

NEEDS FOR AND ALTERNATIVES TO (NFAT)

Elenchus Undertaking # 96

“Elenchus to provide high-level written description as to practical analytical difference between evaluating a DSM measure based on Manitoba Hydro's approach versus the Integrated Resource Plan approach based on the new information in the presentation slides.”

Response:

This response refers to slides 46,48,49,50 and 61 in Exhibit MH 87.

The response of Elenchus to the request is that **there is not enough information to determine if there is a practical analytical difference between IRP (as illustrated in slide 48) and MH's depiction of its process in slides 49, 50 and 61.** As indicated under cross-examination, this is because MH does not specify what is included in “measurable non-energy benefits” in slide 61. Below, this response is explained more fully.

General Evaluation Principles

In any evaluation there are two key factors: the criteria employed and the level of detail applied to the criteria. Criteria are of two types: pass/fail and tradeoffs. The former are used to winnow down options by eliminating those that do not meet the pass/fail criteria. The latter require relative judgments (which may be quantified or not). The level of detail is important in the winnowing process; options should be eliminated on information at commensurate levels of detail. **Theoretically, two evaluations are the same if they use the same criteria and the same levels of detail are used for all options, whether during the elimination process or in making final tradeoffs.**

MH's Approach to DSM in its Resource Plan

MH uses a combination of types of criteria. As depicted in slide 61 a “marginal value” pass/fail criterion is used to determine which DSM measures are to be included as “package” (Plan) in an evaluation with supply options to determine the Resource Plan also using a “marginal value” criterion, this time as a trade-off. However, **there is ambiguity as to whether the criteria named “marginal value” in slides 50 and 61 are the same.** Slide 61 indicates that “measurable non-energy benefits” are included in the analysis of DSM options. Elenchus can find no information in the slide presentation on whether or not these benefits are included in the evaluation of the supply options.

Consequently, it is not possible to determine if there is a practical difference between evaluating a DSM measure under the IRP process depicted on slide 48 and the process depicted on slides 48,49, 50 and 61.

On the level of detail issue, there is also not enough information to make a determination as to the practical equivalency of the two approaches.