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Moving Forward with New Capital Projects and Bipole III

Manitoba Hydro today released its most recent estimate of the projected cost of the Bipole III project.

The Bipole III project consists of two new 2,000-megawatt high voltage direct current (HVDC) converter stations, Riel near Winnipeg, and Keewatinoow near Gillam; a 1,384-kilometre transmission line connecting them and a series of alternating current (AC) 'collector' lines connecting Keewatinoow to the existing northern converter stations.

The project will improve reliability and security of supply to Manitoba customers and protect against the risk of lengthy power outages. It will also accommodate the power generated through eventual construction of new generating stations in northern Manitoba to help meet both domestic load and Manitoba Hydro's power exports.

Because of concerns about the rising cost of major construction projects throughout Canada, Manitoba Hydro management commissioned a panel of experts to review the corporation's estimate for the HVDC converter stations. The independent experts recommended that the converter stations aspect of the project budget be increased in the order of \$600 million over the corporation's latest approved \$1.1 billion estimate.

"We believe our estimate for converter stations is on the conservative side, and we are very confident that Manitoba Hydro can build the required converters within the new budget," said Dr. Mohamed Rashwan, an internationally acclaimed expert in HVDC systems, who led the independent panel review.

Based on the independent experts' review and a detailed re-assessment of all components of the project, Manitoba Hydro management and the Board of Directors have approved a revised budget for the project of \$3,280 million as follows:

HVDC converter stations	\$1,829 million
Bipole III transmission line	\$1,260 million
Collector and electrode lines	\$ 191 million

The budget increase, from \$1,082 million to \$1,260 million, for the Bipole III transmission line is attributable mainly to forecast higher costs resulting from conductor (the wires themselves) design changes required to meet reliability requirements.

Riel converter station, in particular, is needed to back-up Dorsey - Manitoba Hydro's only existing converter station in the south - which currently handles more than 70 per cent of the total power supply in the province. The addition of Riel, along with the new transmission line and Keewatinoow, will ensure that Manitoba customers are protected well into the future and can count on a reliable supply of electricity service, even in the event of a serious disruption at Dorsey or along the existing Bipole I and II transmission lines.

The Bipole III HVDC project will also allow Manitoba Hydro to build the Keeyask and Conawapa generating stations in the future, adding 2,000 megawatts of additional power generation capacity. This will allow Manitoba Hydro to transmit new clean electricity from northern Manitoba to southern markets for many generations of power customers to come.

"Moving forward with a third bipole line and new converters is vitally important for Manitoba Hydro customers. It will ensure we can maintain our world-class reputation for electricity reliability. This will also generate a decade of new

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investment, construction and jobs, as Manitoba Hydro builds to meet domestic requirements and expand exports, creating revenue that will help to keep rates low for Manitoba families and business," said President and CEO, Bob Brennan. "There has been a lot of speculation and misinformation about the true cost of these projects," Brennan went on to say, "so I'm pleased to be clarifying the situation by releasing these updated figures today. It's critical that we move forward without delay so that reliability is not compromised and we are ready to take advantage of our export sale opportunities."