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June 28, 2013

The Public Utilities Board of Manitoba
Attention: Mr. Hollis Singh, Executive Director and Board Secretary
400 - 330 Portage Avenue
Winnipeg, MB R3C 0C4

Dear Mr. Singh:

**Re: Commentary on the Definitions of "Macro-Environmental Impact"
and "Socio-Economic Impact"**

In a letter filed earlier today, Manitoba Hydro has presented a thoughtful and illustrative discussion on the definitions of "Macro-Environmental Impact" and "Socio-Economic Impact. Like CAC MB in its submissions prior to the May 16, 2013 pre-hearing conference, Manitoba Hydro notes that the recommendations of the CEC should be available to the PUB prior to the filing of the PUB recommendations relating to the NFAT. CAC MB agrees that consideration could be given to incorporating analysis from the CEC. The CEC may be in a position to provide advice on both high level macro-environmental and socio-economic impacts.

While not endorsing the submissions of Manitoba Hydro, CAC MB believes they are worthy of reflection. Accordingly, CAC MB is seeking an opportunity to review these comments over the next few days and consider whether they accord with the position of CAC MB. Given client obligations relating to the Payday Lending proceeding, CAC MB would not be in a position to offer a more nuanced response until July 8, 2013.

Macro-environmental impacts

In considering the Board's request for advice with regard to these definitions, CAC MB asked Dr. Kyrke Gaudreau whether he had any preliminary views relating to the definition of macro-environmental impacts. The thrust of Dr. Gaudreau's preliminary views are set out below:

The key practical consideration in this context is that the PUB is mandated to undertake an overall analysis that demands summary information on many different and interrelated factors. The emphasis on macro environmental effects indicates that the PUB, quite reasonably, should not be required to delve into all the details of the environmental reviews (e.g. the analysis of every single impact on a particular valued ecosystem component). That said, the PUB is

expected to make timely decisions on the matter before it, and this requires having reliable macro level (i.e. summary) information. For this to occur, the PUB must be provided with the proponent's best understanding of the nature and significance of the major effects of the various alternatives on all aspects of the environment. That includes potential and likely effects, positive and adverse effects, and individual, interactive and cumulative effects.

Likewise, for informed decision-making the PUB must be informed by the proponent and other interveners on the quality of data collection and analysis lying behind the presented findings, the level of confidence to place on the assertions, and the implications of the findings and the uncertainties (e.g. Manitoba 2013, point 2a).

Ultimately, it appears the PUB is being instructed to assess environmental impacts carefully but at a coarser level of detail than the environmental reviews. In sum, with regards to environmental impact, the macro environmental impacts to be considered should be the most significant environmental effects of the proposed Plan and alternative plan packages e.g. overall impacts on Lake Sturgeon and Caribou, the potential for boom and bust, the promotion of First Nations autonomy and self-determination), while recognizing that finer details were considered in the underlying analysis.

Defining macro-environmental impact for the NFAT based on the discussions above, it is now possible to propose a definition of macro environmental impact for the purpose of the ToR of the NFAT. An appropriate set of macro environmental impacts to be considered in the NFAT proceedings has six basic characteristics:

1. It covers a comprehensive suite of factors, including but not limited to demographic trends, economic cycles, legal concerns, political dynamics, social conditions (including cultural tastes), technological change, and biophysical environmental impacts (including natural forces and disasters).
2. It includes both impacts of the proposed Plan and projects (and alternatives) on the factors mentioned in (1) and the impact of the factors mentioned in (1) on the Plan and proposed projects (and alternatives).
3. These factors are assessed at a coarser level of detail than what is provided in the environmental reviews of proposed individual projects (e.g. the Environmental Impact Statement for the Keeyask Project), generally focusing on the most significant impacts and providing the necessary summary information to inform decision making.
4. The macro level environmental effects findings presented to and discussed in the PUB process should be based on the detailed existing analyses and the level of confidence about the conclusions ought to be clearly established.
5. The macro level environmental effects covered should include potential and

likely effects, positive and adverse effects, individual and cumulative effects, and interactions among effects.

6. The macro environmental effects discussion should consider not only the effects listed above but also the implications for the relative merits and the Plan components and the Plan in light of the relative significance of the effects and the trade-offs involved in proceeding with the major Plan components and alternatives.

Dr. Gaudreau's preliminary views in their entirety are set out in Attachment A to this letter.

Socio-economic

CAC MB does not possess a clear definition of "socio-economic". It offers preliminary views. It assumes the term is meant to go well beyond the standard "economic impact" which would consider things like employment and economic activity. Recognizing the risk of overlap with the environmental assessment, the term could encompass:

- Availability and use of infrastructure and services;
- Health and Aesthetics;
- Social and cultural well being potentially including issues regarding heritage resources and traditional use by FN;
- Public Safety (e.g. flood control).

Clearly there is an overlap with "economic" considerations as both may consider impacts/benefits due to tax revenues (for support of services), employment and the economy as they relate to well-being.

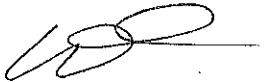
With respect to item 2 (h) of the terms of reference, the focus is on these issues as they impact the northern and aboriginal communities. In this case, the impacts are likely to be much more specific. For example, construction may temporarily impact on noise level, air quality, road access and land use so as to have short-term impacts on local communities as well as impacts on their local infrastructure that would be much more relevant here than when considered in the overall Manitoba context per TOR item 2 (j). Locally construction activity and an influx of (better paid) workers may drive up local prices and negatively impact the well being of local residents. The need to import significant construction resources for an extended period of time might be seen as having a broader social impact on Manitoba workers – as distinct from a local issue.

Conclusion

CAC MB respectfully requests the opportunity for further consideration of these concepts in

order to assess Hydro's comments and to evaluate more carefully issues related to what may be out of scope as a consequence of the EIS. CAC/MB expects to review both Dr. Gaudreau's advice and the Manitoba Hydro letter of June 28, 2013 and provide further comment late next week.

Yours truly,

A handwritten signature in black ink, appearing to read 'BW', with a horizontal line extending to the right.

BYRON WILLIAMS
DIRECTOR

BW/sk

Attachment

Attachment A

Preliminary commentary on the definition of “macro-environmental impact”

Dr. Kyrke Gaudreau

Introduction

This commentary provides an initial opinion on the meaning of the expression “macro environmental impact”. This expression appears in the Terms of Reference (ToR) of the Public Utilities Board (PUB) relating to the Need For and Alternatives To (NFAT) assessment of the proposed Keeyask and Conawapa hydro dam projects and the Canada-USA transmission links (Manitoba 2013).

Context

On page 2 of the ToR, the PUB is provided with the scope of its mandate, which includes a requirement to assess “whether the Plan is justified as superior to potential alternatives that could fulfill the need” (p. 2). The ToR further elaborates what this assessment must consider, and one of the factors included relates to (p. 3):

“The macro environmental impact of the Plan compared to alternatives”

There is confusion regarding what this means, particularly because further on in the ToR, the PUB is provided with a list of elements that are not within its scope, and one element out of the scope of the PUB is the detailed set of environmental impact considerations addressed by the Clean Environment Commission (p. 4):

The environmental reviews of the proposed projects that are part of the Plan, including Environmental Impact Statements (these will be conducted through individual processes by the Manitoba Clean Environment Commission (“CEC”), and where possible the impacts of the matters to be considered by the CEC are included in the costs of the projects that are part of the Plan)

The issue needing clarification is what exactly a “macro environmental impact” entails, particularly if the assessment of macro environmental impacts is not to include the environmental reviews of the proposed project and the Environmental Impact Statement.

Outlining the macro-environment

As a term, macro environment is found predominantly in the business and economic literature, and relates to the large external and generally uncontrollable factors influencing an organization, i.e. the broader context in which an organization is situated. To expand on this, two definition of macro environment are provided.

The first definition comes from businessdictionary.com:

The major external and uncontrollable factors that influence an organization's decision making, and affect its performance and strategies.

These factors include the economic factors; demographics; legal, political, and social conditions; technological changes; and natural forces. Specific examples of macro environment influences include competitors, changes in interest rates, changes in cultural tastes, disastrous weather, or government regulations. (BusinessDictionary 2013)

The second definition comes from definitions.net:

The large-scale and long-term environment and conditions that affect an organism. Major external and uncontrollable factors that influence an organization's decision making and affect its performance and strategies. These factors include the economic, demographics, legal, political, and social conditions, technological changes, and natural forces (Definitions.net 2013)

The two definitions provided above provide initial guidance, but are ultimately inappropriate for application in the NFAT. Notably, the business definition of macro environment focuses on external environmental factors that may have *effects on the firm, or the project*. By contrast, what the PUB is addressing are *effects of the project on the external (macro) environment* – “the macro environmental impact of the Plan”. This different focus hinges on impacts on what (i.e. macro environment impacting the firm, or the firm impacting the macro environment). Ultimately both are applicable. The very nature of assessing the macro environmental *impacts* of a proposed project implies the organization has some measure of control over, or at least some influence on, the external factors. Furthermore, the ToR make this aspect of control clear – as noted in the context above (section 2) – insofar as the PUB is mandated to assess how different alternatives to the Plan and constituent projects will engender different macro environmental impacts. In this context, alternatives to the Plan and projects are expected to have different kinds and severities of macro environmental impacts, and the PUB is expected to consider these macro environmental impacts when assessing which alternative is superior.

At the same time, an assessment of the macro environmental impacts should not ignore the fact that some macro environmental factors are uncontrollable by the organization, but are still highly relevant because they provide the operating context of the organization. For example, while the components of the Manitoba Hydro Plan (and alternative plan options with somewhat different components) will certainly have impacts on levels of greenhouse gas emissions – a factor worth assessing – the global trends of climate change extend beyond the immediate control of the proposed projects, and will have impacts on temperature, precipitation and ice regimes (among many other impacts) that will greatly influence the operating parameters and viability of the proposed projects.

Ultimately, while the business definitions are unable to provide an appropriate definition of macro environmental impact, they do provide guidance in two ways:

1. they usefully adopt a broad definition of “environment” – evidently including the full suite of biophysical and socio-economic considerations;
2. in consideration with the ToR, they recognize the importance of considering effects of the macro environment on Plan and project alternatives, as well as the effects of the project alternatives on the macro environment.

Macro-environmental impact and the environmental reviews

The discussions provided above on the macro environment provide a starting point for outlining the definition of macro environmental impact. What they fail to do, however, is address the issue of what is in the scope of the NFAT assessment. As noted in the introduction, the scope of the PUB does not include "[t]he environmental reviews of the proposed projects that are part of the Plan, including Environmental Impact Statements". It is important to reconcile how the PUB is required to consider macro environmental impacts while not considering the environmental reviews and the Environmental Impact Statement.

The key practical consideration in this context is that the PUB is mandated to undertake an overall analysis that demands summary information on many different and interrelated factors. The emphasis on macro environmental effects indicates that the PUB, quite reasonably, should not be required to delve into all the details of the environmental reviews (e.g. the analysis of every single impact on a particular valued ecosystem component). That said, the PUB is expected to make timely decisions on the matter before it, and this requires having reliable macro level (i.e. summary) information. For this to occur, the PUB must be provided with the proponent's best understanding of the nature and significance of the major effects of the various alternatives on all aspects of the environment. That includes potential and likely effects, positive and adverse effects, and individual, interactive and cumulative effects. Likewise, for informed decision-making the PUB must be informed by the proponent and other intervenors on the quality of data collection and analysis lying behind the presented findings, the level of confidence to place on the assertions, and the implications of the findings and the uncertainties (e.g. Manitoba 2013, point 2a).

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Defining macro-environmental impact for the NFAT

Based on the discussions above, it is now possible to propose a definition of macro environmental impact for the purpose of the ToR of the NFAT. An appropriate set of macro environmental impacts to be considered in the NFAT proceedings has six basic characteristics:

- It covers a comprehensive suite of factors, including but not limited to demographic trends, economic cycles, legal concerns, political dynamics, social conditions (including cultural tastes), technological change, and biophysical environmental impacts (including natural forces and disasters).
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proposed projects (and alternatives).

- These factors are assessed at a coarser level of detail than what is provided in the environmental reviews of proposed individual projects (e.g. the Environmental Impact Statement for the Keeyask Project), generally focusing on the most significant impacts and providing the necessary summary information to inform decision making.
- The macro level environmental effects findings presented to and discussed in the PUB process should be based on the detailed existing analyses and the level of confidence about the conclusions ought to be clearly established.
- The macro level environmental effects covered should include potential and likely effects, positive and adverse effects, individual and cumulative effects, and interactions among effects.
- The macro environmental effects discussion should consider not only the effects listed above but also the implications for the relative merits and the Plan components and the Plan in light of the relative significance of the effects and the trade-offs involved in proceeding with the major Plan components and alternatives.

It is noteworthy that the PUB scope and mandate for the NFAT proceedings, including the macro environmental considerations discussed above, point to a sustainability-based approach to the comparative evaluation of alternatives (Gibson et al. 2005). Expectations for the application of the Manitoba *Sustainable Development Act* (Manitoba 1998) – included in the ToR (Manitoba 2013, scope of review section, point 2b.) – further suggest that the PUB would be well served by adoption of an explicit sustainability assessment framework to structure and guide its deliberations.

Conclusion

This commentary provided a brief opinion on the definition of macro environmental impact as contained in the Terms of Reference for the Needs For and Alternatives Review of the Public Utilities Board. Hopefully this interpretation serves to inform the Board's approach to the assessment, and provide the necessary link with the assessment undertaken by the Clean Environment Commission. In doing so, it may help ensure that a fully informed decision is made, one that benefits all Manitobans both now and in the future.

Works Cited

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- Definitions.net (2013). macroenvironment. [Definitions.net](#).
- Gibson, R. B., S. et al. (2005). [Sustainability Assessment - Criteria and Processes](#). London, UK, Earthscan.
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