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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  
DSM POTENTIAL STUDY AND PROVISION OF ALTERNATIVE ANALYSIS**

Manitoba Hydro is in receipt of the CAC's letter of July 9, 2013 outlining their concerns with respect to the filing of the DSM Potential study as well as with respect to the filing of additional alternative analysis subsequent to the August 16 NFAT filing.

As indicated by Ms Morrison during the July 15, 2013 Technical Conference presentation, Manitoba Hydro is continuing to work diligently towards including the DSM Potential Study with the NFAT submission on August 16, 2013. There is no need for a directive in this regard as this work has already been identified by Manitoba Hydro as a priority item.

Manitoba Hydro would note that the DSM Potential Study broadly examines the market potential for energy efficiency opportunities in Manitoba. A market potential study does not identify the investment or specific strategies which could be adopted in support of market intervention. Program design options required to successfully address market barriers impacting customer participation involves a much more detailed and market specific analysis which is outside the scope of a market potential study. It is normal process to undertake detailed analysis of market intervention or program design options after a market potential study is complete. Manitoba Hydro is expected to be undertaking such detailed analysis and research on potential opportunities on an ongoing basis and will include the potential for new opportunities within the Corporation's 2014 Power Smart Plan. This update will be prepared in consultation with the Minister of Innovation, Energy and Mines and responsible for Manitoba Hydro as mandated in the *Manitoba Energy Savings Act*.

For the purposes of the NFAT submission, the potential for higher levels of DSM will be assessed as part of the sensitivity analyses to be undertaken and presented to address the potential for increasing Manitoba Hydro's DSM plans to include both reasonable additional and market threshold energy savings through DSM initiatives. Detailed program design options for specific energy efficiency opportunities were not intended nor envisioned to be assessed as part of the NFAT process. Manitoba Hydro is confident that its Preferred Development Plan attractiveness improves with increased DSM.

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With respect to the provision of alternative analysis, Manitoba Hydro has explained on several occasions that the analytical work associated with the provision of Plans and Scenarios is extremely time consuming and cannot be completed within the time frames contemplated in the hearing schedule. A directive will not change this fact. CAC has not yet seen Manitoba Hydro's filing. In Manitoba Hydro's view their complaint is both unwarranted and premature. At a minimum, Parties should wait until they are in a position to identify and explain a specific issue before requesting the PUB to exercise its powers to address same. At that point and assuming such issue falls within the scope of the Terms of Reference, Manitoba Hydro would of course be willing to engage in a dialogue to determine what work could feasibly be completed to address the issue. The request that a blanket directive be issued at this stage in the proceeding is not constructive, nor does it resolve any problems, real or imagined.

Yours truly,

**MANITOBA HYDRO LAW DEPARTMENT**

Per:



**PATRICIA J. RAMAGE**

Barrister and Solicitor

PJR/

cc: R.F. Peters, Fillmore Riley LLP  
Intervenors of Record