
NEEDS FOR AND ALTERNATIVES TO (NFAT)

Manitoba Hydro Undertaking #140

Manitoba Hydro to confirm if it has considered extending the diversity agreements, and whether doing so would be feasible; and if not, to provide some background information as to why not.

Response:

Manitoba Hydro has considered extending the diversity agreements as part of the package of long-term firm power products that would be available in association with Conawapa.

Manitoba Hydro's diversity partners have indicated some reluctance to contract for more than ten and no more than a maximum of fifteen years into the future due to uncertainty in the difference in their seasonal load peaks, the cost of firm transmission, MISO market rules associated with capacity exchanges or other factors that could change over such a long time horizon. Manitoba Hydro faces similar uncertainties especially given the potential impact of proposed DSM programs on the difference in seasonal load peaks.

For the purpose of long-term planning, Manitoba Hydro does not include extension of the diversity agreements in the Supply and Demand Tables unless they are signed or are in negotiation related to a signed Term Sheet as Manitoba Hydro has no indication whether counterparties will or will not extend these agreements.

As shown in Exhibit 194, the extension of the diversity agreements does not significantly impact the need for new resources in Manitoba. Manitoba Hydro's system is normally energy limited rather than capacity constrained.