



“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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Public Utilities Board
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Pages 361 to 626

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

2

3 CONTINUED EFFICIENCY MANITOBA PANEL NO. 1:

4 COLLEEN KURULUK, Previously Sworn

5 MICHAEL STOCKI, Previously Affirmed

6 KYLA KRAMPS, Previously Sworn

7 ROBERTO MONTANINO, Previously Affirmed

8 AMY TUCK, Previously Affirmed

9 TRACY STERDAN, Previously Affirmed

10 CHERYL PILEK, Previously Sworn

11

12 THE CHAIRPERSON: Good morning,

13 everyone. Ms. Steinfeld...?

14 MS. DAYNA STEINFELD: Thank you, Mr.

15 Chair. The plan for today is on the screen in front

16 of everyone. I would just note -- excuse me -- we

17 have an in camera cross-examination session scheduled

18 for the end of the day, just for the information of --

19 of the Board and all parties.

20 That's there if we need it. We don't

21 have any conventional cross-examination plan, but if

22 any of the witnesses feel they can't answer one (1) of

23 my questions without getting into CSI, we have that

24 session, should we need it. But right now, we're not

25 planning to -- to use it. It's just there if

1 required.

2 So otherwise, Board counsel will be in
3 public cross-examination for the day. If I do finish
4 early, I'm advised that Ms. Dilay for the Coalition is
5 prepared to start her cross-examination today rather
6 than tomorrow morning.

7 THE CHAIRPERSON: Thank you.

8

9 CONTINUED CROSS-EXAMINATION BY MS. DAYNA STEINFELD:

10 MS. DAYNA STEINFELD: Good morning, Ms.
11 Kuruluk, Mr. Stocki, Ms. Kramps, others.

12 I'd -- I'd still like to spend some
13 time this morning on some of the measure selection
14 areas that we were starting yesterday. I think a -- a
15 good starting point would be if we could turn to Board
16 counsel Book of Documents PUB 14, at page 122.

17 And Mr. Stocki, this is a -- a Daymark
18 information request response, the public version. My
19 understanding is that this particular table is
20 providing Daymark's listing of electric measures that
21 have PACT ratios of less than one (1).

22 Is that your understanding?

23

24 (BRIEF PAUSE)

25

1 MR. MICHAEL STOCKI: Subject to check,
2 I actually -- my understanding was this was just the
3 beginning of the list of all measures, regardless of
4 what the PACT ratio was.

5 MS. DAYNA STEINFELD: Sure. So we can
6 go to page 119, which gives the actual question. So
7 (b) asks for the PACT ratios less than unity.

8 And then 122 is the 8(b) table. So if
9 you'll take that subject to check, that's my
10 understanding.

11 MR. MICHAEL STOCKI: Yes, I see that
12 now. And just for the record, if we wanted to look at
13 a program bundle level, PUB EM-11 would provide an
14 unredacted version, the bundle level of all the PACT
15 results.

16 MS. DAYNA STEINFELD: Thank you, Mr.
17 Stocki. And I'm going to stick on the measure level
18 for now, but I appreciate that reference.

19 On my count, and again, subject to
20 check, there are -- perhaps those on the Skype could
21 mute their call lines? We're just hearing things on
22 your computers.

23 In this table, again, subject to check,
24 we have fifty-one (51) electric measures listed,
25 excluding those in the income qualified or Indigenous

1 segments that have PACT ratios less than unity.

2 Would you to take that subject to
3 check, Mr. Stocki?

4 MR. MICHAEL STOCKI: I would accept
5 that, and I believe Daymark did provide some context
6 over -- with respect to the magnitude of the overall
7 energy savings that that represented. And my
8 recollection was that was about 7 percent of the
9 electrical portfolio was represented by that amount.

10 MS. DAYNA STEINFELD: Thank you. And
11 on Book of Documents page 124, this is the 8(d) table,
12 and it provides us with the natural gas measures that
13 have PACT ratios less than unity's.

14 Are you willing to accept that?

15 MR. MICHAEL STOCKI: That looks
16 correct. And again, one (1) of the benefits of doing
17 the program bundling is that you're able to combine
18 measures with poor cost-effectiveness with measures
19 that have higher cost-effectiveness, blend them
20 together so that you can deliver a more comprehensive
21 offering to -- to Manitobans.

22 MS. DAYNA STEINFELD: And again,
23 subject to check on my -- on my counting, excluding
24 income qualified and Indigenous, we have twenty-nine
25 (29) gas measures that have PACT ratios less than

1 unity?

2 MR. MICHAEL STOCKI: Yeah. I'll agree
3 to that.

4 MS. DAYNA STEINFELD: And just to
5 confirm, Mr. Stocki, when a PACT ratio is less than
6 one (1) or unity, that means the costs of the measure
7 are more than the benefits to the Utility?

8 MR. MICHAEL STOCKI: That's correct,
9 so that the -- the impact is specifically using the --
10 the levelized cost to Manitoba Hydro, either on the
11 electrical or natural gas side versus only the
12 Efficiency Manitoba costs, and so it wouldn't include
13 other non-energy benefits such as water savings or
14 greenhouse gas emission savings, for example.

15 MS. DAYNA STEINFELD: And staying on
16 this page, and without getting into any of the actual
17 numbers which are confidential, the furnace
18 replacement program PACT ratio for standard efficiency
19 furnaces is quite a bit less than one (1).

20 Is that fair, Mr. Stocki, to describe
21 it that way?

22 MR. MICHAEL STOCKI: I'm sorry, can
23 you repeat that question?

24 MS. DAYNA STEINFELD: For standard
25 efficiency furnaces, without getting into the actual

1 number, would you agree that the PACT ratio is
2 significantly less than one (1)?

3

4 (BRIEF PAUSE)

5

6 MR. MICHAEL STOCKI: Subject to check,
7 I'd agree that it's less than one (1). I'm not sure
8 of the definition of significantly less than one (1).

9 I -- I would also like to correct the
10 record. I was informed that when I was discussing the
11 PACT test, I said that the -- it was a comparison of
12 Manitoba Hydro's costs versus EM's costs. I -- I
13 misspoke. It's it -- Manitoba Hydro's benefits to the
14 marginal values versus our -- Efficiency Manitoba's
15 costs of delivering that. It was -- I missp -- spoke,
16 sorry.

17 MS. DAYNA STEINFELD: Thank you, Mr.
18 Stocki. And -- and fair enough on the significantly
19 less than one (1), but it is less than one (1). And
20 would you accept that the PACT ratio is, in fact,
21 lower for mid efficiency furnaces than it is for
22 standard?

23

24 (BRIEF PAUSE)

25

1 MR. MICHAEL STOCKI: Yes, it should be
2 lower. Correct.

3 MS. DAYNA STEINFELD: And can you
4 explain why Efficiency Manitoba is expanding the
5 Furnace Replacement Program to include mid-efficiency
6 furnaces given the poor cost-effectiveness?

7

8 (BRIEF PAUSE)

9

10 MS. TRACY STERDAN: The -- sorry, can
11 you repeat the question?

12 MS. DAYNA STEINFELD: Why Efficiency
13 Manitoba is expanding the Furnace Replacement Program
14 to include mid-efficiency furnaces given the poor
15 cost-effectiveness?

16 MS. TRACY STERDAN: Yeah. The reason
17 why the program is expanding to mid-efficiency
18 furnaces is because there are other factors to
19 consider for lower income customers, and this includes
20 some things such as affordability of these -- a
21 measure like a furnace that has a very high upfront
22 cross -- upfront cost. And this is an effective way
23 to address that and help those lower income customers
24 in that way.

25 MS. DAYNA STEINFELD: So if I put that

1 another way, it's -- it's being expanded to achieve
2 some of the other objectives that Efficiency Manitoba
3 is aiming to achieve?

4 MS. TRACY STERDAN: That's correct.
5 And there are still -- although maybe minimal, there
6 are still savings associated with the mid-efficient
7 gas furnace.

8 MS. DAYNA STEINFELD: Thank you. I
9 don't think we need to go there, but, Mr. Stocki, just
10 for reference I believe it's at your rebuttal, pages 9
11 to 10, Efficiency Manitoba is addressing Mr. Neme's
12 evidence regarding air source heat pumps.

13 And if I summarize your response, is it
14 fair to say that Efficiency Manitoba says there's a
15 small market reliability concerns and that it would be
16 inconsistent with other measures to offer air source
17 heat pumps at no cost to the income qualified program?

18 Is that a fair summary of the rebuttal?

19 MR. MICHAEL STOCKI: That's a fair
20 summary, yeah. I mean, air source heat pumps in
21 general are very immature technology within Manitoba.
22 So counter to Mr. Neme's position that we should be
23 aggressively moving into that market, what we propose
24 is a more gradual, lessons learned, trying to gather
25 more information prior to making more bold moves into

1 that technology.

2 MS. DAYNA STEINFELD: And in the
3 rebuttal, Efficiency Manitoba does not mention cost-
4 effectiveness.

5 Is -- is that another reason that
6 Efficiency Manitoba is not pursuing the air source
7 heat pumps?

8

9 (BRIEF PAUSE)

10

11 MR. MICHAEL STOCKI: So air source
12 heat pumps are in a limited way within the three (3)
13 year plan. Again, it's very -- we're protecting very
14 limited participation because of the limited uptake
15 that we've seen historically.

16 Cost-effectiveness is one (1) of the
17 considerations and certainly we're not offering it in
18 the low income sector because of some of those
19 concerns with long-term reliability and the
20 availability of, say, contractor net -- network to
21 support that installation, so cost-effectiveness would
22 be part of that, particularly for a low income sector.

23 MS. DAYNA STEINFELD: If we look back
24 on page 122, which gives us the electric measures with
25 PACT ratios less than one (1) -- and it's down near

1 the bottom, Ms. Schubert.

2 We see that the cold climate air source
3 heat pump electric, as you mentioned, is one of the
4 measures, but it's on this list because it has a PACT
5 ratio of less than one (1), correct?

6 MR. MICHAEL STOCKI: That is correct,
7 although that probably needs some context because we
8 are targeting such a relatively small number of
9 participants.

10 There's administration costs associated
11 with that, so I would expect that if we were
12 eventually to go after a larger share of market, once
13 the technology has been more proven within a Manitoba
14 market, that that cost of net effectiveness would be
15 improved because you'd be spreading those
16 administration costs over a greater number of actual
17 installs and energy savings.

18 MS. DAYNA STEINFELD: But for the time
19 being, given the research or analysis that Efficiency
20 Manitoba has done around the market, the air source
21 heat pump is a cost ineffective program?

22 MR. MICHAEL STOCKI: That's correct.
23 And again we're moving forward with it. It is within
24 the portfolio within the home renovation bundle for --
25 available for residential customers, but we haven't

1 done -- we haven't included it within the income
2 qualified customer segment due to some of our concerns
3 with that technology.

4 MS. DAYNA STEINFELD: And if we follow
5 that row through to the public information around the
6 customer payback ratio, we see that on a simple
7 payback analysis it would take sixteen (16) years for
8 a customer's investment in a cold climate air source
9 heat pump to be paid back. Have I got that right?

10 MR. MICHAEL STOCKI: Yes. That sounds
11 about correct. Some of the -- and so this would be
12 changing from an electric furnace to an air source
13 heat pump, and so some of the challenges within a cold
14 Manitoba climate, say, for example, on a day like
15 today or based on this week's forecast, there'd be
16 limited operating hours from an air source heat pump
17 just because there's not enough heat energy available
18 in the air once you get below minus 15, minus 20, to
19 actually use that unit effectively.

20 So you need a backup source, so you
21 actually need to keep your electric furnace, if that's
22 your base heating system, in place.

23 MS. DAYNA STEINFELD: Thank you, Mr.
24 Stocki. At page 126, near the bottom in response (d),
25 we see here Efficiency Manitoba saying that it is not

1 offering heat pumps at no cost to income qualified or
2 Indigenous customers because of the high up-front cost
3 required for the installation of heat pumps and that
4 the lower income market is in predominantly gas
5 available areas. Have I read that correctly?

6 MR. MICHAEL STOCKI: Yes, you've read
7 that correctly.

8 MS. DAYNA STEINFELD: And this
9 Information Request response goes on to say that
10 switching from a gas heating system to a heat pump
11 would not result in significant bill impacts.

12 Do you see that there?

13 MR. MICHAEL STOCKI: Yes, that's
14 correct.

15 MS. DAYNA STEINFELD: Are you to
16 confirm that replacing a gas furnace of any efficiency
17 with an air source heat pump would actually result in
18 higher home heating costs?

19

20 (BRIEF PAUSE)

21

22 MR. MICHAEL STOCKI: Yeah, I'm able to
23 confirm that. I'll give a couple of data points as
24 just a point of measurement.

25 So, for example, if a home had a

1 conventional furnace, a gas furnace, their average
2 home heating costs would be about \$804. With an air
3 source heat pump based on current data that is
4 available to Efficiency Manitoba, we'd estimate that
5 annual operating cost to be \$968.

6 If you were operating a high-efficiency
7 furnace, natural gas furnace, the annual operating
8 cost would be about \$569 in natural gas costs, again
9 compared to the 968. So that would be an increase in
10 both cases.

11 MS. DAYNA STEINFELD: Thank you, Mr.
12 Stocki. And you reference this generally in your --
13 one (1) of your earlier responses, but at page 10 of
14 your rebuttal evidence, and perhaps we will pull that
15 up, Efficiency Manitoba states, beginning at line 8 of
16 the rebuttal, that it would propose to promote air
17 source heat pump technology within Manitoba, and then
18 provides four (4) bullets explaining the manner in
19 which Efficiency Manitoba would -- would do so.

20 In terms of those four (4) bullets, are
21 you able to advise as to any specifics or details
22 around the intention of what Efficiency Manitoba is
23 going to do?

24 MR. MICHAEL STOCKI: Well, I think
25 generally speaking it depends on what happens in the

1 Manitoba market, what happens with advancements in air
2 source heat pump technology. Certainly Efficiency
3 Manitoba is very interested to see how this technology
4 proves itself in Manitoba's harsh climate over a long
5 period of time.

6 Certainly we got some concerns with
7 respect to long-term exposure of the -- these units.
8 They're exposed to outdoor elements similar to an air
9 conditioner except they're actually running during the
10 winter months, and so we're trying to see some of
11 those long-term reliability impacts, we're trying to
12 understand some barriers with respect to contractors
13 and what they're seeing within the marketplace and why
14 they're not pushing these technologies further.

15 So in general, we still need to do some
16 research, we still need to do some engagement with
17 contractors to understand what advancements would
18 potentially be needed within this industry, what we
19 can do to perhaps move the market, if it was
20 appropriate to do so.

21 And so we want to take a more gradual
22 approach to gathering this information rather than
23 what's proposed by Mr. Neme.

24 MS. DAYNA STEINFELD: And in terms of
25 that gradual approach, are you able to advise what the

1 time frame is for Efficiency's (sic) Manitoba's work
2 in this area?

3 MR. MICHAEL STOCKI: I think we'd need
4 to be open and flexible. It would really depend on
5 the technology proving itself and the willingness of
6 Manitoba Hyd -- Manitoba contractors to actually
7 install and support these. So if there is capacity or
8 we felt we could build -- help support the building of
9 capacity, we could move fairly aggressively, but again
10 it would depend on that data.

11 So it's difficult to project but
12 certainly over the next three (3) years we'll continue
13 to gather information on this technology, and I would
14 certainly expect that our next plan, we might have a
15 few additional installations.

16 I don't know if it would be aggressive
17 at that point or if we would still need a couple of
18 subsequent years following that to be more aggressive.
19 It really depends on where this technology goes and
20 how it responds long term to Manitoba's climate.

21 MS. DAYNA STEINFELD: You mentioned
22 gathering information. Are you able to just explain a
23 little bit more what would be involved in terms of the
24 steps that Efficiency would take to look at rolling
25 this out further or more aggressively?

1 MR. MICHAEL STOCKI: So one (1)
2 example would be, once we have a few more
3 installations within Manitoba, would be doing
4 additional performance monitoring of these individual
5 systems so that we get a better idea of the cold
6 weather performance, how many hours per year, for
7 example, that the electric backup furnace or gas
8 backup furnace is needed. So then we'd get a better
9 idea of, for example, how much does it actually
10 contribute to peak energy capacity savings in
11 Manitoba.

12 Right now we suspect that it doesn't
13 contribute at all to winter peak energy savings based
14 on the very limited data we have, but we want to
15 confirm some of that information. So once we have
16 some of that information gathered through actual
17 systems operating over multiple years, we'd be able to
18 make a firmer estimate of those savings and capacity
19 savings as well.

20 MS. DAYNA STEINFELD: And is this an
21 area where Efficiency Manitoba might involve the EEAG
22 to get input?

23 MR. MICHAEL STOCKI: Certainly, that
24 could be one (1) avenue where, if there was continued
25 interest within specific EEAG members, we'd be looking

1 at them to suggest even individual customers.

2 The EEAG in general is kind of a
3 working group that can establish relationships with
4 organizations such as Consumers Association, MIPUG,
5 MKO. Southern Chiefs has been a member, as well.

6 And so, we'd look to -- to those
7 membership organizations to have those further
8 discussions. And perhaps if they did want to offer up
9 ideas for how to approach that technology within their
10 -- their representatives, we would certainly explore
11 that with them.

12 MS. DAYNA STEINFELD: We've spoken at
13 some length about the PACT, but another cost
14 effectiveness test, although not prescribed in the
15 legislation, is the total resource cost test, correct?

16 MR. MICHAEL STOCKI: That's correct.

17 MS. DAYNA STEINFELD: And the total
18 resource cost measure is a measure of the benefits
19 over the costs?

20 MR. MICHAEL STOCKI: So, that's
21 exactly the same as the -- the PACT test, but the
22 details are a little bit different though.

23 Whereas as PACT test is the specific
24 benefits to Manitoba Hydro divided by the Efficiency
25 Manitoba cost, the TRC ratio would be the total

1 resource cost so that it would not just be Efficiency
2 Manitoba's cost that's included in the denominator.

3 And in the numerator we would also
4 include non-electric benefits, so it would be water
5 benefits or on the natural gas side, GHG benefits as
6 well.

7 MS. DAYNA STEINFELD: And in terms of
8 the costs beyond Efficiency Manitoba's costs, we'd be
9 looking at things like the participant cost, such as
10 what a customer might have to pay over and above any
11 incentive provided by Efficiency Manitoba?

12 MR. MICHAEL STOCKI: In general,
13 that's correct, yes.

14 MS. DAYNA STEINFELD: So, if we
15 summarize it, the -- the total resource cost ratio
16 includes more costs, and also more benefits in the
17 calculation?

18 MR. MICHAEL STOCKI: Yeah. And in
19 general, one (1) of the criticisms of the total
20 resource cost is that it's not always proportionate.

21 So, in some cases, it's including a lot
22 more cost versus the additional benefits because, in
23 many cases, the non-energy benefits are more difficult
24 to quantify, especially once you move beyond the water
25 and greenhouse gas emission benefits.

1 MS. DAYNA STEINFELD: So, there you're
2 just explaining that there are quantifiable non-energy
3 benefits but also potentially non-quantifiable energy
4 benefits that are more difficult to include the ratio?

5 MR. MICHAEL STOCKI: That's correct.
6 And so, there's other cost effectiveness tests, such
7 as the societal cost test which tries to again make
8 other adjustments to the benefits to include, in some
9 cases, just a percentage adder to the -- the energy
10 benefits as a way of capturing some of those non-
11 energy benefits.

12 MS. DAYNA STEINFELD: Thank you, Mr.
13 Stocki. Sticking on the total resource cost ratio as
14 it is, again, like with the PACT, if the result is
15 less than 1, then the benefits are outweighed by the
16 costs?

17 MR. MICHAEL STOCKI: That's correct.

18 MS. DAYNA STEINFELD: But with the
19 total resource cost, unlike the PACT, we're looking at
20 more costs and more benefits, so it's difficult to
21 start bringing in other benefits to, as it were, fix
22 the ratio and make it more cost effective?

23 MR. MICHAEL STOCKI: Yeah. You really
24 have to look at the details behind the -- the actual
25 magnitudes if you're trying to do the -- the

1 comparison from PACT to TRC to see what in -- in
2 particular is changing, whether it's changes between
3 the PACT and the TRC are driven by costs or actually
4 the benefits.

5 MS. DAYNA STEINFELD: And maybe this
6 needs to be taken at a high level, but if the -- even
7 though the utility is spending less money to run its
8 system, the total cost to achieve those spending
9 reductions -- excuse me -- are greater than the
10 reductions that are achieved?

11 MR. MICHAEL STOCKI: Can you repeat
12 that one (1) more time, please?

13 MS. DAYNA STEINFELD: I'm channelling
14 Mr. Peters. Just give me one (1) second.

15

16 (BRIEF PAUSE)

17

18 MS. DAYNA STEINFELD: Yes. So, even
19 though the Utility is spending less money to run its
20 system, when you have a TRC ratio of less than one
21 (1), the total costs to achieve those spending
22 reductions are greater than the reductions that are
23 actually achieved?

24

25 (BRIEF PAUSE)

1 MR. MICHAEL STOCKI: So, the
2 assumption in there is that the utility spending less
3 money to operate the system is equivalent to the
4 marginal values that we're using in the benefits to
5 calculate both the -- the PACT and TRC.

6 So, if you make that assumption, which
7 I don't necessarily agree with is the correct
8 assumption, but, otherwise, then you're just looking
9 at the denominator, and that would be correct.

10 MS. DAYNA STEINFELD: And am I right
11 that some of the individual measures in addition to
12 having a PACT ratio of less than 1 also have a total
13 resource cost ratio of less than 1?

14 MR. MICHAEL STOCKI: That's correct.

15 MS. DAYNA STEINFELD: And you can take
16 this subject to check, but I believe it's sixty-eight
17 (68) of the two hundred and nine (209) electric
18 measures have a TRC ratio of less than one (1) and
19 forty-eight (48) of a hundred and six (106) gas
20 measures of a TRC of less than one (1).

21 Will you take that subject to check?

22 MR. MICHAEL STOCKI: Subject to check,
23 correct.

24 MS. DAYNA STEINFELD: What benefits
25 would justify those measures being included in the

1 plan?

2

3

(BRIEF PAUSE)

4

5

MR. MICHAEL STOCKI: So, I spent some
6 time yesterday talking about all the different
7 considerations that went in to develop the Efficiency
8 Manitoba portfolio, so certainly the PACT was one (1)
9 of those cost -- with respect to cost effectiveness,
10 that was one (1) of the factors that we looked at, but
11 it really was only one (1) consideration.

12

There's certainly our ability to reach
13 all Manitobans with -- with our programs, meet some of
14 the hard to reach customer segments that have been
15 prescribed in regulation, provide continuity of
16 programs. That was one (1) of the specific pieces of
17 feedback that we heard both through the EEAG and other
18 surveys that we did.

19

So, when you combine -- again, I spent
20 some length discussing this yesterday, but it wasn't
21 just about the cost effectiveness test. Of course,
22 the energy savings targets were front and centre, as
23 well.

24

We have prescribed targets of 1.5
25 percent on electric and .75 on natural gas, so there's

1 multiple different consid -- siderations, and we have
2 to strike a balance, and cost effectiveness is part of
3 that equation.

4 And what we put forward at a portfolio
5 level for both the electric and natural gas is a cost
6 effective portfolio.

7 MS. DAYNA STEINFELD: Sticking at the
8 measure level, Mr. Stocki, if the TRC ratio for a
9 measure is less than 1, the only benefit is to the
10 customers participating in the initiative.

11 Is that correct?

12 MR. MICHAEL STOCKI: Well, the benefit
13 stream, it still would include the marginal values to
14 Manitoba Hydro or Centra Gas as well as the potential
15 water savings benefits of GHG benefits.

16 MS. DAYNA STEINFELD: But there
17 wouldn't be a net benefit to customers from that
18 measure because the measures will increase the cost of
19 gas or electric services in the province?

20

21 (BRIEF PAUSE)

22

23 MR. MICHAEL STOCKI: So, you said non-
24 participating customers, I believe. So, yes. So,
25 obviously, participating customers would get the

1 benefit of the energy savings and the bill reductions
2 but nonparticipating customers would not realize the
3 be -- those benefits, and then would just be seeing
4 the costs.

5 MS. DAYNA STEINFELD: So, the -- the
6 participating customer's bill would be reduced because
7 they've implemented the DSM measure?

8 MR. MICHAEL STOCKI: That's correct.

9 MS. DAYNA STEINFELD: But the
10 increased costs that are borne by the Utility would
11 effectively be borne by all ratepayers, so those who
12 are not participating would see their bills go up?

13

14 (BRIEF PAUSE)

15

16 MR. MICHAEL STOCKI: Yeah, that's
17 correct on a measure level. Again -- and we've
18 targeted an overall portfolio that's cost effective.
19 And so, on the electric side, for example, the
20 benefits outweigh the costs by a factor of 3.27.

21 MS. DAYNA STEINFELD: But on the
22 measure level, that would be accurate?

23 MR. MICHAEL STOCKI: That's correct,
24 on the measure level.

25 MS. DAYNA STEINFELD: And that would

1 be true regardless of the cost effectiveness measure
2 that we're looking at. So, whether it's the TRC or
3 the PACT, if the ratio is less than one (1), the
4 participating customers see their bills go down, but
5 customers as a whole would see bill increases?

6 MR. MICHAEL STOCKI: Yes, that's
7 correct. And we've endeavoured to provide an estimate
8 of that rate impact through our life cycle revenue
9 impact measure test.

10 MS. DAYNA STEINFELD: And where we
11 have measures that have both PACT and TRC ratios of
12 less than one (1) in the plan, is -- is it the same
13 answer you gave earlier in terms of why those measures
14 are included? It's about achieving some of the other
15 objectives?

16 MR. MICHAEL STOCKI: That's correct.
17 It's achieving an overall balance portfolio with --
18 concerning multiple different considerations.

19 MS. DAYNA STEINFELD: If we can go to
20 Book of Documents, page 120, please.

21 So here, Mr. Stocki, Daymark is saying
22 that:

23 "Even if there are no additional
24 benefits, it does not mean that
25 measures should be removed from the

1 plan just based on the PACT or TRC
2 cost-effectiveness. It would make
3 sense to consider whether these
4 measures are driven by other reasons
5 such as strategic market
6 transformation, social energy, or
7 environmental policy, or assuring
8 access to the broad cross-section of
9 Manitobans before making any
10 recommendation as to whether to
11 include or exclude them from the
12 plan."

13 Have I read that correctly?

14 MR. MICHAEL STOCKI: You've read that
15 correctly, and I'd also put forward that that's
16 probably -- that's true -- the same would be true on
17 the bundle level. Overall, some bundles are less
18 cost-effective than others, but again, we've taken the
19 overall approach of looking at the entire portfolio.
20 So yes, I agree.

21 MS. DAYNA STEINFELD: So I take it
22 from that, not only did I read it correctly, but you
23 agree with the answer that Daymark has -- has given
24 here as to why you might include measures that have
25 poor cost-effectiveness ratios.

1 MR. MICHAEL STOCKI: Yeah, they've
2 outlined some of those other considerations, in
3 particular, the long-term market transformation, for
4 example.

5 MS. DAYNA STEINFELD: Is it possible,
6 though, that Efficiency Manitoba would not have
7 included measures with PACT and TRC ratios of less
8 than one (1) if it did not have to achieve the savings
9 targets mandated in the legislation? Are they there
10 in order to hit the savings target?

11

12 (BRIEF PAUSE)

13

14 MR. MICHAEL STOCKI: I think if you
15 look at some of the considerations I mentioned
16 previously, savings target is certainly in there, but
17 also providing accessible programs to all Manitobans
18 would be front and centre in that as well.

19 MS. DAYNA STEINFELD: In direct
20 evidence yesterday, Ms. Kuruluk mentioned on the gas
21 portfolio that programs that were more marginal in --
22 in terms of cost-effectiveness needed to be included
23 in order to meet the savings targets.

24 Do you recall that direct evidence?

25 MR. MICHAEL STOCKI: Yes, I do.

1 MS. DAYNA STEINFELD: And I take it
2 that you accept that that's the case, that some
3 measure that are marginal in terms of cost-
4 effectiveness are required in order to meet the
5 targets?

6

7 (BRIEF PAUSE)

8

9 MS. COLLEEN KURULUK: So I'm going to
10 say yes to the answer. We agree, and -- and just a
11 reminder that when you don't -- when we exclude
12 interactive effects, the portfolio overall actually
13 had a 1.42 benefit cost ratio.

14 MS. DAYNA STEINFELD: And I -- I -- I
15 take your point, Mr. Stocki, that -- sorry, I'm all
16 verklempt this morning -- that Efficiency Manitoba is
17 looking at other objectives as well. I'd like to
18 understand better how those objectives are achieved
19 where the measures are less than unity for the PACT
20 results and the TRC results.

21 I'm wondering if you can provide an
22 undertaking to explain what objectives or benefits are
23 being achieved through including measures with a PACT
24 and TRC ratio of less than one (1) in the portfolio.

25

1 (BRIEF PAUSE)

2

3 MS. DAYNA STEINFELD: I did ask for
4 that as an undertaking. You can take it under
5 advisement if you're not --

6 MR. MICHAEL STOCKI: Well, yeah, I'm
7 just -- just going to see if I can address the core
8 issue there in -- in oral. I'm struggling a little
9 bit with the -- I think the request was by a measure -
10 - on a measure basis.

11 MS. DAYNA STEINFELD: Yes.

12 MR. MICHAEL STOCKI: So I think at a
13 higher level, what we've -- we've tried to do in the -
14 - in the outline of the -- the plan, for example, even
15 -- even if you kind of go through, say, for example,
16 each of the main sections of the plan -- I mean,
17 Section 2, the title is 'the plan achieves the
18 requirements of Efficiency Manitoba's mandate and
19 regulatory framework.'

20 And so within that individual section,
21 for example, we have a table that outlines -- it is
22 Table 2.2 -- for example, a summary of Efficiency
23 Manitoba Act cross-referenced to corresponding
24 sections of our submission. And so it lists line by
25 line where the details are included within our

1 submission.

2 And so absolutely, all those different
3 considerations such as initial savings targets,
4 cumulative savings targets, how the net savings are
5 calculated, the impact of interactive effects -- those
6 are all individual considerations that are common not
7 only at a measure level, but basically at the overall
8 portfolio level.

9 Section 3 discusses another key
10 objective that would be common to the entire
11 portfolio, not just on a measure basis, but it's
12 achieving the savings targets through customer segment
13 programming and comprehensive engagement. And so we
14 heard, specifically -- I'll point to page 92 -- on
15 that.

16 Some of the -- the requests that we
17 heard through the feedback and engagement we -- we
18 completed was with respect to, for example, new
19 programs, having a customer-focussed approach,
20 reducing red tape and burdensome application progra --
21 red tape associated with program application,
22 providing continuity of Manitoba Hydro's program so
23 there's no disruption to customers service. So again,
24 those are all considerations that are not just at the
25 measure-by-measure basis, but it -- it has to be taken

1 at whole.

2 For example, Section 4, the overall
3 budget -- so again, we've had a dir -- directive from
4 government with respect to lowering overall costs in
5 Manitoba to deliver energy efficiency programs, and
6 Section 4 outlines the details of that.

7 Section 5 is specific to cost-
8 effectiveness, but again, it uses the mandated savings
9 cost-effectiveness tests that were prescribed in
10 regulations, and it's done so at the bundle level and
11 at the portfolio level.

12 And as we've stated multiple times,
13 that at a portfolio level, we've demonstrated that the
14 electric portfolio provides benefits over costs of
15 3.27, and on the natural gas portfolio, if you look at
16 the program without inter -- without interactive
17 effects, it's 1.24.

18 MS. DAYNA STEINFELD: So Mr. Stocki, I
19 have your evidence, and you've explained both, you
20 know, today and yesterday about the benefits of the
21 plan and the cost-effectiveness at a portfolio and a
22 bundle level, so I've certainly heard that evidence.

23 I'm asking for an undertaking at a
24 measure level to identify the factors that support
25 including measures that have PACTs and TRCs that are

1 below one (1). If you could provide that undertaking
2 so the Board can understand, and to the extent that
3 you're able to explain those benefits at a measure
4 level, I would ask for that in an undertaking.

5 MR. MICHAEL STOCKI: And I believe
6 we've already provided that evidence with -- within
7 our filing. I think, as I've -- I've begun to
8 outline, the -- all these considerations would be true
9 for the overall portfolio and at a measure-by-measure
10 basis.

11 So if you were looking for a specific
12 measure, like as the furnace replacement program,
13 replacement of a standard or a mid -- to a high-
14 efficiency furnace, for example, the considerations
15 there would just be cherry picking some of the
16 different sections from our overall submission.

17 And so it's -- I -- I feel we've
18 already provided that evidence, and I'm not sure what
19 additional knowledge the panel will gain by providing
20 the same information that's already been submitted
21 that would have to be consolidated again, and it --
22 there would be no additional detail that we would be
23 able to provide at the measure-by level -- measure the
24 detail, because it's all the same considerations that
25 we've provided in our evidence.

1 MS. DAYNA STEINFELD: So if I -- if I
2 reframe that, what you're saying is that Efficiency
3 Manitoba didn't look at cost-effectiveness at a
4 measure level so is not able to explain at a measure
5 level what specific benefits justify including that
6 measure in the portfolio.

7

8 (BRIEF PAUSE)

9

10 MR. MICHAEL STOCKI: Yeah, I think in
11 -- in general, if you go measure by measure, you're
12 basically going to be saying for each one, we've done
13 it to either hit the targets, achieve equitable access
14 to Manitobans, and provide for a diverse portfolio.

15 And so I think you would go measure by
16 measure and basically be filling that out
17 prescriptively for every single measure. Those were
18 the -- those were the reasons.

19 MS. DAYNA STEINFELD: Okay. I'll --
20 I'll accept that response, Mr. Stocki, and so I will
21 not ask for that undertaking.

22 Moving on to another cost effectiveness
23 test, another test you might use is the participant
24 cost ratio?

25

1 (BRIEF PAUSE)

2

3 MR. MICHAEL STOCKI: Yes, that's
4 correct.

5 MS. DAYNA STEINFELD: And that would
6 be generally a -- a customer view of cost-
7 effectiveness?

8

9 (BRIEF PAUSE)

10

11 MR. MICHAEL STOCKI: Yes. Sorry. I'm
12 not as familiar with that cost metric, so I just
13 wanted to look up the formula quickly. But
14 essentially it -- it does take the perspective of the
15 customer, and so it looks at the present value of the
16 incentives and the bill savings to the customer, and
17 it divides by the incremental product cost to the
18 customer.

19 MS. DAYNA STEINFELD: And so if the
20 participant cost ratio for a measure is less than one
21 (1), the amount of bill savings that the customer gets
22 would be less than the cost the customer has to pay to
23 participate?

24 MR. MICHAEL STOCKI: That's correct.

25 MS. DAYNA STEINFELD: And this is at

1 Book of Documents page 121. But I'll ask you to take
2 this subject to check, because there's a lot of
3 information here.

4 On my count, sixteen (16) measures,
5 both electric and gas, have participant cost ratios of
6 -- of less than one (1).

7 Will you take that subject to check?

8 MR. MICHAEL STOCKI: Yes, I'd agree to
9 that. And probably for some context, I -- there's a
10 lot of different motivations for customers to
11 participate in our programs, and certainly the energy
12 savings are one (1) of them, but it's not the only
13 consideration that a customer has.

14 So sometimes customers make decisions
15 not solely based on their participating customer cost
16 test results.

17 MS. DAYNA STEINFELD: And maybe -- to
18 take that a step further, Mr. Stocki, in including
19 these measures where the bill savings reductions are -
20 - are going to be less than the cost to participate,
21 what is Efficiency Manitoba saying about why a
22 customer would choose to participate? Or maybe put
23 another way, in your experience, why -- why have
24 customers chosen to participate in those kinds of
25 plans -- or programs, rather?

1 (BRIEF PAUSE)

2

3 MR. MICHAEL STOCKI: Ms. Kuruluk
4 pointed out a good example, that energy audits are
5 included within that -- one (1) of those examples that
6 has a -- a PC racial less than one (1). So that's an
7 example where the initial costs may outweigh the --
8 the benefits, but there's -- the customer would
9 certainly be aware that through that energy audit,
10 they may realize future energy savings by identifying
11 all the different energy savings opportunities that
12 they could then participate going forward. So that
13 would be one (1) example.

14 MS. DAYNA STEINFELD: Ms. Kuruluk,
15 yesterday, you mentioned another example of the solar
16 PV program. The -- this Board has heard evidence
17 about that program in the past. It -- would that be
18 another example of customers participating, even where
19 that ratio may not be above one (1)?

20 MS. COLLEEN KURULUK: Yeah. I think
21 that would be a very good example of that. In
22 emerging technologies in general, in -- including air
23 source heat pumps, which Mr. Stocki just finished
24 testifying to, are also those types of technologies,
25 emerging tech -- technologies.

1 MS. DAYNA STEINFELD: The independent
2 expert consultant Daymark developed, in its evidence,
3 a -- a pure measure value test.

4 Mr. Stocki, are you familiar with what
5 Daymark has had to say about that test?

6 MR. MICHAEL STOCKI: Somewhat, yes.

7 MS. DAYNA STEINFELD: And in general,
8 my understanding is that the pure measure value test
9 uses the same benefits as the TRC ratio does, but the
10 costs are only the costs of the measure, so not
11 program administrative costs.

12 Is that correct?

13 MR. MICHAEL STOCKI: That's correct.

14 MS. DAYNA STEINFELD: Does Efficiency
15 Manitoba have a -- a view of this test?

16 MR. MICHAEL STOCKI: Again, it's --
17 it's an interesting approach. The -- I think the
18 intent of Daymark's analysis was to, again, use that
19 test to determine at a very high level what percentage
20 of the savings would pass that test or fail that test.

21 So for example, on the electric
22 portfolio, they determined that around 7 percent of
23 the overall savings, subject to check, that the --
24 would not pass their pure measured value test, but
25 again, they've pointed out in other areas of their

1 report that you wouldn't necessarily want to screen
2 out those programs, because there may be other market
3 transformations, social, or non-energy benefits that
4 would benefit from keeping those programs within the
5 portfolio.

6 MS. DAYNA STEINFELD: And Mr. Stocki,
7 yesterday when we were looking at the levelized
8 resource and utility costs chart, you mentioned that
9 some of Daymark's measure level evidence requires some
10 correction because of the issue with the allocation of
11 program administration costs at a bundle level?

12 MR. MICHAEL STOCKI: Yes, that's
13 correct.

14 MS. DAYNA STEINFELD: And so would the
15 pure measure value test assist in addressing that
16 problem in terms of a cost-effectiveness test because
17 it's not looking at the program administration costs?

18 MR. MICHAEL STOCKI: Yes, it should.

19

20 (BRIEF PAUSE)

21

22 MS. DAYNA STEINFELD: And Ms. Kuruluk
23 or -- or Mr. Stocki, it's correct that Efficiency
24 Manitoba did not develop alternative plans, such as by
25 substituting some measures for others?

1 MR. MICHAEL STOCKI: That's correct.
2 We've -- yesterday, we spent some time discussing the
3 portfolio development process, and so at a very high
4 level, we did some prescreening to eliminate those
5 technologies that weren't viable within Manitoba.

6 We developed an initial portfolio, and
7 then went through several revisions to -- and made
8 several changes throughout, making changes for, again,
9 all those multiple considerations with respect to
10 customer access, what we were hearing from
11 stakeholders, overall budget, and overall cost-
12 effectiveness to meet our, again, balance the overall
13 portfolio and achieve our objectives.

14 MS. DAYNA STEINFELD: And at page 126
15 of the Book of Documents -- sorry, 132, Coalition/EM
16 126 -- we see here as well that Efficiency Manitoba
17 was not able to provide alternative portfolio designs
18 because of the time constraints available for plan
19 development, correct?

20 MR. MICHAEL STOCKI: That's correct,
21 and it's probably worth mentioning that there's a
22 couple different interpretations to alternative DSM
23 portfolio designs. Certainly, one (1) -- the
24 consideration that resulted in this response was that
25 multiple DSM portfolios were not possible because they

1 were -- we were not looking at a scenario where, for
2 example, we are developing a portfolio to hit 1
3 percent of our electric target, or 2 percent.

4 We were not looking to hit anything
5 less or anything for -- well above our target. We
6 were targeting 1.5 percent.

7 So that's one (1) possible definition
8 of the alternative DSM portfolio, and that's actually
9 the -- the response was based on that interpretation.

10 Another interpretation of that term,
11 alternative DSM portfolios, would -- what -- would be
12 whether or not you could achieve the one point five
13 (1.5) with different portfolios. That wasn't the
14 basis of that response, but as we've spoken to
15 yesterday, our intent is to recognize that we need to
16 be flexible and nimble in our approach so that we can
17 make adjustments midstream to hit our target, and that
18 the portfolio will naturally have some adjustments
19 throughout the three (3) years because of that.

20 MS. DAYNA STEINFELD: Are you
21 familiar, Mr. Stocki, with other jurisdictions such as
22 Efficiency One in Nova Scotia, where they present a
23 preferred plan and an alternative plan that adjusts
24 measures to change factors like cost-effectiveness?

25 MR. MICHAEL STOCKI: At a very high

1 level, I would probably like to see if they're also
2 red -- reducing their overall savings targets with
3 respect to that.

4 My recollection was that they were
5 doing that more as part of potentially an integrated
6 resource planning exercise, where they were looking at
7 multiple scenarios, so more similar to the first case,
8 where I was talking about looking at not hitting a 1.5
9 percent prescribed target, but looking at a couple of
10 unique scenarios with discrete energy savings targets.

11 MS. DAYNA STEINFELD: And recognizing
12 the Information Request response here in terms of the
13 time available for plan development, is developing
14 alternative scenarios something that Efficiency
15 Manitoba would provide in future Efficiency Plan
16 filings?

17 MR. MICHAEL STOCKI: Since Efficiency
18 Manitoba has a prescribed energy efficiency target of
19 1.5 percent, in general, we would not be looking to
20 achieve less than that.

21 If we did look to achieve more, there
22 are accommodations within the regulations to do so.
23 Although we didn't chose -- choose to do so at this
24 time, it's possible in the future we could provide
25 some evidence where we've chosen to go above the 1.5

1 percent and there are certain cost-effective criteria
2 specifically for those offers that we'd be including
3 in our plan to achieve that additional savings.

4 MS. DAYNA STEINFELD: Thank you, Mr.
5 Stocki. Turning to Book of Documents, page 135, Ms.
6 Kuruluk mentioned just a few minutes ago emerging
7 technologies. This Information Request response
8 identifies some emerging technologies which appear to
9 have passed an initial screening but were ultimately
10 not included in the final portfolio.

11 Does that fairly summarize this
12 Information Request?

13

14 (BRIEF PAUSE)

15

16 MR. MICHAEL STOCKI: At a summary
17 level, that's correct. Efficiency Manitoba has
18 provided a more comprehensive list in Coalition EM 1-
19 10, and that's found on page 112, 113, and 114 of the
20 PUB Book of Documents.

21 MS. DAYNA STEINFELD: The reference
22 that you just provided is all energy efficiency
23 technologies rejected during the prescreening process.
24 So would you say that everything at 1 -- 112, 113, and
25 114 of the Book of Documents falls within that emergin

1 -- emerging technologies category, or are we dealing
2 specifically with the technologies listed at part (d)
3 of the Information Request response at page 136?

4 MR. MICHAEL STOCKI: So with respect
5 to the definition of emerging technologies, some -- in
6 some cases the technologies themselves may be actually
7 very mature technologies, but the way we use that term
8 is it's an emerging technology within the Manitoba
9 market. So again, it depends. There's some context
10 there. In some cases it's a yes; in some cases they
11 may not be emerging in the Manitoba market.

12 MS. DAYNA STEINFELD: And the response
13 at (c) at page 136 explains that:

14 "Efficiency Manitoba researched
15 which would be relevant in terms of
16 new opportunities to Manitoba's
17 climate and energy consumption
18 habits. Staff then liaised with
19 industry on market readiness for new
20 technologies, both from a supply and
21 knowledge perspective. If relevant,
22 staff also reviewed regulatory
23 hurdles which may impede adoption of
24 a technology based on the current
25 regulatory environment.

1 Technologies which remained after
2 this preliminary screening were
3 analysed to determine the energy
4 savings potential, costs, market
5 adoption, product life span, et
6 cetera. This information was input
7 into a cost-benefit analysis
8 screening tool."

9 I've read that fairly?

10 MR. MICHAEL STOCKI: That's correct,
11 and actually the example I provided earlier with the
12 air source heat pump would be kind of a good
13 illustration of that where we need to gather further
14 information from the market, and so we need to liaise
15 and have meetings with contractors, for example, work
16 with our EAG and to determine better some of the
17 barriers that are facing that particular technology.

18 MS. DAYNA STEINFELD: So Efficiency
19 Manitoba is starting with a catalogue of -- of new
20 opportunities, emerging technologies that might be out
21 there, and then goes through a process to assess
22 whether those should be included in the plan or not.
23 Is that fair?

24 MR. MICHAEL STOCKI: That's fair,
25 correct.

1 MS. DAYNA STEINFELD: And in (d) we
2 see a list that Efficiency Manitoba has provided in
3 terms of emerging technologies that were identified
4 but -- but rejected.

5 Are you able to provide an undertaking
6 just to go through those individual technologies and
7 explain at what point in the review process they were
8 rejected and on what basis?

9 MR. MICHAEL STOCKI: I believe we've
10 already done that. I'm just going to check quickly.

11

12 (BRIEF PAUSE)

13

14 MR. MICHAEL STOCKI: So I'll bring
15 your attention to PUB-EM-I-1, and so in that response
16 we provide essentially the same list of measures and
17 then we explain that they were rejected for a number
18 of reasons, and that being, including -- I think we
19 went through this list yesterday actually.

20 For example, there's technologies not
21 yet approved for use in Canada, would not meet
22 municipal permitting requirements, and so we list
23 those out in PUB-EM-I-1.

24 MS. DAYNA STEINFELD: So my
25 understanding, Mr. Stocki, is that that list in PUB-

1 EM-1 is more of a generic list in terms of why
2 particular measures were rejected.

3 Would it cover off some of the specific
4 processes that are referenced in terms of the review
5 of emerging technologies?

6 MR. MICHAEL STOCKI: Yeah. For
7 example, if we were to provide that on -- specifically
8 for those measures, would just be cross-referencing
9 that list with those individual technologies.

10 MS. DAYNA STEINFELD: Okay, thank you.
11 I -- I don't require the undertaking then.

12 In terms of emerging technologies that
13 might be adopted in -- in the future, I understand
14 from the evidence yesterday that Efficiency Manitoba
15 will use things like the contingency fund and the
16 innovation budget should the market change or should
17 new opportunities be developed through emerging
18 technology. Is that correct?

19 MS. COLLEEN KURULUK: That's correct.

20 MS. DAYNA STEINFELD: And, Ms.
21 Kuruluk, yesterday in your direct evidence you
22 mentioned inevitably conflicting objectives of cost-
23 effectiveness and -- and making the portfolio
24 available to diversity of Manitobans. Do you recall
25 that evidence?

1 MS. COLLEEN KURULUK: I do recall that
2 evidence.

3 MS. DAYNA STEINFELD: And so put
4 another way, one challenge is that in order to make
5 the plan more accessible, you might have to make the
6 plan less cost-effective.

7 MS. COLLEEN KURULUK: Insofar as some
8 of the measures might be not as cost-effective, yes, I
9 would agree with that.

10 MS. DAYNA STEINFELD: And perhaps
11 we'll turn to Book of Documents, page 139. This is an
12 excerpt from the Board Order 59 of '18. And just to
13 read it into the record, in the middle of the page it
14 says:

15 "Consumer rates should not at this
16 time recover the costs of demand
17 side management programs that are no
18 longer cost-effective unless
19 justified by having a lower income
20 target market. Given the evidence
21 produced -- adduced in this
22 proceeding about energy poverty and
23 bill affordability, it is reasonable
24 for consumer rates to recover the
25 costs of lower income demand side

1 management programs, even if not
2 cost-effective, as assessed against
3 the new lower marginal value."

4 Do you see that on the screen there?

5 MS. COLLEEN KURULUK: I do.

6 MS. DAYNA STEINFELD: And are you
7 familiar with that finding from the '17/18 and '18/19
8 Hydro General Rate Application?

9 MS. COLLEEN KURULUK: Generally
10 familiar, yes.

11 MS. DAYNA STEINFELD: And so in terms
12 of the conflicting objectives of cost-effectiveness
13 and accessibility, what process or analysis did
14 Efficiency Manitoba use in determining which
15 accessibility measures to include in the plan?

16

17 (BRIEF PAUSE)

18

19 MS. COLLEEN KURULUK: Sorry, we
20 weren't exactly certain of -- of what the question
21 was.

22 MS. DAYNA STEINFELD: How did you
23 decide which accessibility measures you would include
24 in your plan?

25 MS. COLLEEN KURULUK: By accessibility

1 measures, do you mean in order to make a plan
2 accessible to all Manitobans, how would we do that?

3 MS. DAYNA STEINFELD: Yes.

4

5 (BRIEF PAUSE)

6

7 MR. MICHAEL STOCKI: So, in -- instead
8 of repeating some of the multiple considerations that
9 we've talked about already, maybe I'll -- I'll give an
10 example instead where you might have -- for example,
11 going into a residential home for a direct install
12 opportunity or other measures, you want to try to take
13 advantage of as many opportunities within that home as
14 possible.

15 And so, for example, you might have to
16 include some non-cost -- le -- or less cost effective
17 measures, such as, for income qualified, a furnace
18 replacement program or other less cost effective on a
19 direct install program, for example, for residential
20 customers, but you get the benefit of bundling those
21 with other more cost effective measures and doing
22 those at the same time instead of having to go
23 multiple times back to that home over the course of
24 say ten (10) or fifteen (15) years and wait for
25 measures to become more cost effective.

1 So, there's some economies of scale
2 that when you can go into a home and address multiple
3 programs both on the electric and natural gas side at
4 the same for the same residence, there's efficiencies
5 associated with that.

6 So, certainly with respect to providing
7 accessibility of programs to residential customers,
8 that's one (1) of the key considerations there, as
9 well.

10 MS. DAYNA STEINFELD: So, the -- the
11 process that Efficiency Manitoba used to determine
12 which measures it would include that would achieve
13 that accessibility objective was to consider how those
14 measures could be grouped with other measures to form
15 a bundle.

16 Is -- is that the process that was
17 undertaken?

18 MR. MICHAEL STOCKI: Well, again,
19 we've taken a comprehensive approach to include all
20 measures that -- that met our initial screening that
21 we could deliver at an overall portfolio that was cost
22 effective.

23 And so, again going back to that
24 residential home example, some of the technologies in
25 the direct install program would include, you know,

1 air sealing. It could include water savings measures
2 or changing out light bulbs.

3 Each of those individual measures may
4 save electric savings. They may say natural gas
5 savings. They may have different cost effectiveness.
6 But certainly, when you bring them all together as
7 we've done within the plan and proven that the overall
8 portfolio is cost effective, we think there's
9 efficiencies and benefits in doing that because,
10 again, we're trying to strike that balance between
11 accessibility of our programs and equity of access to
12 all customers in Manitoba, and also meeting some of
13 the other objectives, such as overall cost and savings
14 targets.

15 MS. DAYNA STEINFELD: And so, is -- is
16 part of the consideration then which measures that are
17 aimed at achieving accessibility achieved the most
18 level of savings?

19

20 (BRIEF PAUSE)

21

22 MR. MICHAEL STOCKI: So, by way of
23 another example, say example -- say for First Nations
24 communities, one (1) of the key accessibility criteria
25 there is that Efficiency Manitoba has to cover the

1 cost of not only the measure, but also the -- the
2 installation costs, as well.

3 And so, certainly that contributes to
4 the cost effectiveness of those measures. But we
5 strongly feel that without that cost contribution from
6 Efficiency Manitoba, we would not get the
7 participation from First Nations that we're -- we're
8 intending to achieve.

9 MS. DAYNA STEINFELD: We might be
10 speaking at cross-purposes, Mr. Stocki. I'm -- I'm
11 not necessarily concerned about why they were included
12 even if they were not cost effective, but why one (1)
13 particular accessibility measure over another?

14 Is there is any kind of screening
15 process that's used to decide which measures are best
16 in order to achieve the objective of making the plan
17 accessible to all Manitobans?

18 MR. MICHAEL STOCKI: I think -- I
19 think I understand your question now. And the intent
20 is we -- we've put forward what we feel is reasonable.
21 Again, we -- it might not be exactly right with
22 respect to the -- that balance.

23 Certainly, we feel that over time, even
24 within these three (3) years, we might have to look at
25 -- I'll go back to the residential direct install

1 example -- that we may need to shift some of those
2 technologies within that offering depending on how the
3 actual performance is coming back but, in general,
4 that -- that's correct.

5 MS. DAYNA STEINFELD: And so, if
6 measures that could help achieve the objective of
7 making the plan accessible to all Manitobans would
8 achieve energy savings, were they all included in the
9 plan?

10

11 (BRIEF PAUSE)

12

13 MR. MICHAEL STOCKI: Yeah, to the best
14 of our knowledge, unless -- if we've identified those
15 elsewhere where we've screened those out for other
16 considerations, those would be technologies that we
17 were all considering, yes.

18 MS. DAYNA STEINFELD: And so, what I
19 heard from your earlier answer is that, in terms of
20 making the plan accessible to all Manitobans, cost
21 effectiveness wasn't necessarily the guiding factor
22 for those measures?

23 MR. MICHAEL STOCKI: Not at a measure
24 level, no. At a portfolio level, yes.

25 MS. DAYNA STEINFELD: So, in terms of

1 individual measures, you weren't considering the cost
2 effectiveness of those measures so long as the
3 portfolio as a whole ended up coming out at a cost
4 effective level?

5 MR. MICHAEL STOCKI: I'd agree with
6 that.

7 MS. COLLEEN KURULUK: If I could just
8 add, and just not -- not in isolation, of course, as
9 per Mr. Stocki's previous testimony.

10

11 (BRIEF PAUSE)

12

13 MS. DAYNA STEINFELD: Is it right to
14 say that Efficiency Manitoba doesn't have a particular
15 metric or test for evaluating the achievement of
16 accessibility?

17

18 (BRIEF PAUSE)

19

20 MR. MICHAEL STOCKI: Within the
21 regulations there's a prescribed target of trying to
22 achieve programming -- or budget spend of 5 percent
23 for hard-to-reach customer segments, so that is a bit
24 of a guide, but other than that, no specific.

25 MS. DAYNA STEINFELD: And we -- I

1 don't think we need to go there, it is in the Book of
2 Documents, but in an Information Request response to
3 the Coalition you explain that Efficiency Manitoba
4 would prefer not to establish a satisfactory degree of
5 customer segment diversity in a quantitative metric.

6 Do you recall that Information
7 response?

8 MR. MICHAEL STOCKI: Is that in your
9 Book of Documents by any chance?

10 MS. DAYNA STEINFELD: It is. It's
11 page 68 at the bottom, so where we see -- I think
12 that's FI or F2.

13

14 (BRIEF PAUSE)

15

16 MR. MICHAEL STOCKI: So, yeah, I --
17 I'd agree with that. I think it's important again to
18 listen and work with our EEAG, for example.

19 Having prescribed targets with respect
20 to individual customer segments then could put -- I
21 wouldn't want to be in a podi -- position where there
22 are maybe competing interests or more of conflict
23 between different customer segments.

24 Instead, we've got a really good
25 collaboration right now with the EEAG, and I'd want to

1 see that continue.

2 MS. DAYNA STEINFELD: Ms. Schubert,
3 can we please put on the screen the regulation, the
4 Efficiency Manitoba regulation?

5

6 (BRIEF PAUSE)

7

8 MS. DAYNA STEINFELD: And scroll to
9 11(c). And this is just so that we have it in front
10 of us, Mr. Stocki, but you just referenced the
11 regulation that reads:

12 "The PUB must consider the following
13 when reviewing an efficiency plan at
14 (c) whether if it is practical to do
15 so. At least 5 percent of
16 Efficiency Manitoba's budget for
17 demand side management initiatives
18 is allocated to initiatives
19 targeting low income or hard to
20 reach customers."

21 You see that there?

22 MR. MICHAEL STOCKI: Yes, that was
23 what I was referencing.

24 MS. DAYNA STEINFELD: And is it
25 correct that Efficiency Manitoba descri -- or defines

1 'hard to reach' as Indigenous customers?

2 MR. MICHAEL STOCKI: Indigenous and
3 income qualified.

4 MS. DAYNA STEINFELD: So, would low
5 income cover income qualified and hard to reach would
6 cover Indigenous or hard to reach encompasses both?

7 MR. MICHAEL STOCKI: Hard to reach
8 encompasses both.

9 MS. DAYNA STEINFELD: Are there, in
10 Efficiency Manitoba's view, other customers that are
11 hard to reach?

12

13 (BRIEF PAUSE)

14

15 MR. MICHAEL STOCKI: So for our other
16 customers, there's a little bit of a -- maybe more of
17 a spectrum, depending on how you interpret 'hard-to-
18 reach'. But certainly, small commercial customers
19 could be interpreted to be hard to reach. Newcomers
20 to Manitoba would be potentially a hard-to-reach
21 customer segment. Seniors --

22 MS. DAYNA STEINFELD: Sorry, Mr.
23 Stocki.

24 I'm -- there's somebody on the
25 conference call line who's not on mute, and we can

1 hear some construction noises, maybe, in the
2 background. If you wouldn't mind muting, we'd
3 appreciate it. Thank you.

4 Sorry, Mr. Stocki. You -- you -- I
5 interrupted you.

6 MR. MICHAEL STOCKI: No problem. So
7 as I was saying, newcomers to Manitoba would be
8 potentially a hard-to-reach customer segment, seniors,
9 in some cases. Renters could be a hard-to-reach. And
10 what we've tried to do is, through the individual
11 customer segment, whether it's residential or
12 commercial -- tried to address some of those barriers
13 with -- with specific programming.

14 MS. DAYNA STEINFELD: At page 153 of
15 the Book of Documents...

16

17 (BRIEF PAUSE)

18

19 MS. DAYNA STEINFELD: We see here in
20 terms of that 5 percent in Regulation 11-C, Efficiency
21 Manitoba is meeting that through programs provided to
22 income-qualified and Indigenous customers, correct?

23 MR. MICHAEL STOCKI: That's correct.

24 MS. DAYNA STEINFELD: And Ms.
25 Schubert, if you can please put up Order 162/19, and

1 at Appendix A.

2

3

(BRIEF PAUSE)

4

5

MS. DAYNA STEINFELD: Thank -- down
6 one more page to page 27, please. Right there is
7 perfect.

8

So here -- this is the issues list for
9 this proceeding, Mr. Stocki. It includes as an issue:

10

11

12

13

14

15

16

17

18

19

"Accessibility of efficiency plan to
Manitobans, including consideration
of the interests of residential,
commercial, and industrial
customers, as well as hard-to-reach
customers who may have disabilities
or be Indigenous, rural, newcomers,
renters, customers living in multi-
unit residences, or older
customers."

20

Do you see that on the screen there?

21

MR. MICHAEL STOCKI: Yes, I do.

22

MS. DAYNA STEINFELD: And this isn't
23 Efficiency Manitoba's listing. It's -- it's a list
24 that was developed in the issues list development in
25 the pre-herding -- pre-hearing conference.

1 But does Efficiency Manitoba consider
2 the categories of customers listed there as hard-to-
3 reach customers?

4

5 (BRIEF PAUSE)

6

7 MS. COLLEEN KURULUK: Efficiency
8 Manitoba would certainly agree that the list that's
9 presented here would be some examples of hard-to-reach
10 customers, but we also feel that there would be even
11 more than that list, such as the small commercial
12 segment that Mr. Stocki mentioned earlier.

13 MS. DAYNA STEINFELD: But Efficiency
14 Manitoba hasn't quantified the proportion of the
15 budget that is aimed at these kinds of hard-to-reach
16 customers, other than those who are Indigenous or low
17 income.

18 MS. COLLEEN KURULUK: That's correct.
19 So arguably, some of these customers would certainly
20 be considered in our residential program portfolio, so
21 we would arguably be spending more than the 5 percent.

22 MS. DAYNA STEINFELD: Has Efficiency
23 Manitoba designed programs or measures in order to
24 take into account the hard-to-reach nature of some of
25 these kinds of customers?

1 MS. COLLEEN KURULUK: We haven't
2 designed measures per se. A newcomer household is
3 most often similar to a household of -- of a customer
4 that's not a newcomer, so what we've done is we've
5 done approaches. We work with community groups, and
6 we'll work with newcomer agencies and groups to
7 determine how we can reach their membership. So it's
8 -- it's more so outreach approaches that we'd be
9 tailoring versus measures.

10 MS. DAYNA STEINFELD: And maybe for a
11 particular example, the answer that you just gave, Ms.
12 Kuruluk -- perhaps we'll, for context, start at Book
13 of Documents, page 140.

14 And Ms. Kuruluk, this is an excerpt
15 from the Bill Affordability Working Group Report that
16 has been filed in this proceeding, but this section
17 here discusses lower-income customers and mentions
18 that:

19 "In buildings where tenants are
20 responsible for paying their own
21 energy bills, landlords have little
22 or no incentive to improve the
23 energy efficiency of their units,
24 including appliances where
25 applicable, because this would

1 entail absorbing the costs
2 associated with these investments
3 without realizing much direct
4 benefit. Tenants may be hesitant to
5 invest in the energy efficiency of
6 their rented dwelling if they do not
7 expect to stay there long-term or
8 may not be permitted to undertake
9 such investments even if they wanted
10 to."

11 Do you see that there?

12 MS. COLLEEN KURULUK: I do see that,
13 and I'm just going to suggest that if -- if there's
14 further questioning, I think Ms. Sterdan is prepared
15 to get into those details.

16 MS. DAYNA STEINFELD: Certainly, and I
17 think to get into the information that Efficiency
18 Manitoba has provided on this at page 141 -- starting
19 at the bottom of page 141 of the Book of Documents --
20 what I believe this is is the Manitoba Hydro response
21 to the recommendations of the Bill Affordability
22 Working Group with Efficiency Manitoba's plan layered
23 on top of that response.

24 Is that correct, whoever is most
25 prepared to answer that?

1 (BRIEF PAUSE)

2

3 MS. TRACY STERDAN: Sorry, just to --
4 sorry, just to clarify, the response is Efficiency
5 Manitoba's.

6 MS. DAYNA STEINFELD: And my
7 apologies, I -- I misspoke. So this is a
8 recommendation that was made to Manitoba Hydro, and
9 then we have Efficiency Manitoba explaining what it is
10 going to do in terms of that recommendation.

11 MS. TRACY STERDAN: Correct.

12 MS. DAYNA STEINFELD: And so we see,
13 beginning at the very bottom of page 141 and over on
14 to 142, what Efficiency Manitoba is going to do in
15 terms of landlord-tenant issues, correct?

16 MS. TRACY STERDAN: That's correct.

17 MS. DAYNA STEINFELD: And maybe -- I
18 don't think we need to read all of it, but if we can
19 just scroll down to page 142, we can see the -- the
20 listing, which I think is some more specific detail of
21 what Ms. Kuruluk mentioned earlier in terms of
22 approaches, outreach, and working with community
23 groups. Is -- is that a fair general summary?

24 MS. TRACY STERDAN: Yes, it is.

25 MS. DAYNA STEINFELD: In terms of

1 addressing landlord-tenant issues, how does Efficiency
2 Manitoba intend to address the problems identified in
3 the Bill Affordability Report around the low
4 incentives for tenants and landlords to participate?

5 MS. TRACY STERDAN: I think it's im --
6 important to discuss the -- with landlords,
7 particularly, the additional benefits of the energy
8 efficiency retrofits. It could be improving the look
9 of the home, the comfort of the home, and that, in
10 turn, can help with things like their rental rates,
11 appeal to more consumers who want to take that
12 property for rental, for example.

13 MS. DAYNA STEINFELD: And Efficiency
14 Manitoba intends to have Efficiency Manitoba's staff
15 who will engage in those kinds of outreach or
16 education with landlords?

17 MS. TRACY STERDAN: Yes.

18 MR. ROBERT MONTANINO: Hi, I'd like to
19 add something, if that's all right.

20 MS. DAYNA STEINFELD: Yes, of course.
21 Sorry, I couldn't see you there for a moment.

22 MR. ROBERT MONTANINO: I've been --

23 MS. DAYNA STEINFELD: Yes, please do.

24 MR. ROBERT MONTANINO: I've been
25 looking forward to an opportunity to speak.

1 MS. DAYNA STEINFELD: Please -- please
2 take this one. It's -- the mic is all yours.

3 MR. ROBERT MONTANINO: Thanks very
4 much. So to -- to add to the conversation surrounding
5 landlords and their -- their tenants, I can -- I can
6 speak to one of the strategies that's being proposed.
7 It's a brand-new strategy at Efficiency Manitoba.
8 It's not an existing legacy strategy at Manitoba
9 Hydro.

10 So Colleen and Mike have mentioned a
11 team of staff at Manitoba Hydro with breadth of
12 experience in energy efficiency programming. As part
13 of that experience, there -- there are a number of
14 strong relationships between select staff and
15 different associations in Manitoba. One (1) that I
16 would point to specifically with respect to landlords
17 and tenants would be the Professional Property
18 Managers Association, which is a very large and well-
19 established organization with Manito -- within
20 Manitoba.

21 There's a strong history of working
22 together with the PPMA to encourage energy efficiency
23 in the multi-unit residential sector. So -- so, thank
24 you for letting me provide that background.

25 Now to speak specifically to the

1 strategies. We're -- we're proposing an initiative
2 called in suite efficiency, which is a strategy in
3 which Efficiency Manitoba would be working in
4 collaboration with the Professional Property Managers
5 Association to promote a strategy where Efficiency
6 Manitoba would deploy a contracted service provider to
7 work in coordination with a landlord to find
8 opportunities where a technician could visit the
9 suites within apartment blocks.

10 And recognizing the barriers that were
11 mentioned on page 140 of the Book of Documents, we've
12 effectively attempted to remove all the barriers. So,
13 we would deploy a technician. The technician would
14 visit the site.

15 And they would install a number of
16 thing -- a number of energy saving devices at
17 absolutely no cost to the landlord and at absolutely
18 no cost to the tenant, so, in our -- in our mind,
19 removing all barriers.

20 To provide you just with a sense of
21 what would be included is we would in -- include
22 showerheads which would save both water costs as well
23 as electric or gas, depending on the heating system of
24 that apartment block.

25 We would replace faucet aerators in the

1 bathrooms. And we would replace faucet aerators in
2 the kitchen, so, again, the -- the additional benefit
3 of water savings as well as the -- the heating, fuel
4 for the water.

5 And we would also effectively re --
6 replace every light in the unit with an energy
7 efficient LED light.

8 So, I just wanted to -- to draw
9 attention to the fact that, although tenants fall
10 outside potentially of that fi -- 5 percent budget
11 requirement that's prescribed, we do recognize that
12 landlords and tenants require an enhanced strategy.

13 And -- and I feel that we've been very
14 mindful of that and we've put forward a strategy that
15 addresses all the barriers and removes those barriers.
16 And we're confident that we're -- we're going to be
17 able to help both landlords and tenants in those types
18 of facilities to save energy.

19 MS. DAYNA STEINFELD: Thank you. That
20 additional level of detail is -- is helpful.

21 THE VICE-CHAIRPERSON: Ms. Steinfeld,
22 could I just ask a follow-up --

23 MS. DAYNA STEINFELD: Of course.

24 THE VICE-CHAIRPERSON: -- question on
25 that? Ha -- has there been any discussion in the

1 strategy regarding who would rece -- be the recipient
2 of the savings from these measures? Would it be the
3 landlord or the tenant?

4 MR. ROBERTO MONTANINO: Sure. There -
5 - there -- that's a great question. There could be --
6 in some cases, both parties could be benefiting. So,
7 in -- in apartment blocks you may often have electric
8 baseboard heating and the cus -- the tenant would be
9 responsible for paying the energy bill. It would be
10 in their name per se, the energy bill. In that case,
11 they would benefit from the bill reduction.

12 There are also apartment blocks where
13 the landlord pays for all the -- all the utilities.
14 So, in that case, the landlord would -- would benefit
15 from the energy reduction.

16 We recognize that there -- there could
17 be a variety of combinations, and we're -- we're
18 prepared to help all the parties.

19

20 CONTINUED BY MS. DAYNA STEINFELD:

21 MS. DAYNA STEINFELD: I'd like to also
22 look at an example within the Indigenous measure, so
23 if we can for reference perhaps put page 145 of the
24 Book of Documents on the screen.

25 So, looking at insulation for

1 Indigenous customers, what I see here in this
2 Information Request response is that Efficiency
3 Manitoba is targeting some uptake.

4 But is it correct that the on-reserve
5 market is largely saturated in terms of insulation?

6 MS. AMY TUCK: That would be correct.

7 MS. DAYNA STEINFELD: And, Ms. Tuck,
8 would that be because of previous take-up or there
9 being homes on reserve that are not eligible for those
10 programs or a combination of the two (2)?

11 MS. AMY TUCK: Correct. It would be a
12 combination of the two (2).

13 MS. DAYNA STEINFELD: And when is a
14 home not eligible?

15 MS. AMY TUCK: If the starting
16 insulation levels are above the minimum. So, for
17 example, if the attic insulation is R-30 or higher,
18 then they wouldn't be eligible for insulation.

19 MS. DAYNA STEINFELD: Are there any
20 homes that are the opposite, they're an older home and
21 maybe so poorly constructed that they're not eligible
22 for up-take?

23 MS. AMY TUCK: There -- if I recall
24 correctly, there have been some instances. I don't
25 recall too many. But if there is fundamental issues

1 with a home, that we won't insulate if it's not going
2 to help with the energy efficiency.

3 MS. COLLEEN KURULUK: And if I -- if I
4 could add just something. And -- and Ms. Tuck can
5 correct me if I've -- I've spoken out of turn. But
6 identifying those homes in the communities has also
7 been done in assistance with a local community member,
8 typically, the housing manager if one exists.

9 So, it's not -- in the past programs,
10 not Manitoba Hydro saying yes or no, this -- this
11 home's eligible, it's -- it's a combination effort of
12 -- of the housing manager helping to identify those
13 conditions of the home.

14 MS. DAYNA STEINFELD: And the -- the
15 housing manager is an individual who works for the
16 band?

17 MS. COLLEEN KURULUK: That -- that's
18 correct. And again, like I said, Ms. Tuck is much
19 more familiar with those details.

20 MS. DAYNA STEINFELD: And Efficiency
21 Manitoba is intending on having one (1) staff member,
22 or perhaps more, who are going to work directly with
23 individuals, such as housing managers, on reserve?

24 MS. AMY TUCK: That is correct.

25 MS. DAYNA STEINFELD: And, Ms. Tuck,

1 is it true that homes on reserve might not be owned or
2 even rented by the occupants of those homes?

3 MS. AMY TUCK: That's correct.

4 MS. DAYNA STEINFELD: And so, from
5 Efficiency Manitoba's perspective, who needs to be
6 involved in order to implement energy efficiency
7 measures in a First Nations on reserve home?

8 MS. AMY TUCK: So, both the band and
9 the occupant of the home. And we're -- our intent is
10 to work within the framework of whatever the housing
11 policy is.

12 MS. DAYNA STEINFELD: Does the Federal
13 Government need to be involved as well?

14 MS. AMY TUCK: When we are
15 implementing insulation and direct install we are
16 working directly with the First Nation and the band
17 and, at this point, not involving the Federal
18 Government.

19 MS. DAYNA STEINFELD: And beyond, I
20 guess, retrofitting, one (1) thing Efficiency Manitoba
21 is intending on doing is -- is supporting the building
22 of -- of better homes on reserve?

23 MS. AMY TUCK: That's correct.

24 MS. DAYNA STEINFELD: And I think we
25 have some detail of that on page 151 of the Book of

1 Documents at response A where we're told that the new
2 homes program will work with First Nations communities
3 to support their efforts of building better homes with
4 improved building design, building techniques, and
5 building technologies to ensure homes are built energy
6 efficient at the start.

7 So, that's what we were just
8 discussing, Ms. Tuck?

9 MS. AMY TUCK: That, and along with
10 our participation with the Manitoba Indigenous housing
11 capacity enhancement and mobilization initiative
12 working group where they have an objective to create a
13 First Nation residential building code. And we will
14 be a participant in that, as well.

15 MS. DAYNA STEINFELD: Thank you for
16 that. And here -- this is from the end of November,
17 and it references preliminary conversations.

18 Can you just provide a little bit more
19 information in terms of the status of Efficiencies
20 Mani -- Efficiency Manitoba's efforts to work with
21 bands around building better homes?

22 MS. AMY TUCK: So, there is ongoing
23 conversation with First Nations who are already
24 building better homes. We are -- sorry, can you -- I
25 just -- can I get you to repeat that?

1 MS. DAYNA STEINFELD: The -- I'm just
2 wondering if you can provide more detail about the
3 status of Efficiency Manitoba's efforts to work with
4 bands in terms of building better homes?

5 MS. AMY TUCK: Well, we are in
6 constant contact with bands and housing managers about
7 building better homes and making energy efficiency
8 improvements, so it's -- it's an ongoing
9 communication.

10 Most recently, we've -- I met with the
11 working group, the First Nation housing group, to
12 discuss where -- what they are currently doing and how
13 we can help. And so, there are additional meetings to
14 happen shortly, next month.

15 MS. DAYNA STEINFELD: And when was the
16 most recent meeting you attended?

17 MS. AMY TUCK: The middle of November.

18 MS. DAYNA STEINFELD: Okay. And --
19 and you are intending on continuing to participate in
20 those meetings, including the ones scheduled next
21 month?

22 MS. AMY TUCK: Yes.

23

24 (BRIEF PAUSE)

25

1 MS. DAYNA STEINFELD: Am I right that
2 Efficiency Manitoba has not yet engaged with the
3 Federal Government in terms of funding around First
4 Nations insulation and -- and direct install?

5 MS. AMY TUCK: We have not.

6 MS. DAYNA STEINFELD: And maybe just
7 for context, direct install, what -- what does that
8 involve?

9 MS. AMY TUCK: So that would be small
10 energy-saving items such as showerheads, faucet
11 aerators, weatherization kits. And so we work with
12 the Band directly.

13 And so while we haven't had
14 conversations with the Federal Government around this
15 programming, the Federal Government, if they were in -
16 - wanting to be involved, they would participate with
17 the -- they would give money to the First Nation and
18 not Efficiency Manitoba.

19 So if -- sorry, I'll just continue. So
20 a -- a conversation would be more of a coordinated
21 effort. If there was something that they were doing
22 within a community that was a -- a retrofit, or some
23 kind of upgrade, they would ask us to potentially be
24 involved with the energy efficiency part of it if they
25 were doing something else.

1 MS. DAYNA STEINFELD: And sorry, just
2 so I'm clear on who the "they" is in the answer --

3 MS. AMY TUCK: Sorry, the -- sorry,
4 the Federal Government.

5 MS. DAYNA STEINFELD: And has the --
6 the Federal Government had contact with Efficiency
7 Manitoba?

8 MS. AMY TUCK: Not yet, no.

9 MS. DAYNA STEINFELD: Is there a plan
10 for initiating or beginning some of those
11 conversations?

12 MS. AMY TUCK: Yes, there will -- yes.
13 There is a plan to engage with the Federal Government,
14 but at the request of the First Nations.

15 So we -- it is our position that if
16 we're going to have conversations about First Nations
17 and about their programming, that there needs to be
18 First Nation representation. It should not be to
19 government agencies dictating what should be happening
20 in the First Nation.

21 MS. DAYNA STEINFELD: And so just so I
22 understand the process that's envisioned, Efficiency
23 Manitoba would work with the individual Band,
24 understand what that Band's priorities or -- or plans
25 are, and then help support discussions at a funding

1 level with the Federal Government?

2 MS. AMY TUCK: That sums it up,
3 correct. Yeah.

4 MS. DAYNA STEINFELD: Okay. Thank
5 you, that's helpful.

6 If we can turn to page 148, and just
7 down the bottom of this page, Ms. Tuck, can -- can you
8 just explain what this table is showing us?

9 MS. AMY TUCK: This table is showing
10 the direct install and insulation projected
11 participation.

12 MS. DAYNA STEINFELD: And --

13 MS. AMY TUCK: Sorry, my -- I need to
14 correct myself, sorry.

15 It is -- it is for the -- no, no. No,
16 sorry. It's not. Sorry. (a) -- the table is the
17 First Nation insulation and direct install offer.
18 Like I said, it is the participation for insulation --

19 MS. DAYNA STEINFELD: That's okay.

20 MS. AMY TUCK: -- for insulation and
21 direct install.

22 MS. DAYNA STEINFELD: And so I think
23 we touched on the market saturation in terms of
24 insulation. Why is it anticipated that the direct
25 install participation would be so low?

1 MS. AMY TUCK: So again, that was
2 anticipated based on the last few years of
3 participation from Manitoba Hydro. We have seen lower
4 uptake in the participation, but we do recognize that
5 the market is larger, and that even though the numbers
6 for participation for direct install are low, if we
7 can capture more opportunity, we will capture more
8 opportunity.

9 So we won't -- we won't limit that
10 participation. We will try to get as much
11 participation in First Nations for direct install as -
12 - as we can.

13 MS. DAYNA STEINFELD: And so based on
14 information you have from Manitoba Hydro, you're being
15 perhaps conservative in your participation estimates,
16 but through your approaches and strategies, you're
17 hoping to be able to achieve more uptake?

18 MS. AMY TUCK: That is correct.

19 MS. DAYNA STEINFELD: Turning to page
20 150 again, I think, just for reference, it's my
21 understanding that Efficiency Manitoba is intending on
22 using the Affordable Energy Fund funds to work with
23 diesel communities and the Federal Government.

24 Is that correct?

25 MS. AMY TUCK: That is correct.

1 MS. DAYNA STEINFELD: And are you able
2 to advise the Board what specifically Efficiency
3 Manitoba intends on doing in this regard?

4 MS. AMY TUCK: So at -- right now, it
5 is our understanding based on previous Manitoba Hydro
6 information that there is limited insulation
7 opportunity in the diesel communities. However, based
8 on conversations that we have had with First Nations
9 in diesel communities, they are saying that there is
10 more opportunity.

11 So we're going to explore that. But
12 other than that right now, the conversations of how
13 we're going to use the Affordable Energy Fund in the
14 diesel communities hasn't materialized, and that is
15 something that we're hoping to -- hoping to do in
16 coordination with the diesel communities.

17 MS. DAYNA STEINFELD: Mr. Chair, I
18 think I have at most ten (10) more minutes in this
19 area. If you'd -- I can continue and then take the
20 morning break, or if you'd prefer to stop now?

21 And it -- in this area, I mean,
22 specifically in terms of the Indigenous accessibility
23 matters.

24 THE CHAIRPERSON: Well, I think -- I
25 think we'll continue. If I could, I have a question

1 for Ms. Tuck.

2 MS. DAYNA STEINFELD: Absolutely.

3 THE CHAIRPERSON: In terms of the --
4 in terms of the discussions with the Federal
5 Government, and the question is: Does Efficiency
6 Manitoba envisage any of its programs with First
7 Nations to be conditional upon federal funding?

8 Because as I understand it right now,
9 you have a number of programs. You're in discussions
10 with other prog -- about other programs with First
11 Nations. You've started discussions with the Federal
12 Government.

13 Do you see funding these programs
14 yourself, or do you see a proposal for cost-sharing
15 with the Federal Government? I'm -- I'm just
16 wondering if we're -- if we're looking at programs
17 where the Federal Government says, No, we're not
18 interested, and you just go ahead yourself, or -- or
19 where those discussions are at.

20 MS. AMY TUCK: So right now,
21 everything that we've proposed in the plan is based on
22 Efficiency Manitoba funding those initiatives. So if
23 there is opportunity to cost share with the Federal
24 Government that could enhance the measures or the
25 programs that we've put in place, that is something

1 that we would like to pursue, the opportunity to
2 enhance what is in here with the Federal Government.

3 THE CHAIRPERSON: No, those are
4 existing programs. In terms of potential future
5 programs, are you looking at conditional funding, or
6 are you basically going on the basis of, Here are the
7 programs we would like to do? We've had discussions
8 with them. We're hoping for Federal Government money,
9 but if we don't get it, we're still planning to go
10 ahead with it.

11

12 (BRIEF PAUSE)

13

14 MS. AMY TUCK: So no, nothing is
15 contingent on the Federal Gov -- on Federal funding.

16 THE CHAIRPERSON: Thank you. Ms.
17 Steinfeld...?

18 MS. COLLEEN KURULUK: And -- and if I
19 could just add really quickly. So Federal Government
20 has reached out to Efficiency Manitoba to speak about
21 future opportunities for collaboration, and -- and not
22 specifically solely for First Nations, but
23 opportunities for collaboration across all spectrums
24 of Efficiency Manitoba's offering.

25 They are aware of the stage that we're

1 at with respect to the review of our Efficiency Plan,
2 so they're waiting for us to get -- get through the
3 process before they come meet with us.

4 THE CHAIRPERSON: Thank you.

5

6 CONTINUED BY MS. DAYNA STEINFELD:

7 MS. DAYNA STEINFELD: Ms. Tuck, just
8 going back to the earlier answer about the Affordable
9 Energy Fund, and the -- and the stage it's at, are you
10 at this point able to explain to the Board how you
11 specifically plan to spend the Affordable Energy Fund
12 monies, or is it too early to -- to say?

13 MS. AMY TUCK: It's still too early to
14 say.

15 MS. DAYNA STEINFELD: And so will the
16 funds in the Affordable Energy Fund remain there until
17 such time that Efficiency Manitoba develops programs
18 for its use?

19 MS. COLLEEN KURULUK: So just to
20 clarify, the Affordable Energy Fund isn't necessarily
21 a -- an account of -- of money. It was a -- a
22 notional spend.

23 So I think when it was first created
24 under Bill 11, the Winter -- Winter Heating Cost
25 Control Act, it was meant to be reserving some export

1 revenues that Manitoba Hydro would have achieved to do
2 specific things.

3 So there isn't a specific account for
4 it. Like, the Gas Furnace Replacement Program is
5 collected dollars. So I just wanted to make that
6 distinction first.

7 And I'd just think for -- for the
8 panel, just to -- just to reiterate the Affordable
9 Energy Fund and -- and the conditions on -- upon which
10 it will be spent by Efficiency Manitoba, and I will be
11 looking at the Efficiency Manitoba regulation on -- on
12 page 8, item 14:

13 "Efficiency Manitoba must use the
14 Affordable Energy Fund only to
15 undertake initiatives to encourage
16 and realize efficiency improvements
17 and conservation in the use of home
18 heating fuels other than electric
19 energy or natural gas and not for
20 any other purpose."

21 And so this is why the diesel
22 communities would be accessing affordable energy fund
23 to -- to initiate those demand side management issues,
24 in particular their home heating fuel is fuel oil.

25 MS. DAYNA STEINFELD: Thank you for

1 that --

2 MS. COLLEEN KURULUK: Just for
3 clarification.

4 MS. DAYNA STEINFELD: Yeah, thank you
5 for that clarification, Ms. Kuruluk.

6 There's a suggestion in the evidence
7 from Willow Springs Strategic Solutions that
8 Efficiency Manitoba work with others to collect
9 information on off-reserve First Nations' ratepayers.

10 Does Efficiency Manitoba have a view on
11 that suggestion?

12 MS. AMY TUCK: Yeah. It is something
13 that we would be interested in doing. It's -- it's a
14 good suggestion.

15 MS. DAYNA STEINFELD: And, Ms. Tuck,
16 what about the recommendation regarding creating an
17 off-reserve First Nations income qualified program?

18 MS. AMY TUCK: Yeah. It is something
19 that we -- we could consider. With the income
20 qualified program that exists right now, we could look
21 at ways to market to First Nation off-reserve, so in
22 coordination with MKO, the AMC, SCO. Yeah, it -- it's
23 something that we could consider.

24 MS. DAYNA STEINFELD: But off-reserve
25 First Nations who would be income qualified could

1 participate in the existing income qualified --

2 MS. AMY TUCK: Absolutely.

3 MS. DAYNA STEINFELD: -- program --

4 MS. AMY TUCK: That is correct, yes.

5 MS. DAYNA STEINFELD: And in various
6 Information Request responses, Efficiency Manitoba
7 references an intention to have an Indigenous Energy
8 Efficiency Working Group.

9 Is that something that's discussed in
10 the plan submission itself?

11 MS. AMY TUCK: I believe it is
12 discussed in Appendix A -- A -- A6.

13 MS. DAYNA STEINFELD: And maybe if at
14 some point on a break you can double-check that and --

15 MS. AMY TUCK: Yes, I can.

16 MS. DAYNA STEINFELD: -- let us know.

17 MS. AMY TUCK: Yeah.

18 MS. DAYNA STEINFELD: Otherwise we can
19 do it as an undertaking, but for now we'll do that as
20 a subject to check.

21 And what is the Indigenous Energy
22 Efficiency Working Group?

23 MS. AMY TUCK: So the intent of the
24 group would be to have Indigenous perspectives on,
25 first of all, the programming that we have and how

1 it's working within the community, if there are other
2 opportunities that the -- that working group members
3 think we could pursue. It's basically an opportunity
4 to create an open dialogue outside of the EEAG that
5 can give Efficiency Manitoba real time feedback and
6 help the design and implementation of our Indigenous
7 programs to ensure that they're meeting the needs of
8 our Indigenous customer segment.

9 MS. DAYNA STEINFELD: And in what ways
10 will this new working group be distinct from or -- or
11 improve on Manitoba Hydro's efforts to increase
12 accessibility of DSM programming for First Nations?

13 MS. AMY TUCK: Well, I think the
14 establishment of the group itself is a positive step
15 that didn't exist at Manitoba Hydro, and I think from
16 -- from that perspective we will be, like I said,
17 taking the feedback and helping design and implement
18 programs that are better.

19 MS. DAYNA STEINFELD: Thank you, Ms.
20 Tuck.

21 Back on Book of Documents, page 153,
22 and perhaps this is for Mr. Stocki, can you just
23 explain briefly why the portion of the budget for
24 income qualified gas programs is -- is so much higher
25 than we see on the electric side?

1 (BRIEF PAUSE)

2

3 MR. MICHAEL STOCKI: So there are a
4 couple of IRs that touched on this. So there's PUB-
5 EM-I-5 and there's also Daymark-44, but looking at
6 PUB-EM-I-5 gives a description of the -- the share of
7 the budget and gives some details of why that number
8 is 30 percent.

9 MS. DAYNA STEINFELD: Just in -- in
10 brief or in general, can you explain here to the Board
11 why it does end up being 30 percent of the budget?

12

13 (BRIEF PAUSE)

14

15 MS. TRACY STERDAN: I can -- I can
16 take this one. So a couple of reasons why the budget
17 is higher for natural gas, approximately 75 percent of
18 income qualifying customers residing in gas available
19 areas, 46 percent in Winnipeg and 29 percent outside
20 of Winnipeg. As well, 49 percent of low income homes
21 heat with electricity, but more than half of them are
22 MURB, so -- or First Nation on-reserve homes, so
23 reduces the electric portion.

24 As well, furnace and insulation are the
25 greatest energy saving measures and therefore those

1 are the more costly ones as well. So when we're doing
2 more homes on the natural gas side, the more savings
3 and the more costs are being allocated to that -- that
4 portion in natural gas homes.

5 MS. DAYNA STEINFELD: And MURB is a
6 multi-unit residential building?

7 MS. TRACY STERDAN: Multi-unit
8 residential building, yes.

9 MS. DAYNA STEINFELD: Thank you.
10 Would it have been possible for Efficiency Manitoba to
11 meet the gas savings targets with spending less on
12 income qualified and Indigenous program bundles while
13 still meeting the 5 percent?

14

15 (BRIEF PAUSE)

16

17 MR. MICHAEL STOCKI: I was just
18 looking up the -- for example, the natural gas savings
19 from an income qualified program as an example, within
20 the efficiency plan that contributes over a billion
21 cubic metres of natural gas savings annually to the
22 achievement of our target. So I think the simple
23 answer would be no, we -- with that shortfall we
24 couldn't readily make it up.

25 MS. DAYNA STEINFELD: Just so I'm

1 clear, because of the -- the shortfall that would
2 result in the savings targets, you wouldn't be able to
3 make it up through other gas programming beyond the
4 income qualified and Indigenous?

5

6 (BRIEF PAUSE)

7

8 MR. MICHAEL STOCKI: So again there's
9 multiple considerations. One (1) of the key messages
10 we heard specifically through engagement with the
11 Energy Efficiency Advisory group was a continuation of
12 the furnace replacement program and the income
13 qualified program was of critical importance. So if
14 we were to do less, obviously, we wouldn't be
15 achieving some of those objectives.

16 There is a potential, of course, that
17 some of that shortfall may be able to be made up in
18 other customer segments potentially, but then again
19 you're putting -- you're perhaps unbalancing the
20 portfolio and you -- or you're not reaching those
21 customer segments, so there's other trade-offs. And
22 again, ultimately you may end up short of the savings
23 target.

24 MS. DAYNA STEINFELD: And at Book of
25 Documents, page 130 -- and just for your reference,

1 Mr. Stocki, the question itself is on page 129, but
2 here on page 130, Efficiency Manitoba advises that it
3 did not undertake a sensitivity analysis changing
4 detailed level components such as advertising
5 frequency and incentive levels.

6 So appreciating that there are
7 different trade-offs and different considerations, you
8 don't actually have a sensitivity analysis that would
9 show those shifts, correct?

10 MR. MICHAEL STOCKI: That's correct.
11 We've touched on that earlier today as well with
12 respect to the design of multiple portfolios, or
13 scenarios within that portfolio. It's basically the
14 analogous discussion here.

15 MS. DAYNA STEINFELD: Thank you, Mr.
16 Stocki. Mr. Chair, those are my questions on this
17 particular area. If you'd like to take a break, this
18 would be a good time.

19 THE CHAIRPERSON: Okay. We'll take a
20 break for fifteen (15) minutes. Thank you.

21

22 --- Upon recessing at 10:50 a.m.

23 --- Upon resuming at 11:09 a.m.

24

25 THE CHAIRPERSON: Ms. Steinfeld...?

1 MS. DAYNA STEINFELD: Thank you, Mr.
2 Chair. Mr. Stocki, I think you've been chomping at
3 the bit a little bit to discuss this, so let's spend
4 some time on bundles, shall we?

5 MR. MICHAEL STOCKI: Sounds good.

6

7 CONTINUED BY MS. STEINFELD:

8 MS. DAYNA STEINFELD: So I -- I think
9 if we start at page 176 of the Book of Documents,
10 starting in the italics near the bottom of the page.
11 So this IR response to Daymark goes through the
12 benefits that Efficiency Manitoba has identified of
13 program bundling, correct?

14 MR. MICHAEL STOCKI: That's correct.
15 It -- actually, those quotes were taken from a Dunsky
16 memo. So we -- there was a consultant that had
17 previously prepared a report for Manitoba Hydro,
18 actually, on the optimization of its portfolio, and
19 that was one of the recommendations that Dunsky put
20 forward at that time and that Efficiency Manitoba has
21 chosen to act on.

22 MS. DAYNA STEINFELD: And does
23 Efficiency Manitoba agree that as a general summary,
24 these three (3) points are the benefits of program
25 bundling?

1 MR. MICHAEL STOCKI: Yeah,
2 essentially, that's why we put it into the IR.

3 MS. DAYNA STEINFELD: And so I'd like
4 to go through the -- through these point by point, so
5 starting at the first one, simplifying marketing and
6 communications.

7 Can you explain how using bundles helps
8 establish a recognizable brand more than marketing
9 individual measures would?

10

11 (BRIEF PAUSE)

12

13 MR. ROBERT MONTANINO: I -- I can
14 speak to that. So marketing communications benefits
15 would include a few things. In -- in principle, our
16 experience at Manitoba Hydro was such that we had a --
17 a -- quite a robust portfolio of programs; however,
18 they were positioned towards customers and contractors
19 as individual opportunities.

20 So an example I can talk about is we
21 promoted energy-efficient lighting to business
22 customers as a singular opportunity -- a variety of
23 lighting opportunities; however, when we promoted that
24 to them, they were simply aware of -- of lighting, and
25 we would have to do a separate promotion to make them

1 aware of insulation and windows.

2 As we attempted to be more progressive
3 in the design of our plan at Efficiency Manitoba, we
4 took a step back and recognized that when customers
5 are making decisions, there's often a larger driver
6 that's leading them to the -- to the process of
7 replacing lights, for example. So one (1) of the
8 bundles that we developed for business customers
9 specifically is a commercial renovation program.

10 What we recognized is that a -- a
11 catalyst, often, that's associated with a customer
12 replacing lights is that they're doing larger
13 enhancements to their business. So in addition to
14 replacing lights, they potentially are replacing
15 windows at the same time. They're open to increasing
16 insulation levels and also a number of other upgrades
17 that are not associated with energy efficiency,
18 whether it be painting or flooring, and -- and those
19 types of upgrades.

20 So what we recognized was an
21 opportunity to create a program that would promote a -
22 - a number of different opportunities that are
23 typically associated with the decision process that a
24 customer would go through when they're considering
25 reno -- renovating. So we've decided to promote

1 lighting, windows, and insulation all as opportunities
2 that should be strongly considered by a customer when
3 they're pursuing a renovation of a business.

4 So this will, in time, find itself on
5 the Efficiency Manitoba website where a customer can
6 identify what it is they're interested in doing, what
7 it is that they're considering. And they would
8 identify a renovation project, and we would present
9 them with a number of opportunities and not force them
10 to have to search through a catalogue of opportunities
11 and then, on their own, decipher what would be most
12 appropriate for them. Rather, we're -- you might say
13 we're curating opportunities to provide better
14 customer service and cross-promote opportunities in an
15 efficient manner.

16 So that -- that would be how I would
17 describe the marketing communication benefits
18 associated with the bundling approach, and that's
19 simply one -- one (1) example.

20 MS. DAYNA STEINFELD: But I'm not --
21 I'm not clear on how that would be different from,
22 say, a web design that would curate opportunities even
23 if those opportunities existed only as individual
24 measures, as opposed to within a bundle that
25 Efficiency Manitoba has created.

1 How are those things different?

2 MR. ROBERT MONTANINO: Sure. From --
3 when cust -- when we're engaging with customers
4 online, it affords us the ability to -- to have
5 dynamic information, so we could put -- put
6 information together in a bundle if it's an online
7 experience; however, many of our customers -- we're
8 engaging them in a more traditional sense, whether it
9 be a presence at -- I apologize, I think I'm a little
10 close to the mic -- a presence at trade shows for
11 residential home owners, a number of trade shows for
12 business customers.

13 So when we're engaging customers in a -
14 - without the benefit of what an online experience can
15 provide, we can package information like traditional
16 brochures that will speak to those larger -- those
17 larger opportunities, whether it be a -- a home
18 renovation, a commercial renovation, and package a
19 number of opportunities within that.

20 Historically, what we would have done
21 is we would have been at a trade show and spoken to a
22 customer, and they might have indicated that they're
23 looking at renovating their home or their business.
24 And unfortunately, we would have had to assemble a --
25 a -- a large package of information by pulling various

1 singular program information brochures together, and a
2 customer walks away with probably more information
3 than they're interested or apt to review.

4 So by -- by putting the programs
5 together from a marketing perspective, it -- it really
6 speaks to how a customer is thinking. They're not --
7 they're not thinking about participating in six (6)
8 programs; they're thinking about renovating.

9 MS. DAYNA STEINFELD: But from a
10 marketing perspective, you could similarly package
11 information without having formal, identified program
12 bundles within your plan. You could produce packages
13 of information that you could provide to customers,
14 whether it's online or in person at a trade show, even
15 if you didn't formally have bundles. Is that fair?

16 MR. ROBERT MONTANINO: You could. It
17 wouldn't -- in -- in my mind, it wouldn't resonate as
18 well with the customer. I think if a customer is
19 renovating, that really resonates with them, even
20 though, yes, we could put together -- we could
21 assemble a package of information that would be
22 appropriate for a customer who's renovating, but we've
23 attempted to -- to simply call that a renovation
24 program.

25 MS. DAYNA STEINFELD: So what is it

1 about the fact that it's bundled that makes it
2 resonate more with a customer?

3 MR. ROBERT MONTANINO: I -- I would
4 say it's the nomenclature that if a customer -- if a
5 customer is thinking that they're renovating, and for
6 us to be able to address that opportunity to -- by
7 saying there -- that we have a renovation offer, I
8 think it more appropriately allows the customer to --
9 to recognize that that's an opportunity that's
10 appropriate for them.

11 MS. DAYNA STEINFELD: And is that
12 something that Efficiency Manitoba has assessed
13 through market research or other studies?

14 MR. ROBERT MONTANINO: So in addition
15 to the con -- consultant's recommendations surrounding
16 bundling, it is something that we've observed as,
17 certainly, a best practice, that more and more
18 jurisdictions with energy efficiency programming are -
19 - are finding more success by offering their programs
20 in that manner, just as far as assembling information
21 in that manner. It doesn't change the array of energy
22 efficiency opportunities, it's just a matter of how we
23 -- how we've learnt that customers will -- will
24 respond and recognize that an opportunity is best
25 suited for them.

1 MS. DAYNA STEINFELD: By specifically
2 calling it a bundle as opposed to compiling
3 information in a way that suggests if you're
4 interested in renovating to do your windows, you
5 should also look at your faucets. The -- the specific
6 use of the 'bundle' term and approach is what you're
7 saying makes the difference?

8 MR. ROBERT MONTANINO: Just to
9 clarify, 'bundle' is -- is an internal language that -
10 - that we're using to define a group of offers being
11 put together. 'Bundle' isn't necessarily an outward-
12 facing term.

13 MS. DAYNA STEINFELD: And here in this
14 number 1 response, you mentioned trade allies who have
15 partnered up with Efficiency Manitoba for a single
16 measure such as a window distribution. You're saying
17 here -- or I guess Mr. Dunsky is saying here -- that
18 those trade allies would be more easily led to cross-
19 promote other savings opportunities beyond their own
20 measure.

21 Is that a -- a decent description of
22 what's said here?

23 MR. ROBERT MONTANINO: Yes, that's how
24 he's -- he's described that as one (1) of the
25 benefits, correct.

1 MS. DAYNA STEINFELD: And how would
2 that trade ally who is just focussed on a -- on a
3 single measure benefit from cross-promoting other
4 measures that they're not involved in?

5 MR. ROBERT MONTANINO: So in -- in
6 addition to the -- to assembling technologies into our
7 -- our language as bundles, we do recognize that there
8 are a number of trades that have a singular focus. So
9 lighting contractors, certainly, don't generally
10 perform insulation upgrades or replace windows.

11 So, we've recognized the need to
12 continue to have materials that are desegregated, so
13 infor -- information that's strictly for lighting
14 contractors.

15 So, we will continue to provide
16 information to contractors to promote their specific
17 trade so that they can still focus on -- on what it is
18 that -- that they're in the business of.

19 However, for contractors that feel like
20 they are offering additional value by simply making a
21 customer aware of other opportunities, I think -- I
22 think that there could be an appetite for those -- for
23 those contractors to -- to work with a customer on a
24 specific type of trade, whether it be lighting or
25 insulation, and simply as a value add, let the

1 customer know that Efficiency Manitoba does have other
2 incentives to support a variety of other technologies
3 that they could consider as part of their project.

4 And, of course, we do plan on working
5 with -- with -- or with general contractors who may be
6 involved in a project and responsible for
7 subcontracting.

8 So, that would be a great example of --
9 of where a general contractor would see a lot of value
10 in being able to make customers aware of all the
11 potential opportunities and they could take it upon
12 themselves to -- to coordinate the subcontracting.

13 MS. DAYNA STEINFELD: But in terms of
14 this -- this response around the benefits of program
15 bundling, the answer focusses on single measure
16 contractors.

17 And so, I understand your answer to be
18 that Efficiency Manitoba thinks those single measure
19 contractors would see there being a value add by
20 saying to the customer you should check out this other
21 program that I'm not involved in, but I'm bringing it
22 to your attention.

23 Is that the idea?

24 MR. ROBERTO MONTANINO: Yeah. I think
25 we've ca -- we've captured the best of how we've his -

1 - historically done it. We're going to allow and
2 facilitate contractors to promote their specific
3 trade, so we're maintaining that value that we always
4 have.

5 And then for those contractors that
6 feel that it might be of benefit to them, they have
7 the -- the ability to simply point out that a customer
8 might -- might benefit from considering various other
9 upgrades that isn't necessarily the -- the type of
10 business that they specifically operate in.

11 MS. DAYNA STEINFELD: And how -- how
12 does bundling help Efficiency Manitoba achieve that
13 with those single measure contractors? What it is about
14 -- what is it about bundling that helps you do that?

15

16 (BRIEF PAUSE)

17

18 MR. ROBERTO MONTANINO: I can -- I can
19 see I don't think I'm giving you the answer that
20 you're looking for. But I would -- I would just
21 reinforce that the success that we've had historically
22 with our approach of providing marketing materials to
23 -- to contractors that operate in a specific trade,
24 that's not lost.

25 And we gain the benefit of customers

1 being aware of -- of other opportunities when they're
2 potentially looking at a specific upgrade. And then
3 contractors have the -- the ability of simply
4 benefiting from the goodwill of raising the awareness
5 for the customer.

6 MS. DAYNA STEINFELD: I'm not looking
7 for any particular answer. I -- I'm trying to get at
8 Efficiency Manitoba's answer.

9 MS. COLLEEN KURULUK: And if I can --
10 maybe I'll just weigh in at this point and -- and just
11 reiterate that this -- this came from Philippe Dunsky,
12 from Dunsky Energy Consulting.

13 Clearly, maybe his nomenclature he's
14 used here maybe is causing some confusion. So, we
15 respect the opinion of this particular DSM consultant.
16 And -- and maybe we're not interpreting what he was
17 meaning to say with respect to this number, this
18 simplified marketing and communication specifically.

19 Obviously, there's a couple more
20 benefits that we see and that he sees with bundling in
21 addition to bullet number 1 that says, "Simplified
22 marketing and communications."

23 MS. DAYNA STEINFELD: And -- and fair
24 enough, Ms. Kuruluk. And maybe I'll explain. I'm --
25 I'm trying to understand why the approach of bundling

1 is different from just having individual measures in
2 your plan not presented at a bundle level, but as
3 individual measures --

4 MS. COLLEEN KURULUK: Okay.

5 MS. DAYNA STEINFELD: -- that you
6 could package in marketing materials. Why is that not
7 as good as -- as bundling them?

8 MS. COLLEEN KURULUK: Okay, so I guess
9 in the example that Mr. Montanino was explaining about
10 renovation, for example, we understand that customers
11 might be wanting to undertake a renovation.

12 We can hardly believe it, but it's
13 true. Not a lot of customers think about insulation
14 necessarily; it's a renovation piece that is not
15 visible to customers.

16 So, if a customer was wanting to go do
17 a renovation project, if -- if they saw a listing of
18 potential options of what they could do in their
19 renovation project, whether it be windows which are
20 very visible which they're aware of, lighting, again,
21 visible, they're aware of, and then there would be
22 another measure listed called insulation which, as --
23 as we know, as energy efficiency experts, is -- is one
24 (1) of the biggest measures that you can implement in
25 a home retrofit that will save you energy and improve

1 comfort in your home.

2 So, that would be one (1) of the
3 communication benefits to a customer with -- with the
4 bundled approach. So, what they understand is they're
5 -- they would like to do a renovation, and they
6 probably have some objectives they'd like to meet with
7 that renovation.

8 It may or may not be energy savings or
9 bill savings solely, but at least by seeing all those
10 potential options of what can be included in a
11 renovation, it would better assist the customer in
12 giving them more information about what they should
13 possibly be considering.

14 MS. DAYNA STEINFELD: And when -- what
15 I've heard this morning is that this approach is new
16 in the Manitoba market, correct?

17 MS. COLLEEN KURULUK: That's correct.

18 MS. DAYNA STEINFELD: And it is not
19 required that a customer participate in all of the
20 programs being offered in a bundle; they can choose
21 just one (1)?

22 MS. COLLEEN KURULUK: That's correct.

23 MS. DAYNA STEINFELD: Is there a risk
24 that that will cause confusion, that a customer won't
25 understand that just the individual measures are an

1 option?

2 MS. COLLEEN KURULUK: I would say that
3 would be how -- how you choose to communicate that
4 particular piece, so I would say not likely, no.

5 MS. DAYNA STEINFELD: And so,
6 Efficiency Manitoba is going to have a communication
7 strategy around the presentation of the bundles that
8 will help customers understand that they are choosing
9 options within a bundle?

10 MS. COLLEEN KURULUK: That's correct.
11 As -- and as I stated in my example, you know, the
12 language around the fact you're considering a
13 renovation, here are some things that you can possibly
14 implement in your home and the benefits that would be
15 attained with each.

16 MS. DAYNA STEINFELD: Continuing on to
17 number 2, Mr. Kuruluk, it -- it mentions here that a
18 benefit is streamlining internal processes. A large
19 number of programs can create needless administrative
20 burden, and so bundling is a benefit in terms of
21 streamlining.

22 To help me understand it, does that
23 streamlining result from the CRM system?

24

25 (BRIEF PAUSE)

1 MR. MICHAEL STOCKI: Only in part. I
2 think there's still some work we need to do upfront of
3 the CRM system to -- to help simplify our processes,
4 to align with the bundling in order to take full
5 advantage, and certainly, the CRM system will make
6 that implementation easier.

7 But maybe to give an example, say, for
8 example, for maybe a larger complex project, say if it
9 was a large -- larger commercial or industrial
10 facility that's doing multiple measures at once, say,
11 for example, under a commercial lighting program,
12 commercial insulation program, a co -- a performance
13 optimization industrial program all under Manitoba
14 Hydro.

15 There are multiple examples where a
16 customer would have to fill out four (4) or five (5)
17 or six (6) different applications depending on their
18 project.

19 So, for example, now, instead of a
20 commercial lighting program, specifically if there's a
21 commercial -- a commercial industrial agricultural
22 renovation program that can all be captured under one
23 (1) application, that's the intent, that we really
24 reduce the customer red tape required so that they're
25 only filling out potentially one (1) or poten -- maybe

1 two (2) depending if they're extremely different
2 technologies or measures that they're installing, but
3 really to reduce that burden on the customer.

4 MS. DAYNA STEINFELD: But whether it's
5 -- it's online or -- or some kind of paper form,
6 couldn't you do that streamlining without packaging
7 things into a bundle?

8

9 (BRIEF PAUSE)

10

11 MR. MICHAEL STOCKI: I think the
12 bundling really aligns well with that because, again,
13 if we've got the -- if -- for example, if you have
14 four (4) or five (5) different programs that are being
15 administered and they each have a separate application
16 form, so then there's data being collected on each one
17 (1) of those with respect to the customer information,
18 the savings associated with each of those measures per
19 program, and then that's being then entered into a
20 database on a separate basis, there's a lot of overlap
21 and duplication.

22 In the case with the bundling, what the
23 bundling enables us to do is collect that information
24 once for that customer, and then layer under that the
25 different programs.

1 And so, there's -- there's efficiencies
2 associated with that bundling in that case. And
3 certainly, when we get to the stage of having the full
4 rollout of the CRM/DSM tracking system, that's going
5 to be further simplified because it'll be on -- all
6 online and there won't be multiple databases to work
7 with.

8 MS. DAYNA STEINFELD: I'm still not
9 understanding, Mr. Stocki, why a more comprehensive
10 form or the design of the CRM system wouldn't
11 accomplish that same goal, even if it was just
12 individual measures and not program bundles?

13 MR. MICHAEL STOCKI: Maybe another way
14 to look at it is behind each application form, there's
15 essentially a process flow so that there is a -- a
16 customer intake process. The customer has to fill out
17 that information. That information is -- is analyzed,
18 verified. There might be a prequalification step.

19 So there's multiple steps within each
20 program. And what happens over time is when you have
21 multiple programs that are evolving perhaps
22 differently, you get differences in how a program
23 might be administered, the different requirements on
24 an individual form.

25 And so what the bat -- bundling does,

1 it actually forces the situation so that you have to
2 then look at those process flows for each of those and
3 come to some agreement on what is the single process
4 flow that optimizes -- is the optimal solution for all
5 of those that can be captured by all of those.

6 And so that you're not letting the
7 evolution of a single program go independently, but
8 you're actually -- because you're -- you're now
9 looking at multiple programs and the synergies between
10 them, you're gaining efficiencies because you're not
11 having to manage those individual process flows -- or
12 -- process workflows. It's all consolidated to a
13 single port -- process workflow, for example.

14 And bundling really enables that, and
15 it forces that to happen.

16 MS. DAYNA STEINFELD: So I think I'm
17 following, Mr. Stocki, that essentially, in respect of
18 this particular benefit, it's a -- it's an internal
19 benefit, and in the way that Efficiency Manitoba is
20 thinking through how it's preparing its forms and its
21 CRM system. It -- it's forcing a process internally
22 to happen.

23 Is that -- have I got it?

24 MR. MICHAEL STOCKI: That's a part of
25 it. It could also influence organization structure,

1 for example. It could yield the streamlining and --
2 streamlining there as well. And then certainly from
3 the customer's perspective, hopefully we were -- we're
4 looking to see a lot of benefits of -- and lower
5 customer frustration with multiple applications forms.

6 So it's -- yes, there's -- and
7 streamlining internal processes is the individual
8 bullet that Dunsky's provided here, but we see that
9 there's multiple benefits both from our perspective
10 and the customer's perspective of doing so.

11 MS. DAYNA STEINFELD: So you -- you
12 could do that process of streamlining the forms and --
13 and reducing the administrative burden without
14 bundling, but it's helpful lens to put on your
15 individual process to develop a better system?

16 MR. MICHAEL STOCKI: So I could say
17 you -- you would -- you could optimize every single
18 program. For example, if we just did -- took every
19 individual program that's currently offered by
20 Manitoba Hydro, made no change, and looked at that
21 process flow, and optimized each independently, but I
22 don't think that would take full advantage of the --
23 the potential to optimize the entire workflow by
24 bringing out programs that have similarities or
25 similar delivery channels together.

1 So I think there's still benefit in the
2 bundling there.

3 MS. DAYNA STEINFELD: And if we go
4 down to page 177 and we see the third point, decision-
5 making, has Efficiency Manitoba done analysis or
6 studies that helped Efficiency Manitoba come to the
7 conclusion that choice can be a barrier to action?

8 MS. COLLEEN KURULUK: We have not.

9 MS. DAYNA STEINFELD: And so this is
10 Mr. Dunsky identifying this, and Efficiency Manitoba
11 accepts that?

12 MS. COLLEEN KURULUK: That's correct.

13 MS. DAYNA STEINFELD: Is the barrier
14 the amount of choice, or is it that customers don't
15 have enough information about the measures that are
16 available to address a particular problem?

17 MS. COLLEEN KURULUK: I -- I think the
18 answer for that is -- is the explanation I gave
19 earlier with respect to a customer looking to do a
20 renovation project, and not necessarily having the
21 energy efficiency literacy to know all the different
22 options that are available.

23 So I think that -- I think that covers
24 your question, but let me know if it doesn't.

25 MS. DAYNA STEINFELD: No, it does.

1 And Efficiency Manitoba's view is that that
2 information and education is provided through the
3 bundling mechanism as opposed to individual measures
4 that are marketed differently?

5 MS. COLLEEN KURULUK: Yes, I think
6 it's more helpful to see a renovation bundle versus an
7 attic insulation advertising piece.

8 MS. DAYNA STEINFELD: And could that
9 information be provided instead of as a -- presenting
10 it as a bundle, but in the way that the CRM system is
11 designed?

12 MS. COLLEEN KURULUK: Can you repeat
13 that, sorry?

14 MS. DAYNA STEINFELD: Could you
15 accomplish the same thing in helping someone who is
16 looking at one (1) renovation project become aware of
17 another through the design of the CRM system rather
18 than the use of bundles?

19

20 (BRIEF PAUSE)

21

22 MR. MICHAEL STOCKI: I'm sorry. Could
23 you clarify exa -- we're -- we're struggling with what
24 the specific question is.

25 Are you -- is the question whether or

1 not the CRM/DSM tracking system could potentially
2 perform the bundling in a different way that was, say,
3 invisible to the customers, but do it on -- on an
4 administration, or is it the reverse, that the CRM
5 could do the bundling on a customer facing front, and
6 that we would still have the individual programs in --
7 in the background?

8 MS. DAYNA STEINFELD: So I -- I'm not
9 a systems designer, but I'm looking at this as
10 couldn't you have a system where I go in and I click
11 yes, I want to upgrade my insulation, and something
12 pops up, or it takes me to something that gives me
13 information about another measure that is linked to
14 home renovation?

15 Why do you need to use bundling to
16 accomplish that?

17 MS. COLLEEN KURULUK: So -- so in your
18 example you gave there, you would just capture the
19 people that already know they're looking for
20 insulation. So I guess you could -- I'm not a systems
21 developer either, but I guess you could technically
22 say, okay, someone who is looking to, you know, redo
23 their light fixtures, and then offer them the same
24 path to go find more, I guess you could do that.

25 But I -- I just want to remind also,

1 like, these are the ancillary benefits of the bundling
2 approach, and the customer communication benefits of
3 the bundling approach. And the bundling approach was
4 also primarily identified as us -- to us by Philippe
5 Dunsky as one (1) of the options we should be
6 considering in order to optimize the portfolio and
7 achieve higher energy savings targets.

8 MS. DAYNA STEINFELD: And so the --
9 the primary reason for using the bundling is to
10 achieve savings targets that are cost-effective at a
11 bundle level?

12 MS. COLLEEN KURULUK: I -- I would say
13 that that's our primary reason for the bundling.

14 MS. DAYNA STEINFELD: And so they're
15 cost-effective at a bundle level, even if they're not
16 cost-effective at a measure level?

17

18 (BRIEF PAUSE)

19

20 MS. COLLEEN KURULUK: So we -- we aim
21 to have cost-effectiveness at the portfolio level.
22 There is obviously some Indigenous and income
23 qualified bundles that are -- are less cost-effective
24 than others. So again, the way it was explained to us
25 with the recommendation from the Dunsky team was if

1 you can bundle some projects together, you can
2 incorporate additional energy efficiency measures that
3 may not stand on their own.

4 So it -- it enables measures that still
5 do have -- contribute towards energy-saving targets be
6 included in a bund -- in a bundle.

7 MS. DAYNA STEINFELD: So within a
8 particular bundle, you might have some measures that
9 are more cost-effective, some that are less, maybe
10 even below one (1), but across the bundle, you will
11 end up at a cost-effective --

12 MS. COLLEEN KURULUK: Across the
13 portfolio. And so it's --

14 MS. DAYNA STEINFELD: And also -- also
15 across the bundle?

16 MS. COLLEEN KURULUK: You will have a
17 better bundle. I -- I -- again, like I said, there's
18 some -- some bundles, I think -- I don't know if we do
19 that --

20 MS. DAYNA STEINFELD: Maybe we could
21 go to Book of Documents, page 178.

22 MS. COLLEEN KURULUK: I --

23 MS. DAYNA STEINFELD: So here, this an
24 excerpt from the plan and where it says cost-
25 effective, it says:

1 "Electric and natural gas DSM
2 program bundles are evaluated using
3 a prescribed performance test."

4 And so maybe I'm just not
5 understanding, Ms. Kuruluk, but when I read this, I
6 understood Efficiency Manitoba to be saying that the
7 plan is cost-effective because that program bundles
8 are cost-effective.

9 Did I not get that right?

10 MR. MICHAEL STOCKI: No, you didn't
11 get that quite right. We've evaluated all of the
12 bundles for cost-effectiveness, but we've evaluated
13 the entire portfolio and use the cost test as in the
14 regulations of whether or not the entire portfolio is
15 cost-effective or not.

16 MS. DAYNA STEINFELD: And so, Mr.
17 Stocki, there are gas bundles, for example, that have
18 PACTs less than one (1).

19 MR. MICHAEL STOCKI: Exactly.

20 MS. DAYNA STEINFELD: Are there
21 electric bundles that have PACTs less than one (1)?
22 181 may -- page 181 may assist with that, Mr. Stocki.

23 MR. MICHAEL STOCKI: Yeah. I thought
24 there was one (1). There is the Indigenous Small
25 Business Program that has a ratio of .57, so it's less

1 than one (1).

2 MS. DAYNA STEINFELD: And at page 179
3 -- this is an excerpt filed in an IR response, but
4 it's, I understand, a memo from Mr. Dunsky. It says
5 here the paragraph that starts, "These drawbacks"

6 "That there is an opportunity for
7 grading -- greater savings by
8 bundling measures or options
9 together for greater savings,
10 example, by providing a higher
11 incentive if two (2) or three (3)
12 measures are installed together."

13 Do you see that there, Mr. Stocki?

14 MR. MICHAEL STOCKI: Yes, I do.

15 MS. DAYNA STEINFELD: And is
16 Efficiency Manitoba using bundles to provide a higher
17 total incentive to the customer?

18

19 (BRIEF PAUSE)

20

21 MS. TRACY STERDAN: I can provide an
22 example of the home renovation bundle. So in this
23 program, essentially a customer can opt to do more
24 than one individual measure, and if they opt to do so,
25 they would be eligible at a certain level for what we

1 would consider a bundling bonus, or a bonus incentive,
2 for doing multiple measures within that home
3 renovation offer.

4 MS. DAYNA STEINFELD: And where in the
5 plan does it describe the bundling bonus?

6

7 (BRIEF PAUSE)

8

9 MS. TRACY STERDAN: It would be within
10 Section A(4) of the plan, the description of
11 residential program.

12 MS. DAYNA STEINFELD: Perhaps we'll
13 take an undertaking for now to provide the references
14 in the plan -- the page number references where the
15 bundling bonus is described. Is that --

16 MS. TRACY STERDAN: We actually have
17 the page reference.

18 MS. DAYNA STEINFELD: Okay. Sure.
19 Can -- can we --

20 MS. TRACY STERDAN: Thank you to my
21 colleagues.

22 MS. DAYNA STEINFELD: Can we go there
23 now, please?

24 MS. TRACY STERDAN: Yes. It's page
25 296, PDF page 296.

1 MS. DAYNA STEINFELD: Of the complete
2 submission?

3

4 (BRIEF PAUSE)

5

6 MS. DAYNA STEINFELD: Is there a
7 particular line that we should be looking at?

8 MS. TRACY STERDAN: Line 370.

9 MS. DAYNA STEINFELD: So it says here:
10 "To encourage homeowners to complete
11 several efficiency upgrades. Those
12 customers who participate in the
13 audit stream will be eligible for
14 rebates on individual qualifying
15 upgrades along with a bonus
16 incentive when they complete a
17 minimum of three (3) qualifying
18 upgrades and a post-renovation home
19 energy audit."

20 Have I read that correctly?

21 MS. TRACY STERDAN: Yes, that's
22 correct.

23 MS. DAYNA STEINFELD: Can you explain
24 that? So -- so we're talking about customers who
25 choose to participate in the home energy audit at the

1 outset?

2 MS. TRACY STERDAN: Yes, that's
3 correct. So they would get a home energy audit from a
4 certified energy evaluator. They would then conduct
5 the renovations or one or multiple renovations or
6 upgrade that are recommended from the report stemming
7 from that audit, and then they would receive a post-
8 evaluation audits by that certified advisor, and in
9 that case, if they qualify with the minimum three (3)
10 measures, they would qualify for the bonus incentive.

11 MS. DAYNA STEINFELD: And is that type
12 of bonus incentive only available as a result of the
13 home energy audit or is that the case for other
14 bundles as well?

15 MS. TRACY STERDAN: It is specific to
16 the case of the home renovation offers, if you
17 complete the home energy audit.

18 MS. DAYNA STEINFELD: And so for other
19 bundles, we don't have Efficiency Manitoba taking Mr.
20 Dunsky's suggestion to do what, say, Bell MTS does and
21 -- if you have home phone with us and you also have
22 TV, you get an additional benefit of "X." That's --
23 this is the only example in the plan that we have of
24 that kind of added bonus.

25 MS. TRACY STERDAN: There is -- there

1 is an example within the home renovation bonus
2 incentive.

3 For example, if you replace your
4 refrigerator with an energy efficient model, that
5 resides within the product rebates program category,
6 but that refrigerator upgrade would qualify as one of
7 the measures under the home renovation program that
8 could get you the minimum three (3) that you need to
9 get the bonus incentive.

10 MS. DAYNA STEINFELD: And that's just
11 a refinement on the same bonus incentive that we've
12 just been discussing?

13 MS. TRACY STERDAN: Correct. But the
14 technologies or upgrades that you're doing may come
15 from different program bundles.

16 MS. DAYNA STEINFELD: Did Efficiency
17 Manitoba consider incorporating Mr. Dunsky's
18 suggestion in respect of other bundles?

19

20 (BRIEF PAUSE)

21

22 MR. MICHAEL STOCKI: So we -- we agree
23 with Dunsky's recommendation; that's why we've
24 inserted that bundling bonus into the home renovation
25 offer.

1 We weren't prepared to really roll it
2 out on a broader scale yet until we've kind of tested
3 out that mechanism. Then we'll see going forward.

4 MS. DAYNA STEINFELD: Would another
5 way of approaching it be to offer less incentives by
6 bundling certain programs together in order to enhance
7 cost-effectiveness, or a lower level incentive?

8 MR. MICHAEL STOCKI: So the risk there
9 is that where you do have customers or contractors,
10 for -- for example, that are familiar with prior
11 Manitoba Hydro programming, and if you start reducing
12 incentives, then you're putting participation in
13 particular at risk.

14 One (1) of the key messages that we
15 heard through our engagement activities was continuity
16 of the programs and incentives was -- was key to
17 making sure this transition to Efficiency Manitoba
18 went smooth.

19 MS. DAYNA STEINFELD: Beginning at
20 page 193 of the Book of Documents -- beginning at the
21 bottom of -- of this page, what we have here, Mr.
22 Stocki, is an IR response where Efficiency Manitoba at
23 the request of MIPUG has removed high cost bundles
24 which shows resulting in improved portfolio cost-
25 effectiveness.

1 MR. MICHAEL STOCKI: Yes, that's
2 correct. MIPUG requested a specific analysis of
3 Efficiency Manitoba, and what the request basically
4 entailed was that we remove three (3) residential
5 program bundles. So all the measures within and
6 programs within those program bundles, specifically
7 the direct install, the product rebates, and the home
8 renovation program bundles, that we remove those from
9 our portfolio and provide an additional analysis of
10 what the overall savings achieved, what the costs --
11 budget dollars would be, and the cost-effectiveness of
12 the overall portfolio would be under that scenario,
13 and we provided that within that IR.

14 MS. DAYNA STEINFELD: And at page 198,
15 we see that analysis for the electric program cost-
16 effectiveness. So, for example, taking out some of
17 those less cost-effective residential bundles, we see
18 that the PACT goes up to 5.76 over the original 2.74,
19 correct?

20 MR. MICHAEL STOCKI: Sorry, can you
21 provide those numbers again?

22 MS. DAYNA STEINFELD: So here for the
23 residential program bundles we see a new PACT of 5.76.

24 MR. MICHAEL STOCKI: Yeah. Sorry, I
25 was -- that's correct, for the overall residential

1 program.

2 If you scroll down a touch, it's
3 probably worth providing some context on the overall
4 portfolio metric, how that changed, since that was
5 primarily what Efficiency Manitoba used.

6 So, this portfolio comes up with an
7 overall portfolio PACT score of 3.44. So, again, the
8 benefits exceed the cost by a factor of 3.44. The
9 portfolio that Efficiency Manitoba put forward that
10 includes those customer -- residential customer
11 bundles was 3.27.

12 So, there was a marginal improvement in
13 the overall PACT ratio by removing those.

14 MS. DAYNA STEINFELD: And we would
15 also see in comparison that there's a decreased level
16 of savings achieved?

17 MR. MICHAEL STOCKI: Yes, that's
18 correct. The -- the savings did decrease because of
19 those lost opportunities.

20 MS. DAYNA STEINFELD: And would it
21 also be the case that, if we removed cost ineffective
22 individual measures, both the bundle and overall
23 portfolio PACT results would be more cost effective?

24 MR. MICHAEL STOCKI: Mathematically?
25 Yes. There's some risk, of course, I doing that.

1 We're -- we only did this analysis on the electric
2 side.

3 So, there are, of course, implications
4 because the direct install, for example, the product
5 rebates, the home renovation are offering products and
6 measures and both the electric portfolio and the
7 natural gas portfolio.

8 So, if we were to reduce or eliminate
9 these programs on the electric side, they could have
10 negative impacts to -- to our ability to deliver on
11 the natural gas savings, for example.

12 It also takes away by reducing say, for
13 example, individual measures or entire programs
14 bundles. Of course, it greatly limits our ability for
15 some of the longer term market transformation
16 initiatives and some of the things I talked about
17 yesterday with respect to getting customers familiar
18 and adopting technologies that will then further down
19 the road be adopted by code or standards, which,
20 again, codes and standards offer a very cost effective
21 way of achieving future energy savings targets, so
22 there's kind of that longer term approach, as well.

23 MS. DAYNA STEINFELD: Is it possible
24 though that, if you removed some of the cost
25 ineffective measures on the electric side, you might

1 also have fewer negative gas interactive effects?

2

3 (BRIEF PAUSE)

4

5 MR. MICHAEL STOCKI: For those very
6 specific electric measures, such as lighting,
7 residential lighting, for example, that would be true,
8 but it wouldn't be across the board true for all
9 measures.

10 MS. DAYNA STEINFELD: Thank you. And
11 if you did do that, Mr. Stocki, in terms of removing
12 cost ineffective measures, mathematically you would
13 see the portfolio and the bundle res -- PACT results
14 become more cost effective, but you'd also likely see
15 less savings being achieved?

16 MR. MICHAEL STOCKI: That's correct.
17 And there would -- there may also be negative impacts
18 on the natural gas portfolio, as well.

19 MS. DAYNA STEINFELD: Can I have an
20 undertaking for Efficiency Manitoba to provide the
21 PACT results at the bundle and portfolio level when
22 all individual programs with a TRC of less than 1 are
23 removed?

24

25 (BRIEF PAUSE)

1 MR. MICHAEL STOCKI: Are you asking
2 specifically for program bundle results where those
3 are removed or individual measures where the TRC is
4 below 1?

5

6 (BRIEF PAUSE)

7

8 MS. DAYNA STEINFELD: So, yes, Mr.
9 Stocki, we'd like you to remove at the -- remove
10 measures at the individual measure level but follow
11 the same presentation as on this screen, where you're
12 recalculating the bundle and portfolio results.

13

14 (BRIEF PAUSE)

15

16 MR. MICHAEL STOCKI: So, I needed to
17 get some context of the -- the scope of that request.
18 So, I think it's -- probably some context is -- is
19 worthwhile with respect to -- to how much effort that
20 would re -- require so that the panel can -- can gauge
21 whether the effort is -- is worth the resulting
22 conclusions that would come out of that.

23

24 So, for example, if we were to take
25 each of the -- the hundreds of measures and start
screening them out based on the TRC, what we'd have to

1 do then is go back to the individual, and there's
2 approximately about six hundred (600) different
3 spreadsheets that are involved in this, go back to
4 each of those, remove those from essentially where
5 we've started to amalg -- amalgamate programs.

6 In some cases, there were, and we
7 touched on this yesterday as well, program
8 administration costs that were, instead of being
9 allocated at a program -- prorated basis for every
10 single measure within a program bundle, they were
11 allocated to a single measure within a program bundle,
12 understanding that we're doing that.

13 So, in that case, then we'd have to
14 start re -- taking those program administrators --
15 stration costs out of some of those potentially twenty
16 (20) or thirty (30) or forty (40) different measures
17 and moving to -- them to a different program measure
18 that passed the TRC.

19 Then we'd have to redo all the
20 bundling, of course, and recreate these tables.
21 Definitely, that is not something that can be
22 completed within say, for example, even forty (40)
23 hours of work. We'd probably be talking, like, more
24 like forty (40) to at least sixty (60), or potentially
25 eighty (80) hours of individual person time required

1 to complete this request.

2 Some of the people that are directly
3 involved and would have to be involved in that are
4 currently sitting on the panel as well. So, I just
5 wanted to put that forward.

6 Of course, Efficiency Manitoba wants to
7 provide as much information as reasonably can be used.
8 We just want to make sure that the panel has
9 information of what the cost potentially or the level
10 of effort required to provide that information would
11 be.

12 And it per -- perhaps another piece of
13 context might be leveraging some of the -- the Daymark
14 results because, again, Daymark did apply the pure
15 value measure test to the results and came up with
16 some rough estimates with regards to say, for example,
17 in the electric savings, that reducing the electric
18 portfolio by those that did not pass the pure measure
19 value test would reduce electric energy savings of
20 that portfolio by 7 percent.

21 And doing it on the natural gas
22 portfolio would reduce the natural gas portfolio
23 savings by 26 percent.

24 And so, there's a couple different
25 metrics that are already done by the Daymark report.

1 So, I just put that forward to the Board while you
2 consider this undertaking.

3 MS. DAYNA STEINFELD: So, I'm -- I'm
4 going to suggest that we con -- that we consider
5 whether we'd like to maintain that undertaking request
6 over the lunchbreak.

7 We could -- I take your point about the
8 program administration cost allocation issue. And so,
9 one (1) refinement we could consider is using the pure
10 measure value text instead of the TRC as -- as a way
11 to address that issue.

12 But for now, I think we'll -- we'll say
13 the undertaking is under advisement. And we'll come
14 back after lunch and confirm whether we are still
15 requesting that that be provided.

16 MR. MICHAEL STOCKI: Just to confirm,
17 if we were to do the same screening on the pure value
18 measure test but have to redo the entire portfolio,
19 that doesn't eliminate the issue with the reallocation
20 of the program administration te -- costs.

21 Regardless of the screen that you'd be
22 applying, you'd still have to potentially reallocate
23 those administration costs.

24 THE CHAIRPERSON: Ms. Steinfeld,
25 rather than you deciding whether you want to maintain

1 the undertaking, I'm just wondering if over the lunch
2 hour you might want to have a discussion with counsel
3 for Efficiency Manitoba to determine exactly what
4 information is required so we can have it in as simple
5 a fashion as possible or require the least amount of
6 work so that we can get the biggest bang for the buck
7 versus having hundreds of different scenarios created
8 and -- and things to that nature.

9 So, you may want to have discussions
10 between the parties.

11 MS. DAYNA STEINFELD: Certainly --
12 certainly, I'm happy to do that over lunch. I -- I
13 will clarify I'm not asking for multiple scenarios;
14 it's -- it's one (1) scenario.

15 But I will discuss certainly with --
16 with counsel over the lunchbreak. We do feel that
17 it's important information if it's something that can
18 be provided.

19 And so, we'll have that discussion and
20 see what we can arrive at over lunch.

21 THE CHAIRPERSON: Yeah. And -- and if
22 there is a different way to achieve the same results
23 without -- sorry -- a maximum amount of effort.

24

25 (BRIEF PAUSE)

1 MS. DAYNA STEINFELD: Mr. Chair, that
2 does take me to the end of that particular topic, so
3 now would be an appropriate place for lunch.

4 THE CHAIRPERSON: We'll -- we'll
5 adjourn for -- for an hour and return at one o'clock.
6 Thank you.

7

8 --- Upon recessing at 12:00 p.m.

9 --- Upon resuming at 1:09 p.m.

10

11 THE CHAIRPERSON: Good afternoon. Ms.
12 Steinfeld...?

13 MS. DAYNA STEINFELD: Thank you, Mr.
14 Chair. To provide a brief update, over the lunch
15 break, Board counsel and counsel for Efficiency
16 Manitoba, as well as Mr. Hacault, had some discussions
17 about the undertaking that was raised before the lunch
18 break. Efficiency Manitoba is going to give some
19 further thought to what information might be able to
20 be provided as well as the resource and time frame
21 considerations from that, which will be provided to
22 Mr. Hacault and to Board counsel to review with our
23 technical advisors to confirm whether that information
24 would be useful or something that should not be
25 pursued, given the number of assumptions that would

1 need to be built in.

2 So we are advancing that discussion.
3 We expect we, in a few days or so, will be able to
4 advise the Board whether an undertaking will be
5 maintained and -- and the response provided.

6 THE CHAIRPERSON: Thank you.

7

8 CONTINUED BY MS. STEINFELD:

9 MS. DAYNA STEINFELD: All right, Mr.
10 Stocki, I'm going to quote a long-ago GRA and say,
11 "Strap yourself in. We're ready to start the wild
12 ride of load displacement projects." Just to keep
13 everyone awake after the lunch break. I actually find
14 this quite interesting, so I'm not being facetious.

15 Book of Documents, page 310, I -- I
16 think will give us a helpful frame of reference. So
17 again, my -- my intention is to not get into any
18 information that is commercially sensitive. I think
19 we can proceed with these questions using some labels
20 that this chart will help us understand and then not
21 get into any of the information that's redacted.

22 So when we're looking at this page, Mr.
23 Stocki, we see here in the programs that are labelled
24 'industrial', there's a column that is labelled 'load
25 displacement'. Do you see that there on the left

1 side?

2 MR. MICHAEL STOCKI: Yes, I do.

3 MS. DAYNA STEINFELD: And it is
4 showing us, on the left axis, the gigawatt hours of
5 electrical energy savings that are achieved by load
6 displacement projects in what I would call the -- the
7 first year, 2020/'21, which is the dark grey; the
8 second year, 2021/'22, which is the blue; and the
9 third year, 2022/'23, correct?

10 MR. MICHAEL STOCKI: That is correct.

11 MS. DAYNA STEINFELD: And we have an
12 Efficiency Manitoba Information Request response in
13 the Book of Documents. I don't think we need to go
14 there, but let me know if you'd like it. But that
15 Information Request response informs us that there are
16 three (3) different load displacement projects in the
17 plan. Is that right?

18 MR. MICHAEL STOCKI: That's correct.

19 MS. DAYNA STEINFELD: And those three
20 (3) different projects -- one (1) has respective
21 energy savings of 99 gigawatt hours in a year.

22 MR. MICHAEL STOCKI: That one is true.
23 It's a bit of a unique situation with that individual
24 project because that has -- it's -- it's one of the --
25 I guess it's the only project that effectively falls

1 into this very unique category of having been
2 implemented through a Manitoba Hydro load displacement
3 program, under which it -- there was a long-term
4 agreement that was -- that was struck for that project
5 that involved both a capital incentive and an ongoing
6 operating incentive.

7 And what Efficiency Manitoba will be
8 doing will be transferring that contract over to
9 Efficiency Manitoba, and then we'll be supporting that
10 project through ongoing operating incentives.

11 And what that essentially enables us to
12 do is, because those are annual payments that are
13 needed to continue those, we're counting those savings
14 on annual basis, because the investment is needed on
15 an annual basis. So that 99 gigawatt hours is seen in
16 the Year 1, Year 2, and in Year 3.

17 MS. DAYNA STEINFELD: Okay, so you're
18 -- you're getting ahead of me a little bit, and
19 probably, unfortunately, I'm going to have to have you
20 repeat some of that as we go. But just to help us
21 identify what we're talking about in a public way, we
22 can see here on this chart that in 2020/'21, we have a
23 dark grey line that's showing us that 99 gigawatt
24 hours of energy are being saved, and that's as a
25 result of that project you just discussed.

1 MR. MICHAEL STOCKI: That's correct.

2 MS. DAYNA STEINFELD: So does it work
3 for you if I refer to that as Project 1?

4 MR. MICHAEL STOCKI: Sure.

5 MS. DAYNA STEINFELD: All right. And
6 then with the blue line, what I understand we see is
7 Project 1 continuing at 99 gigawatt hours in that
8 year, and then there's an additional project that adds
9 21 1/2 gigawatt hours in that year.

10 MR. MICHAEL STOCKI: That's correct.

11 MS. DAYNA STEINFELD: And so for that
12 additional 21 1/2 gigawatt hour project, does it work
13 if we call that Project 2?

14 MR. MICHAEL STOCKI: Sure.

15 MS. DAYNA STEINFELD: Thank you. And
16 then in the green bar for the year 2022/'23, again, I
17 understand that we see 99 gigawatt hours that are the
18 Project 1 savings, and in addition to that, 11 1/2
19 gigawatt hours for a third project, correct?

20 MR. MICHAEL STOCKI: That's correct.

21 MS. DAYNA STEINFELD: And you can
22 probably guess where I'm going. I'd like to call that
23 11 1/2 gigawatt hour project Project 3. Does that
24 work?

25 MR. MICHAEL STOCKI: That does work.

1 MS. DAYNA STEINFELD: Okay, and what
2 we basically just reviewed is that we see the Project
3 1 savings are counted in each of the three (3) years,
4 but the Project 2 and Project 3 savings are only
5 counted, respectively, in Year 2 and Year 3.

6 MR. MICHAEL STOCKI: That is correct.

7 MS. DAYNA STEINFELD: So for example,
8 if we look at that blue bar, we're seeing Project 1
9 plus Project 2, and the green bar is showing us
10 Project 1 plus Project 3.

11 MR. MICHAEL STOCKI: Exactly.

12 MS. DAYNA STEINFELD: And so I take
13 from that that with Project 2, Efficiency Manitoba is
14 not counting incremental savings from that project in
15 Year 3.

16 MR. MICHAEL STOCKI: That's correct.
17 Both Project 2 and both -- and Project 3 are more
18 similar to more traditional DSM incentive model,
19 whereas the anticipated projects with that would be
20 similar to, say, an insulation project where the
21 barriers facing the customer that -- or customers that
22 are specifically targeted by those -- that initiative
23 just needed help with the upfront capital cost.

24 It's not a -- a question of whether
25 there's ongoing incentives that are required to, say,

1 reduce the ongoing fuel costs associated with
2 providing or procuring a biomass or other low-cost
3 fuel to encourage that continued self-generation of
4 electricity.

5 MS. DAYNA STEINFELD: And so If I'm
6 understanding that response, Mr. Stocki -- maybe I'll
7 ask -- I'll get you to explain it a different way.

8 What is the basis for treating the
9 Project 1 savings differently from the Project 2 and
10 Project 3 savings? Let's -- let's give it another go
11 that way.

12 MR. MICHAEL STOCKI: Sure thing. I'll
13 try to be clearer this time. So specifically for
14 Project 2 and Project 3, the barriers for the
15 customers to implement those projects are purely
16 capital in nature, so in -- in that case, we need to
17 provide an upfront incentive for that, and then
18 afterwards, that customer basically has a fuel -- a
19 free fuel supply. So there's not -- there's minimum
20 ongoing fuel costs or maintenance costs that are going
21 to affect the customer's decision to, say, stop
22 generating that electricity.

23 So in that case, again, it's very
24 similar to an insulation-type project, where once
25 that's installed, we can count that measure for the

1 entire measure life, but with respect to our savings
2 targets, we only count the first-year savings.

3 For the first -- the Project number 1,
4 the load displacement Project number 1, that actually
5 requires -- because that specific customer requires --
6 it's basically an annual decision in that case.
7 They've got some capital investment that they needed
8 to do that Manitoba Hydro supported, but going
9 forward, it's actually -- there's an incremental cost
10 for that customer to continue generating electricity.
11 And what that decision is based on is the incremental
12 cost of a biomass fuel source.

13 So it's using a non-GHG-emitting fuel
14 source to reduce a GHG-emitting fuel source, and in
15 order to continue that ongoing use of that fuel,
16 there's an ongoing operating incentive that's
17 required, and that was negotiated in a long-term
18 agreement with that customer.

19 MS. DAYNA STEINFELD: And maybe just
20 so we're all understanding what we're talking about,
21 we're -- these projects are customer-sited generation,
22 where customers are taking what would either be --
23 otherwise be a manufacturing waste in their process,
24 and they're able to convert that into an energy
25 source.

1 MR. MICHAEL STOCKI: It could be a
2 manufacturing waste or other low-cost or biomass, for
3 example, fuel source, so it's -- it depends. It can
4 be an industrial byproduct. There's a few different
5 types of fuel sources that would qualify under that
6 program.

7 MS. DAYNA STEINFELD: And I think what
8 you're explaining is that for -- at least with the
9 Project 2 and Project 3, there's a more significant
10 upfront capital investment that's required in order to
11 get that going, but then once you have that capital in
12 place, you are receiving energy that is free to the
13 extent that you're getting it from your customer-sited
14 generation.

15 MR. MICHAEL STOCKI: That's
16 effectively true, and particularly from the customer's
17 perspective, that the ongoing fuel that needs to be --
18 needs to be used to generate that electricity is
19 effectively a byproduct of their -- the process, for
20 example, so it's a free fuel source.

21 MS. DAYNA STEINFELD: So what you're
22 explaining to the Board is that for the Project 2 and
23 the Project 3, other than help with that initial
24 capital investment, Efficiency Manitoba doesn't need
25 to provide additional incentive in subsequent years

1 for those customers?

2 MR. MICHAEL STOCKI: That's correct.
3 So it's -- Project 1 is more almost like a
4 behavioural-type program where you'd need to provide
5 an incentive to claim those savings in -- in -- in-
6 year, whereas the Project 2 and Project 3 are just
7 targeting the -- the capital upfront investment.

8 MS. DAYNA STEINFELD: Efficiency
9 Manitoba is, though, providing ongoing incentives for
10 Project 2 and Project 3, isn't it? It's shown in the
11 -- in the work papers that there are ongoing costs for
12 Efficiency Manitoba for those projects.

13 MR. MICHAEL STOCKI: There's certainly
14 ongoing costs, because typically associated with these
15 projects -- because it does require significant
16 upfront capital, we typically would be negotiating a
17 custom incentive, and because of that, we would have a
18 long-term performance agreement with that individual
19 customer. And so there would be several terms and
20 conditions, possible, for example, repayment and
21 obligations on the customer to continue generation
22 --- Tara stops at 1:20:10 p.m.

23 --- Pam starts here 1:20

24 MR. MICHAEL STOCKI: There are
25 certainly ongoing costs because -- typically

1 associated with these projects, because it does
2 require significant upfront capital, we typically
3 would be negotiating a custom incentive.

4 And because of that, we would have a
5 long-term performance agreement with that individual
6 customer, and so there would be several terms and
7 conditions, possible, for example, repayment and
8 obligations on the customer to continue general.

9 And if they failed to do so, there
10 would be possible repayment of that capita incentive.
11 And so, what those costs represent are actually our
12 internal administration costs to perform the necessary
13 measurement and verification to verify that the
14 customer is in fact meeting their obligations under
15 that contract.

16 MS. DAYNA STEINFELD: So, I had it
17 wrong. They aren't ongoing incentives for the
18 customers for those projects?

19 MR. MICHAEL STOCKI: That's correct.
20 They're not ongoing incentives.

21 MS. DAYNA STEINFELD: And it's my
22 understanding, and -- and you referenced this, I
23 believe, with project 1, but Manitoba Hydro also had
24 other load displacement projects that it put in place
25 prior to project 1, correct?

1 MR. MICHAEL STOCKI: That is correct.
2 There was one (1) other one in particular.

3 MS. DAYNA STEINFELD: And if we look
4 at 325, page 325, of the Book of Documents...

5

6 (BRIEF PAUSE)

7

8 MS. DAYNA STEINFELD: So, it should be
9 highlighted. I'm not sure why the whole row isn't
10 showing as highlighted. But we see -- so this is the
11 2015/'16 PowerSmart plan. Where it says, "Customer
12 cited load displacement," we see customer
13 participation as twenty-eight (28)?

14 MS. DAYNA STEINFELD: Just to clarify,
15 that was the project in 2015/'16, and I think it was -
16 - it was a fifteen (15) year time horizon that they
17 were projecting to have twenty-eight (28) participants
18 within that program.

19 MR. MICHAEL STOCKI: And if we go over
20 a page to 3 -- page 326, similarly, this is the
21 2016/'17 supplement. We see that that project is now
22 fifteen (15) customers over that time horizon?

23 MR. MICHAEL STOCKI: That's correct.
24 That looks like, at that time, Manitoba Hydro was
25 projecting a fif -- fifteen (15) customers over a

1 fifteen (15) year time horizon.

2 MS. DAYNA STEINFELD: And...

3

4 (BRIEF PAUSE)

5

6 MS. DAYNA STEINFELD: And I think, as
7 you referenced, Mr. Stocki, in terms of actual
8 projects on page 328 where it says, "Bioenergy
9 optimization program" -- or sorry, where it says,
10 "Load displacement," we see two (2) in terms of
11 customer participation.

12 So, in addition to project 1, there was
13 one (1) other load displacement project?

14 MR. MICHAEL STOCKI: That's correct.

15 MS. DAYNA STEINFELD: In terms of the
16 other project, do you know if Manitoba Hydro provides
17 any ongoing incentives or -- or rebates for that
18 project?

19 MR. MICHAEL STOCKI: They do not. It
20 was a capital only.

21 MS. DAYNA STEINFELD: And why hasn't
22 Efficiency Manitoba included that project in its plan?

23 MR. MICHAEL STOCKI: Because there's
24 no ongoing incentives required. So, Manitoba Hydro
25 effectively -- that contract will remain with Manitoba

1 Hydro and Manitoba Hydro would be responsible for
2 continuing to make sure that the customer's living up
3 to those obligations that were executed with Manitoba
4 Hydro.

5 And because there's no ongoing
6 requirements to transfer to Efficiency Manitoba with
7 respect to ongoing behavioural type operating
8 incentives, we're not transferring that over, so we're
9 not accounting for it in our plan.

10 MS. DAYNA STEINFELD: Is another
11 reason that Effic -- or that Efficiency Manitoba
12 treats Project 1 differently than Projects 2 and 3 is
13 because Efficiency Manitoba assumes a measure life of
14 one (1) year for Project 1?

15 MR. MICHAEL STOCKI: Efficiency
16 Manitoba actually assumes a measure life of, I
17 believe, twenty (20) years for that project. That was
18 Daymark's assumption, that they assigned only a one
19 (1) year measure life to that because it wou -- they
20 viewed that annual incentive as only being counting on
21 those savings for one (1) year.

22 But in combination with the long-term
23 service agreement that's in place with Manitoba Hydro
24 and the actual capital infrastructure that that
25 customer had to install, we view that as a much

1 longer-term measure.

2 MS. DAYNA STEINFELD: But in terms of
3 Project 1, as we saw in that chart, Efficiency
4 Manitoba is counting the project 1 savings in each end
5 every year?

6 MR. MICHAEL STOCKI: That's correct.
7 As per the contract that it's negotiated with the
8 customer, it has to -- the customer has to provide
9 those savings on an annual basis in exchange for that
10 operating incentive.

11 MS. DAYNA STEINFELD: And so,
12 Efficiency Manitoba is treating those savings as
13 incremental for that reason?

14 MR. MICHAEL STOCKI: That's correct.
15 For example, if Efficiency Manitoba were to, for some
16 reason, terminate that contract in a given year, then
17 we would no longer be able to claim those savings.

18 It's required that -- by that contract
19 that, once it's transferred to Efficiency Manitoba,
20 that in exchange for those energy savings, we'll be
21 providing an annual operating incentive.

22 MS. DAYNA STEINFELD: But Project 2
23 and Project 3 are also ongoing in terms of the
24 customers continuing to benefit from them, and those
25 savings are not counted as incremental?

1 MR. MICHAEL STOCKI: So, again, this
2 kind of gets into the detail of where we're counting
3 the savings with respect to our savings targets versus
4 in the cost effectiveness test.

5 So, from the savings target
6 perspective, it's true that we're counting these
7 savings from Project 1 on an annual basis in order to
8 meet our annual savings target.

9 From the perspective of the overall
10 cost effectiveness test, the PACT test, the projects
11 are basically treated the same because they both have
12 the same -- same measure life. They -- their savings
13 both trail off at the end of that respective measure
14 life, so it does not affect the cost effectiveness
15 test.

16 MS. DAYNA STEINFELD: Maybe we can put
17 up the transcript from yesterday, Ms. Schubert, at
18 transcript page 345. And this may help us understand.
19 Right there is perfect. Thank you.

20 Mr. Stocki, here we were looking at
21 changes between the preliminary portfolio and the --
22 and the final plan. And you explained that some of
23 the differences we see in the cost effectiveness
24 resulted in a -- in a change in the methodology.

25 And so, at transcript line 5 it says,

1 within that initial view, we were looking at fifteen
2 (15) time horizon for programming, so we were --
3 included activities beyond.

4 That was -- that was just included
5 three (3) year plan. Have I read that accurately?

6 MR. MICHAEL STOCKI: You did, yes.

7 MS. DAYNA STEINFELD: So, initially,
8 Efficiency Manitoba was looking at benefits for
9 programming that extended beyond the three (3) years
10 of the plan, right?

11 MR. MICHAEL STOCKI: That's correct.
12 And again, so this is where some interpretation was
13 required because of this unique situation with this
14 one (1) load displacement program.

15 Because it is being influenced by this
16 three (3) time horizon of our three (3) year
17 efficiency plan, there's a long-term contract that's
18 in place with respect to annual operating incentives.

19 We actually included the ongoing
20 savings and the costs of that within the -- within the
21 PACT. So, the -- those co -- ongoing operating costs
22 are -- we make sure that we're reflecting those within
23 the PACT.

24 MS. DAYNA STEINFELD: And so, you --
25 you described that as a unique situation. And it's

1 unique because of what you were explaining here
2 yesterday, that for other measures you only focussed
3 on the three (3) plan years and not benefits beyond?

4 MR. MICHAEL STOCKI: Yeah. For
5 example, in most cases, you just need to overcome the
6 initial capital cost. And so those costs are covered
7 within the first year because it's an upfront
8 incentive.

9 But we thought it prudent because we
10 were effectively committing to those costs for a
11 longer term basis that we also include those costs
12 within the -- the PACT test.

13 MS. DAYNA STEINFELD: Maybe let's --
14 let's try with a hypothetical example to make sure I
15 understand. So, if LED light bulbs, for example, only
16 lasted one (1) year, in that example, the measure life
17 for the light bulbs would be one (1) year, right?

18 MR. MICHAEL STOCKI: That's correct.

19 MS. DAYNA STEINFELD: And Efficiency
20 Manitoba in this hypothetical example would decide to
21 run an LED light bulb program in each year, and so
22 there would be new installations in each and every
23 year.

24 Can you just go with me on that
25 hypothetical?

1 MR. MICHAEL STOCKI: Sure. Okay.

2 MS. DAYNA STEINFELD: And so, in that
3 hypothetical example, Efficiency Manitoba would count
4 the benefits in each plan year because there are new
5 installations in each plan year, correct?

6 MR. MICHAEL STOCKI: I'm struggling
7 with the example a little bit. I don't know if it
8 makes sense to talk it -- talk about it more in terms
9 of a behavioural example.

10 So, for example, if Efficiency Manitoba
11 would provide an incentive to -- to customers in order
12 to reduce their energy consumption for a specific time
13 period, say for over the course of a year, at the end
14 of that year we wouldn't be able to count those
15 savings going forward because it would be an action.

16 It would be say turning off light
17 switches instead of changing out a light bulb. In
18 order to reclaim those savings in the second year,
19 Efficiency Manitoba would then have to provide an
20 additional year of incentives to that customer in
21 order to claim the second year of savings.

22 MS. DAYNA STEINFELD: Okay. So, it
23 would only be in circumstances where you had those new
24 installations that you've -- you've offered a new
25 program that incents customers to install new light

1 bulbs in year 2, that you would count the benefits on
2 the savings from that program?

3 MR. MICHAEL STOCKI: Again, I'm
4 struggling with the notion that we're installing a
5 light bulb. I think if we can stick with the analogy
6 of turning off the -- the light switch, that might --
7 that might make a little bit more sense.

8 So, for example, if you incented a
9 customer to turn off lights during certain hours or to
10 reduce their energy consumption by turning off lights
11 for a certain number of hours per day, you would need
12 to re-earn those savings in the second year and we
13 provide that incentive because there's no physical
14 change there. It's a decision point.

15 With respect to other measures, if
16 you're actually changing out the light bulb, a
17 customer is less likely to take that light bulb out
18 once it's actually installed.

19

20 (BRIEF PAUSE)

21

22 MS. DAYNA STEINFELD: And so is the --
23 the assumption with Project 1, that that project is
24 going to last over a long term like -- was it twenty
25 (20) years?

1 MR. MICHAEL STOCKI: Yeah. I can say
2 there's a long-term contract that was negotiated with
3 that customer and it was over fifteen (15) years.

4 MS. DAYNA STEINFELD: And is the --
5 the new installation that makes the savings count in
6 each year because there is a new incentive that is
7 provided in each of those years?

8 MR. MICHAEL STOCKI: So there was a
9 capital investment that was required up front and so,
10 as I mentioned earlier, that capital investment was
11 supported by Manitoba Hydro, but there's a very real
12 business decision that takes place at that
13 organization on a more than annual basis, more
14 frequent than an annual basis, of what is the most
15 cost-effective fuel to use.

16 Even though that capital investment was
17 made, there's still fuel choice flexibility with that
18 customer and we certainly want to encourage that
19 customer to use a lower GHG emitting fuel source to
20 generate electricity.

21 There's also ongoing maintenance
22 decisions that that company has to make on a fairly
23 regular basis, I believe it's every five (5) years, on
24 whether or not to provide significant maintenance
25 expenses to continue generation -- generating their

1 electricity on a long-term basis.

2 And so part of this -- intent of this
3 operating incentive was to recognize those -- every
4 five (5) years, approximately larger operating and
5 maintenance expenses that would be incurred by this
6 customer, and to reduce that barrier so that again
7 they could continue generating electricity for -- for
8 throughout the duration of that contract.

9

10 (BRIEF PAUSE)

11

12 MR. MICHAEL STOCKI: I should also
13 mention, it's probably worth pointing to the -- I
14 believe this is -- these are the regulations in
15 Section 8(1).

16 The reason why we are counting these on
17 an incremental basis is largely part due to the
18 determination of saving sections within our
19 regulation, which basically say the incremental
20 savings resulting from a demand side management
21 initiative undertaken by Manitoba Hydro may be counted
22 for savings if Efficiency Manitoba provides
23 operational support or an operating incentive in
24 respect of the initiative that is necessary to achieve
25 the incremental savings.

1 And I can tell you that when this was
2 being drafted, this Project 1 in particular was front
3 and centre in -- in mind.

4 MS. DAYNA STEINFELD: Do I have it
5 right that Efficiency Manitoba is -- is counting the
6 savings from Project 1 in each year and counting the
7 benefits over the fall -- whether it's fifteen (15) or
8 twenty (20) year period?

9

10 (BRIEF PAUSE)

11

12 MR. MICHAEL STOCKI: So I believe all
13 three (3) load displacement projects are counted
14 essentially for a fifteen (15) year measure life
15 within the program administrative cost test, so
16 they're treated identically.

17 With respect to the cost, however, we
18 are counting those longer-term operating incentives on
19 an annual basis going forward throughout the fifteen
20 (15) year period as well.

21 MS. DAYNA STEINFELD: And if the
22 benefits for the longer-term period were not counted,
23 would it be correct that you would have a very
24 different portfolio PACT?

25 MR. MICHAEL STOCKI: No, that's not

1 correct actually because we're not counting them as
2 new incremental savings on an annual basis within the
3 PACT results, because that would distort the PACTs and
4 you're adding 99 and 99 and 99.

5 If you look at the cumulative savings,
6 I think that was provided in the MIPUG IR, you'll see
7 that they're actually -- there -- the opposite is
8 true. You have measure life and cumulative savings
9 dropping off throughout the time horizon.

10

11 (BRIEF PAUSE)

12

13 MS. DAYNA STEINFELD: I'm not sure I
14 follow that, Mr. Stocki, because in -- in the second
15 year, and we saw on that chart, you are still counting
16 the 99 gigawatt hours from that initial Project 1.

17 MR. MICHAEL STOCKI: So again there's
18 two (2) different discussions. There's one of how
19 we're using this to achieve our annual savings
20 targets, and then there's the cost-effectiveness and
21 appropriateness of how we're doing that calculation.

22 So with respect to our savings target,
23 we can count those savings on an annual basis to -- to
24 the achievement of our -- our annual savings targets.

25 With respect to the PACT, we can't

1 double count those savings and say that we're
2 achieving incrementally more savings on an annual --
3 on an annual basis, because that wouldn't -- that
4 would then be -- say, for example, counting 99
5 gigawatt hours in one year, an additional 99 plus 99
6 in year two, and that would just be incorrect.

7

8 (BRIEF PAUSE)

9

10 MS. DAYNA STEINFELD: And again we --
11 we might be getting a bit repetitive with things
12 you've already tried very hard to explain to me, Mr.
13 Stocki, but you are counting the benefits for the --
14 over the fifteen (15) years.

15 MR. MICHAEL STOCKI: In -- in a way
16 that's completely consistent with Project 2 and 3, so
17 all three (3) load displacement projects are being
18 treated in exactly the same way for the purpose of the
19 cost-effectiveness tests.

20 MS. DAYNA STEINFELD: And are those
21 fifteen (15) years of benefits assured?

22 MR. MICHAEL STOCKI: Yeah. For
23 Project Number 1 in particular there's a contract
24 that's actually in existence, so there'd be
25 consequences, for example, for the customer if they

1 were to breach that contract.

2 Although the contracts haven't been
3 established for the other projects that are
4 contemplated, because we're still looking for those
5 projects or in very preliminary stages with respect to
6 those projects, the intent would be to have, you know,
7 similar long-term contracts that are in place, again
8 with those costs of long-term measurement and
9 verification and administration of those contracts
10 being borne by Efficiency Manitoba.

11 MS. DAYNA STEINFELD: I had understood
12 earlier, Mr. Stocki, that you indicated that the --
13 the customer had optionality in terms of whether to
14 continue in a way that would achieve those savings.
15 So if they have optionality on the -- on the savings
16 side, why isn't there optionality on the benefits
17 side?

18 MR. MICHAEL STOCKI: So there are
19 options, but there would be also consequences. So,
20 for example, the customer could do a cost-benefit
21 analysis, and depending on that fuel cost benefit, the
22 cost of the -- every five (5) years, the large
23 maintenance expense that's occurred, they could choose
24 hypothetically, if that operating incentive in
25 particular wasn't in place, to breach the -- that

1 contract and back away, realizing that the penalties
2 they might be incurring are still -- if it was a
3 capital only incentive, would still be less than the
4 cost that they'd be incurring for continuing that mode
5 of generation. And so, again, that operating
6 incentive helps balance off that -- those customer
7 considerations and keeps them generating electricity.

8 MS. DAYNA STEINFELD: And back on page
9 310 of the Book of Documents, when we look at that
10 dark grey bar for Project 1, I think we can assume
11 that in saving 99 gigawatt hours of energy annually,
12 this customer has seen a substantial bill savings.
13 Can we make that --

14 MR. MICHAEL STOCKI: That's correct.

15 MS. DAYNA STEINFELD: -- assertion?
16 Yes, okay.

17 And without getting into any details,
18 would you agree that the annual incentive payment
19 would be significantly less or less to a degree, if
20 you don't want to go significantly, in the amount of
21 the bill savings?

22 Maybe I'll put -- I'll put it another
23 way. Given the amount of the bill savings, wouldn't
24 this customer continue with their customer sited
25 generation, regardless of whether Efficiency Manitoba

1 was providing a new incentive in each year?

2

3

(BRIEF PAUSE)

4

5

MR. MICHAEL STOCKI: Sorry. Thank
6 you. That's not necessarily the case. Again, try --
7 trying to dance carefully around this so not to
8 divulge too much customer information, but the
9 customer needs to consider yes, there is absolutely
10 energy cost savings from generating their electricity,
11 but there are also expenses, and part of that expense
12 is fuel procurement costs, ongoing maintenance, and so
13 there is a trade-off.

14

And what the incentive is trying to do
15 at -- the intent of that incentive is to look at that
16 -- those marginal barriers that might be in place
17 regardless of taking into account the energy savings
18 that are -- and the bill savings that that customer's
19 realizing, and making sure that they're -- that
20 barrier is minimized so that they continue to produce
21 electricity on an annual basis.

22

MS. DAYNA STEINFELD: And so what
23 you're telling the Board, Mr. Stocki, is that we don't
24 have a free rider situation here. Efficiency Manitoba
25 is needing to put in some work to make sure that those

1 savings continue to be achieved?

2 MR. MICHAEL STOCKI: That's precisely
3 it.

4 MS. DAYNA STEINFELD: And you can take
5 this subject to check, but if in year 2 in year 3, we
6 didn't include those 99 gigawatt hours of savings from
7 Project 1, Efficiency Manitoba would deliver portfolio
8 savings of about 1.1 percent each year.

9 Will you take that subject to check?

10 MR. MICHAEL STOCKI: Subject to check,
11 yes, that sounds right.

12 MS. DAYNA STEINFELD: You mentioned
13 the regulation that allows you to count these kinds of
14 load displacement projects.

15 Another aspect of the regulation is
16 also Efficiency Manitoba's involvement in the
17 development of codes and standards, correct?

18 MS. COLLEEN KURULUK: That's correct.

19 MS. DAYNA STEINFELD: And as you've
20 explained in your rebuttal evidence, Ms. Kuruluk, the
21 regulation allows you to count savings if they are
22 reasonably attributable to a code standard or
23 regulation to which either Efficiency Manitoba or
24 Manitoba Hydro has made a material contribution?

25 MS. COLLEEN KURULUK: That is correct.

1 MS. DAYNA STEINFELD: And so measures
2 that are installed during a plan year will be counted
3 towards the savings in that year even if the code or
4 standard itself was developed in a prior year,
5 correct?

6 MS. COLLEEN KURULUK: Yes, that's
7 correct.

8 MS. DAYNA STEINFELD: And even if it
9 was Manitoba Hydro's contribution that helped develop
10 that code and standard, and not Efficiency Manitoba?

11 MS. COLLEEN KURULUK: Yes, that's
12 correct. Typically, codes and standards take many
13 years to develop, so the activities of energy
14 efficiency staff in helping to build, whether it's a
15 code or standard, usually have to occur well before
16 our plan year, before they actually come to the market
17 and realize the actual energy savings.

18 MS. DAYNA STEINFELD: And subject to
19 check, Ms. Kuruluk, in the year 2021, 23 percent of
20 the electric savings are achieved from codes and
21 standards?

22 MS. COLLEEN KURULUK: That's -- I'll
23 say subject to check, but that sounds about right.

24 MS. DAYNA STEINFELD: And subject to
25 check on the gas side, it's 32 percent of the savings?

1 MS. COLLEEN KURULUK: That sounds
2 about right.

3 MS. DAYNA STEINFELD: So we can take
4 from that that without counting those codes and
5 standards savings, Efficiency Manitoba would not be
6 able to meet the savings target.

7 Is that fair?

8 MS. COLLEEN KURULUK: They are a -- a
9 key component and -- and a cost-effective component of
10 our overall portfolio.

11 MS. DAYNA STEINFELD: And I think in
12 your rebuttal, one (1) of the things that you explain
13 is that that should not be a surprise to this Board,
14 because it is what was anticipated in the NFAT report.

15 Is that correct?

16 MS. COLLEEN KURULUK: Yes, and I guess
17 -- I don't know whether it's anticipated it was -- it
18 -- I guess I would call it contemplated as -- in the
19 actual recommendation, I think it was number 7 within
20 the demand-side management section. It suggested a --
21 a recommended target of 1.5 percent, and had prod --
22 produced the caveat of including codes and standards.

23 MS. DAYNA STEINFELD: So if it's --
24 it's helpful, we can put that on the -- on the screen,
25 so panel can -- can see exactly what you've just

1 referenced. And you're bang on. It was number 7.

2 So at page 335 of the Book of
3 Documents, that's where we see that there. So this is
4 the NFAT report, recommending incremental annual and
5 demand side management targets in the order of 1.5
6 percent of forecast domestic load, including codes and
7 standards.

8 All right, that's that's what you were
9 just explaining, Ms. Kuruluk?

10 MS. COLLEEN KURULUK: Yeah, that's --
11 that's the reference I was explaining.

12 MS. DAYNA STEINFELD: And Book of
13 Documents page 18, we looked at this earlier in terms
14 of the revision to the electric savings targets, but
15 this IR was asking Efficiency Manitoba to explain the
16 contribution that was made to the development of
17 different codes and standards.

18 Is that a fair characterization of this
19 IR?

20 MS. COLLEEN KURULUK: Yes, I -- I
21 believe it requested a fulsome explanation, hence the
22 length of this IR.

23 MS. DAYNA STEINFELD: It did, indeed,
24 request a -- a fulsome explanation. We can see that
25 on Book of Documents page 16.

1 And if we can jump ahead to the seventh
2 page of this IR, which is at Book of Documents page
3 22.

4

5 (BRIEF PAUSE)

6

7 MS. DAYNA STEINFELD: So under the
8 Residential Lighting heading, there's an explanation
9 of the codes and standard. It does not indicate any
10 involvement by Manitoba Hydro in developing this
11 standard, correct?

12

13 (BRIEF PAUSE)

14

15 MS. COLLEEN KURULUK: So I think the
16 primary role that it would have been Manitoba Hydro,
17 obviously, in this case, would have had in -- in
18 regards to this standard coming into effect would have
19 been the programming that we had in place to ready to
20 market to prepare them to accept a new, higher
21 efficient product, which is a key role of the programs
22 is to -- to ready the market in terms of increasing
23 the market penetration of different products and
24 therefore bringing the prices down, which always makes
25 for an easier standard to recommend if the pricing is

1 not excessive for the customer.

2 MS. DAYNA STEINFELD: And elsewhere in
3 this IR response, Efficiency Manitoba explains that
4 Manitoba Hydro participated in the Natural Resources
5 Canada committee that developed this standard.

6 Is that your understanding?

7 MS. COLLEEN KURULUK: Yes, I believe
8 it -- the SLIC committee, as it was referred to. I
9 don't see it up here now, but.

10 MS. DAYNA STEINFELD: I think at Book
11 of Documents page 337 in -- in a Coalition IR
12 response, we get that additional explanation that
13 we're discussing, Ms. Kuruluk.

14 MS. COLLEEN KURULUK: Yeah. That's
15 the one I was talking about.

16 MS. DAYNA STEINFELD: So we see there
17 the -- the SLIC committee. So is it Efficiency
18 Manitoba's position that participation in a committee
19 is sufficient for the contribution to the code and
20 standard to be material?

21 MS. COLLEEN KURULUK: Well, in terms
22 of materiality, we've answered this in -- in a couple
23 IRs. That is the way our -- our legislat -- or our
24 regulation has been drafted, but we are relying on our
25 third-party independent assessor to determine what is

1 standard practice across the DSM industry for
2 determining materiality.

3 It's -- it's -- in -- in our opinion, I
4 mean, it's these kinds of activities that are
5 happening at the national level definitely are
6 collaborative and rely on multiple parties across
7 Canada, and it's not a mat -- it's not a matter of
8 whether Efficiency Manitoba is not at the table. It's
9 a matter of, is that collaborative approach happening
10 or not?

11 So we -- we feel right now it's
12 material, so we've -- we have included it in our
13 projections, but ultimately, a third-party independent
14 assessor will look at what's best practice in the
15 industry to determine that.

16 MS. DAYNA STEINFELD: And given the
17 magnitude of codes and standards savings that are
18 required to meet the savings targets, is there a -- a
19 risk that the independent assessor will not accept
20 savings like these where participation on a committee
21 was the involvement?

22 MS. COLLEEN KURULUK: I'm not
23 anticipating that only because there's quite a few
24 other jurisdictions that do similar types of
25 descriptions of their materiality towards

1 contributing.

2 There's also several jurisdictions in
3 Canada that take 100 percent of the code or standard.
4 So -- and -- and Efficiency Manitoba's not quite
5 taking a hundred percent, so we think we've been
6 fairly conservative.

7 In addition, we do a lot of standards
8 work at the national level, but at present, due to the
9 way that Manitoba Hydro had been determining what the
10 impact of standards was on the load forecast, we
11 haven't even started to look at how we should be
12 claiming the standards that have been implemented in
13 the commercial market.

14 So we've only done residential
15 standards thus far, and it will be an area where we
16 need to do some further work and get some further
17 methodologies in order to start determining how we can
18 actually claim those savings.

19 So technically speaking, I feel like
20 we've been fairly conservative on the codes and
21 standards impacts.

22 MS. DAYNA STEINFELD: And -- and
23 that's a great segue for me, Ms. Kuruluk, because I
24 was hoping that you could take me through some of that
25 methodology in terms of the counting less than a

1 hundred percent of the codes and standards savings.

2 So maybe a good place to start is in
3 your rebuttal evidence on page 5, you talk about the
4 issue of NOMAD, which is an acronym that stands for
5 naturally occurring market adoption.

6 And do I have that right?

7 MS. COLLEEN KURULUK: Yes, I believe
8 that was Daymark's term. I -- I -- it wasn't a term
9 that we had seen often, so it could be a US-based DSM
10 industry term, but yes, that is what it's referring
11 to.

12 MS. DAYNA STEINFELD: And do you
13 understand that what Daymark is referring to there is
14 the concept of consumers who would take up a
15 particular efficiency measure even if it wasn't what
16 was required under a code and standard?

17 MS. COLLEEN KURULUK: Yes. That's
18 what he was suggesting, yeah.

19 MS. DAYNA STEINFELD: So, for example,
20 if Mr. Stocki, who knows about energy efficiency, is
21 in the market for a new furnace, even if he didn't
22 have to do this under a code and standard, he may well
23 choose to install a high efficiency furnace?

24 MS. COLLEEN KURULUK: That's correct.

25 MS. DAYNA STEINFELD: I won't ask Mr.

1 Stocki if that's, in fact, the case, but that's the
2 concept that we're dealing with.

3 And so, in the rebuttal, as you said,
4 this is a concern that -- that Daymark raised. The
5 rebuttal explains that the free ridership rate that
6 Daymark references is not, in Efficiency Manitoba's
7 view, the appropriate way to address the NOMAD issue,
8 correct?

9 MS. COLLEEN KURULUK: Well, I think,
10 if I can recall, I'll have to read this again to be
11 certain, but I think our issue with Daymark's
12 methodology was that they were looking at taking
13 proxy-free ridership rates in technologies that
14 weren't impacted necessarily by the standard or the
15 corde and trying to apply those to a completely
16 different technology.

17 So, we thought that was a little bit
18 arbitrarily (sic) and we could probably do something a
19 little more refined than that.

20 MS. DAYNA STEINFELD: And so, rather
21 than using that kind of proxy-free ridership rate
22 approach that Daymark references, at line 15 of the
23 rebuttal Efficiency Manitoba references that it
24 employs a distinct methodology that considers market
25 condition that exist in Manitoba in order to claim

1 more accurate impacts for code activities.

2 Do you see that there in the evidence?

3 MS. COLLEEN KURULUK: I do.

4 MS. DAYNA STEINFELD: And is that what
5 you're referring to in saying that you think there's a
6 better way that this can be done in Manitoba?

7 MS. COLLEEN KURULUK: What we're
8 saying there is we had better and more specific
9 information. And I think probably, at this point, it
10 might be a benefit to possibly delineate between a
11 standard and code.

12 I know we -- we talk about codes and
13 standards all the time as -- as if it's one (1) item,
14 but a code is typically something that's been required
15 in building code for new construction of a commercial
16 building or a residential building whereas standards
17 more typically apply to appliances or equipment, so
18 whereas code is construction, standards, I'd say,
19 would be purchases or installation.

20 So, when Ms. Steinfeld was referring to
21 a furnace, there is aspects of a furnace in a code,
22 but there's also in the retrofit market the
23 installation of an appliance or a field bearing
24 appliance that would also be called a standard.

25 MS. DAYNA STEINFELD: And here, when

1 you discuss a distinct methodology, it's distinct from
2 -- from who or from what?

3 MS. COLLEEN KURULUK: I would say it's
4 distinct in that it consider Manitoba's conditions.

5 MS. DAYNA STEINFELD: So, is there a
6 similar methodology to what Efficiency Manitoba is
7 doing in other jurisdictions but based on the market
8 conditions in those jurisdictions?

9 MS. COLLEEN KURULUK: I would suspect
10 so. Again, across Canada, most of the jurisdictions
11 are actually not doing any delineation for natural
12 conversation.

13 So, for example, if we like examples,
14 ty -- typically explain this. In -- in BC, there's no
15 -- they're not factoring in natural conservation or
16 attribution in terms of BC Hydro's role in -- in
17 influencing the code.

18 They're basically saying a code is in
19 place and we're going to be capturing the savings of
20 every single new building that has been built in our
21 market to -- to generate those savings.

22 So, what -- what we did with commercial
23 building code, in particular, is we actually are only
24 taking a portion of what the code building was saving
25 over a standard building.

1 So, our building code of tve -- na --
2 national energy code for buildings of 2011 was
3 targeting about a 25 percent improvement over a
4 standard building.

5 In our market, we had thought the
6 standard building that was being constructed was
7 roughly 10 percent better than a standard building, so
8 we are only claiming 15 percent of the energy saving
9 with a newly constructed building.

10 In addition, it came to our attention
11 that compliance was an issue, so we actually derated
12 our savings, as well, due to the fact that we
13 understood that compliance wasn't necessarily being
14 uniformly achieved across all jurisdictions in
15 Manitoba, so we also derated it for that.

16 MS. DAYNA STEINFELD: And was this the
17 same methodology that was or I guess is still being
18 used by Manitoba Hydro?

19

20 (BRIEF PAUSE)

21

22 MS. COLLEEN KURULUK: For their 1920
23 plan? Would that be -- I'm not...

24 MS. DAYNA STEINFELD: The -- do you
25 know if -- if -- how Manitoba Hydro discounted or --

1 or accounted for a free ridership for code standards?

2 MS. COLLEEN KURULUK: Yes. This would
3 be -- we are adopting the -- the methodology that we
4 had done in -- in more recent years of -- of Manitoba
5 Hydro's efficiency plans.

6 MS. DAYNA STEINFELD: So, this is
7 something that Manitoba Hydro developed, and
8 Efficiency Manitoba is carrying that methodology
9 forward?

10 MS. COLLEEN KURULUK: That's correct,
11 with the exception that in years 2 and 3 of the plan
12 we are looking at some compliance type of strategies
13 to assist the market in -- in complying.

14 So, then we can take that 50 percent
15 derating and change it to more of a 75 or 85 percent.
16 And that's a very typical activity that's happening in
17 jurisdictions across North America in terms of the
18 types of activities and programs that utilities and/or
19 program administrators are engaging in to capture this
20 very cost effective group of energy savings.

21 MS. DAYNA STEINFELD: And the rebuttal
22 uses a few different examples in terms of the discount
23 percentages that are applied. Why are these the --
24 the right numbers?

25

1 (BRIEF PAUSE)

2

3 MS. COLLEEN KURULUK: Just to clarify
4 the question. So, when you say, "Why are these the --
5 the best numbers," which ones in particular?

6 MS. DAYNA STEINFELD: Well, maybe
7 let's -- let's ask it more generally. How has
8 Efficiency Manitoba arrived at the discount
9 percentages that are being used for the different
10 kinds of codes and standards?

11 So, for example, we see here that
12 Efficiency Manitoba only claims a 15 percent
13 improvement for the national -- the model national
14 energy code.

15 MS. COLLEEN KURULUK: Right. Okay.
16 So, that one -- that one, in particular, I believe was
17 based on a baseline market study that was conducted.
18 And I would have to return for the record to give the
19 exact year, but I'm going to say roughly 2005 or 2006.

20 And so, that -- what that told us is
21 that the Manitoba buildings, based on a study that was
22 conducted across Manitoba and Saskatchewan, that we
23 were achieving already 10 percent better than the
24 model national energy code for buildings of '97.

25 MS. DAYNA STEINFELD: And would that

1 be similar for the 50 percent discount for the newly
2 constructed buildings, that that's based on a -- on a
3 market analysis?

4 MS. COLLEEN KURULUK: The 50 percent
5 was based on -- was a conservative estimate that we
6 used based on discussions with authorities having
7 jurisdiction that had been -- are obviously trying to
8 enforce the code and finding that they have designs
9 that are coming through that are not meeting the
10 energy code.

11 And I guess it was taken from their
12 best estimate of approximately how many. And then, of
13 course, as noted here on line 26, when someone fails
14 to meet the energy code doesn't mean they're failing
15 to meet all of it. They might be meeting some of the
16 easier components.

17 But, for example, in the National
18 Energy Code for buildings, the building envelope
19 requirement has -- has been a struggle for the market
20 to meet, so they might be re -- for example, meeting
21 most of the requirements with the exception of the --
22 the building envelope.

23 So, we thought that was a conservative
24 estimate based on a couple quantitative inputs.

25 MS. DAYNA STEINFELD: And I can

1 generalize from your answer, Ms. Kuruluk, that for the
2 discounts that are being applied and counting the
3 codes and standards savings, Efficiency Manitoba has
4 done an -- an analysis to arrive at the numbers that
5 are being used as what Efficiency Manitoba considers
6 the appropriate discount?

7 MS. COLLEEN KURULUK: Yeah. We -- we
8 feel that these numbers are appropriate. And as a
9 result of the -- the portion of the savings that codes
10 and standards are delivering for the portfolio, this
11 will be one (1) of the areas that gets evaluated
12 immediately with respect to our third-party
13 independent assessor and I believe is immediately and
14 -- and, I think, likely every year given the magnitude
15 of the savings.

16 And again, we'll be relying on them to
17 have the best practices of -- of how you evaluate for
18 contribution to codes and standards.

19 MS. DAYNA STEINFELD: To just continue
20 with a few more examples of codes and standards that
21 are included, on Book of Documents page 23, dealing
22 with residential air conditioning, my understanding is
23 that the inclusion of this standard is based on
24 Manitoba Hydro's requirement for PowerSmart loan
25 eligibility?

1 MS. COLLEEN KURULUK: That would be
2 one (1) of the elements. The other element that's not
3 discussed specifically in here was Manitoba Hydro's
4 and then Efficiency Manitoba's continued role in
5 SCOPEER, which stands for the Standing Committee on
6 the Performance of Energy Efficiency in Renewables,
7 which is essentially a national committee that looks
8 at standards for energy-consuming products on an
9 annual basis. So that's central air conditioning, and
10 I think it might reference the actual Amendment 9.
11 That was one of the products that came through during
12 -- in Amendment 9, which would have been in 2006.

13 So we have a fairly distinct role,
14 where we're at the committee table talking about what
15 standards and what products should have minimum energy
16 performance ratings for them, and we also fund the
17 technical work that -- that comes out of those
18 recommendations.

19 MS. DAYNA STEINFELD: And in saying
20 "we," are you referring to both activities that
21 Manitoba Hydro has carried out previously and
22 Efficiency Manitoba --

23 MS. COLLEEN KURULUK: That's correct.

24 MS. DAYNA STEINFELD: Yeah, okay.
25 Thank you. On Book of Documents, page 26, dealing

1 with commercial general service lighting -- and you've
2 got it in -- in front of you, so we can keep going
3 while the computer catches up. Under 'general service
4 lamps', are you able to explain what Manitoba Hydro's
5 material contribution to this standard was?

6 MS. COLLEEN KURULUK: Again -- and
7 that would be -- given that it was done through an
8 Amendment 12-B, that would have been our committee
9 representation and very likely funding at the national
10 level to determine what the minimum entry performance
11 level should be.

12 MS. DAYNA STEINFELD: And is that the
13 same, if we carry over a page onto page 27, for the
14 exit signs and -- and fluorescent lamp ballasts?

15 MS. COLLEEN KURULUK: That's correct.

16 MS. DAYNA STEINFELD: And just a --
17 maybe a small point of clarification, on page 17 of
18 the Book of Documents, down in the lower table, under
19 the row 'other residential equipment standards', we
20 see the natural gas codes and standards savings being
21 zero for each year of the plan, correct?

22 MS. COLLEEN KURULUK: That's correct.

23 MS. DAYNA STEINFELD: And is one of
24 the standards that fits within other residential
25 equipment standards the 2009 standard requiring that

1 every new installation of a gas furnace be high
2 efficiency?

3

4 (BRIEF PAUSE)

5

6 MS. COLLEEN KURULUK: So the zero
7 there is -- is just due to rounding, so we have 50,000
8 metres cubed of -- of savings in the first year, for
9 example, of that plan. So it's -- it's primarily a
10 rounding issue.

11 MS. DAYNA STEINFELD: Efficiency
12 Manitoba isn't counting the savings from residential
13 furnace replacements towards the gas savings targets
14 as -- as a codes and standards saving.

15

16 (BRIEF PAUSE)

17

18 MS. COLLEEN KURULUK: So I'm going to
19 correct the record. The -- we are claiming
20 residential furnace savings, and it's 10,000 cubic
21 metres, so less than what I stated before.

22 MS. DAYNA STEINFELD: Okay, and -- but
23 they're not being claimed as a -- as a code and
24 standards saving?

25 MS. COLLEEN KURULUK: Yes, they are.

1 It's just they're not appearing on this table because
2 the number is -- is smo -- small. We're in millions
3 of metres cubed, so at 10,000, it just doesn't make --
4 make the rounding. And I believe that's the
5 conclusion that Daymark had come to as well.

6 MS. DAYNA STEINFELD: All right.

7

8 (BRIEF PAUSE)

9

10 MS. DAYNA STEINFELD: And maybe if --
11 if you could just help me understand why the -- the
12 number is only in the area of 10,000 cubic metres.
13 Elsewhere, you've forecasted three hundred (300) to
14 four hundred (400) furnaces per year under the furnace
15 replacement program.

16 So are there savings that aren't being
17 captured here in this chart?

18 MS. COLLEEN KURULUK: Well, the -- the
19 furnace replacement program wouldn't be -- they'd be
20 capturing something a little bit different, and all
21 I'm going to -- subject to check with my back row
22 here, a furnace replacement program for income-
23 qualified customers -- given that there is a
24 regulation for a high-efficiency furnace in our
25 market, the savings that we're claiming for furnace

1 replacements is an early replacement.

2 So we are -- are basically replacing
3 their furnace prior to their furnace life ending,
4 because if you or I were to replace our furnace today,
5 we would -- we would need to replace it with a high-
6 efficiency furnace.

7 MS. DAYNA STEINFELD: I -- I think I'm
8 following now, Ms. Kuruluk, that what we're seeing
9 here in terms of the -- the zero or the -- the 10,000
10 cubic metres is just a -- a portion of the overall
11 furnace replacement activity.

12 MS. COLLEEN KURULUK: That's correct.
13 And so in -- in previous years, there would have been
14 more savings. As -- as the replacement market
15 dwindles and there's not much left in terms of
16 standard or mid furnaces, obviously, the -- the
17 savings from that standard will dwindle to -- to zero.

18 MS. DAYNA STEINFELD: Thank you, Ms.
19 Kuruluk. Turning to Book of Documents, page 287, we
20 have, in large part, dis -- discussed a lot of this
21 already in the evidence, but I -- I just have a few
22 questions that haven't been covered off on some of
23 these risks.

24 So Ms. Kuruluk, this is a -- a page of
25 the -- from the Daymark report that identifies risks

1 that Daymark has in terms of deliverability issues,
2 and so there's six (6) points on the page in front of
3 us. Are you following where I am?

4 MS. COLLEEN KURULUK: I am there.

5 MS. DAYNA STEINFELD: So again, just a
6 few specific questions, because we've discussed a lot
7 of these already. Under the -- the first point, in
8 terms of the increased energy savings, we did have
9 some discussion yesterday about how the amount of the
10 increase changes depending on whether you're looking
11 at 2015/'16 or Hydro's 2019/'20 plan.

12 Do you recall that discussion?

13 MS. COLLEEN KURULUK: Vaguely.

14 MS. DAYNA STEINFELD: I'm not going to
15 go back to it; in fact, I want to stay on using the --
16 the 2015/'16 numbers, which have the larger increase
17 shown in your direct evidence.

18 Is that primarily because of the large
19 load displacement projects that are -- that are now
20 being planned, in particular, that Project 1?

21 MS. COLLEEN KURULUK: Sorry, can you
22 repeat the question in full?

23 MS. DAYNA STEINFELD: In your direct
24 evidence...

25

1 (BRIEF PAUSE)

2

3 MS. DAYNA STEINFELD: At slide 14,
4 there's a comparison between the savings being
5 achieved by Efficiency Manitoba and the 2015/'16 DSM
6 plan for Manitoba Hydro. Are you following me so far?

7 MS. COLLEEN KURULUK: Yeah, you've got
8 me.

9 MS. DAYNA STEINFELD: And what we're
10 seeing on the electric side is 30 percent more savings
11 achieved by Efficiency Manitoba, correct?

12 MS. COLLEEN KURULUK: I see that.

13 MS. DAYNA STEINFELD: And is that 30
14 percent more primarily because of the Project 1 load
15 displacement project that's now in place?

16 MS. COLLEEN KURULUK: I think that
17 conclusion would be difficult to draw without knowing
18 exactly what was in the DSM plan for '15/'16, so off
19 the top of my head, I -- I'm not certain how much
20 large load displacement programs would have been in
21 the '15/'16 plan. So mathematically, 99 gigawatt
22 hours definitely impacts a change, but I don't think -
23 - in isolation of knowing what, specifically, was in
24 the '15/'16 plan, I'm not sure I'd be comfortable
25 making that exact conclusion.

1 MS. DAYNA STEINFELD: Fair enough, Ms.
2 Kuruluk, and I -- I don't think we need to dwell on
3 the -- on the question there.

4 In terms of achieving these savings, a
5 concern that's identified in Mr. Friesen's evidence is
6 that incentives in the plan are not high enough to
7 encourage participation.

8 Do you agree with that concern?

9

10 (BRIEF PAUSE)

11

12 MS. COLLEEN KURULUK: I'm going to
13 engage Mr. Stocki for Dale Friesen's evidence.

14 MS. DAYNA STEINFELD: Sure.

15 MR. MICHAEL STOCKI: Could you just
16 point us to that part of his evidence, please?

17 MS. DAYNA STEINFELD: So I don't think
18 it's in the Book of Documents. There is a discussion
19 in the PUB-MIPUG-4 that discusses the incentive issue.

20

21 (BRIEF PAUSE)

22

23 MS. DAYNA STEINFELD: It may be on the
24 next page in this response. Maybe we can get it this
25 way, Mr. Stocki.

1 Would you agree that there are
2 incentives for custom projects that are capped at 50
3 percent of the cost of the project?

4 MR. MICHAEL STOCKI: Okay. I think I
5 know where you're going now. That helps.

6 So, yeah, Mr. Friesen's evidence was
7 pointing to potential challenges that customers may
8 have with program caps that are in place in order to,
9 for example, restrict incentives for industrial or
10 some commercial projects where Efficiency Manitoba
11 would propose to use, say, a 50 percent contribution
12 cap, or if we were evaluating it from the customer's
13 perspective, not buy down a project to less than a one
14 (1) year payback. And so some of Mr. Friesen's
15 comments were that flexibility should be given where
16 warranted that projects -- there may be cost-effective
17 projects where those thresholds could be exceeded.

18 I -- those caps have a very kind of
19 specific function and that helps us reach more volume
20 customers. If there is concerns with a specific
21 customer not moving forward because of those caps, I
22 think we have the flexibility to look at those on a
23 one-off basis potentially, but the caps are in place
24 for very specific purposes that were not over contru -
25 - contributing to specific measures on -- on a --

1 every project basis, but for larger projects in
2 particular that might warrant a very detailed analysis
3 on a project-by-project basis, very similar to
4 actually what's done in the load displacement program,
5 then we would look at it on -- on again a project-by-
6 project basis and perhaps those caps would be reviewed
7 at executive or even board level, if warranted.

8 MS. DAYNA STEINFELD: Thank you, Mr.
9 Stocki. That was exactly what I was wanting to
10 understand, is how I guess hard of a cap that -- that
11 is.

12 And just to transition this IR response
13 that is in front of us, mentions the key and major
14 account staff that are employed at Manitoba Hydro.

15 I'm guessing all of you are probably
16 familiar with the key and major account staff?

17 MR. MICHAEL STOCKI: Yes, I am.
18 Before I left Manitoba Hydro, I was Department Manager
19 of that group.

20 MS. DAYNA STEINFELD: Perfect. I'll
21 keep asking you questions then.

22 So, Mr. -- Mr. Stocki, my understanding
23 is that those staff are the primary points of contact
24 with industrial and large commercial customers. Is
25 that correct?

1 MR. MICHAEL STOCKI: For matters
2 certainly related to Manitoba Hydro's dealings with
3 those customers, in particular service extension
4 requests, billing requests, those are the primary
5 points of contact.

6 Efficiency Manitoba, prior Manitoba
7 Hydro technical staff in the DSM area though were
8 often also contacted by large industrial or commercial
9 customers directly where those relationships had been
10 developed over a course of years or perhaps even
11 decades.

12 MS. DAYNA STEINFELD: And if that
13 continues, if an industrial customer contacts their
14 key and major account person with an energy efficiency
15 question, is it known that Manitoba Hydro will refer
16 them to Efficiency Manitoba?

17 MR. MICHAEL STOCKI: Yes. That's part
18 of the ongoing transition planning that we're working
19 with Manitoba Hydro in particular. I'm fortunate
20 because I was, as mentioned previously, Department
21 Manager of that group, so I've personally gone to that
22 group for a number of presentations since I've started
23 at Efficiency Manitoba to talk about this transition,
24 and these are some of the exact issues we're talking
25 about, and essentially not much is going to change.

1 Instead of identifying potential
2 opportunities with a customer and then handing it off
3 to a different department within Manitoba Hydro, we
4 hope to maintain a very solid relationship with those
5 key and major account staff so that they feel more
6 than comfortable sharing that information, providing
7 the customer contact to Efficiency Manitoba.

8 And likewise if we identify potential
9 billing concerns that need to be handled by Manitoba
10 Hydro, we'd reciprocate and provide that information
11 back to Manitoba Hydro.

12 MS. DAYNA STEINFELD: Another area
13 that we've discussed at some length and in different
14 areas is the -- the CRM system, and I do just want to
15 understand a little bit more of the -- where we're at
16 on that.

17 So the rebuttal at page 8 references
18 that Efficiency Manitoba is undertaking the
19 acquisition of this system.

20 Are you able to advise the Board what
21 the status of the acquisition is?

22 MR. ROBERTO MONTANINO: Hi, I can
23 provide an update.

24

25

(BRIEF PAUSE)

1 MR. ROBERTO MONTANINO: So we
2 currently have a completed Draft 1 of the Request for
3 Proposal that was finalized just this past weekend.
4 There are some minor revisions to the Request for
5 Proposal which are now being made. We're anticipating
6 Draft 2 back next week, at which point we would be
7 issuing the Request for Proposal on the public tender
8 website MERX.

9 We're anticipating a posting of three
10 (3) weeks that would allow interested parties to bid
11 on the Request for Proposal, at which point we would
12 be moving forward with a review and awarding process.

13 MS. DAYNA STEINFELD: And at Book of
14 Documents, page 297, we see that back in November,
15 Efficiency Manitoba was anticipating having finalized
16 the RFP by December 2019.

17 So am I right that that time line is --
18 is somewhat delayed?

19 MR. ROBERTO MONTANINO: We've -- we've
20 required about an additional two (2) weeks.

21 MS. DAYNA STEINFELD: And is it still
22 the plan that the RFP results will be reviewed by
23 February 2020?

24 MR. ROBERTO MONTANINO: Correct. We
25 anticipate that we'll be able to stay on the long-term

1 time line with respect to awarding the RFP and then
2 commencing the implementation, which will be rolled
3 out in phases with functionality as early as August
4 2020, with a complete project completed by November
5 2020.

6 MS. DAYNA STEINFELD: And once someone
7 is successful in the RFP process, the successful
8 vendor will then have to create and design the system,
9 correct?

10 MR. ROBERTO MONTANINO: So we -- our
11 RFP is specifically geared towards vendors that have
12 fun -- fully functioning systems that are currently in
13 use by other organizations in the energy efficiency
14 field.

15 A term that I'll explain is
16 configuration versus customization. Customization is
17 more what was just asked, if we were going to need to
18 create a system, and rather than that we've asked for
19 products that simply require configuration.

20 Configuration suggests that the
21 existing tool already has all the functionality that
22 we require, and we simply need to implement our
23 programs into that native system, which helps make the
24 project move much, much faster and also helps us
25 reduce the costs associated with the project.

1 We've been very mindful to be open-
2 minded with respect to adjusting our own workflows to
3 fit with whatever workflows are proposed in existing
4 systems, again with the goal of making the project
5 time line more realistic, as well as avoiding
6 unnecessary -- incurring unnecessary costs.

7 MS. DAYNA STEINFELD: And just so I'm
8 clear on the -- on the remaining steps, the -- the
9 planned time frame for rollout of the first phase of
10 the CRM system is August 2020. Is that correct?

11 MR. ROBERTO MONTANINO: Correct.

12 MS. DAYNA STEINFELD: And the last
13 phase rollout is November 2020?

14 MR. ROBERTO MONTANINO: That's
15 correct.

16 MS. DAYNA STEINFELD: Daymark has
17 identified and the possibility for delay associated
18 with just computer system development.

19 Does Efficiency Manitoba agree that
20 there is a risk around the procuring and -- and
21 implementing of the CRM system?

22

23 (BRIEF PAUSE)

24

25 MR. ROBERTO MONTANINO: With projects

1 of these nature -- with projects of this nature, there
2 of course is risk. We feel that we've implemented a -
3 - a process that mitigates the risk.

4 I'll take a moment to describe our
5 governance structure and our -- the team that's
6 supporting this initiative, if -- if I may. We've
7 created an executive steering committee that's
8 comprised of individuals from the executive at
9 Efficiency Manitoba, and we've also been able to
10 secure experienced senior management from Manitoba
11 Hydro's IT area to take advantage of -- of their
12 expertise in the area.

13 In addition to the executive steering
14 committee, we've formed a business working group with
15 myself as the business lead. The business working
16 group is responsible to ensure that the RFP fully
17 addresses the needs for Efficiency Manitoba with
18 respect to the product and actively involved in -- the
19 business working group will be actively involved in
20 assessing the products and awarding the successful
21 vendor.

22 Comp -- to complement the business
23 working group, we formed a technical working group
24 that's specifically responsible for details such as
25 data migration, security -- I apologize -- security

1 and sorry, privacy and security.

2 And to support the work that's
3 happening, we've also secured an external contractor
4 to serve as a project manager. That project manager
5 does have experience implementing multiple CRM
6 projects. And to further support the project manager,
7 we've secured an external business analyst.

8 So we feel that we've taken as many
9 steps as possible to manage whatever risk might
10 inherently be associated with a project of this
11 nature.

12 MS. DAYNA STEINFELD: And in terms of
13 any -- and period of time between the start of the
14 plan, which is April 1st, 2020, and the full rollout,
15 which -- which you're saying will be November 2020.

16 Is it status quo in terms of using what
17 Manitoba Hydro has been doing, their forms and -- and
18 their application processes, as well as their
19 information tracking?

20 MR. ROBERTO MONTANINO: Correct.
21 We've had ongoing discussions with Manitoba Hydro, and
22 they've assured us that up until the point that the
23 new system is up and running, that we're able to
24 continue functioning with the existing systems that
25 are in place at Manitoba Hydro.

1 MS. DAYNA STEINFELD: And does
2 Efficiency Manitoba have any contingency plans in
3 place if, despite your efforts to mitigate the risks -
4 - the risks with the CRM materialized?

5

6 (BRIEF PAUSE)

7

8 MR. ROBERTO MONTANINO: In our
9 discussions with Manitoba Hydro, they've assured us if
10 there were to be any delays associated with the
11 implementation of the project, that we would continue
12 to be able to work in -- in the legacy systems at
13 Manitoba Hydro. So there would be no interruption to
14 -- to our dealings with customers in -- in industry.

15 MS. DAYNA STEINFELD: Would it
16 potentially give rise to concern that uptake in
17 participation may not be as -- as planned in year 1 of
18 the plan?

19 MR. ROBERTO MONTANINO: We -- where
20 there are situations that the CRM is a -- deemed a
21 critical component to achieving targets, those
22 initiatives have generally been moved out to future
23 years in the plan, and the strategies that we have --
24 the progress that we have in place for year 1, we feel
25 that we can accomplish them with the CRM coming on

1 under the -- the proposed timeline.

2 MS. DAYNA STEINFELD: And I think
3 related to this is the discussion of the independent
4 assessor.

5 So you advised in evidence yesterday, I
6 believe, Ms. Kuruluk, that the EEAG will assist in
7 retaining the independent assessor after plan
8 approval, correct?

9 MS. COLLEEN KURULUK: That's correct.

10 MS. DAYNA STEINFELD: Is there is a
11 risk that the data collection that the assessor
12 requires will not be in place at the time that the
13 plan commences?

14 MS. COLLEEN KURULUK: I don't think
15 there's a risk of the data not being available. I
16 think it's more of the ability to capture it. So
17 we've done external all -- evaluations of Manitoba
18 Hydro's programs for the past several years, and so we
19 haven't had a problem capturing the data for those
20 particular evaluators.

21 So I think it would be more so one (1)
22 of the benefits of the CRM/DSM database and tracking
23 system is it's going to be more accessible and more
24 cost-effective to collect the data for the third party
25 assessor. So the data will be there, it's just more

1 cumbersome to achieve.

2 MS. DAYNA STEINFELD: But in your
3 experience with at Manitoba Hydro, it -- it will be
4 able to be assessed?

5 MS. COLLEEN KURULUK: That's correct.
6 Yeah.

7 MS. DAYNA STEINFELD: And I -- I just
8 have a few more questions in this area, Mr. Chair.

9 In prior Power Smart plans, load
10 displacement projects were identified as having a high
11 risk that the savings would not be achieved.

12 Mr. Stocki, are you familiar with that
13 risk having been identified by Manitoba Hydro?

14 MR. MICHAEL STOCKI: I am, and I -- I
15 know it's in your Book of Documents, so.

16 MS. DAYNA STEINFELD: It is, and we
17 can go there if you'd like. It's at -- at page 305,
18 but I don't think we need it.

19 But essentially, the -- the risk, as I
20 understand it, is that these types of projects are
21 often deferred to future years.

22 Am I getting that right?

23 MR. MICHAEL STOCKI: Well, the risk is
24 similar to any very large project, whether it's a -- a
25 large custom incentive project for a -- a customer

1 looking to expand or locate, for example, to Manitoba.
2 So it -- it's very common across larger industrial
3 projects in general. And it's mostly to do with the
4 timelines.

5 So for example, if -- if a customer is
6 contemplating a major expansion, the customer's
7 working on their own timelines, and there might be
8 internal decision points. They might have a head
9 office that's not in Manitoba. There might be other
10 larger macroeconomic conditions that are driving that
11 customer's decision to move on an expansion, for
12 example.

13 And so very similar to load
14 displacement decisions, they're not only based in
15 Manitoba and looking at just the -- the incentives or
16 the cost-benefit. There might be external factors as
17 well. And so that certainly does affect the customer
18 timelines.

19 And so what -- how we mitigate some of
20 that risk is we try to, of course, deal with as many
21 projects as possible, explore multiple leads, and so
22 that we're not just working on one (1) or two (2)
23 projects, but as indicated in the plan, we might have
24 -- even though only three (3) projects are identified,
25 there is flexibility with respect to the timelines of

1 those where we might -- one (1) project might come in
2 earlier from one (1) customer, and that might be --
3 actually become project 2 versus the -- the project 2
4 that's contemplated there.

5 And so there is -- you know, as you saw
6 in previous power smart plans, there was potential for
7 fifteen (15) projects over a fifteen (15) year period.
8 The individual timing of those projects is what's
9 risky, but over the long term, you would expect
10 ultimately that those projects would come to fruition.

11 MS. COLLEEN KURULUK: And if I could
12 just add a -- another comment to that good
13 explanation, of the enabling legislation, the
14 Efficiency Manitoba Act contemplated these exact types
15 of projects, and there -- it wasn't the intent to make
16 it very difficult for Efficiency Manitoba to
17 accommodate all types of customers.

18 And so recognizing that these are --
19 there's sometimes delays in -- in a large load
20 displacement project, could certainly have us not meet
21 target in one (1) year. Section 7(2) of the Act
22 speaks about shortfalls or surpluses carrying forward.

23 So, you know, if -- if we know that the
24 next project's going to come in three (3) years from
25 now, it's going to hit the next plan, and that's --

1 that's the shortfall, or surplus, and that's what that
2 portion of the legislation was -- was supposed to be
3 account for, so that industrial projects could still
4 participate in our programs.

5 MS. DAYNA STEINFELD: And in part 2,
6 would -- would the risks be mitigated by the facts
7 that the -- the largest load displacement program in
8 your plan, the 99 gigawatt hour project, is already in
9 place? There's -- there's no -- those savings are not
10 at risk?

11 MR. MICHAEL STOCKI: That's correct.
12 That's a pretty good risk mitigation strategy, so.

13 MS. DAYNA STEINFELD: So when we're
14 talking about the risks, we're really talking about
15 that the 21.5 gigawatt hour, and the 11.5 gigawatt
16 hour, your two (2) and your three (3) projects?

17 MR. MICHAEL STOCKI: Correct, because
18 there is no contract in place for those two (2) yet.

19 MS. DAYNA STEINFELD: If -- if panel
20 would like to take a break at this point, I am about
21 to move into another area. I anticipate I have
22 perhaps forty-five (45) minutes, and then I will be
23 concluded.

24 THE CHAIRPERSON: Well, we'll break
25 for fifteen (15) minutes.

1

2 --- Upon recessing at 2:30 p.m.

3 --- Upon resuming at 2:52 p.m.

4

5 THE CHAIRPERSON: Ms. Steinfeld...?

6

7 (BRIEF PAUSE)

8

9 MS. DAYNA STEINFELD: Thank you, Mr.

10 Chair.

11

12 CONTINUED BY MS. DAYNA STEINFELD:

13 MS. DAYNA STEINFELD: This is my last
14 area of cross-examination, Book of Documents page 351.
15 Just scrolling down a bit to see the table. What we
16 see here are the results of Efficiency Manitoba's LRI,
17 the levelized lifecycle rate impact. Sorry, let me
18 start again. Lifecycle revenue impact, correct?

19 MR. MICHAEL STOCKI: That's correct.

20 MS. DAYNA STEINFELD: And what that
21 LRI does is calculate the amount of a single rate
22 increase that would be needed to recover all of the
23 costs and loss revenue less the benefits over thirty
24 (30) years for this plan?

25 MR. MICHAEL STOCKI: That's correct.

1 There's a close alignment between the LRI metric and
2 the PACT. It uses the same components of the PACT,
3 except it adds the lost revenue component, and then
4 divides by the system energy to get the rate impact.

5 MS. DAYNA STEINFELD: And what we see
6 here is an LRI of point zero one nine (.019) cents per
7 kilowatt hour or using different rate assumptions
8 ranging from that amount to .32 percent, correct?

9 MR. MICHAEL STOCKI: That's correct,
10 yeah. Depending on the -- the base rate, it could be
11 -- for -- say, for example, for eight (8) cents a
12 kilowatt hour, it would result in a .24 percent
13 equivalent rate increase.

14 MS. DAYNA STEINFELD: And what the LRI
15 does not tell us is what amount of rate increase will
16 be needed by the utility to recover the cost of the
17 plan and lost revenue in each fiscal year of the plan,
18 correct?

19 MR. MICHAEL STOCKI: That's correct.
20 Again, it's aligned with the PACT, so it's a thirty
21 (30) levelized value with the intent that it -- this
22 is a onetime rate increase.

23 So, for example, balancing -- this rate
24 increase is basically required to balance off all of
25 the costs and benefits of this three (3) year plan

1 when you're considering a thirty (30) year time frame.

2 So, it's a single value, single rate
3 increase effectively on day 1 of the Efficiency
4 Manitoba plan.

5 MS. DAYNA STEINFELD: At Book of
6 Documents page 354 we see at response A an explanation
7 for Efficiency Manitoba as to why Efficiency Manitoba
8 is not able to calculate the rate increase needed in
9 each fiscal year of the three (3) plan to pay for the
10 costs and lost revenue of the plan.

11 That -- that's the explanation there?

12 MR. MICHAEL STOCKI: That's correct.
13 I mean, in -- in brief, Efficiency Manitoba doesn't
14 have the ability to prepare the complex financial
15 projections that are involved with the Manitoba Hydro
16 General Rate Application, so it's really -- we -- we
17 don't have the ability to do that same level of -- of
18 analysis.

19 MS. DAYNA STEINFELD: And the -- the
20 LRI that you've provided is for this three (3) year
21 plan, but there will be subsequent three (3) year
22 plans with their own LRIs layered on top of that,
23 correct?

24 MR. MICHAEL STOCKI: That's correct.
25 I would anticipate that the next three (3) year plan

1 that we bring forward would again have a very similar
2 LRI that would be applicable from that point say if it
3 was the 2023/'24 plan going forward.

4 MS. DAYNA STEINFELD: And there will
5 also be bill impact offsets as the amortization period
6 for previous DSM plans complete?

7

8 (BRIEF PAUSE)

9

10 MR. MICHAEL STOCKI: So, you're
11 talking about previous DSM plans under Manitoba Hydro,
12 the -- the finance costs of those?

13 MS. DAYNA STEINFELD: Going forward
14 under Efficiency Manitoba as subsequent LRIs are
15 labelled in -- layered in, you would also have over
16 time DSM from Efficiency Manitoba's plans being fully
17 amortized?

18 MR. MICHAEL STOCKI: Correct.

19 MS. DAYNA STEINFELD: At Book of
20 Documents page 357, this is a Daymark IR response.
21 And we see here that Daymark is grouping the measures
22 from the plan into what I'm going to call buckets
23 according to how long each measure lasts.

24 Is that your understanding, Mr. Stocki?

25 MR. MICHAEL STOCKI: That is correct.

1 MS. DAYNA STEINFELD: And what we see
2 here from those buckets is that 40 percent of the
3 electric savings projected to be achieved through the
4 plan are from measures that last between one (1) and
5 five (5) years, correct?

6 MR. MICHAEL STOCKI: That is correct.
7 Again, there is a little bit of a difference in
8 opinions between Daymark and Efficiency Manitoba with
9 respect to the measure life of the load displacement,
10 Project 1 in particular.

11 So, just to highlight that, that
12 Daymark has considered that project, that ninety-nine
13 (99) gigawatt hours, as a one (1) year measure life
14 just for clarify there.

15 MS. DAYNA STEINFELD: So, they are not
16 counting the Project 1 project as having a life beyond
17 the first year of the plan, essentially?

18 MR. MICHAEL STOCKI: That's correct.
19 And I -- I think they may -- if I recall correctly,
20 they may also be counting that ninety-nine (99)
21 gigawatt hours three (3) times in this analysis, as
22 well.

23

24

(BRIEF PAUSE)

25

1 MS. DAYNA STEINFELD: And Book of
2 Documents page 360 gives us a similar table from
3 Daymark but this time, for the gas measures, correct?

4

5 (BRIEF PAUSE)

6

7 MS. DAYNA STEINFELD: So, I believe
8 it's table 41. We have to scroll down to see the --
9 the table label.

10 MR. MICHAEL STOCKI: That's correct.

11 MS. DAYNA STEINFELD: And ultimately,
12 although perhaps the -- the actual numbers we arrive
13 at you're saying may need to be tweaked, Mr. Stocki,
14 but at page 364 Daymark gives us a savings weighted
15 average measure life of eight point eight (8.8) years
16 of electric and nineteen point five (19.5) years for
17 natural gas.

18 Do you see that there?

19 MR. MICHAEL STOCKI: Yes. And the
20 formula below shows that Daymark's weighted it by
21 energy savings which seems appropriate.

22 MS. DAYNA STEINFELD: And so, a rate
23 increase that is put in place -- that stays in place
24 for thirty (30) years under the LRI is -- is paying
25 for measures in that equation that mostly aren't

1 lasting thirty (30) years, particularly on the
2 electric side, correct?

3 MR. MICHAEL STOCKI: That is correct.
4 Again, there -- there's some discrepancy with respect
5 to the load displacement program, but otherwise, yes,
6 correct.

7 MS. DAYNA STEINFELD: And so, why does
8 Efficiency Manitoba say that thirty (30) years is the
9 appropriate life cycle or -- or period to use in the
10 LRI calculation?

11

12 (BRIEF PAUSE)

13

14 MR. MICHAEL STOCKI: So, we put
15 forward a thirty (30) year I guess a little bit as an
16 initial starting point because that aligned with the
17 way that we treated the -- the PACT costs.

18 Within our response to MIPUG IRs I
19 believe we did a number of different scenarios on that
20 one, reducing the -- the life of that net present
21 value analysis, so I believe we did it at a couple
22 different alternatives there to look at that impact.

23 MS. DAYNA STEINFELD: But the one that
24 you've -- you've put forward in the plan is using the
25 -- the thirty (30) year period?

1 MR. MICHAEL STOCKI: Yeah, that's
2 correct.

3 MS. DAYNA STEINFELD: And so -- and
4 why did you land on that being the -- the period for
5 the LRI that you used as part of the plan itself?

6 MR. MICHAEL STOCKI: I mean, there
7 wasn't one (1) particular reason. I mean, in part,
8 recognizing that, you know, the -- the DSM costs are
9 going to be amortized over a period of time, we
10 understand currently that that's ten (10) years, that
11 that's how Manitoba Hydro treats our costs, that the
12 marginal values in particular that are used within
13 both the PACT and the Lifecycle revenue impact are
14 kind of longer term values meant to represent say, for
15 example, deferral of transmission or distribution
16 infrastructure, and that could have longer term
17 impacts.

18 But those would be a couple of the
19 factors that were -- were considered there.

20 MS. DAYNA STEINFELD: But if you have
21 mostly shorter lived measures, even if you're using a
22 thirty (30) year period, how are those measures
23 helping you defer transmission and -- and distribution
24 infrastructure?

25 MR. MICHAEL STOCKI: Yeah, I'd agree.

1 And, I mean, because it's a thirty (3) year MPV and
2 because there's limited benefits out in that thirty
3 (30) year period and we're discounting those
4 diminishing benefits by the discount rate bringing
5 forward, there's not going to be a lot of impact by
6 say doing a thirty (30) or twenty (20) year.

7 I think you'll see more difference if
8 you're only to do a five (5) year or a ten (10) or, as
9 Daymark proposed, trying to isolate measure impacts.
10 You'll see some variability in the results in that
11 case.

12 MS. DAYNA STEINFELD: So, if we look
13 at may be page 357 again, just to walk through how
14 Daymark has -- has done it, and -- and your
15 understanding, Mr. Stocki, we see that Daymark
16 modifies the LRI by creating the five (5) buckets
17 based on measure life, and then calculating the LRI
18 for each bucket.

19 Is that your understanding?

20 MR. MICHAEL STOCKI: I don't think
21 this is the correct page reference, but that's my
22 understanding of what they -- they've done, correct.

23 MS. DAYNA STEINFELD: Yes, I think
24 you're right. It's -- it's more forward in the Book
25 of Documents, but we're in agreement that that's what

1 they do.

2 At page 366 of the Book of Documents...
3 So, this IR response shows us that, if you use the
4 Daymark method for the first five (5) years and using
5 the eight (8) cents per kilowatt hour row as being
6 approximately equivalent to the current residential
7 rate, we see .74 for the first five (5) years lever --
8 life adjusted rate increase and .39 for the second
9 five (5) years.

10 Am I reading that correctly?

11 MR. MICHAEL STOCKI: That's correct.
12 It took us a little bit to understand what exactly
13 Daymark was doing in this table. But my understanding
14 is currently that they are only -- in that first
15 average of the first five (5) years they're only
16 looking at measure lives or considering measures that
17 have a five (5) year or less measure life in that.

18 In the second category, in the final
19 column there, they're only looking at measures that
20 have that five (5) to ten (10) year measure life. I
21 think that -- that's the correct interpretation of
22 that. But, yes, I agree that's -- it's actually --
23 it's quite an interesting approach. We didn't think
24 to break it out in that way, but it seems reasonable.

25 MS. DAYNA STEINFELD: And so, I hear

1 you saying that -- that this is a reasonable way to
2 look at the LRI.

3 Is one (1) of the things that we see,
4 that when you use a shorter period, you see a higher
5 LRI in the earlier periods, and that may then decrease
6 over time as we get into the later years of the
7 measure lives?

8 MR. MICHAEL STOCKI: Yes, that's
9 correct. That...

10 MS. DAYNA STEINFELD: And so in using
11 thirty (30) years, as Efficiency Manitoba does, is one
12 (1) of the effects that you smooth out the rate
13 increase impacts under the LRI analysis over time?

14 MR. MICHAEL STOCKI: Yeah, and -- and
15 it also groups all the measures together so that you
16 don't have -- I mean, in the case of only looking at
17 measure lifes between a one-five year, you might see
18 some anomalies, depending what actual measures and the
19 characteristics of those measures within that initial
20 five (5) year period versus, say, the five (5) to ten
21 (10) year period.

22 But again, looking at the results, I --
23 I'm not seeing any of those particular anomalies. It
24 seems pretty reasonable to me.

25 MS. DAYNA STEINFELD: And would the

1 way that Daymark approaches the LRI cal -- calculation
2 -- is that directionally more consistent with the
3 types of rate increases that might be needed in the
4 short term?

5 MR. MICHAEL STOCKI: Well, in general,
6 when we're talking rate increases -- and we've put
7 some evidence forward in -- in our rebuttal -- we --
8 we need to make sure that the panel understands that
9 there's going to be plenty of considerations that
10 Manitoba Hydro will need to consider when they're
11 setting rates. The Efficiency Manitoba budget going
12 forward will be one of those many considerations.

13 Again, we didn't have the ability to do
14 any detailed financial planning or anal -- similar-
15 type analysis that Manitoba Hydro completes, so we've
16 used this as a proxy. And so again if you consider
17 LRI in general as a proxy, to me, what I'm seeing here
18 is this is a refinement of that tool, and again, it
19 seems like a reasonable refinement.

20 MS. DAYNA STEINFELD: At Book of
21 Documents, page 370, we have an excerpt from Mr.
22 Bowman's evidence, and my understanding of what Mr.
23 Bowman is -- is attempting to do here -- and -- and
24 we'll start with whether I have it right, and then
25 we'll -- we'll talk about the -- the pieces of it and

1 what you think of those pieces of it, Mr. Stocki. But
2 my understanding is that Mr. Bowman is attempting to
3 isolate the rate impact arising just from Efficiency
4 Manitoba's three (3) year plan.

5 Is that your understanding of what he's
6 attempting to do here?

7 MR. MICHAEL STOCKI: Again, yeah, he's
8 making some overall simplification assumptions in
9 order to do so, but my understanding is that's the
10 intent of his analysis.

11 MS. DAYNA STEINFELD: And what he's
12 doing is he's taking the costs and the revenue loss
13 and the increased exports that are available to get
14 the total annual impact of Efficiency Manitoba's
15 activities at the end of the three (3) years.

16 MR. MICHAEL STOCKI: Those are the
17 specific inputs that he's using.

18 MS. DAYNA STEINFELD: And the rate
19 impact from the plan that Mr. Bowman comes up with is
20 point one seven (.17) cents per kilowatt hour? We see
21 that just at the very bottom of -- of the page that we
22 can see right now.

23 MR. MICHAEL STOCKI: That is his
24 calculation, correct.

25 MS. DAYNA STEINFELD: And for general

1 service large customer classes, he says approximately
2 3 to 4 percent increase.

3 MS. JESSICA SCHOFIELD: Mr. Chair, if
4 I may, I just want to raise a -- a concern with
5 respect to this evidence as it relates to the issue
6 list. And specifically number 2(d) stated that we
7 were looking at rate impacts and customer bill impacts
8 for both participants and non-participants, and
9 whether the bill impacts were reasonable, limited to
10 life cycle revenue impact analysis. And Mr. Bowman's
11 evidence doesn't look at the life cycle, it looks at a
12 shorter period.

13 THE CHAIRPERSON: Ms. Steinfeld...?

14 MS. DAYNA STEINFELD: I think we might
15 more appropriately deal with Mr. Bowman's evidence,
16 whether it's in scope or not, with -- with Mr. Bowman
17 here. I would just say that the mandatory
18 considerations for the Board in the regulation include
19 the customer rate and bill impacts, so I want to
20 ensure that we understand what Mr. Bowman is -- is
21 doing in -- in his evidence.

22 And if Efficiency Manitoba would like
23 to take the position that the Board should not
24 consider it, that maybe is best determined when you
25 have Mr. Bowman here to provide some context to his

1 evidence.

2 THE CHAIRPERSON: But I guess the
3 question is you're asking the witness for Efficiency
4 Manitoba to comment on evidence being put in by Mr.
5 Bowman and whether it would be better -- I mean, we're
6 asking Efficiency Manitoba to comment on somebody
7 else's evidence.

8 MS. DAYNA STEINFELD: So Efficiency
9 Manitoba has provided in their rebuttal evidence a
10 response to Mr. Bowman's evidence, and I just want to
11 ensure that we're understanding the adjustments that
12 they're saying need to be made.

13 I can continue if -- if the panel
14 wishes, but if the preference is that we not get into
15 this area with these witnesses...

16

17 (BRIEF PAUSE)

18

19 THE CHAIRPERSON: We think it would be
20 better to put it to Mr. Bowman.

21 MS. DAYNA STEINFELD: Thank you. I'll
22 -- I'll let Mr. Hacault, though -- if he intends on
23 asking question in this area, he may have his own
24 response to -- to putting these questions to this
25 panel. So I'm just saying that I'm not speaking for

1 Mr. Hacault in terms of his position on this area of
2 questioning.

3 And perhaps at this point I would just
4 point the panel to Efficiency Manitoba's rebuttal and
5 the con -- and the adjustments that it raises there in
6 terms of the things that it would do to adjust the
7 analysis that's done by Mr. Bowman, and we can deal
8 with it in more detail when Mr. Bowman is here.

9 THE CHAIRPERSON: Ms. Steinfeld, if
10 there is a way for you to do it in respon -- asking
11 them questions about their rebuttal evidence without
12 asking them to comment on Mr. Bowman's evidence --

13 MS. DAYNA STEINFELD: I -- I don't
14 think so, because the rebuttal is responding to Mr.
15 Bowman and identifying adjustments that Efficiency
16 Manitoba says would need to be made to Mr. Bowman's
17 analysis.

18 So I -- I'm just bringing to your
19 attention that the information is there, and I won't
20 walk through it today, and I'll -- I'll leave it to
21 Mr. Hacault, if he wishes to ask questions in his
22 cross-examination, to take any position he wishes to
23 take.

24 THE CHAIRPERSON: Thank you.

25 MS. JESSICA SCHOFIELD: And just for

1 the record, I just want to be clear that in our
2 rebuttal evidence, we did address the fact that we
3 were of the view this is out of scope, and then in the
4 alternative, we did provide evidence.

5 THE CHAIRPERSON: Thank you.

6

7 CONTINUED BY MS. DAYNA STEINFELD:

8 MS. DAYNA STEINFELD: Mr. Stocki, does
9 Efficiency Manitoba ever envision rates decreasing as
10 a result of DSM?

11

12 (BRIEF PAUSE)

13

14 MR. MICHAEL STOCKI: That's a fairly
15 complicated question that is probably best answered by
16 Manitoba Hydro.

17 MS. DAYNA STEINFELD: If a customer
18 remains a non-participant, would you accept that that
19 cuma -- customer will be negative affect -- negatively
20 affected compared to no DSM occurring?

21 MR. MICHAEL STOCKI: Again, the
22 supposition behind that question is that there's going
23 to be a rate increase, and again, that has to be
24 determined by -- by Manitoba Hydro.

25 MS. DAYNA STEINFELD: We did discuss

1 earlier, though, that generally, a participant will
2 benefit from a DSM measure that they choose to install
3 and non-participants will bear the costs associated
4 with those measures.

5 MR. MICHAEL STOCKI: Both participants
6 and non-participants would bear the costs.

7 MS. DAYNA STEINFELD: So both
8 participants and non-participants would bear the
9 costs, but unlike participants, non-participants don't
10 see a bill decrease as a result of a DSM measure.

11 MR. MICHAEL STOCKI: That's correct.

12 MS. DAYNA STEINFELD: So is the
13 intention on Efficiency Manitoba's part to have a
14 broad enough spectrum of programs so that all
15 customers eventually become participants?

16

17 (BRIEF PAUSE)

18

19 MR. MICHAEL STOCKI: That would be
20 the ideal situation, yeah, over time.

21 MS. DAYNA STEINFELD: And at Book of
22 Documents, page 391...

23

24 (BRIEF PAUSE)

25

1 MS. DAYNA STEINFELD: What we see
2 here, maybe just focussing on the residential line, is
3 that the annual average bill savings are -- are
4 projected for an average residential customer to be --
5 or, average residential household to be \$80 per year,
6 correct?

7 MS. TRACY STERDAN: That's correct.

8 MS. DAYNA STEINFELD: This table
9 doesn't take into account the fact that customers will
10 have to expend money to get those bill savings.

11 MR. MICHAEL STOCKI: That's correct.
12 That's just the bill savings resulting from
13 participating in the program.

14 MS. DAYNA STEINFELD: And at least a
15 portion of Efficiency Manitoba's programs require an
16 upfront investment, certainly, if we're leaving out
17 income-qualified measures.

18 MR. MICHAEL STOCKI: That's correct.
19 The average annual electric bill savings is just that,
20 so it doesn't include any of the -- the upfront costs
21 or incentives or any of those other factors.

22 MS. DAYNA STEINFELD: And in some
23 cases, participants will incur costs that have long
24 payback periods. Do you agree with that?

25 MR. MICHAEL STOCKI: Yeah. We touched

1 on this earlier, that the driving force behind
2 customers participating in our programs, it may not
3 always be economic for a customer to participate but
4 there may be other factors, like the customer in
5 particular may be interested in pursuing an energy
6 efficiency upgrade, and so it could actually yield a
7 longer payback period for them.

8 MS. DAYNA STEINFELD: And from a bill
9 perspective, a bill impact perspective, is it the case
10 that at least some or a portion of customers who are
11 participants will, in fact, be worse off compared to a
12 situation where neither Manitoba Hydro or Efficiency
13 Manitoba was offering DSM programming?

14

(BRIEF PAUSE)

15

16
17 MR. MICHAEL STOCKI: So what the
18 program administrator cost test tries to do is it
19 tries to show the resulting balance between the
20 overall benefits to Manitoba Hy -- Manitoba Hydro
21 versus the cost incurred because of this -- this plan
22 and because on the electric portfolio, the benefit
23 ratio -- benefit cost ratio is 3.27, and, say, overall
24 Manitobans would benefit from -- from the portfolio
25 programs.

1 MS. DAYNA STEINFELD: But for an
2 individual customer who has to make an up-front
3 investment and has a long payback period, you would
4 agree that on a pure cost-effectiveness basis it might
5 not be cost-effective for that customer to
6 participate?

7 MR. MICHAEL STOCKI: Yeah. If a
8 customer is making -- looking at incremental product
9 costs, considering our incentive, and looking to
10 energy savings, it -- it may not be -- it may not be a
11 short payback period for them.

12 MS. DAYNA STEINFELD: At Book of
13 Documents, page 394, we see at the bottom that the
14 overall electric portfolio PACT is -- is 3.27, meaning
15 that every dollar spent realizes 3 -- \$3.27 and
16 benefits for electric ratepayers.

17 Do I have that right?

18 MR. MICHAEL STOCKI: That's correct.

19 MS. DAYNA STEINFELD: And I think this
20 is what you were getting at just now, Mr. Stocki, that
21 participants and non-participants alike will enjoy the
22 benefits of lower overall Manitoba Hydro costs
23 achieved through DSM.

24 MR. MICHAEL STOCKI: Again, yes,
25 that's correct, because we're using marginal values

1 provided by Manitoba Hydro. That is really the intent
2 of those, that -- that's their -- their long-term
3 marginal values of reducing energy consumption, so
4 whether it's through deferral of distribution or
5 transmission infrastructure, for example, or providing
6 value to Manitoba Hydro in the export market, those
7 are kind of examples, but overall if you've got a
8 ratio of 3.27, then there's -- our costs are being
9 more than covered by the benefits to Manitoba Hydro.

10 MS. DAYNA STEINFELD: And we -- we
11 touched on this earlier, but is that true only when
12 taking into account the time frame needed for the
13 benefits to be realized?

14 MR. MICHAEL STOCKI: We looked at a
15 couple of scenarios, and so, for example, we also
16 looked at a fifteen (15) year scenario, and there was
17 still -- it was over -- definitely over 1.0. I think
18 it went down to, I think on the order of 3 -- a ration
19 of 3 to 1 for a fifteen (15) year period, roughly.

20

21 (BRIEF PAUSE)

22

23 MS. DAYNA STEINFELD: Mr. Chair, those
24 are my questions for the Efficiency Manitoba witness
25 panel. I'd like to thank these witnesses for their --

1 their time and their efforts to address my questions
2 over the last couple of days.

3 THE CHAIRPERSON: Thank you, Ms.
4 Steinfeld. Ms. Dilay...?

5

6 CROSS-EXAMINATION BY MS. KATRINE DILAY:

7 MS. KATRINE DILAY: Thank you, Mr.
8 Chair. Good afternoon, Efficiency Manitoba panel.
9 Once again, my name is Katrine Dilay. I'm a lawyer
10 with the Public Interest Law Centre representing the
11 Consumers Coalition in this proceeding. It's very
12 nice to -- to meet you in the hearing room.

13 I want to start by sincerely thanking,
14 on behalf of our client, Efficiency Manitoba for all
15 the work that it's put in over the past few months, in
16 advance of preparing the plan and of course in this
17 proceeding so far. Our client had really appreciated
18 the effort to be responsive, both informally and
19 formally, through the IR process.

20 I do have a number of questions for
21 you, and so what I might propose to do is go until
22 approximately 4:30 today, if that is appropriately or
23 fine --

24 THE CHAIRPERSON: Yeah.

25 MS. KATRINE DILAY: -- with the Board.

1 THE CHAIRPERSON: You pick the time,
2 Ms. Dilay.

3

4 CONTINUED BY MS. KATRINE DILAY:

5 MS. KATRINE DILAY: Perfect, thank
6 you. I will likely pose most of my questions to the
7 panel generally and I would invite whoever is most
8 appropriate to answer the question.

9 MS. COLLEEN KURULUK: Thank you, Ms.
10 Dilay. I was just going to check with you, if -- if
11 you're going to be going into program details in the
12 residential and income qualified, would it be helpful
13 for you to have Ms. Sterdan in the front row?

14 MS. KATRINE DILAY: I don't expect to
15 go into detail, so I would maybe propose we could keep
16 it this way and if you think that the questions are
17 going into more detail, then we can re-assess it.

18 MS. COLLEEN KURULUK: Sounds good.

19 MS. KATRINE DILAY: Of course I've
20 been here and monitoring PUB counsel's good -- very
21 good cross, and so I've tried to remove any
22 duplication to the extent there was any, but in some
23 cases when I'm trying to kind of set up questions or
24 provide context, there may be some duplication to the
25 IRs that we're referring to or some of the questions.

1 So I'll ask you to bear with these.

2 So to start my questions, I'd like to
3 discuss with you what are some of the advantages that
4 we may see from energy efficiency programming. You'll
5 agree generally that one (1) advantage that can come
6 from energy efficiency programming can be the
7 reduction of wasted energy through reduced greenhouse
8 gas emissions?

9 MR. MICHAEL STOCKI: Yes, for natural
10 gas DSM, that would be one of the benefits.

11 MS. KATRINE DILAY: Thank you. And
12 you'll agree that another positive impact of the well-
13 designed Energy Efficiency Plan is that it can lead to
14 reduced capital expenditures and increased energy
15 available for export?

16 MR. MICHAEL STOCKI: That's correct.
17 That's the intent of using Manitoba Hydro's marginal
18 values.

19 MS. KATRINE DILAY: And generally
20 speaking, what you just agreed to could also lead to
21 lower rates overall for hydro customers?

22 MR. MICHAEL STOCKI: That's correct.

23 MS. KATRINE DILAY: And if we move
24 specifically to residential consumers and some of the
25 advantages they may see, if any, would you agree that

1 there can be many positive impacts of your well-
2 designed Energy Efficiency Plan?

3 MR. MICHAEL STOCKI: Yes, I would, and
4 I know the documents -- our submission -- I think it's
5 Section 6 in particular that addresses many of the
6 non-energy benefits within each customer segment.

7 MS. KATRINE DILAY: And I don't know
8 that we need to go there, but just to clarify what
9 some of those advantages might be, would you agree
10 that this can include that residential consumers can
11 have more control over their energy bills?

12 MR. MICHAEL STOCKI: Certainly, yes.

13 MS. KATRINE DILAY: And you'll agree
14 that energy bills will often take up a larger
15 proportion of total income for consumers who may have
16 a limited income?

17 MR. MICHAEL STOCKI: That's a fair
18 statement, yes.

19 MS. KATRINE DILAY: And so as a
20 result, having more control over energy bills can
21 disproportionately impact consumers with a limited
22 income?

23

24 (BRIEF PAUSE)

25

1 MR. MICHAEL STOCKI: Sure. That
2 sounds good.

3 MS. KATRINE DILAY: And when we refer
4 to a well-designed energy efficiency plan, you'll
5 agree that, generally speaking, this would include
6 choices of energy efficiency programs for consumers?

7 MR. MICHAEL STOCKI: That's a fair
8 statement, and I think having a robust portfolio that
9 covers all the customer segments we've identified in
10 having a variety of choices certainly makes it better
11 for -- for consumers to participate.

12 MS. KATRINE DILAY: And you'll also
13 agree that a well-designed energy efficiency plan
14 should have programs that are relatively accessible
15 for consumers?

16 MR. MICHAEL STOCKI: Yes, I'd agree.

17 MS. KATRINE DILAY: So I'm hoping to
18 just go through some numbers in terms of the impacts
19 of the plan on residential consumers' bills, and I
20 know that Ms. Steinfeld just went through some of
21 these, so I've tried to take out where I think I will
22 be duplicative.

23 But you'll agree that one (1) of the
24 ways that Efficiency Manitoba's plan has the potential
25 to impact residential consumers' bills is through the

1 rate increases projected as a result of the cost of
2 the plan?

3 MR. MICHAEL STOCKI: Yeah. So there's
4 -- for non-participating customers and participating
5 customers, there'd be -- if you use the proxy of the
6 life cycle revenue impact test, there'd be a rate
7 increase associated with our activities, and certainly
8 for participating customers there'd be corresponding
9 bill savings associated with reduced energy
10 consumption.

11 MS. KATRINE DILAY: Great. And you've
12 also answered my next question, so thank you for that.

13 Kristen, if we could turn to page 142
14 of the PDF of Efficiency Manitoba's plan. And if we
15 go down to table 5.8, you'll agree that this table
16 shows the annual average electric bill savings for
17 customer segments?

18

19 (BRIEF PAUSE)

20

21 MR. MICHAEL STOCKI: Yes, I'd agree,
22 although this table has been corrected. It was in the
23 PUB Book of Documents, but it's also been corrected in
24 Coalition-EM I-102. Specific corrections include, on
25 the first line, the homes, it should read four hundred

1 and seventy dollars (\$470) per house. For income
2 qualified, it should read four hundred and ten dollars
3 (\$410) per house.

4 MS. KATRINE DILAY: Thank you. And I
5 was just going to turn there. And I don't think I
6 gave a heads up to Kristen, but if we could turn to
7 Coalition EM-1-102.

8

9 (BRIEF PAUSE)

10

11 MS. KATRINE DILAY: So thank you, Mr.
12 Stocki, for pointing this out. And if we go down to
13 the next page, I believe. Thank you.

14 So just to clarify, for the benefit of
15 -- of our clients what this table means, so when we
16 look at the Indigenous customer segment and the annual
17 average electric bill savings for an Indigenous home,
18 that would be four hundred and seventy dollars (\$470)
19 per house?

20 MR. MICHAEL STOCKI: That's correct.
21 So that would include, essentially, all the homes that
22 are projected to participate within our programs, and
23 it would include all the program bundles within the
24 Indigenous customer segment, and it would be then
25 averaged by the -- the number of households that are

1 participating.

2 MS. KATRINE DILAY: And if we look at
3 the income qualified customer segment, the annual
4 average electric bill savings would be four hundred
5 and ten (410) per house?

6

7 (BRIEF PAUSE)

8

9 MR. MICHAEL STOCKI: That's correct.

10 MS. KATRINE DILAY: And finally, under
11 the residential customer segment, the annual average
12 electric bill savings would be eighty dollars (\$80)
13 per house, correct?

14 MR. MICHAEL STOCKI: That's correct.

15 MS. KATRINE DILAY: And I think you
16 just alluded to this, but just to confirm, these
17 savings would be projected for participating homes,
18 correct?

19 MR. MICHAEL STOCKI: That's correct.

20 MS. KATRINE DILAY: And it represents
21 an average, so some homes may save more, and some
22 homes who partici -- that participate may save less,
23 correct?

24 MR. MICHAEL STOCKI: That's exactly
25 right. So for example, a home that is installing a

1 single LED light bulb, for example, they would see
2 much less energy -- saved energy -- reductions on
3 their bills, but a house that's participating, say, in
4 doing a -- has an electric furnace, and doing
5 insulation upgrades may see greater savings.

6 MS. KATRINE DILAY: Thank you. And if
7 we go to the next page, I believe, Kristen.

8 And you'll agree this is similar table,
9 but looking at natural gas at annual average bill
10 savings?

11

12 (BRIEF PAUSE)

13

14 MR. MICHAEL STOCKI: That's correct.
15 I was just double-checking, making sure those were the
16 corrected values. Yes, they are.

17 MS. KATRINE DILAY: Thank you.

18

19 (BRIEF PAUSE)

20

21 MS. KATRINE DILAY: So in terms of how
22 -- now that we've looked at bill savings, in terms of
23 how energy rates may change as a result of the costs
24 of implementing the Efficiency Plan, I believe PUB
25 counsel covered this with you, but you'll agree that

1 Efficiency Manitoba has used the lifecycle revenue
2 impact metric?

3 MR. MICHAEL STOCKI: That's correct.

4 MS. KATRINE DILAY: And we may come
5 back to the methodology for this metric in more detail
6 later, but if we turn to PDF page 139 of the
7 Efficiency Plan.

8

9 (BRIEF PAUSE)

10

11 MS. KATRINE DILAY: And I think we can
12 look at line 194. So you'll agree that Efficiency
13 Manitoba is saying that if a base electric rate of
14 eight (8) cents per kilowatt hour is considered, a
15 0.24 percent one-time equivalent rate increase is
16 determined through the lifecycle revenue impact
17 metric, correct?

18 MR. MICHAEL STOCKI: That's correct.
19 That's the same value that we looked at with the Board
20 counsel.

21 MS. KATRINE DILAY: And currently,
22 subject to check, the energy charge for residential
23 standard rates is eight point seven-four-zero (8.740)
24 cents per kilowatt hour?

25 MR. MICHAEL STOCKI: That sounds

1 correct. There should be a basic monthly charge as
2 well, but that's the energy rate.

3 MS. KATRINE DILAY: Thank you. And if
4 we turn to page 141 of the plan, table 5.7 should show
5 us the one-time equivalent rate increase determined
6 through the lifecycle revenue impact for the natural
7 gas portfolio, correct?

8 MR. MICHAEL STOCKI: That's correct.

9 MS. KATRINE DILAY: And if we go back
10 to page 139, and I just want to look at the heading
11 here. We can see that Efficiency Manitoba has
12 indicated that the lifecycle revenue impact metric
13 indicates a maximum one-time equivalent rate increase
14 of 0.3 percent and 1.2 percent is required for the
15 electric and natural gas portfolio respectively,
16 correct?

17 MR. MICHAEL STOCKI: Yes. Again,
18 that's using -- the caveat there being that it's using
19 the lifecycle revenue impact. And again, it's over a
20 thirty (30) year period, and so there's a few caveats,
21 but -- behind that, but yes, that -- based on the
22 tables below, those are the maximum values.

23 MS. KATRINE DILAY: And those values
24 would be based on current electric and natural gas
25 rates?

1 MR. MICHAEL STOCKI: No, they just
2 gave a range in the table. So for example, on the
3 electric, we gave a range of six (6) to ten (10)
4 cents. So if -- for example, if a customer was paying
5 a weighted average cost of six (6) cents, that would
6 correspond to the zero point three (0.3).

7 If -- on the natural gas side, if a
8 customer was paying nineteen (19) -- nineteen (19)
9 cents per cubic metre, that would correspond to the
10 one point two (1.2). So it is a -- a proxy.

11 MS. KATRINE DILAY: And the numbers
12 that are chosen in this heading are because they're
13 the maximum one-time equivalent rate increase?

14 MR. MICHAEL STOCKI: Maximum within
15 the range given in the -- in the tables. If, for
16 example, if rates were a lot lower, then the
17 percentage would -- would have been higher.

18 MS. KATRINE DILAY: Thank you for that
19 clarification. And to the extent that the
20 participation rates for residential, income qualified,
21 and Indigenous customer segments are lower than
22 projected by Efficiency Manitoba, would that mean that
23 the annual average bill savings protected by
24 Efficiency Manitoba would also be lower?

25 MR. MICHAEL STOCKI: Can you clarify

1 what you're comparing to when you say the
2 participation rates are lower?

3 MS. KATRINE DILAY: Participation
4 rates as compared to those projected by Efficiency
5 Manitoba currently.

6

7 (BRIEF PAUSE)

8

9 MR. MICHAEL STOCKI: Sorry, I think
10 you -- you threw me for a bit of a loop with that
11 question, but I -- I think what you're asking --
12 hopefully, I've got it.

13 So for participating customers, they'll
14 see the average annual bill impacts that are -- that
15 we've just reviewed in -- in the table. I -- I think
16 that answers your question, but it has to be a
17 participating customer in order to realize those bill
18 savings.

19 So if it's a nonparticipating customer,
20 or if participation is lower, those tables with
21 respect to annual bill savings don't cover those non-
22 participants.

23 MS. KATRINE DILAY: And so when we
24 look -- when we went through the bill savings and we
25 saw the annual average electric savings, I think what

1 you're saying is that those numbers, the annual
2 average bill savings, would remain the same, even if
3 participation is lower than projected, correct?

4 MR. MICHAEL STOCKI: On an average
5 basis, yes, because it's for a single house, for
6 example.

7 So if you're a homeowner, and you're
8 participating in programs, you would see that on
9 average.

10 MS. KATRINE DILAY: And so if
11 participation rates are lower than projected by
12 Efficiency Manitoba, it would be that -- that total
13 saving column that would be reduced, because less
14 homes would see those savings?

15 MR. MICHAEL STOCKI: Correct. So
16 overall, if we realized lower participation, then our
17 costs would be lower, our savings targets would be
18 lower, and the customer bill savings, of course, would
19 also be lower, because there's, again, fewer
20 participants.

21 MS. KATRINE DILAY: And essentially
22 less households would experience the bill savings that
23 we saw on that table?

24 MR. MICHAEL STOCKI: That's correct.

25 MS. KATRINE DILAY: And to the extent

1 that Efficiency Manitoba goes over budget in
2 implementing the 2020/2023 plan, could this mean that
3 the rate increase as a result of the implementation of
4 this plan could also be higher than currently
5 projected through the LRI metric?

6

7

(BRIEF PAUSE)

8

9 MR. MICHAEL STOCKI: So, in general,
10 the Efficiency Manitoba Act does address the budget.
11 And it indicates that the total budget over a three
12 (3) year period is a not to exceed amount.

13 So, although the interpretation of that
14 may allow shifting from year to year, but the overall
15 three (3) year total is written within the Act. We
16 had some discussions yesterday on whether or not a
17 separate operational contingency might be warranted,
18 so that's again another layer.

19 But to answer your question finally,
20 mathematically, yes, if there was an increase in
21 spend, that could result in an increase in -- with no
22 corresponding increase in savings, of course, as well,
23 that would result in increase in the rate impacts.

24 MS. KATRINE DILAY: And when you say,
25 "With no corresponding increase in savings," that's

1 because the increase in savings would also be
2 incorporated in that calculation?

3 MR. MICHAEL STOCKI: Well, that's
4 correct, yeah, because the Lifecycle revenue impact
5 looks at loss revenue component, the costs, and also
6 the -- the marginal benefits to -- marginal value
7 benefits to Manitoba Hydro.

8 MS. KATRINE DILAY: Thank you. I just
9 have a couple of question about the process to date
10 before the Public Utilities Board. So, you'll agree
11 that, originally, Efficiency Manitoba was to file its
12 plan on October 1st, 2019.

13

14 (BRIEF PAUSE)

15

16 MS. COLLEEN KURULUK: That's correct.

17 MS. KATRINE DILAY: With an
18 implementation date for the plan of April 1st, 2020?

19 MS. COLLEEN KURULUK: That's correct.

20 MS. KATRINE DILAY: And the deadline
21 for filing the plan with the Public Utilities Board
22 was then changed to November 1st, 2019, through a
23 provincial government news release?

24 MS. COLLEEN KURULUK: That's correct.

25 MS. KATRINE DILAY: And the

1 implementation date of April 1st, 2020, remained in
2 place, correct?

3 MS. COLLEEN KURULUK: That's correct.

4 MS. KATRINE DILAY: Leaving
5 approximately five (5) months before -- between,
6 pardon me, the filing date and the implementation
7 date?

8 MS. COLLEEN KURULUK: That's correct.

9 MS. KATRINE DILAY: So, I have just a
10 few questions in terms of the information that
11 Efficiency Manitoba has filed in this proceeding. And
12 I'm just hoping to go through a definition with you to
13 see if we can agree.

14 Would you agree that the definition of
15 a 'measure' could be a product, a piece of equipment,
16 combination of products or process designed to provide
17 energy and/or demand savings?

18

19 (BRIEF PAUSE)

20

21 MS. COLLEEN KURULUK: Can you repeat
22 the list there where you talked about a combination?
23 That's the only one (1) I'm really stuck on.
24 Otherwise, I would be in agreement with that.

25 MS. KATRINE DILAY: Sure. So, the

1 definition I'm proposing is a product, which, by that,
2 we could mean a piece of equipment, a combination of
3 products, or a process designed to provide energy
4 and/or demand savings?

5

6 (BRIEF PAUSE)

7

8 MS. COLLEEN KURULUK: I'm not sure if
9 it's -- it's relevant to where you're going with this,
10 but I'm just kind of stuck on a combination of
11 measures, not -- or a combination of products. And if
12 there's one (1) in particular you're thinking about,
13 that may be helpful.

14 MS. KATRINE DILAY: I don't think we
15 need to go there.

16 MS. COLLEEN KURULUK: Okay.

17 MS. KATRINE DILAY: Maybe another way
18 of defining it -- defining 'measure' could be the
19 thing that an efficiency program is encouraging
20 customers to install in order to save energy?

21 MS. COLLEEN KURULUK: Install or
22 implement I would add, and that would probably cover
23 it.

24 MS. KATRINE DILAY: And I can bring
25 you to a reference if needed, but you will agree that

1 the Coalition asked for measure level information
2 after the efficiency plan was filed?

3 MS. COLLEEN KURULUK: Yes, that's
4 true.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: And would you
9 agree that that was both before the round -- the round
10 of Information Requests, as well as in the Information
11 Requests from the Coalition?

12

13 (BRIEF PAUSE)

14

15 MS. COLLEEN KURULUK: I'm not sure I
16 would completely agree. I think there might have been
17 some misunderstanding. I know at the pre-hearing
18 conference in September, I believe it was, I -- I
19 think there is a question where Coalition had
20 expressed that they be interest in -- interested in
21 work papers or -- or tables or -- I -- I forget what
22 the exact terminology was.

23 I'm not sure, Ms. -- Ms. Dilay, if
24 that's what you're referring to.

25 MS. KATRINE DILAY: I think we can

1 leave it at that. Would you agree that in multiple
2 Information Requests the Consumers Coalition asked for
3 measure level information?

4 MS. COLLEEN KURULUK: Yes, I would
5 agree with that.

6 MS. KATRINE DILAY: Kristen, I'd like
7 to turn to Coalition EMI-102 which we were at just a
8 few minutes ago. And this time, we'll stay on table
9 A5.1 which is on this page.

10 And if we look in -- actually, if we
11 start with the preamble to this Information Request,
12 you'll see that the Coalition reproduced some numbers
13 from table A5.1 where Efficiency Manitoba projected
14 that the income qualified program will reach thirty-
15 four hundred and twenty (3,420) electric houses or
16 suites in 2020/2021, correct?

17 MS. COLLEEN KURULUK: I see that.

18 MS. KATRINE DILAY: And the project
19 was thirty-one hundred and sixty (3,160) in 2021/2022,
20 correct?

21 MS. COLLEEN KURULUK: I see that, as
22 well.

23 MS. KATRINE DILAY: And thirty-one
24 hundred and eighty (3,180) in 2022/2023, correct?

25 MS. COLLEEN KURULUK: That's correct.

1 MS. KATRINE DILAY: And then if we
2 just go through the natural gas numbers, Efficiency
3 Manitoba projected thirty-six hundred (3,600) natural
4 gas houses or suites in 2020/2021?

5 MS. COLLEEN KURULUK: Correct.

6 MS. KATRINE DILAY: Twenty-five
7 hundred (2,500) in 2021/2022?

8 MS. COLLEEN KURULUK: Correct.

9 MS. KATRINE DILAY: And twenty-four
10 hundred (2,400) in 2022/2023, correct?

11 MS. COLLEEN KURULUK: I see that, as
12 well.

13 MS. KATRINE DILAY: And if we go down
14 now to the response which is on this page, you'll
15 agree that Efficiency Manitoba provided a revised
16 table where the number of electric houses and suites
17 were revised to five hundred (500) in 2020/2021 --

18 MS. COLLEEN KURULUK: Yes, that is
19 correct.

20 MS. KATRINE DILAY: -- which is lower
21 than the original information provided by
22 approximately twenty-nine hundred (2,900) houses or
23 suites?

24 MS. TRACY STERDAN: Yes. That number
25 has been revised.

1 MS. KATRINE DILAY: And just to walk
2 through this table, the revised response for 2021/2022
3 was five hundred (500) as well?

4 MS. TRACY STERDAN: Yes, correct.

5 MS. KATRINE DILAY: And that is lower
6 than the original information provided by
7 approximately twenty-six hundred (2,600) houses or
8 suites --

9 MS. TRACY STERDAN: Yes.

10 MS. KATRINE DILAY: -- and a revised
11 number of four hundred and ninety (490) houses or
12 suites in 2022/2023?

13 MS. TRACY STERDAN: Correct.

14 MS. KATRINE DILAY: And that was lower
15 than the original information by approximately twenty-
16 six hundred (2,600) houses or suites?

17 MS. TRACY STERDAN: Yes. Those
18 numbers were revised, correct.

19 MS. KATRINE DILAY: And the numbers
20 were also revised for the natural gas houses or suites
21 for all three (3) years, correct?

22 MS. TRACY STERDAN: Yes.

23 MS. KATRINE DILAY: And finally, just
24 one (1) last question before I move on to a different
25 topic -- or maybe two (2) more questions.

1 You'll agree that this plan is for a
2 three (3) year time frame, correct?

3 MS. TRACY STERDAN: Sorry, did you
4 want me to explain the reason for the change or is
5 that -- can I explain the reason for the change?

6 MS. KATRINE DILAY: Go ahead, yeah.

7 MS. TRACY STERDAN: Okay. So, just to
8 clarify, there was an error in recording a discrepancy
9 between the number of retrofits versus the numbers of
10 homes, so one (1) home may include multiple retrofits.

11 So, the numbers originally were stated
12 erroneously -- erroneously as homes instead of retrofits.
13 And so, that has been corrected in the revised tables.

14 MS. KATRINE DILAY: Thank you for that
15 clarification. And so, just two (2) -- two (2)
16 questions on this topic that are left.

17 You'll agree that this plan is for a
18 three (3) year time frame?

19 MS. TRACY STERDAN: Yes.

20 MS. KATRINE DILAY: And this means
21 that the Public Utilities Board will only review
22 another efficiency plan in three (3) years, so in
23 approximately 2023, correct?

24

25

(BRIEF PAUSE)

1 MR. MICHAEL STOCKI: That's correct.
2 And just to go back to the table, just further to that
3 correction, just to be clear that there's no -- there
4 was no change in the projected participation levels
5 within those customer segments. It was just a
6 transposition error that resulted in that change, so.

7 MS. KATRINE DILAY: Thank you. I
8 appreciate that.

9 The next section of my questions has to
10 do with certain elements of Efficiency Manitoba's
11 process to develop the 2020/2023 efficiency plan.
12 Some of my initial question PUB counsel did go
13 through, but I think it's important to go through them
14 just to make sure that we're all on the same page
15 before moving on.

16 Generally speaking, you'd agree that
17 there is a number of different combinations of energy
18 efficiency initiatives that Efficiency Manitoba could
19 have selected to comprise its proposed portfolio in
20 order to meet the legislative targets?

21

22 (BRIEF PAUSE)

23

24 MR. MICHAEL STOCKI: In general, I'd
25 agree. There's -- yeah, I'll leave it at that. Yes.

1 MS. KATRINE DILAY: And again,
2 generally speaking, in order to develop the portfolio
3 that it proposed, Efficiency Manitoba had to come up
4 with a process or methodology in order to identify and
5 select the various components of the portfolio,
6 correct?

7 MR. MICHAEL STOCKI: Yes. As we've
8 talked about yesterday, there was many different
9 considerations that were applied either for pre-
10 screening, for example, individual measures or that
11 was applied more at the -- the portfolio level.

12 MS. KATRINE DILAY: And I do have just
13 a few questions. We won't go into -- into detail of
14 the whole process, but if we turn to IR Coalition/EM-
15 I-14 (I). So in this Information Request, Efficiency
16 Manitoba provided a step-by-step description of its
17 process for developing the portfolio in its revised
18 answer to Part (I) of this IR?

19 MR. MICHAEL STOCKI: That's correct.
20 And it built off previous responses provided under
21 PUB/EM-I-1 and PUB/EM-I-4, I believe.

22 MS. KATRINE DILAY: And Kristen, I
23 believe this is on page 8 of this particular IR.

24

25

(BRIEF PAUSE)

1 MS. KATRINE DILAY: And so to
2 summarize, starting on page 8 of this IR, the
3 additional response, you'll agree that the -- the
4 three (3) steps identified by Efficiency Manitoba were
5 a pre-screening process, correct?

6 MR. MICHAEL STOCKI: That's correct.

7 MS. KATRINE DILAY: The development of
8 a preliminary portfolio?

9 MR. MICHAEL STOCKI: Correct.

10 MS. KATRINE DILAY: And third,
11 analysis and refinement of the portfolio to develop
12 the final portfolio of electric and natural gas
13 program bundles included within the plan, correct?

14 MR. MICHAEL STOCKI: That's correct.

15 MS. KATRINE DILAY: And I'd like to
16 just -- I have a couple of questions about the first
17 and second steps that we just went through, and for
18 that, I'd like to turn to the IR PUB/EM-I-4.

19 And you'll agree that the response
20 provided by Efficiency Manitoba indicates that a high-
21 level screen of programs was considered and a number
22 of measures were rejected prior to the development of
23 a preliminary portfolio.

24 Then Efficiency Manitoba used the
25 resulting programs to develop a preliminary portfolio,

1 correct?

2 MR. MICHAEL STOCKI: That's correct,
3 and we talked about what some of those screens were
4 yesterday.

5 MS. KATRINE DILAY: And can you
6 confirm whether the preliminary portfolio included all
7 measures or initiatives not eliminated by the initial
8 high-level screen described in PUB/EM-1A?

9

10 (BRIEF PAUSE)

11

12 MR. MICHAEL STOCKI: Yes. So the
13 portfolio would include all those measures that
14 weren't included.

15 MS. KATRINE DILAY: The preliminary
16 portfolio.

17 MR. MICHAEL STOCKI: That were
18 screened out in the initial screening? I -- I'm --
19 I'm slightly confused by your question, sorry.

20 MS. KATRINE DILAY: So what I'm asking
21 is whether the preliminary portfolio that was
22 developed, did that include all measures and
23 initiatives that were not eliminated by the initial
24 pre-screen -- the high-level pre-screening described
25 by Efficiency Manitoba?

1 MR. MICHAEL STOCKI: Yes, I believe it
2 did.

3 MS. KATRINE DILAY: And I'm hoping you
4 can clarify for me, for -- for each measure -- not in
5 detail, but what the process was used -- how was the
6 program associated with each measure developed?

7 And just to clarify, by 'program,' I
8 mean the program parameters, such as marketing dollars
9 and incentives you would offer with the measure. And
10 so I guess an example of that, just to -- to assist,
11 would be, for example, was the program for each
12 measure designed so as to maximize cost-effectiveness,
13 to maximize the level of savings, or with some other
14 objective in mind?

15

16 (BRIEF PAUSE)

17

18 MR. MICHAEL STOCKI: So there's
19 certainly plenty of different considerations that were
20 -- were given; to give a few examples, for example,
21 ensuring continuity of programs.

22 And so again, if there was a Legacy
23 program through Manitoba Hydro that we were looking to
24 continue, then certainly, we'd be looking to keep
25 those incentives at equitable levels so that we're not

1 changing or causing customers to, for example, the --
2 game (sic) the system depending on if they should
3 apply early or wait until EM was up and running.

4 Certainly, the overall energy savings
5 targets, so in trying to include measures that would
6 contribute to our achievement of that overall energy
7 savings, customer inclusiveness, and making sure we
8 were covering all the customer segments that have been
9 identified, so some of -- again, some of those
10 considerations that we talked about earlier today and
11 yesterday.

12 MS. KATRINE DILAY: Thank you. And so
13 maybe just to clarify, the program around each measure
14 was not necessarily established with one (1) objective
15 in mind, but rather, it was with multiple objectives
16 in mind that you just described?

17

18 (BRIEF PAUSE)

19

20 MR. MICHAEL STOCKI: I'm sorry, could
21 you repeat the question one more time?

22 MS. KATRINE DILAY: And so I think I
23 was just trying to summarize what I think I heard. So
24 in terms of establishing the program that was
25 associated with each measure when Efficiency Manitoba

1 was developing that, I think what I heard is there was
2 not one (1) single objective that was driving that;
3 rather, it were -- it was multiple factors or multiple
4 objectives that were balanced.

5 MR. MICHAEL STOCKI: That's correct,
6 yes.

7 MS. KATRINE DILAY: Thank you, and
8 sorry for my inelegant way of putting the question.

9 Kristen, if we could turn back to
10 Coalition/EM-I-14(b), and I'd like to take a look at
11 the question.

12

13 (BRIEF PAUSE)

14

15 MS. KATRINE DILAY: And so if we look
16 at the last part of part (b) of this section -- of
17 this question, pardon me, you'll agree the Coalition
18 asked what factors were used in determining the
19 individual programs, measures, technologies, and the
20 resulting program bundles that were included in the
21 proposed portfolios, and what factors were assessed
22 after the portfolios were established.

23 You see that?

24 MR. MICHAEL STOCKI: I see that, yes.

25 MS. KATRINE DILAY: And if we go to

1 the response that Efficiency Manitoba provided...

2

3 (BRIEF PAUSE)

4

5 MS. KATRINE DILAY: And would you
6 agree that Efficiency Manitoba responded to this
7 question that there were only three (3) factors
8 calculated in the quantitative analysis to determine
9 the program bundles, and that would be annual savings,
10 annual program costs, and the result of the program
11 administrative cost-effectiveness test?

12

13 (BRIEF PAUSE)

14

15 MS. KATRINE DILAY: And you can see
16 that on page 5 of this response, the second paragraph
17 -- so the first paragraph under the additional
18 response, the sentence starts with, "Specifically the
19 quantitative analysis"?

20

21 MR. MICHAEL STOCKI: Yes, correct.
22 The response points to both quantitative and
23 qualitative. In the first part of the response, it
24 refers to both those different perspectives. And so
25 with respect to only the quantitative part, some of
those examples would include the achievement of -- of

1 savings targets in the cost-effectiveness test, for
2 example.

3 MS. KATRINE DILAY: And then their
4 response goes on to say that all other factors and
5 nonenergy benefits were calculated after the portfolio
6 was developed, correct?

7

8 (BRIEF PAUSE)

9

10 MR. MICHAEL STOCKI: Just so we're
11 clear, we're still talking, I think, about the
12 prescreening stage, and so that we -- once that was
13 completed, and the initial portfolio was developed,
14 that's when all the cost-effectiveness metrics were
15 done, both at a program bundle and at an overall
16 portfolio basis for that preliminary portfolio.

17 MS. KATRINE DILAY: But you'll agree
18 that in this response, Efficiency Manitoba indicates
19 that all other factors and nonenergy benefits that are
20 not listed in the previous sentence were calculated
21 after the portfolio was developed?

22

23 (BRIEF PAUSE)

24

25 MR. MICHAEL STOCKI: Sorry, the last

1 part of that response points to the calculation of
2 nonenergy benefits such as water savings, or GHG
3 benefits were after the portfolio was developed.

4 MS. KATRINE DILAY: Thank you.

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: Kristen, if we
9 could turn to Coalition EM-I-10.

10

11 (BRIEF PAUSE)

12

13 MS. KATRINE DILAY: And if we can just
14 take a look at the question, here.

15

16 (BRIEF PAUSE)

17

18 MS. KATRINE DILAY: And if you just
19 look at page 2 at the end of the question, so you'll
20 agree that here, the focus of the question was on how
21 Efficiency Manitoba used -- the process that
22 Efficiency Manitoba used to determine the individual
23 measures, technologies, programs that it would
24 subsequently consider for inclusion in what it has
25 termed 'program bundles', correct? That's what

1 Coalition included in the preamble to its question?

2 MR. MICHAEL STOCKI: I agree.

3 MS. KATRINE DILAY: And if we turn to
4 the response to part (a) of this question...

5

6 (BRIEF PAUSE)

7

8 MS. KATRINE DILAY: And the response
9 is on page 5 of this particular IR.

10

11 (BRIEF PAUSE)

12

13 MS. KATRINE DILAY: And if we look at
14 the second paragraph of this response, you will agree
15 that Efficiency Manitoba responded in part that:

16 "Supporting documents and work
17 papers used in the development of
18 the preliminary portfolio for each
19 technology would require an
20 extensive amount of time to gather
21 and coordinate, as it is -- as it is
22 not kept a centralized repository,
23 nor is it available in a consistent
24 format."

25 Correct?

1 (BRIEF PAUSE)

2

3 MR. MICHAEL STOCKI: I agree that's --
4 that is what it says there. The question was
5 specifically asking for, I believe, details of those
6 enhancements to programs that were actually not
7 included in the plan, but considered and then not
8 included in the plan.

9

10 (BRIEF PAUSE)

11

12 MS. KATRINE DILAY: And if we look to
13 part (I) of this question, or rather, of the response,
14 pardon me.

15

16 (BRIEF PAUSE)

17

18 MS. KATRINE DILAY: Sorry, I --
19 Kristen, I may be mistaken, there, so I'll just skip
20 that question.

21 When Efficiency Manitoba refers to a
22 centralized repository and the answer that we just
23 went through, does -- does Efficiency Manitoba plan to
24 develop a central repository or to establish a
25 consistent format for information gathered on

1 potential measures that may not be subsequently
2 included in a portfolio, so that the PUB and other
3 parties can review Efficiency Manitoba's process in
4 developing its portfolio?

5 MR. MICHAEL STOCKI: So in general, I
6 can speak generally to the process and the lessons
7 learned so far through going through this process.

8 So certainly, Efficiency Manitoba takes
9 the heart of some of the various criticisms that we've
10 received with respect to the availability of
11 information, whether or not it's containing CSI or
12 not, whether or not it was provided in a timely enough
13 manner.

14 So all of that, we're taking in all
15 that feedback. This is part of the ongoing process of
16 continuous improvement. And so certainly with respect
17 to the -- the central repository and having access to
18 measure level detail, I don't think we fully
19 appreciated going into this process the level of
20 information that would be requested by every single
21 Intervener.

22 Certainly when requested, we provided
23 that measure level detail in the spreadsheets that
24 contain the confidential information to Daymark, the
25 PUB advisors. But with respect to having a repository

1 that had already stripped out that confidential
2 information, we simply didn't have it.

3 And so, although we've strived to
4 provide that in several different IRs, and I think
5 we've done a -- a reasonable job of subsequently
6 providing some of that information. So certainly,
7 that's a valuable lesson learned for us going forward.

8 And so -- I -- I mean, personally, as
9 the VP of efficiency programs, that's something I
10 would look to implement over the next couple years.
11 And I -- I can't promise that we'd have that fully in
12 place by the next three (3) year efficiency plan, but
13 certainly for me personally, that'd be something I'd
14 want to strive for.

15 MS. KATRINE DILAY: Thank you for
16 that.

17 Mr. Chair, I think I probably have ten
18 (10) to fifteen (15) minutes left on this -- in this
19 area, and then I would propose that may be a good time
20 to end for the day.

21 THE CHAIRPERSON: That's fine.

22

23 CONTINUED BY MS. KATRINE DILAY:

24 MS. KATRINE DILAY: This may be for
25 Mr. Stocki, or maybe someone else, but you are

1 generally familiar with the term 'sensitivity
2 analysis'?

3 MR. MICHAEL STOCKI: Yes, I am.

4 MS. KATRINE DILAY: And generally, you
5 would agree that the purpose of a sensitivity analysis
6 is to determine how different values of an independent
7 variable affect a particular dependent variable under
8 a given set of assumptions?

9 MR. MICHAEL STOCKI: That sounds like
10 a pretty official definition, yes.

11 MS. KATRINE DILAY: Now I'd like to
12 turn for a few questions to Coalition EM-I-19.

13

14 (BRIEF PAUSE)

15

16 MS. KATRINE DILAY: And I won't read
17 you the entire question because it's quite long, but
18 you'd agree that in this IR, the Coalition, in
19 essence, was asking whether Efficiency Manitoba could
20 meet the same savings at a lower overall levelized
21 cost while adopting a less aggressive approach for
22 certain program bundles, in combination with a more
23 aggressive approach for another program bundle?

24 MR. MICHAEL STOCKI: Yes, I'd agree
25 that seems to be what the question is asking.

1 MS. KATRINE DILAY: And would you
2 agree that this would be a type of sensitivity
3 analysis?

4

5 (BRIEF PAUSE)

6

7 MR. MICHAEL STOCKI: Sure. That --
8 that seems reasonable.

9 MS. KATRINE DILAY: And so essentially
10 in the question, the Coalition was asking whether
11 Efficiency Manitoba had looked at different levels of
12 programming and how those would affect the savings and
13 the costs?

14 MR. MICHAEL STOCKI: That's correct.

15 MS. KATRINE DILAY: And if we look at
16 the response to the question, in the first paragraph
17 of the response the -- about in the middle, you'll
18 agree that Efficiency Manitoba responded that:

19 "In the course of developing its
20 plan, Efficiency Manitoba did not
21 undertake a sensitivity analysis
22 changing detailed level components
23 such as advertising, frequency, and
24 incentive level -- levels, pardon
25 me, and remodelling the overall plan

1 metrics."

2 Correct?

3 MR. MICHAEL STOCKI: That's correct,
4 and we spent some time already discussing all the
5 different considerations and somewhat of the challenge
6 of trying to balance all of those. So again, the
7 savings targets, the overall portfolio cost-
8 effectiveness, accessibility of our programs, and the
9 need for flexibility going forward and recognizing
10 that there isn't a single one (1) solution but that
11 we're going to have to adapt and change and learn as
12 we go.

13 And so that -- and so as much as we can
14 make those changes on the fly, we're going to make
15 those changes, continue our lessons learned, and get
16 better as we go, but you're correct that we didn't
17 provide some of that sensitivity analysis right within
18 the plan because we -- we didn't complete it.

19 Again, I think the important part is
20 that directionally we've developed a portfolio that
21 manages to strike that balance, and then with some
22 flexibility and adjustments, that what actually is
23 implemented at the end of three (3) years most
24 certainly will look different than exactly planned,
25 because we will have to certainly make adjustments,

1 and because of the flexibility we have and our
2 nimbleness, we expect to be able to make those
3 changes throughout.

4 MS. KATRINE DILAY: Thank you. But
5 essentially what you were saying in this IR, and I
6 believe what you agreed to, was that that sensitively
7 -- sensitivity analysis rather, was not conducted or
8 undertaken by Efficiency Manitoba in preparing its
9 plan?

10 MR. MICHAEL STOCKI: That's correct.
11 We didn't run multiples -- different portfolios or
12 develop multiple different portfolios to achieve the -
13 - the same result.

14 MS. KATRINE DILAY: And if we turn to
15 Coalition EM I-20, you'd agree that the Coalition was,
16 in essence, you're asking whether Efficiency Manitoba
17 could meet, say, natural gas savings at a lower
18 overall levelized cost while adopting a less
19 aggressive approach for certain program bundles in the
20 income qualified and Indigenous segments in
21 combination with a more aggressive approach for
22 another program bundle?

23 MR. MICHAEL STOCKI: That is the
24 question, correct.

25 MS. KATRINE DILAY: And again similar

1 to the previous question, this would be a type of
2 sensitivity analysis?

3 MR. MICHAEL STOCKI: That's correct.

4 MS. KATRINE DILAY: And if we go down
5 to the response, Efficiency Manitoba -- on the next
6 page, pardon me -- indicated that it did not undertake
7 this type of sensitivity analysis, correct?

8 MR. MICHAEL STOCKI: That's correct,
9 and that actually brings up a really good point too in
10 the interaction between the electric portfolio and the
11 natural gas portfolio.

12 So if you were to make -- develop
13 different alternatives, for example, on the electric
14 and change the level of savings within a particular
15 program bundle, that could actually impact the
16 interactive effects, and so then that would have
17 immediate impacts on the natural gas portfolio as
18 well.

19 So there'd also be -- in addition to
20 that sensitivity on an individual portfolio basis,
21 there would also be a sensitivity related to the
22 interaction between those two (2) portfolios that
23 you'd have to consider.

24 MS. KATRINE DILAY: That's very
25 helpful, thank you.

1 Mr. Chair, this would be the end of one
2 of my sections, so it might be an appropriate time to
3 end for the day.

4 THE CHAIRPERSON: Thank you, Ms.
5 Dilay. We'll adjourn until nine o'clock tomorrow
6 morning. Thank you.

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8 --- Upon adjourning at 4:09 p.m.

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10 Certified Correct,

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14 Donna Whitehouse, Ms.

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