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January 13, 2023

The Public Utilities Board of Manitoba
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

Attention: Dr. Darren Christle, Executive Director and Board Secretary

Sent via email

**Re: Manitoba Hydro 2023/24 & 2024/25 General Rate Application
Manitoba Hydro Comments re: Consumers Coalition IRs**

The Consumers Coalition has received Manitoba Hydro's January 9, 2023 letter to the Public Utilities Board in which it seeks to avoid answering certain Consumers Coalition's Round 1 Phase 1 Information Requests on the purported grounds they are out of scope.

From the perspective of the Consumers Coalition, the impugned Information Requests are relevant, material and within the scope of the determinations the Public Utilities Board must make in the 2023/24 and 2024/25 General Rate Application.

Accordingly, Hydro's motion should be denied.

COALITION/MH I-8 (b) and (c)

The Consumers Coalition seeks information respecting the ongoing IRP process and its role in the ratesetting processes for the express purpose of testing Manitoba Hydro's application.

The Coalition's IR I-8(b) is a direct response to Tab 2 of Manitoba Hydro's application, in which the corporation addresses the benefits and importance of the new IRP to Strategy 2040. The

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Consumers Coalition recognizes that rate regulation is an iterative process and poses this question to probe Manitoba Hydro’s views of the implications of its IRP on future rates. This is necessary information for the Coalition and the PUB in ensuring that the ratesetting process continues to be meaningful and effective, and would result in information addressing, for example, the potential range of financial and revenue requirement variability as a result of load forecast variability.

Coalition IR I-8(c) seeks information to test the 2021 Electric Load Scenario provided as a component of Manitoba Hydro’s Integrated Financial Forecast (IFF) scenario. The Electric Load Scenario is an important component of the IFF Scenario as it is used to quantify revenue at existing rates. This informs assessment of the projected revenue requirement and required rate increases.

This information is particularly relevant in the present application given Manitoba Hydro’s own assertions of the evolving energy landscape, and is illustrated by the four IRP scenarios and five key inputs presented in Figure 2.10. Manitoba Hydro relies on this framework to support its proposed rate changes, and as such must also be available to Interveners and the Board to be tested.

The Board’s direction in Order 130/22 that the “review of the completed [IRP] is out of scope” acknowledged that assumptions respecting the IRP that underpin the rate application are subject to testing in this process. Order 130/22 should not prevent the Consumers Coalition from posing questions that would, for example, assist the Board in understanding the potential range of financial and revenue requirement variability as a result of load forecast variability.

Finally, Manitoba Hydro’s assertion that responding to these of the Consumers Coalition’s questions prevents the IRP process from continuing or evolving independent of the GRA is unfounded.

COALITION/MH I-36(d)

The Coalition requested high and low load forecast growth sensitivities similar to those provided in previous GRA for the purpose of assessing overall corporate risk. The Coalition is not asking the corporation to define the absolute low or high boundaries of a forecast as it would in the scenarios of an IRP; but to provide a high and low load sensitivity to understand how sensitive the IFF scenario is to changes in the Electric Load Scenario.



This is a necessary component of a thorough assessment of Manitoba Hydro's risk and will not require the completion of the IRP as the corporation suggests. This request should remain in-scope.

COALITION/MH I-26 (a)-(d)

The Manitoba Hydro request to not answer Coalition/MH I-26 a, b, and d is without merit, and Manitoba Hydro should be required to provide the information requested. The IR does not present a "hypothetical scenario" nor does it require "a number of assumptions and in-depth modelling of alternatives".

The Keeyask generating station, like any electricity production facility, has operating characteristics which are well-understood and embedded within Manitoba Hydro's operating model. As amply described in numerous documents on record at the PUB (including as early as chapter 7 of the NFAT Business Case in August 2013), the station has a nominal capacity, a peak winter capacity and an expected annual dependable energy output. If these characteristics have changed between the initial application for approval of the construction of the facility and its completion and entry into service, then Manitoba Hydro can provide this information.

The Manitoba Hydro overall system operating model also has a similar array of ratings, including for winter peak capacity and annual dependable energy. This should not require "modeling" as these are known characteristics of the system. Moreover, Manitoba Hydro will know, based on its current approved capital plans, what those ratings will be in future (absent any additional capital plan approvals).

While it is recognized that "physically removing" a GS from a system would have impacts beyond the incremental characteristics of the station itself (e.g., because maximum transmission flows in certain directions would be affected, there would be changes with respect to reactive power, etc.), none of these impacts were contemplated by the question. Instead, a simple "mathematical" calculation (and therefore least consequential to the system) was requested: i.e., subtract the isolated capacities of Keeyask from the currently known total capacity of the Manitoba Hydro electricity system.

Similarly, Manitoba Hydro will have a forecast for Manitoba domestic demand which it currently utilizes in operations. This must include both "dependable energy" requirements, as well as reference and high cases, and a range of expected capacity requirements. No incremental work is required to compare currently known facts about the Manitoba Hydro electricity system with expected domestic demand.



Finally, a "forecast" of future export prices is of course "hypothetical", but that is the nature of a forecast. Manitoba Hydro is no doubt in possession of a variety of forecasts about future export prices, and may wish to provide a range of expected future prices rather than a specific price curve.

The Consumers Coalition IRs were developed to address issues in-scope and are appropriately framed to be of assistance to the Board. The Consumers Coalition respectfully submits that Manitoba Hydro's request should be rejected.

Thank you,



Byron Williams
Director

BW/ck

cc: Manitoba Hydro

