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July 18, 2013

Mr. H. Singh
The Public Utilities Board
400 - 330 Portage Avenue
WINNIPEG, Manitoba R3C 0C4

Dear Mr. Singh:

**RE: MANITOBA HYDRO NFAT – GAC PROPOSED BUDGET
AND SUPPLEMENTAL RESPONSE TO ORDER 67/13**

Manitoba Hydro is in receipt of the submission and proposed budget from the Green Action Centre (“GAC”) dated June 28, 2013, and July 9, 2013. The total budget identified in the correspondence is \$403,235, comprised of \$190,000 for Phillippe Dunsky (to be presented with Consumers Association of Canada (Manitoba) (“CAC”)), \$98,235 for Paul Chernick to provide both evidence and consulting support, and \$115,000 for legal representation. Manitoba Hydro offers comments in respect of the following components of the budget advanced by GAC.

Mr. Bill Gange

With respect to the costs of counsel, Manitoba Hydro views GAC’s costs as comparable to the costs incurred during the 2010/11 and 2011/12 GRA and Risk Review process. The 2010/11 and 2011/12 process culminated in 41 hearing days and included substantial discovery, production of evidence and rebuttal which is comparable with the NFAT review process. On a preliminary basis, Manitoba Hydro has no objection to the preliminary legal budget proposed by GAC.

Power Advisory

The budget information included in this correspondence is incomplete in that GAC has requested access to Power Advisory, which may be retained by the PUB, but has not made any provision for costs associated with such access. In the event that Power Advisory is retained as an advisor to the PUB, in Manitoba Hydro’s respectful submission, it is not appropriate for an intervenor to be granted access to the PUB’s independent advisor. In the event that Power Advisory is not retained by the PUB and GAC seeks to retain them, we would expect that a more detailed submission, including relevant CV’s and a budget will be provided for consideration.

Mr. Phillippe Dunsky

Manitoba Hydro notes its comments with respect to the evidence to be advanced by Mr. Dunsky jointly on behalf of GAC and CAC are included in both this letter and the letter in response to CAC's budget. Manitoba Hydro is concerned with the budget of \$190,000 proposed by Mr. Dunsky. It appears from Mr. Dunsky's proposal that he is attempting to review Manitoba Hydro's DSM Potential Study and then create his own version of a DSM potential study. As indicated in CAC's revised submission of July 10, 2013, "In essence, what Mr. Dunsky budgeted for is a comprehensive revision of the potential study, bottom up, that could produce a number (or range of numbers) that might best reflect the real DSM potential in the province." Manitoba Hydro submits that this is outside the scope outlined in the Terms of Reference.

Manitoba Hydro, working with an external consultant, is finalizing a broad high level assessment of DSM potential in Manitoba. While Manitoba Hydro is not opposed to Mr. Dunsky providing a review of this study and assessing the thoroughness and soundness of the study as well as the reasonableness of the inputs and assumptions of DSM used in Manitoba Hydro's Preferred Development Plan and alternatives, the Terms of Reference do not provide for parties to recreate work performed by Manitoba Hydro or its third party consultants. Mr. Dunsky's proposal to adjust, estimate potentials, costs, savings and useful lives is beyond the scope of this hearing.

Mr. Dunsky proposes an extensive assessment of DSM resource impacts and scenario development. The purpose of the NFAT review is to assess the economic justification of its Preferred Development Plan which includes analysis of additional DSM. As presented at the Pre-Hearing Conference on May 16, 2013 and again at the July 17, 2013 Technical Conference, Manitoba Hydro's submission will include a sensitivity analysis of 1.5 times DSM and a stress test of 4 times DSM to test the energy and capacity impacts, and financial and economic performance, including impact on ratepayers, of the Preferred Development Plan under circumstances of increased DSM savings. Manitoba Hydro is prepared to assume certain DSM potentials and test its Preferred Development Plan against those assumptions. Manitoba Hydro would expect proposed consultants to test the reasonableness, thoroughness and soundness of its load forecast and future load scenarios subject to the above assumptions. As explained by Mr. Wojczynski at the July 17, 2013 Technical Conference, the question for the NFAT is how would additional DSM (and its impact on the load forecast) affect the economics of the Preferred Development Plan.

Finally, under the *Energy Saving Act*, DSM planning is now prepared in consultation with the Minister Responsible for Industry, Energy and Mines and Responsible for Manitoba Hydro. The Minister Responsible for Manitoba Hydro announced on June 5, 2013 that he will lead a public consultation process that will include stakeholder meetings and an opportunity for the public to submit comments in writing and online for input to the next iteration of the Power Smart Plan to be completed by March 31, 2014 as outlined under the Act. This is the appropriate forum for the more detailed planning discussion being proposed. The Terms of Reference governing the NFAT proceedings do not request a DSM plan to be proposed by Intervenors or their consultants.

Although Manitoba Hydro does not have an objection to Mr. Dunsky being utilized as a consultant for the NFAT, Manitoba Hydro submits that the recreation of a separate DSM Potential Study by Intervenor consultants is out of scope and that the associated costs included in the preliminary budget be removed.

Mr. Paul Chernick

With respect to Mr. Chernick's appearance and assistance in reviewing the evidence filed in this proceeding, Manitoba Hydro does not take issue with this expert participating in this proceeding however we question the need to address the topic of fuel-switching in this proceeding. The potential impacts of fuel-switching are considered in the context of the NFAT Submission sensitivities associated with the updated 2013 Load Forecast, and which make provision for decreases in load growth and/or increases in DSM equivalent to 1.5 and 4 times DSM. These potential outcomes are, in Manitoba Hydro's view, sufficiently broad to account for customers' fuel choices. It is not necessary to engage in a full consideration of the details of fuel switching in this context.

Further, there appears to be some duplication among the representatives of Resource Insight Inc. included in the work plan attached to GAC's July 9, 2013 letter, however, the total quantum of costs does not appear unreasonable, and as such Manitoba Hydro does not have an objection at this time provided that the work undertaken is within the scope of the terms of reference.

Pattern Energy

Manitoba Hydro is concerned with the references in these letters to Pattern Energy being a collaborating intervenor with GAC. Approval of such collaboration or participation has, to Manitoba Hydro's knowledge, not been requested of or granted by the PUB. Manitoba Hydro has not had an opportunity to comment on this party being granted standing in the NFAT proceeding.

The procedural order issued by the PUB as a result of the Pre-Hearing Conference of May 16, 2013, Order 67/13 indicated in paragraph 4.1.0 that:

"Those parties to whom Intervener Status was not granted but who identified issues that the Board determined to be within the scope of the NFAT Review may want to consider approaching parties for whom Intervener Status was granted to determine whether a coalition or joint participation is considered feasible." (emphasis added)

Pattern Energy did not attend at the May 16, 2013 Pre-Hearing Conference nor did it make application for intervenor status. It does not fall within the group of potential collaborators identified by the PUB in Order 67/13.

Further, Pattern Energy would not qualify as an Intervener who would be eligible for an award of costs based upon the Board's criteria as set out in the PUB Rules of Practice and Procedure. Pattern Energy is a commercial entity which works for the benefit its shareholders. Its mission statement, according to GAC's June 28, 2013 letter is to "...identify high-value opportunities in the renewable energy sector and then...convert those opportunities into operating assets". This is not a group which represents the interests of a substantial number of ratepayers, or which has insufficient financial resources to present the case adequately without an award of costs. As GAC identified, Pattern Energy operates the St. Joseph wind farm in Manitoba, they have a direct commercial interest in this proceeding, and the recommendations to be made as a result¹. If Pattern Energy is to be permitted to participate as a collaborating intervenor, they should be responsible for a portion of the costs incurred in presenting the evidence on behalf of the intervention.

Yours truly,

MANITOBA HYDRO LAW DEPARTMENT

Per:



PATRICIA J. RAMAGE

Barrister and Solicitor

cc: Bill Gange

¹ See the Public Utilities Board Rules of Practice and Procedure, s. 44(2)(i).