

Order No. 138/16

**AN APPLICATION BY MANITOBA HYDRO
FOR INTERIM EX PARTE APPROVAL
FOR THE WEEK OF OCTOBER 31, 2016 TO NOVEMBER 6, 2016
OF THE SURPLUS ENERGY PROGRAM RATE**

October 26, 2016

**BEFORE: Robert Gabor, Q.C., Chair
Marilyn Kapitany, B.Sc., (Hon), M.Sc., Member**

Introduction

By this Order, the Public Utilities Board (Board) approves Manitoba Hydro's (MH) October 25, 2016 application for *ex parte* approval of revised and interim Surplus Energy Program (SEP) rates for the week of October 31, 2016 to November 6, 2016 attached as "Schedule SEP-1". Appendices A, B, C and D depict historical average, peak, shoulder and off-peak SEP prices.

Background

On October 25, 1999 Manitoba Hydro (MH) applied to the Public Utilities Board (Board) for the establishment of a Surplus Energy Program (SEP) that would be made available to MH's General Service customers on an interruptible basis.

Board Order 90/00 approved MH's Application for the SEP with SEP prices set based on a forecast of the expected source of SEP energy and such prices would be submitted weekly to the Board for approval on an *ex parte* basis. Board Order 111/12 extended SEP to March 31, 2014.

Board Order 43/13 approved options 2 and 3 of the Surplus Energy Program as permanent rate offerings. In that same order, option 1 remains approved on an interim basis.

The pricing of the SEP energy, which is surplus to Hydro's immediate requirements, is established to approximate the price offered by MH to export sales customers on the opportunity market or, in the case where MH expects to import power, at a price reflective of MH's cost with a 10% surcharge.

The SEP program is expected to "break-even" on an annual basis. This means that the revenue raised is expected to be approximately the same as if the power had been sold on the opportunity export market.

Under SEP, participating large Manitoba customers either accept or decline the available additional electricity, as offered at the rates approved by the Board. In accepting the excess power, customers accept the risk of adverse implications if a service interruption occurs. These customers are generally expected to have back-up generation to draw on if a service interruption occurs.

Board Findings

MH's latest SEP application is in accordance with the Board approved methodology and the SEP program continues to have value for a small component of MH's larger customer base (those firms able to profitably access interruptible power).

Continuing to deal with SEP applications on an interim *ex parte* basis is consistent with past practice, and the rates set through this process are interim, to be finalized at General Rate Application hearings.

Accordingly, the Board affirms revised Schedule SEP-1 and will approve the attached schedule.

IT IS THEREFORE ORDERED THAT:

1. Manitoba Hydro's application for approval of Surplus Energy Rates from October 31, 2016 to November 6, 2016 as shown in Schedule SEP-1, as attached **BE AND IS HEREBY APPROVED** on an Interim Ex Parte basis.
2. This Interim Ex Parte Order shall be in full force and effect until confirmed or varied by a further Order of the Board following a public hearing.

THE PUBLIC UTILITIES BOARD

"ROBERT GABOR, Q.C."

Chair

"DARREN CHRISTLE"

Secretary

Certified a true copy of Order 138/16 issued by
the Public Utilities Board



Secretary

The estimated average spot market rate is **\$22.37** per MWh. Manitoba Hydro warrants that the Spot Market Rate has been calculated using approved Public Utilities Board methodology.
The expected source(s) of spot market energy is (are): **import and export**

SCHEDULE SEP-1

SURPLUS ENERGY PROGRAM RATES

October 31, 2016 to November 6, 2016

Tariff No. 50-19 General Service Medium (Utility Owned Trans.)

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.620	0.620	0.620	cents/kWh
Energy Charge	3.019	2.804	1.310	cents/kWh

Tariff No. 50-20 General Service Large 750V not exceeding 30 kV

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.330	0.330	0.330	cents/kWh
Energy Charge	2.979	2.767	1.293	cents/kWh

Tariff No. 50-21 General Service Large 30 kV not exceeding 100 kV

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.140	0.140	0.140	cents/kWh
Energy Charge	2.908	2.700	1.262	cents/kWh

Tariff No. 50-22 General Service Large exceeding 100 kV

	Peak Hours	Shoulder Hours	Off Peak Hours	
Distribution Charge	0.060	0.060	0.060	cents/kWh
Energy Charge	2.865	2.660	1.243	cents/kWh

	May 1 to October 31	November 1 to April 30
Peak Hours	Monday - Friday * 12:01 - 20:00 Hours	Monday - Friday * 7:01-11:00 and 16:01-20:00 Hours
Shoulder Hours	Monday - Sunday ** 7:01 - 23:00 Hours	Monday - Sunday ** 7:01 - 23:00
Off Peak Hours	Monday - Sunday 23:01 - 7:00 Hours	Monday - Sunday 23:01 - 7:00 Hours

* excluding statutory holidays
** excluding peak hours

The Basic Monthly Charge is \$50.00 per month for SEP customers with total loads less than or equal to 1000 kVA.
The Basic Monthly Charge is \$100.00 per month for SEP customers with total loads greater than 1000 kVA.

Approved by:



Greg Barnlund
Division Manager
Rates & Regulatory Affairs

Manitoba Hydro
Hydraulic Operations Department
October 25, 2016 15:05







