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**PROVINCE OF MANITOBA
BEFORE THE PUBLIC UTILITY BOARD**

Manitoba Hydro)

2010/11 & 2011/12 General Rate)

Application)

Case No. 17/10

BOOK OF DOCUMENTS RE TOM CARTER

ON BEHALF OF

RESOURCE CONSERVATION MANITOBA

AND

TIME TO RESPECT EARTH'S ECOSYSTEMS

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PART 5:

SUMMARY OF RECOMMENDATIONS FOR MANITOBA HYDRO

The information and analysis discussed above leads to the following recommendations for Manitoba-Hydro. Each of these recommendations was discussed in more detail above:

1. Manitoba Hydro should establish an electric low-income affordability program directed toward households with income at or below 125% of LICO. This program should consist of the following components:
 - A rate affordability component
 - An arrearage management component
 - A crisis intervention component
 - An energy efficiency component
2. Manitoba Hydro should implement a rate affordability program using a Fixed Credit model. The Fixed Credit Program should be directed toward customers with income at or below LICO x 125 percent.
3. Manitoba Hydro should implement an arrearage management program designed to retire pre-existing arrears over no more than a three year period. The Company should impose a customer copayment of \$5 per month in support of the arrearage management program.

4. Manitoba Hydro should implement a crisis intervention program. The crisis intervention program should not be income-tested, but should instead be administered by local community-based organizations responsive to individual needs of company customers.
5. Manitoba Hydro should recover the costs of the proposed low-income affordability program through a combination of using a fixed monthly meters charge and an allocation of residential late fee revenue.
6. Manitoba Hydro should expand its Low-Income Energy Efficiency Program (LIEEP). The Company should establish a goal of treating all low-income customers with consumption at or above the Company average residential usage within a ten-year period.
7. In addition to targeting low-income (i.e., LICO x 125%) customers, the Company should set aside a reasonable portion of low-income efficiency budget dollars to direct toward customers moderately in excess of the income guidelines.

The Lack of a Grounding in a Needs-Determination

The Manitoba Hydro low-income program proposal fails to meet the affordability needs of its low-income population in any reasonable fashion. The AEP proposal advanced by Manitoba Hydro does not, in any objective way, even begin to address the low-income needs identified by the Company’s own data.

The Energy Efficiency Program

The Company’s Low-Income Energy Efficiency Program (LIEEP) does not begin to address the efficiency needs of Manitoba Hydro’s low-income population. Manitoba Hydro touts its low-income efficiency program as being “recognized as one of the leading DSM programs in Canada.” (AEP 15). The program includes “basic energy efficiency items such as compact fluorescent lights and low flow showerheads, air sealing materials, insulation measures, and the replacement of standard efficiency furnaces with high efficiency furnaces.” (AEP 15).

Table 8 presents the number of lower income customers from all fuel sources that have received LIEEP assistance by year.⁵² Over the four years of program data, 513 low-income customers have been served by LIEEP. Over the most recent three years, the Company has treated an average of 161 lower income homes per year.

Table 8. LIEEP Program Participation by Year (Manitoba Hydro)

	2006 - 2007	2007 - 2008	2008 - 2009	2009 - 2010 (YTD)	Total
LIEEP	31	108	143	231	513

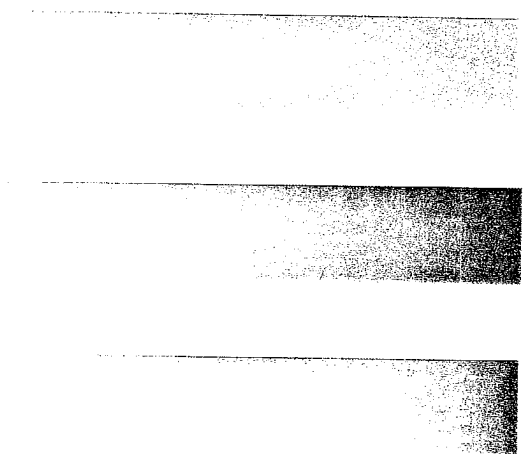
SOURCE: RCM/TREE/MH-I-166.

Despite Manitoba Hydro’s comments about the advantages of having a multi-pronged approach to serving low-income customers, only one (1) customer received both LIEEP and crisis assistance in 2008/2009; only three (3) customers received both LIEEP and crisis assistance in the first three quarters of 2009/2010. (RCM/TREE/MH-I-166(c)). No other customers (other than these four) have participated in both LIEEP and the Company’s crisis intervention program. (RCM/TREE/MH-I-166(e)).

Despite the Company’s emphasis on an individualized case-by-case determination of what interventions are appropriately to be directed toward low-income customers that have a “genuine difficulty” in paying their bills, of the 1,285 combined participants in the NHN and LIEEP programs (RCM/TREE/MH-I-166(d)), only four (4) (0.3%) have been found to merit receiving both crisis assistance to pay arrears and efficiency assistance to reduce future bills. After making an individualized case-by-case determination of need, only four (4) low-income customers have

⁵² According to the Company: “please note that this is based on participation which is defined as homes that have completed all the LIEEP program recommendations and completed an ecoENERGY E evaluation, or comparable verification. In addition to those participants below, many additional LIEEP customers had some measures implemented, however, not all work has been completed (e.g., furnaces may have been installed but insulation was not completed.” (RCM/TREE/MH-I-166).

2010 Power Smart Plan



December 2010

*Manitoba Hydro is a licensee of the Official Mark

Appendix F - Lower Income Energy Efficiency Program

Note: Due to the cancellation of the Federal ecoENERGY program, the Lower Income Energy Efficiency Program is currently being modified. The program design included in this report is draft in nature and subject to change.

Program Objective

The Lower Income Energy Efficiency Program (LIEEP) is designed to bring Power Smart and energy efficient measures to qualifying Manitoba lower income households.

Qualified lower income households are eligible for energy efficient retrofits that will:

- save energy;
- lower energy bills; and
- improve home comfort.

The program takes a comprehensive and broad-based approach to achieving energy savings and assisting lower income consumers by leveraging existing Power Smart programs, Manitoba Hydro's internal Affordable Energy Fund and Furnace Replacement Program, various provincial government programs and existing community-based infrastructures.

Target Market/Eligibility

The program targets lower income Manitoban homeowners and tenants.

Non-profit social housing organizations, including Manitoba Housing Authority (MHA), are eligible to participate in the program.

Targeted buildings include single-detached homes, semi-detached homes (duplex, multiplex, or townhome) and mobile/modular homes on a permanent foundation.

Eligibility guidelines are determined based on 125% of the low income levels established by the Federal Government Low Income Cut Off (LICO).

Targeted DSM Measures

Energy efficiency measures include:

- an in-home pre and post energy evaluation conducted by trained energy advisors;
- installation of low- and no-cost basic energy measures such as compact fluorescent light bulbs, low-flow showerheads, faucet aerators, pipe wrap, hot water tank set back, caulking/air sealing;
- an insulation upgrade to the attic, basement, crawlspace and wall cavity; and
- incentives for high-efficiency heating system upgrade - natural gas furnaces or boiler.

Program Delivery

Manitoba Hydro delivers the program through a community-based approach and through individual participation. Both approaches require pre- and post-evaluations, which serve to identify energy efficiency opportunities and verify the completion of work.

a) Community-Based Approach

The community-based approach is modeled after the Centennial and Brandon Pilot Low-Income Projects. This approach leverages existing municipal or provincial government infrastructures and community agencies, organizations and/or special interest groups. This approach involves a community organization developing a Community Energy Efficiency Business Plan and managing the program in their community. With this approach, customer contact will be primarily through the community organization.

b) Individual Approach

Manitoba Hydro works directly with the eligible lower income homeowners. The lower income customer is provided with a list of contractors that have been engaged by Manitoba Hydro to do the retrofit work. For those customers residing in areas where Manitoba Hydro has not developed a list of contractors, Manitoba Hydro will work directly with the customer and local contractor to facilitate the required upgrades.

c) First Nation Communities

Manitoba Hydro is working directly with First Nation Communities to assist them in taking advantage of energy efficiency upgrades available through the Lower Income Program.

Program Description and Incentives

Incentives are available from Manitoba Hydro's Power Smart programs, the Affordable Energy Fund, Furnace Replacement Program and from the ecoENERGY Retrofit Program. In addition, organizations are encouraged to pursue support from other sources, including local organizations. As a result of the recent cancellation of the ecoENERGY Program, Manitoba Hydro is reviewing the program design and related funding and incentives. Customers that are currently enrolled in the ecoENERGY Program will continue to participate in the program under its current structure. The following reviews the components to the current LIEEP structure and how Manitoba Hydro's incentives and ecoENERGY grants will be applied towards the costs of the upgrades:

1. In-home Energy Evaluation and Installation of Basic Energy Efficiency Items

a) Home Evaluations:

- For owner-occupied homes, Manitoba Hydro pays the customer's portion of the ecoENERGY home audit cost.
- For social housing properties, the social housing organization is required to pay the customer's portion of the ecoENERGY home audit cost.

b) Low-Cost/No-Cost Measures:

- Under the community approach, the community organization implements these measures and is eligible for incentives through Manitoba Hydro's Lower Income Energy Efficiency Program which covers the cost of materials. Under the

individual approach, the ecoENERGY advisor implements the measures at no cost to the customer.

2. Insulation Upgrades (attic, basement, crawlspace and wall cavity):

- Under the community approach, an incentive structure has been developed which is expected to cover the cost of materials through the Manitoba Hydro incentive and the cost of labour being covered through ecoENERGY grants and other provincial training funding.
- Under the individual approach, the cost of qualifying eligible insulation upgrades is expected to be covered (both materials and labour) through a combination of Manitoba Hydro's incentives and ecoENERGY grants.

3. Natural Gas Standard Efficiency Furnace Upgrades:

- Lower income homeowners can upgrade their natural gas standard efficiency furnace to a qualified high efficiency ENERGY STAR furnace for the cost of \$19 per month over five years (a total of \$1,140); or upgrade their boiler to a qualified high efficiency ENERGY STAR boiler and receive a Manitoba Hydro rebate of \$2,500.

Community Groups

Manitoba Hydro is currently working with BUILD (a Winnipeg neighborhood group) and Brandon Neighborhood Renewal Corporation through the community approach. In addition, Manitoba Hydro is working with several other community groups to help promote the program and provide feedback on how best to approach potential customers in their areas, including:

- Spence Neighborhood Association;
- West Broadway Renewal Corporation;
- Manitoba Urban Native Housing Association;
- Winnipeg Harvest;
- Consumers Association of Canada;
- North End Community Renewal Corporation;
- Central Neighborhoods Development Corporation;
- Social Planning Council of Winnipeg;
- Northern Association of Community Councils Inc.;
- Daniel McIntyre / St. Matthews Community Association;
- Residential Rehabilitation Assistance Program (RRAP);
- Westminster Housing Society; and
- Salvation Army.

Budget Forecast

The following table outlines the total projected budget for the LIEEP to 2024/25 (in millions):

	2010/11	2011/12	2012/13	2013/14	2014/15
Electric					
Electric Power Smart	0.4	0.5	0.5	0.0	0.0
Affordable Energy Fund	0.9	1.4	1.4	0.0	0.0
Annual Electric Budget	1.3	1.8	1.8	0.0	0.0
Natural Gas					
Natural Gas Power Smart	0.8	1.1	1.1	0.0	0.0
Affordable Energy Fund	3.0	4.9	4.9	0.0	0.0
Lower Income Furnace Replacement Budget	1.4	1.9	1.9	0.0	0.0
Annual Natural Gas Budget	5.1	7.9	7.9	0.0	0.0
Lower Income Annual Budget	\$6.4	\$9.7	\$9.7	\$0.0	\$0.0
Cumulative Budget, 2010-2024	\$6.4	\$16.1	\$25.8	\$25.8	\$25.8

Cost-Effectiveness

This activity is cost-effective with an expected combined TRC Ratio of 1.69.

	Benefit / Cost Ratio		Levelized Utility Cost
	TRC	RIM	
Electric			
LIEEP (Power Smart & AEF Budget)	4.44*	0.86	(¢/kW.h)
LIEEP (Power Smart)		1.28	4.93
			1.31
Natural Gas			
LIEEP (Power Smart, Furnace Replacement, & AEF Budget)	1.42*	0.43	(¢/m3)
LIEEP (Power Smart)		0.77	46.92
LIEEP (Power Smart & AEF Budget)	1.65*	0.45	8.42
LIEEP (Furnace Replacement Program only)	0.70	0.37	44.48
Combined	1.91*		56.18

Notes:

* TRC benefit/cost ratio includes water benefits