ways to deal

1 with this. Unfortunately, in this process, we weren't
2 able to get a good handle on that and -- and have some
3 of the consultants provide some good advice on that.

4 I'm on to page 2-2, top. Efficiency
5 Manitoba should be instructed to undertake an energy
6 efficiency potential study. Nothing is -- nothing
7 much has been said about that in the submissions
8 today, but these studies, as explained by Mr. Friesen
9 and also by other consultants can share some very
10 valuable information. And the one we have is more
11 than ten (10) years old.

12 So there's considerable change that has
13 occurred in the market. There is considerable changes
14 in government policies, consumer behaviour that
15 influence equipment manufacturers to expand marketing
16 and availability of energy efficient technologies, and
17 that if we don't have up-to-date information,
18 analysing the potential and the availability, we might
19 not be able to properly target measure -- and measure
20 cost-effectiveness.

21 The next bullet at line 16, Efficiency
22 Manitoba should be directed to work with Manitoba
23 Hydro in the intervening years before the next Plan to
24 identify regional needs. We know they exist based on
25 GRAs, mainly related to distribution and transmission

1 constraints, and to develop programming that
2 specifically addresses those needs.

3 This may include targeting certain
4 distribution level programs to only be available in
5 certain geographic regions, and this is permitted by
6 the legislation. It's contemplated by the
7 legislation. And we say it was contemplated by
8 legislation, because they realize that situation
9 exists.

10 Next bullet, line 22. In absence of
11 this regional need identification, high marginal
12 values related to specific program that is --
13 programming that is understood to be as a result of
14 deferred distribution or potentially tran --
15 transmission capital spending should not be considered
16 uniform in terms of cost-effectiveness for
17 implementation across the Province. Mr. Bowman did
18 with -- dealt with this in his evidence, and I'll deal
19 with little bit more in the support.

20 And future reviews, which is the last
21 recommendation, alternative plans should be available
22 to consider and adopt in lieu of Efficiency Manitoba's
23 main proposed Plan. This should include plans that
24 achieve alternative savings targets, and/or plans that
25 include different priorities, and programming bundles,

1 and different spending levels between customer groups.

2 Now, what would be those plans? I went
3 through some of that in my cross-examination. Mr.
4 Harper says Well, we can have different ones at the
5 one point five (1.5) level, some below the one point
6 five (1.5) level, and some at above.

7 There's a lot of ways that the PUB
8 could decide in a minimum filing requirement as to
9 what kind of general information it wanted. It might
10 say, for example, Please provide me with a plan with
11 the least-cost measures that still ensures that we
12 don't need energy in capacity until 2040. Then you'd
13 know what that number is, and then you'd know the
14 tradeoffs in spending more or less.

15 Turning to the discussion and support
16 for this, I'm not going to repeat too much of the NFAT
17 report, but at line 13, this meshes into what we say
18 is a priority or should be a priority in developing
19 the targets and -- and the initiatives and the
20 measures:

21 "Effectiveness of integrated
22 resource planning in determining the
23 least-cost combinations of resources
24 cannot be overestimated."

25 That's why we say there's some

1 inconsistencies, we believe, in the CAC position,
2 because on one (1) hand, Mr. Harper says, Yeah, you
3 should consider the least-cost alternatives in DSM
4 because that's proper integrated resource planning and
5 -- and there should be a priority on that. And on the
6 -- on the other hand, he says, Well, no, no, it should
7 be equal weighting.

8 Well, you can't have it both ways,
9 quite frankly. Either it's going to be a priority or
10 it isn't, and we say it was always intended to be a
11 priority, and that flowed both from the NFAT report
12 and it's been consistent in ministerial statements in
13 the legislation and regulatory analysis, policy
14 statements. It's always had a priority focus.

15 Now, the -- I'm going to go to line 22
16 with respect to some of Mr. Bowman's testimony:

17 "Notable from the development of
18 Efficiency Manitoba's overall
19 purpose and intent is that the
20 Efficiency Manitoba agency was
21 intended to develop DSM programming
22 that operated in the fashion of an
23 integrated resource plan. An IRP
24 should consider what resources are
25 required."

1 I'll stop there. What measures? Do
2 we need a three (3) year measure, five (5) year
3 measure, fifteen (15) year measure? When? Do we need
4 to be aggressively spending when we're going to be hit
5 with huge expenses from Keeyask? Does it make sense
6 to invest in a three (3) year program now, or should
7 we invest in a three (3) year program in three (3)
8 years from now and we still have seventeen (17) years?

9 We do a lot of this in GRAs. There's
10 been a lot of emphasis on asset management. Why are we
11 focussing so much on asset management? Because the
12 timing of the replacement or repairs of certain pieces
13 of equipment has a huge impact on rates. We want
14 reliability, but at the same time, we want to be
15 cognizant of the pressures this puts on ratepayers.

16 THE CHAIRPERSON: Mr. Hacault, can I
17 ask you a question on this section?

18 MR. ANTOINE HACAULT: Sure.

19 THE CHAIRPERSON: It's just in
20 relation to line 22 and 23, and this is where I'm
21 having a little bit of problem. I understood the
22 argument to be, before you're going to set a target,
23 you need an integrated resource plan, which includes
24 Manitoba Hydro. That's your starting point.

25 MR. ANTOINE HACAULT: Correct.

1 THE CHAIRPERSON: Okay. But then I
2 read line 22 and 23, and it says:

3 "Notable from the development of
4 [EM's] overall purposes and intent
5 is that the [EM] agency was intended
6 to develop DSM programming that
7 operated in the fashion of an
8 integrated resource plan."

9 And I see that differently than the --
10 than the Manitoba Hydro resource plan. Then it's
11 followed with:

12 "An IRP should consider which
13 resources are required, when, and
14 what supply options, including but
15 not limited to DSM, best meet the
16 resource need."

17 I view that as the sort of Manitoba
18 Hydro IRP. So I'm getting confused between this
19 concept of the starting point is an IRP and then this
20 -- this issue of develop DSM program to operate in the
21 fashion of an integrated resource plan.

22 It sounds like they're two (2)
23 different things. Are they two (2) different things,
24 or are they the Manitoba Hydro -- the -- the proposal
25 that there be an integrated resource plan developed by

1 Manitoba Hydro with input from Efficiency Manitoba?

2 MR. ANTOINE HACAULT: I hope that in
3 answering, I don't confuse the issue further. I -- I
4 -- the starting point is we need to know what Manitoba
5 Hydro needs or what the opportunities are for Manitoba
6 Hydro.

7 I -- in my limited understanding and
8 ability to explain this, I go back to the air source
9 heat pumps. Is there a need for Manitoba Hydro to
10 deal with its capacity constraints in the middle of
11 winter? If it is a need, then if Efficiency Manitoba
12 is going to be designing from an integrated resource
13 perspective, it's going to decide whether that program
14 actually addresses that need or a different need, or
15 whether we should be investing more in insulation
16 programs, which protects you, because it's your
17 building envelope, from the high winter peaks because
18 it reduces your energy consumption during that high
19 winter peak.

20 So the -- I don't read Mr. Bowman's
21 evidence when he testified to be making -- I'm not too
22 sure to what extent there is that additional
23 distinction. I think -- but the only way we can do it
24 with Manitoba Hydro is they need to -- to tell us.
25 And for that reason, he's testifying that we felt that

1 the hearing was too narrow -- we agree with that
2 opinion -- to provide information to conduct any type
3 of IRP consideration.

4 Instead, we're kind of saying, Oh,
5 well, it's 1.5 percent. That's the right number.
6 Well, that's exactly the critique that was being made
7 -- and that's on the next page, page 2-4 at line 8 --
8 that was the critique that we were doing in NFAT, is
9 saying, you know, Let's just assume.

10 And here we're kind of proceeding
11 backwards, as Mr. Harper said, because we're not
12 looking -- we said in NFAT, we didn't look at all
13 available solutions, and there was an excessively
14 narrow look at this. We didn't look to see if we did
15 2 percent DSM, whether that would avoid a Keeyask. We
16 didn't treat it as an independent resource.

17 And here, we're kind of assuming, Well,
18 we need 1.5 percent. It -- it just -- the same type
19 of thing that we were criticizing in NFAT, we appear
20 to be doing here. And if you go to -- to line 26 --
21 I'm not going to read all of this evidence -- but
22 what's missing is a question of whether we actually
23 need to acquire that power. And if you're not in a
24 need situation to acquire the power and you can't
25 answer the question affirmatively, then you're more

1 into considerations of opportunity. What's the
2 opportunity to do something that's beneficial and dump
3 it on the export market?

4 And usually -- I'm leading -- line 31 -
5 - the type of questions we would ask ourselves would
6 be, Do we bother to acquire this power because it'll
7 make our overall costs and rates lower? And what that
8 would mean is much more reliance on the RIM and LRI
9 types of tests.

10 So the -- I'm moving to line 9 on page
11 2-5. It's our submission that in the absence of up-
12 to-date knowledge about the need to acquire resources,
13 it's impossible to assess whether it's worth absorbing
14 rate increases, which we saw could be quite material
15 to acquire that power.

16 I've always had kind of a simplistic
17 view of this. We are dealing with it as a resource.
18 We're buying resources, right? We're -- DSM,
19 fortunately, is not a big, lumpy thing; it's something
20 you acquire over time.

21 But we're building two (2) sets of
22 resources, one (1) we've just finished building and
23 we're going to start to turn the turbines on it this
24 fall, and we're building a second resource, which is a
25 DSM resource.

1 I'll move on to page 2-6 at line 17.
2 We say that the evidence demonstrates that Effic --
3 Daymark also expressed significant concerns about an
4 insufficient planning process that fails to consider
5 all relevant horizons short-term and long-term and the
6 high degree of caution about undertaking planning too
7 late and failing to sufficiently take into account ra
8 -- rate impacts.

9 And I'm quoting from some of the
10 introductory summary and Ms. Steinfeld's question, she
11 and Bob do it pretty well, yeah, line 24:

12 "To sum it up very simply, which is
13 what you're identifying when you
14 need new resources and what
15 resources you should pro -- procure
16 to meet that need."

17 And Mr. Athas, "Yes." And then I'm
18 going to go to a couple other spots on page 2-7.
19 There's a fairly complete discussion by Mr. Athas
20 there, line 15. Ms. Kelly kind of pops in and gives
21 her insight.

22 "I might just -- I might just add
23 that IRP is a long-term planning
24 process."

25 Remember I started my comments with

1 that. We're fortunate. We've got a twenty (20) year
2 planning process here, and yet many utilities and
3 jurisdictions wait too late to ask the question.

4 Well, if we ask it now, we're asking it twenty (20)
5 years ahead of time, so I think we're okay.

6 And it's a planning tool, a long-term
7 planning tool that gives all the information John's
8 speaking about, but it allows regulators like the PUB
9 to set policy. And that tool is useful for looking at
10 what are the implications of those policies over time,
11 and then assessing whether you're willing in many
12 cases to take a short-term rate increase to avoid
13 something in fifteen (15) to eighteen (18) years.

14 So, there's a lot of considerations
15 that go into it, but it's useful information. It's
16 useful to be done. And, as I've said, many
17 jurisdictions do it at the wrong time. We say, if
18 we're going to do it and we're going to invest in DSM,
19 let's do that analysis in the upcoming years.

20 Now, we've dealt with that through the
21 recommendations 2 and 3 of Mr. Bowman; that's at lines
22 26 to 30 of this page 2-7 where we treat this as using
23 a resource acquisition model for testing the plans.

24 And recommendation 3 focusses on
25 ensuring Mana -- Efficiency Manitoba's plans are

1 tested against the mandate to medicate the rate
2 increases, that's in section 41(c), and to delay the
3 point at which capital investments and new generation
4 and transmission will be required.

5 I'm moving to page 2-8, line 20. Now,
6 here I am providing my two (2) cents with respect to
7 Mr. Bowman's evidence. You say, well, you know, under
8 section 107 of the Public Utilities Board Act the PUB
9 can perform whatever duties are to assigned to it by
10 order in council or by resolution of the legislature.

11 Maybe the PUB might want to recommend
12 that if it doesn't feel that there's sufficient
13 legislative authority, that over the next years we
14 have an order in council that allows us to do that.

15 The problem we saw in this Hearing is
16 that, and I said that in my very introductory remarks
17 before we started the -- the Hearing proper, Manitoba
18 Hydro was entitled to participate and chose not to.
19 That led to us not being able to ask IRs of it, not be
20 able to ask material questions that would be very
21 important for this Board to consider.

22 And this is another solution, is
23 section 107 of the Public Utilities Board Act. So, we
24 repeat again the recommendations 10 and 13 where Mr.
25 Bowman is noting the need for least cost planning and

1 consideration of alternative levels of DSM, both of
2 which would be consistent with properly structured IRP
3 analysis.

4 And we again deal with the
5 confidentiality issue. That's -- we respectfully
6 disagree, although Daymark is very competent. They
7 weren't asked to look at these type of -- the types of
8 questions which we would have to look at in an IRP.

9 We've quoted some parts of their
10 evidence where they basically said, well, that wasn't
11 part of our scope. I remember cross-examining. I
12 said, well, can't you just help us a bit. If there's
13 alternatives in Nova Scotia, can't you give us an idea
14 of the type of information you would get in that
15 jurisdiction? Well, I don't want to touch that
16 because I don't know exactly.

17 So, it was clear from my perspective
18 when I was trying to get information to -- from
19 Daymark what will we need to do a proper job, that
20 they didn't consider it to be in the scope.

21 So, having independent expert is okay.
22 But if we aren't allowed to test and don't have a
23 meaningful way to test information, then we're falling
24 short, I would say, in our purpose here.

25 Next, I've extracted at page 2-9 some

1 of the testimony of Mr. Bowman as to the types of
2 things which would be useful to see. And at line 11
3 there's a paragraph which I'm going to quote from.

4 "The other side is the regulations
5 clearly limit the marginal values
6 being used to those determined by
7 Manitoba Hydro."

8 That is the word. And I'm not
9 suggesting we need to spend this entire Hearing, any
10 part of the Hearing, trying to challenge whether
11 Manitoba Hydro has determined the values correctly.

12 But it doesn't preclude the need to
13 have an understanding of the basis of how they're
14 derived and what those numbers really mean. If we
15 don't understand what they mean, how can we know
16 whether we've used them correctly?

17 And then going to the bottom of the
18 page, I'm jumping again in some of the testimony, line
19 33:

20 "If Efficiency Manitoba's program is
21 only five (5) to ten (10) years, is
22 that savings -- is that savings
23 being appropriately modelled if
24 you're picking up a value that
25 assumes it's a very long-term

1 change?

2 Because that's -- it's thirty (30)
3 values, as I understand, the values
4 we've been given. But the program
5 you're running is only five (5) to
6 ten (10) years, so that's a concern
7 about a pro -- possible mismatch in
8 that."

9 I'm on page 2-10 at line 3 and
10 following.

11 "One (1) of the things I cross-
12 examined on is there were no on-
13 peak, p -- off-peak values for
14 energy."

15 Well, how do we know whether we're
16 properly designing programs, because it's an
17 opportunity to put it on the export market, if we
18 don't know what those values are?

19 We have some idea in the SEP. And that
20 was one (1) of the things that Mr. Bowman dealt with
21 in his further quoted from line 16 to 23. I'm going
22 to move on to page 2-11, line 15. Still quoting from
23 Mr. Bowman.

24 "But if we're not in a need context,
25 then the effect of EM -- Efficiency

1 Manitoba's plans, particularly those
2 that are short term, won't swing
3 Hydro's long-term export contracts.
4 It won't swing ten (10) year
5 commitments to Minnesota Power or
6 whatever. It will ultimately swing
7 shorter-term export transactions or
8 change spill levels during a flood
9 or change fuel savings during a
10 drought. And those have -- those
11 have -- do have much more of an
12 operating perspective to them."

13 The end result, we submit, is that even
14 if the derivation of marginal values are not being
15 challenged, added information is necessary to confirm
16 Efficiency Manitoba's, and any future integrated
17 resource plan is appropriately reflecting the benefits
18 and limits on power resources made available to
19 Hydro's system.

20 We have just put an extract from Mr.
21 Athas to confirm that that wasn't part of their scope.

22 I'm moving now to page 2-12. This
23 section, starting at line 9, deals with regional
24 needs, and I would like to highlight again the example
25 that was given by Mr. Bowman at line 19 of this

1 particular page, which talks about distribution
2 constraints and putting a two (2) course number on the
3 levelized value, so that he's explaining that the
4 distribution marginal values are very location
5 specific.

6 So if St. Vital is tight on
7 distribution capacity, avoiding load growth in St.
8 Vital is hugely valuable because you can put off
9 upgrades for a few years, but if Brandon has lots of
10 distribution capacity, then avoiding upgrades in
11 Brandon won't generate this 10.65 in savings.

12 Again, that's about understanding the
13 numbers. If we don't understand them, how can we
14 decide whether we invest in St. Vital or in Brandon.
15 And the same thing would hold true for transmission.

16 At page 2-13 -- I'm not going to go
17 into a lot of it -- it's repeating some of the values
18 that the potential study has to allow us to do a
19 proper analysis of programs -- measures. It wasn't
20 only Mr. Friesen who talked about that. There is
21 other experts in this process that talked about the
22 value that -- of updating those studies.

23 I'm in topic number 3, which is not
24 that long, and then 4 also. Topic number 3, we've
25 called Other Items for Consideration.

1 Codes and standards, at line 6 going
2 down -- so we've encourage the Board to find that all
3 energy efficiency codes and standards savings should
4 be included in the calculation of savings. It'd be
5 sufficient in the regulation, given it's a Crown
6 corporation, to require that Crown corporation to
7 participate in some of the meetings.

8 This idea of material contribution may
9 be important if you have a private corporation and you
10 want to hold its hand to the fire and say, listen, you
11 have to show -- what a waste of time. Can you
12 imagine? Just, like, let's start cross-examining for
13 half an hour on just like how many meetings you went
14 to, and did you spend four hundred thousand dollars
15 (\$400,000)? Was that enough for material
16 contribution, or should it have been five hundred
17 thousand (500,000), or should it have been only two
18 hundred thousand (200,000)? What's a material
19 contribution?

20 There's ten (10) people at the table.
21 Don't we just want to know what the impact is of codes
22 and standards and how that helps us defer major
23 transmission and -- and generation?

24 We're suggesting that that requirement
25 for material contribution, the PUB should recommend it

1 be removed from Efficiency Manitoba regulation.

2 Moving forward it would be sufficient
3 that there should be some activities that Efficiency
4 Manitoba participates in, as it always had, in -- with
5 Manitoba Hydro, to moving forward codes and standards.

6 We've heard also that Efficiency
7 Manitoba hasn't really included in its information all
8 the commercial programs, or codes and standards which
9 have had an impact, and also the industrial codes and
10 standards which are in place which helped get energy
11 efficiency. So it would be appropriate, we would say,
12 for Efficiency Manitoba to include those savings as
13 part of the targets.

14 And another discrete issue, because
15 there's been some talk about, well, what about the
16 interactive effects, should that be the burden of gas
17 or should it be the burden of electricity? And we
18 say, well, cost-effectiveness should just be
19 determined by cost-effectiveness.

20 And actually in -- in the legislative
21 comments, there is some comments by Minister Schuler,
22 it says, well listen -- and it recognizes all this
23 load growth. I'll be dealing with that a bit further.
24 Say, well, we would just -- whatever that new number
25 is, we start from that and then we see whether or not

1 they've achieved energy efficiency from there.

2 So burdening the electrical program
3 with the gas interactive effects or trying to
4 artificially increase from .75 to, I think it's 99,
5 basically 1 percent -- and with interactive effects,
6 is not consistent with the legislative intent.

7 Number 5, elasticity impacts. You've
8 had evidence that in other jurisdictions they consider
9 elasticity impacts which include both pressures from
10 Hydro rate changes as well as Efficiency Manitoba rate
11 changes, and it would be appropriate to include that
12 in the 1.5 target or whatever the target is.

13 Regarding the base load used to
14 calculate energy efficiency percentages, we had
15 evidence from Mr. Harper on a calculation, and we
16 accept that his calculation with the minor adjustments
17 filed in Efficiency Manitoba's rebuttal evidence at
18 page 12 be accepted, and it was also accepted by
19 Efficiency Manitoba as long as it was consistently
20 applied.

21 Recommendation number 7 on page 3-2, we
22 recommend that the PUB clarify that the termination of
23 the legislative leas -- at 22.5 percent cumulative
24 target is a simple sum of the new savings achieved in
25 each year and is not inclusive of persistence effects.

1 We don't -- I don't know -- I'm not too
2 sure how you do that, just like -- it would become
3 laborious in hearings. Okay, well, in Year 12 let's
4 see what we approved in -- in the first three (3) year
5 plan and how much persistency we did -- did we get,
6 how much didn't we get. Just like start getting into
7 all of this in a hearing? It just doesn't make sense.
8 We don't think that was the intent of the legislature.
9 You did 1.5 and you're -- you lock it in. You just
10 keep on adding it. It's a sum.

11 Rate impacts, number 8, line 4, should
12 be a material component of future Efficiency Manitoba
13 plan reviews, including near term, next five (5)
14 years, reflecting proper analysis of Manitoba's --
15 Hydro's accounting for Efficiency Manitoba's costs.

16 It's important to know that, especially
17 in the context of the new expenses that we're going to
18 be facing with Keeyask and Bipole III in the
19 Manitoba/Minnesota line, and all related
20 infrastructure.

21 And that relates also to number 9. You
22 know, we can't decide this in a silo. Bond rating
23 agencies are going to be looking at this and saying,
24 well, it's -- it's like a 3.7 percent increase related
25 to efficiency. Was that really needed?

1 Well, now we're looking at this in a
2 measured way. We've got time. We're going to spend
3 when it makes sense. You know, we need to provide
4 assurance to the markets and -- and what's going to
5 happen.

6 There is some discussion in the pages
7 that follow on the codes issues. I don't think I
8 really need to dwell on that. I think it's pretty
9 self-explanatory. Mr. Friesen explained it's not a
10 one (1) man show when we do codes and standards. He
11 explained how that evolves once the markets mature and
12 you can prove certain things in codes and standards.
13 Then they start enacting them, and you've got good
14 persistence. I mean, mean people don't go backwards
15 on those.

16 What is important, I think, at page 3.4
17 that I would like to reemphasize is under the heading
18 'New Industrial Customers'. The evidence is that this
19 type of savings, in contrast to a lot -- I'm going to
20 say other types of savings, maybe not a lot, but other
21 types, is that with the industrial customers -- this
22 is line 28 -- when you have the issue of what
23 technology to put in their plant, what conversations
24 to build into their plant, and those that can be
25 affected as a conservation measure, that they're not

1 against a baseline of a previous use, because they
2 never installed an inferior technology in the first
3 place.

4 Now, to me is that -- so we have a
5 couple major plants being built. It seems to me the
6 question we should be asking ourself is were it not
7 for Efficiency Manitoba, what kind of building
8 envelope would you have done? What type of mortars
9 would you have chosen? What kind of process would you
10 have chosen?

11 And if Manitoba -- Efficiency Manitoba
12 can say, well, because we intervened at an early stage
13 in the design of the building, and the design of the
14 process, and the machines that they put in, we
15 achieved 10 percent savings. Well, then they should
16 get credit for that 10 percent savings. They
17 shouldn't -- the efficient plant shouldn't be the
18 baseline to which then you have to start trying to get
19 more efficiency.

20 Now with respect to the interactive
21 effects, that's at page 3-5, I note that industrial
22 electricity program does not have natural gas
23 interactive effects prescribed to it, so it's not an
24 industrial pro -- problem of interactive effects.

25 But if you're going to look at it, it's

1 something that can be kept for -- in testing
2 participant economics. I'm at the bottom, at line 33.
3 If we're going to take it -- this into consideration,
4 we can take it into consideration when we develop the
5 Plan, because if you're going to save a whole bunch of
6 light bulbs because you do LED, burn less energy
7 there, but you burn more gas, because you've got to
8 put more heat in your house, well, that's really a
9 participation question. That shouldn't be an energy-
10 efficient target question.

11 And if we're going to be looking at
12 this, we say it's -- top of page 3-6. We shouldn't
13 have to bump up savings to 1 percent for gas to
14 achieve point seven-five (.75) to set off the
15 interactive effects. That, we would say, is not
16 consistent with the definition of net savings in the
17 Act, because that's a defined term. Net savings.

18 And the net savings doesn't require us
19 to do this interactive effect balancing game, so it
20 wouldn't lead to any assignment of gas program costs,
21 electric ratepayers. That would also be in an
22 appropriate cost -- cost subsidization of the two (2)
23 utility services, which is one (1) of the problems
24 that was talked about by CAC in its submission,
25 saying, well, listen. We start doing that, then there

1 might be perverse effects, because you might be
2 disincented to do one (1) program when it really made
3 sense to do it from an electrical perspective.

4 I'll move to page 3-9 to rate impacts,
5 line 21. You've heard from the presentations, but
6 also from the opinion of Mr. Friesen, who's worked
7 with industrials for a long time that the short-term
8 rate impacts are very important consideration in
9 Efficiency Manitoba's plans to ensure overall plan
10 spending is beneficial for customers, not just
11 industrial customers, customers period.

12 This will hold true, especially as
13 additional plans and plan spending gets layered on
14 every three (3) years. So we want to emphasize the
15 importance of rates and controlling rates in this part
16 of the proceeding, which leads to Manitoba Hydro
17 picking up the costs.

18 Topic number 4, so it's the last topic.
19 I don't have too long on that topic. It's about
20 industrial efficiency programming, and some
21 recommendations in that regard.

22 Although the recommendations -- because
23 it is on behalf of industrials, uses industrial
24 programming, and some of the things are specific to
25 industrial program, you may recall when I did my

1 cross-examination, each time I dealt with that custom
2 program, that agricultural, commercial, and
3 industrial. On the custom, they were all very
4 favourable in all those sectors.

5 Now, the first recommendation is we
6 recommend that the PUB find that Efficiency Manitoba's
7 industrial program is highly cost-effective, and that
8 it's achievable. That was Mr. Friesen's evidence.
9 Industrial program savings are necessary for the
10 achievement of Efficiency Manitoba's mandated savings
11 targets, and they enhance the overall cost-
12 effectiveness of the electric and natural gas
13 portfolios presented in the Plan.

14 And as each customer segment is making
15 recommendations to Efficiency Manitoba, we encourage
16 Manitoba -- Efficiency Manitoba, and repeat that it's
17 important for it to design and implement industrial
18 focussed programming in a way that is responsive to
19 the timelines for industrial savings and
20 opportunities, which are primarily -- or driven
21 predominantly by factors related to market conditions
22 and production needs rather than energy efficiency
23 objectives. And I think that also came out in the
24 presentations.

25 And an explanation that opportunities

1 related to new-plant construction or expansions of
2 existing facilities are highly cost-effective for both
3 the consumer -- customer and Efficiency Manitoba but
4 require efficient engagement to be realized. And
5 they're time-limited opportunities, and Efficiency
6 Manitoba will need to be flexible to capture these
7 savings.

8 We deal with the need for flexibility,
9 so annual budgets and savings targets should be
10 flexible to allow for savings to be acquired over
11 variable periods and art -- artificially constrained
12 by annual savings targets. And why do we say that?

13 Because if you look at the amount of
14 savings that particular custom programs and programs
15 give, they're fairly significant compared to the small
16 savings by some measures, for example, in some of the
17 residential programs. You get a big bang for the
18 buck, but it comes in lumpy -- often lumpy savings.

19 We also are recommending that incentive
20 caps adopted by Efficiency Manitoba should be flexible
21 so not -- so as to not limit industrial participation
22 through the failure to recognize the cost-benefit
23 requirements and value propositions that are prioritized
24 (sic) by industry. We say that the evidence
25 demonstrates that there were additional opportunities

1 existing in the industrial sector that may emerge with
2 an improved incentive structure that recognizes all
3 costs incurred for energy efficiency improvements
4 along with a criteria commonly used by industry for
5 project justification.

6 The next point deals with a lumpy
7 savings profile, and the last point, re-emphasis that
8 energy rates matter for industry operating in
9 Manitoba. It's not the first hearing where that
10 message is communicated, and it's an important
11 consideration for the long-term stability and
12 predictability of energy rates for industrial
13 customers.

14 So they've explained, once again, that
15 often they have to compete not just locally, but
16 against other branches of -- and -- and facilities
17 throughout North America, and their costs structure is
18 often more expensive because of the transportation and
19 other types of costs.

20 Now, at the bottom -- sorry, at line
21 15, and we say this evidence aligns with some of the
22 government objectives, including the four (4)
23 priorities set out by the Minister Schuler in
24 introducing this legislation and again in the mandate
25 letter:

1 "The efficient use of energy
2 contributes to a competitive
3 industrial sector [and that could be
4 read agricultural and commercial
5 too] that can grow the economy and
6 generate economic benefits through
7 job creation and other means.
8 Energy efficiency savings achieved
9 through industrial program are
10 generally very cost-effectiveness,
11 with strong persistence."

12 So this is a good way to grow our
13 economy, and Efficiency Manitoba programming supports
14 that. We would -- in that aspect, we would be strong
15 supporters of it.

16 Now, as is the case with all other
17 consumers, I would say, if I go to line 28, you'll
18 have some in the industry that can't participate in
19 the programs. You've heard that from the residential
20 sector. And for those that don't participate in the
21 programs, they don't have the ability to reduce their
22 bills.

23 And this is another reason why we have
24 to pay close attention to the cost-effectiveness of
25 the programs, because if I went down through the list,

1 there's a lot of programs that you only have little
2 bit of participation by certain customers. A lot of
3 people are going to be hit by the rate increase, but
4 there's only small portions of -- in industry and all
5 other sectors that get to have the bill reduction. So
6 this is important, and retaining the flexibility is
7 also important.

8 Just a quick look at some of the stats
9 on this, 4-4. This was the electrical savings in the
10 ind -- in each of the sectors. And this is just to
11 reemphasize the importance of that flexibility and
12 making sure Efficiency Manitoba actually makes sure
13 the program is available when it makes sense to do it,
14 because industrials are inspected -- expected to be a
15 large contributor towards this plan.

16 So in the first year, top line,
17 industrial, we can see 39 percent of the savings, 18
18 percent of the budget. So you have to make sure you
19 do it right and do it at the right time, if you're
20 going to get that 40 percent savings. It's a huge
21 number.

22 Same thing in the next years, 2021/'22,
23 40 percent, 24 percent of the budget. Last year, 39
24 percent of the savings, 20 percent of the budget. So
25 we have to get it right. It's possible, but we have

1 to get it right.

2 Same thing in the gas sector -- that's
3 the next page, 4-5. Industrial, 2020 to 2021, 37
4 percent of the savings, 11 percent of the budget. You
5 have to make sure you get them at the right time, when
6 they're doing their plant reno or expansion or
7 whatever. '21/'22, 25 percent of the savings, 7
8 percent of the budget. Again, 2022/'23, 26 percent of
9 the savings, 8 percent of the budget.

10 So that's why we're making
11 recommendations to Efficiency Manitoba. Please make
12 sure you've got your reps in place, you've got -- you
13 know -- you don't have this whole lot of paperwork,
14 because if they don't participate -- it's really
15 important to get them to participate and get these
16 savings.

17 And page 4-6, just to reemphasize Mr.
18 Friesen's evidence that the persistency of these types
19 of programs is really good. And he explains that in
20 part by saying, once -- this is at line 21:

21 "So if an efficiency measure has
22 been installed, there's a very high
23 probability that the same equipment
24 or better equipment will be
25 installed at end of life. So those

1 savings really do have a long-term
2 benefit to Efficiency Manitoba."

3 So not only are you getting savings at
4 a good price, if you can capture them; they're really
5 a good type of savings because the long-term benefits.

6 Now, what does it mean for industry?

7 I'm at page 4-8, so basically the end. It means that
8 the industrial sector will be investing between 60 and
9 \$75 million over the next three (3) years. It's based
10 on the record.

11 So it's not -- remember, we went
12 through that cap, and you're saying, Well, we don't
13 want to incent them too much, because if they get, you
14 know, too much incentive -- and I had gone through the
15 direct install where you -- you'd get the benefits
16 quicker than one (1) year. It was about ten (10)
17 months.

18 You're asking the industrial sector to
19 -- to pull its weight, but it's -- it's a pretty
20 significant investment. You're saying, In addition to
21 absorbing these rate increases, pull out your
22 chequebook, 60 to 75 million over the next three (3)
23 years, and we're going to spend 35 million.

24 So they're basically spending double
25 the amount that's being invested by Efficiency

1 Manitoba and putting their mouth where -- or, their
2 money where their mouth is on efficiency planning.

3 Thank you for your patience. I'd be
4 more than willing to try and answer questions on any
5 part of the presentation I've made this afternoon.

6 THE CHAIRPERSON: Thank you, Mr.
7 Hacault. Thank you very much for your presentation.

8 We'll adjourn now until nine o'clock
9 tomorrow morning. Thank you all.

10

11 --- Upon adjourning at 3:50 p.m.

12

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14 Certified Correct,

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17 _____

18 Donna Whitehouse, Ms.

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