

**Manitoba Eco-Network and Environmental Defence Canada (MEED)
Information Requests to the Consumers Coalition**

**MANITOBA HYDRO
FISCAL 2026-2028 GENERAL RATE APPLICATION**

MEEDError! Bookmark not defined./**CC ROUND 1
INFORMATION REQUESTS**

October 15, 2025

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Part and Chapter:	Midgard Evidence, 6 (Asset Management)	Page #:	
Topic:	Non-Wires Alternatives		
Subtopic			

Preamble (if any): This question relates to Manitoba Hydro’s response to MEED/MH II-6, which is pasted below:

QUESTION:

The response to MEED/MH I-14 (a) indicates: “To date, Manitoba Hydro has not performed any investment evaluations that include NWAs as an alternative.” Why not? Does Manitoba Hydro intend to develop a framework and cost-benefit tool to assess non-wires solutions? If yes, when?

RESPONSE:

Manitoba Hydro has not yet conducted formal investment evaluations for non-wires alternatives (“NWAs”), as these alternatives require foundational work to determine their feasibility, cost-effectiveness, and compatibility with existing systems. Key elements such as program design, incentive structures, rate mechanisms, and enabling infrastructure (e.g., Advanced Metering Infrastructure) must be in place before comprehensive cost-benefit analyses can be performed.

...

Yes, Manitoba Hydro intends to develop a framework and cost-benefit tools in the future to assess NWAs. This work will build on lessons learned from current DER and microgrid projects within the province and will be informed by broader resource planning and infrastructure development efforts. While a specific timeline has not yet been confirmed, the development of such tools will need to be integrated into Manitoba Hydro’s ongoing strategy to evaluate and potentially invest in NWAs that bring best value to Manitobans within the geographical context.

Question:

- a) Does Midgard agree that Manitoba Hydro should be assessing whether non-wires alternatives can be used to cost-effectively avoid or defer investments in traditional infrastructure as part of its investment evaluations?
- b) If yes, by approximately what date is it reasonable for Hydro Manitoba to be able to have the processes in place to include non-wires alternatives assessments into its capital planning evaluations?

- c) Please compare the state of Manitoba Hydro's planning processes with respect to non-wires alternatives (which appear to be non-existent) with those in leading jurisdictions that Midgard is familiar with.
- d) Please discuss the potential benefits of including assessments of non-wires alternatives in capital planning processes.

Rationale for Question:

This question is intended to explore issues such as whether Manitoba Hydro is making sufficient efforts to lower rates by implementing non-wires alternatives to traditional infrastructure investments, and if not, what PUB directions should be provided.

Response:

- a) Midgard believes that MH should evaluate a full range of alternatives to meet its resource and operational needs. Midgard is also agnostic about any particular alternative technologies or strategies, as long as they are cost-effective, operationally-effective and available in the market. As a result, all alternatives (both wires and non-wires) should be evaluated on a consistent basis.

However, as MH noted in its response to MEED/MH II-6, certain Non-wires Alternatives ("NWA") require foundational work to assess cost effectiveness or enable implementation. For example, some alternatives, such as controlling distributed resources (inverter-equipped residential, commercial, or EV batteries) or selectively shedding discrete loads (e.g., water heaters), require distributed communication and control systems, typically components of Advanced Metering Infrastructure, to be installed at participating residences or businesses. Other NWAs do not. Therefore, broad generalizations about NWAs as if they were a homogenous resource type may be misleading if taken outside a specific context, in this case MH's context with its organizational, capacity, and distributed resource control limitations.

- b) Midgard does not have a single date estimate for MH to have processes in place to include NWAs assessments into its capital planning evaluations. As stated in response to question (a) above, NWAs cannot be treated as a single homogenous resource type when evaluating available resource options. The implementation costs of some NWAs can likely be evaluated with reasonable accuracy in the near term, and some are likely already under evaluation (e.g., energy efficiency initiatives such as advancing building codes¹). Others will require foundational work before accurate evaluations are possible (e.g., the specific AMI implementation that MH may select in the future will be foundational to certain NWAs). Therefore, the answer depends on the specific NWA that is sought for evaluation.

¹ This type of evaluation may be done by Efficiency Manitoba on behalf of MH.

- c) It appears the question is requesting a benchmarking exercise between MH's planning processes and the planning processes of other utilities. Such an exercise is a substantial undertaking and outside the scope of what Midgard can provide. However, Midgard can provide some general commentary on non-wires planning it has encountered in other jurisdictions.

Typically, specific NWAs seek to achieve energy reductions, system peak demand reductions, and/or local peak demand reductions. Examples of energy reduction alternatives include, but are certainly not limited to, improvements in building codes (e.g., energy reduction) and rooftop solar/net metering (e.g., energy offset). Examples of local and system-wide peak demand reduction alternatives are external or utility control of major loads such as hot water tanks, building thermostats, and smart EV chargers. An example of a system wide peak demand reduction alternative is price signals to incentivize consumer behaviour modification (e.g., rate design or time-of-day pricing). As mentioned in the response to MEED/CC I-1(a), NWA implementations can also include distributed or individual large inverter-equipped battery storage resources.

The selected NWAs that different utilities pilot and potentially implement depend on their specific constraints. A utility facing system peak capacity constraints will tend to evaluate system peak capacity alternatives. A utility facing distribution constraints will tend to evaluate local peak capacity enhancing alternatives. Similarly, a utility with energy constraints will tend to evaluate energy reduction alternatives.

Drawing on Midgard's recent experience in other Canadian jurisdictions, the Ontario Energy Board now requires utilities to demonstrate that NWAs have been evaluated in situations where they may be cost-effective in deferring or eliminating specific traditional wires solutions. Although relatively few NWA implementations have been approved or built to date in Ontario, utilities including Toronto Hydro and Hydro Ottawa have proposed Battery Energy Storage System ("BESS") projects to offset or defer distribution wires expansions.

In other parts of Canada, utilities such as Yukon Energy and Newfoundland Hydro have implemented (or plan to implement) BESS installations to facilitate development of non-dispatchable renewable resources and reduce dependency on diesel generation capacity resources in remote or islanded load centres. Such installations may also help defer the need to construct long interconnecting lines into remote load centres.

For a provincial utility such as MH, it is typical that energy and capacity constraints and available resource alternatives are evaluated through an Integrated Resource Planning ("IRP") process. Midgard understands such a proceeding is forthcoming in Manitoba.² Accordingly, Midgard expects the forthcoming IRP will include planning discussions about resource alternatives, including NWAs that are

² Exhibit MH-1, Tab 4, Section 4, p. 6, l. 1-5.

achievable in Manitoba by Manitoba Hydro within the relevant planning periods (short term, medium term, and long term).

- d) The primary benefit of assessing a comprehensive range of alternatives (which includes NWA) based on their quantifiable characteristics³ is the potential to achieve an improved trade-off between cost, risk and service (system reliability). For a given risk and reliability profile this would translate into reliable energy at the lowest possible cost.

³ Technical, Environmental, Social and Economic.

MEED/CC I-2

Part and Chapter:	Midgard Evidence, part 6 (Asset Management)	Page #:	
Topic:	Non-Wires Alternatives		
Subtopic			

Preamble (if any): The following response to MEED/MH I-12 indicates that Manitoba Hydro expects to incur approximately \$6 million in capital costs annually for service upgrades:

In Millions \$	Actual						Budget	Test Year			
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24		2024/25	2025/26	2026/27	2027/28
Capacity Upgrades - Small Scope											
Gross costs (excludes contributions)	5.7	5.9	5.4	6.1	5.5	6.0	5.8	6.1	6.2	6.4	
Contributions	(1.4)	(1.2)	(1.7)	(2.0)	(1.7)	(2.0)	(1.6)	(1.7)	(1.7)	(1.8)	
Net Capacity Upgrades - Small Scope Costs	\$ 4.3	\$ 4.7	\$ 3.7	\$ 4.1	\$ 3.8	\$ 4.1	\$ 4.2	\$ 4.4	\$ 4.5	\$ 4.6	
Work order count with actuals	2,729	2,272	2,061	2,246	2,128	1,911					
Approximately 11% have costs in multiple years	(312)	(259)	(235)	(256)	(243)	(218)					
Estimated unique work order count*	2,417	2,013	1,826	1,990	1,885	1,693					

Question:

- a) Does Midgard agree that Manitoba Hydro should assess the feasibility and potential savings from offering customers seeking a service upgrade an alternative option via a load sharing device (e.g. circuit pauser or smart panel)?⁴

Rationale for Question:

This question is intended to explore options to reduce costs.

Response:

- a) If the intention of the question is to elicit Midgard’s endorsement for changing the available Capacity Upgrade budget for MH in the test period, the answer is no. MH has specific resource constraints and objectives on which its test period budget is based. Evaluating, piloting, and implementing alternative load-sharing alternatives does not appear to be included in that test period budget.

However, Midgard is not attempting to minimize or undermine the potential ratepayer value that could be unlocked by a load-sharing device alternative. As stated in response to MEED/CC I-1(d), a comprehensive range of alternatives (which includes NWAs) evaluated based on their quantifiable characteristics has the potential to reduce ratepayer costs for a given risk and reliability profile. As such, MH should assess alternatives if there is evidence that alternatives are

⁴ <https://www.passivehousecanada.com/wp-content/uploads/2023/08/20231026-Electrification-without-a-service-upgrade-report.pdf>

available which could provide material ratepayer benefits, and such evidence should be made available by interested interveners if MH does not appear to have such information in its possession.

Midgard provides no opinion on the ratepayer value of load-sharing devices in the MH context, as there is insufficient evidence on the record of the proceeding to support such an opinion.

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Part and Chapter:	Midgard Evidence, part 6 (Asset Management)	Page #:	
Topic:	Capital Planning		
Subtopic	Energy Transition Planning		

Preamble (if any): Manitoba Hydro’s long term load forecasting is based on an assumption that gas heating increases substantially between now and 2050 (see MEED/MH I-10a-j, p. 3). This is inconsistent with achieving net zero greenhouse gas emissions by 2050 seeing as 17% of Manitoba’s GHG emissions arise from the combustion of methane gas (see MEED/MH I-10a-j, p. 3). This is also inconsistent with studies of the cost-effective pathways to decarbonize Manitoba, including a study prepared for the Canadian Climate Institute by Energy Super Modelers and International Analysts (“ESMIA”) that found that gas use in buildings will decline by 93% if Manitoba achieves the most cost-effective pathway to net zero.⁵ This is also inconsistent with the federal government’s 2030 Emissions Reduction Plan prepared under s. 9 of the *Canadian Net-Zero Emissions Accountability Act*, S.C. 2021, c. 22, which projects emissions from buildings declining by 41% between 2019 and 2030 (from 91 to 53 Mt CO2 eq).⁶

Question:

- a) Does Midgard agree that Manitoba Hydro’s capital planning processes should analyze one or more alternative load growth scenarios based on the potential pace of electrification of transportation and heating?
- b) Does Midgard agree that ratepayers face a risk that Manitoba Hydro builds assets today that must be prematurely replaced to meet higher-than-expected electricity demand in the future, especially demand arising from the electrification of heating.
- c) Does Midgard agree with the facts set out in the preamble?

Rationale for Question:

This question is intended to explore whether Manitoba Hydro is appropriately sizing assets in light of future load growth and, more generally, whether Manitoba Hydro’s capital planning processes have due regard to potential load growth from electrification of heating.

⁵<https://climateinstitute.ca/wp-content/uploads/2024/06/Heat-Exchange-Report-Canadian-Climate-Institute.pdf>

⁶<https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030.html>

Response:

- a) MH's capital planning should be based upon the results of a resource planning exercise that analyzes multiple load growth scenarios. The composition of the relevant scenarios will include, but are not limited to, factors such as the potential pace of transportation and heating electrification. There are many factors that will contribute to the range of scenarios that MH evaluates.

As stated in response to MEED/CC I-3(c), for a provincial utility, energy and capacity constraints and available resource alternatives are typically evaluated as part of an integrated resource planning process, which is forthcoming in Manitoba. Accordingly, Midgard expects that such a proceeding will include discussion of the scenarios on which MH should base its capital plans.

Midgard finds the summary provided by Melissa Davies of MNYD Consulting Inc. to be instructive regarding the uncertainties of future load growth:

*"The 20-year load forecast includes 1.3% forecast annual average growth even though actual average load growth has been 0.1%/year over the past 10 years. Long-term energy growth in the load forecast is being driven by electric vehicle usage, accounting for almost 40% of the load forecast's growth by 2043/44, which in actuality is uncertain given federal government easing of EV mandates. It is also being driven by General Service Top Consumer growth of 1.6% on average per year even though these consumers have seen a yearly decrease of -1.2% over the last 10 years. Currently there is considerable uncertainty for new/expanding industrial customers in the future with the introduction of Bill 28 (which amends The Manitoba Hydro Act to add new regulations and costs for service extensions above 5 MW). While the 20 year load forecast is in scope for this proceeding, a comprehensive review of long-term demand is more appropriately reviewed a forthcoming Integrated Resource Plan (IRP) proceeding, when forecasts for both supply and demand (especially electrification potential) can be equally assessed to ensure assumptions are consistent and reasonable;"*⁷ [footnotes omitted]

- b) Midgard is primarily concerned that MH is planning to build assets in the planning period without sufficient supporting evidence that the assets require replacement to meet forecast electricity demand in the planning period. The issue of higher-than-expected or lower-than-expected demand in the future was not evaluated specifically by Midgard as it is outside Midgard's scope of work in this proceeding, but has been evaluated by others in this proceeding (see answer to MEED/CC I-3(a) above).

Since MH is an electrically mature utility that has transitioned to asset sustainment, changes in the trajectory of electricity demand will occur smoothly over time and not regularly exhibit abrupt step changes in growth rate (e.g., a sustained step

⁷ Exhibit GSS-GSM-05, Section 2.0, p. 7.

change from a historic 0.1% per year to 1.3% going forward). It will take time and sustained effort to change the electrical load growth trajectory of an electrically mature province that has transitioned to asset sustainment. As stated by Midgard in its evidence in the prior GRA:

*“Manitoba Hydro, like all other mature North American utilities, needs to better manage the trade-off between investing in its fully or mostly depreciated existing asset base versus replacing it with new assets. As a consequence, transitioning from a “high growth build it and we will quickly grow into it strategy” (e.g., MH’s pre-1985 strategy) to an asset sustainment and optimization strategy (i.e., a mature lower growth utility strategy) is a major driver for the North American continent-wide transition to modern asset management practices which focus on extracting more value from assets.”*⁸

As such, given that MH has a forthcoming integrated resource planning proceeding and considering that potential increases in electricity growth rates tend to change smoothly over time (rather than exhibit step changes), MH should be able to adequately respond to changes in electricity growth rate trajectory in future integrated resource plans and GRAs.

- c) The preamble states that “Manitoba Hydro’s long term load forecasting is based on an assumption that gas heating increases substantially between now and 2050 (see MEED/MH I-10a-j, p. 3)”. The table provided in response to MEED/MH I-10(a)⁹ lists the number of customers that will be using the different types of heating (e.g., Electric Baseboard, Gas High Efficient Furnace, Gas Standard Efficient Furnace), not the quantity of energy consumed by those different customers. As such, Midgard is unable to quantify what consumption is forecast for those customers.

The preamble states “*This is inconsistent with achieving net zero greenhouse gas emissions by 2050 seeing as 17% of Manitoba’s GHG emissions arise from the combustion of methane gas (see MEED/MH I-10a-j, p. 3)*”. Midgard assumes that the reference to “17% of Manitoba’s GHG emissions” is referencing MH’s statement in response to MEED/MH I-10(i).¹⁰ Midgard accepts MH’s statement in response to MEED/MH I-10(i)¹¹ as valid because Midgard has reviewed no evidence to the contrary. However, Midgard cannot evaluate the consistency of evidence provided by MH because the preamble does not provide evidence upon which to perform such a comparison. Specifically, the number of customers cannot be equated to the GHG emissions based on the evidence reviewed by Midgard.¹²

⁸ Midgard Consulting Inc. Evidence filed in Manitoba Hydro 2023/24 & 2024/25 GRA, Exhibit CC-8, Section 6, p. 28. [Link](#).

⁹ Manitoba Hydro Response to MEED/MH I-10(a), p. 3 of 7.

¹⁰ Manitoba Hydro Response to MEED/MH I-10(i), p. 7 of 7.

¹¹ Manitoba Hydro Response to MEED/MH I-10(i), p. 7 of 7.

¹² Manitoba Hydro Response to MEED/MH I-10(a-j).

Similarly, without a quantification of forecast customer energy consumption, Midgard is unable to evaluate the decarbonization paths and emission reduction plans referred to in the remainder of the preamble.

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Part and Chapter:	Derkson Evidence, p. 30	Page #:	
Topic:	Capital Planning		
Subtopic	Energy Transition Planning		

Preamble (if any): Manitoba Hydro’s long term load forecasting is based on an assumption that gas heating increases substantially between now and 2050 (see MEED/MH I-10a-j, p. 3). This is inconsistent with achieving net zero greenhouse gas emissions by 2050 seeing as 17% of Manitoba’s GHG emissions arise from the combustion of methane gas (see MEED/MH I-10a-j, p. 3 and MEED/MH II-4). This is also inconsistent with studies of the cost-effective pathways to decarbonize Manitoba, including a study prepared for the Canadian Climate Institute by Energy Super Modelers and International Analysts (“ESMIA”) that found that gas use in buildings will decline by 93% if Manitoba achieves the most cost-effective pathway to net zero.¹³ This is also inconsistent with the federal government’s 2030 Emissions Reduction Plan prepared under s. 9 of the *Canadian Net-Zero Emissions Accountability Act*, S.C. 2021, c. 22, which projects emissions from buildings declining by 41% between 2019 and 2030 (from 91 to 53 Mt CO₂ eq).¹⁴

Question:

- a) Does Ms. Derkson agree that Manitoba Hydro’s capital planning processes should analyze one or more alternative load growth scenarios based on the potential pace of electrification of transportation and heating?
- b) Does Ms. Derkson agree that ratepayers face a risk that Manitoba Hydro builds assets today that must be prematurely replaced to meet higher-than-expected electricity demand in the future, especially demand arising from the electrification of heating.
- c) Does Ms. Derkson agree with the facts set out in the preamble?

Rationale for Question:

This question is intended to explore whether Manitoba Hydro is appropriately sizing assets in light of future load growth and, more generally, whether Manitoba Hydro’s capital planning processes have due regard to potential load growth from electrification of heating.

¹³ <https://climateinstitute.ca/wp-content/uploads/2024/06/Heat-Exchange-Report-Canadian-Climate-Institute.pdf>

¹⁴ <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/emissions-reduction-2030.html>

Response:

Response to Questions a)-c):

For purposes of this proceeding, Ms. Derksen has been retained to provide evidence largely related to Phase II ratemaking (that is class cost to serve and rate design), in addition to the load forecast underpinning the Corporation's rate application for purposes of assessing the reasonableness of the advancement of capacity and energy resources influencing MH's rate requests. The requested information is largely beyond her retainer for this Application, and generally more appropriately asked as part of MH's upcoming IRP review.

To the extent that the Corporation's load forecast is driving, in part, the rate requests in this Application, Ms. Derksen's evidence raises concern regarding the proposed advanced need of resources, on a general basis.

To the extent that parties view the need for specific analysis, such as alternate load growth scenarios, in order to inform resource need/decisions, such information is likely best addressed in a pre-process scoping and minimum filing requirements review held by the PUB.

**Manitoba Hydro Fiscal 2026-2028 General Rate Application
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October 15, 2025**

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Part and Chapter:	Derkson Evidence, p. 52	Page #:	
Topic:	Supply/Demand Position		
Subtopic			

Preamble (if any):

The basis for Manitoba Hydro’s purported need for additional winter capacity in 2030/2031 is found in the following table from the pre-filed evidence:

Manitoba Hydro
Fiscal 2026 to 2028 General Rate Application

Appendix 4.3– 2024 Proxy Development Plan Tables
Page 1 of 3

Figure 1: 2024 Proxy Development Plan Winter Peak Capacity Supply & Demand Table

System Firm Winter Peak Demand and Capacity Resources (MW) 2024 Proxy Development Plan																					
Fiscal Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45
Supply																					
New Power Resources																					
1 Total New Hydro	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2 Total New Thermal	0	0	0	0	0	0	496	496	496	496	496	496	496	496	496	496	496	496	496	496	496
3 Total New Wind	0	0	0	0	0	40	80	80	80	111	111	111	111	114	114	120	120	120	120	120	120
4 Total New Independent Power	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5 Total New Power Resources	0	0	0	0	0	40	536	576	576	607	607	607	607	610	610	664	664	664	664	664	664
Base Supply Power Resources																					
Existing and Committed Hydro	5739	5754	5793	5812	5812	5808	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814	5814
Existing Thermal	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278	278
Existing Independent Power	52	52	52	52	52	52	52	31	31	31	31	31	31	31	31	31	31	31	31	31	31
Scheduled Outages	-100	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150	-150
Contracted Imports	700	700	700	650	500	500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6 Total Base Supply Power Resources	6669	6634	6673	6642	6492	6488	5995	5974	5974	5974	5974	5974	5974	5970	5970	5943	5943	5943	5943	5943	5943
7 Total Power Resources @ Point of Supply	6669	6634	6673	6642	6492	6528	6531	6550	6550	6581	6581	6581	6581	6580	6580	6807	6807	7055	7055	7303	7303
Demand																					
2024 Electric Load Forecast	4694	4793	4927	5003	5061	5120	5181	5253	5332	5429	5540	5657	5779	5903	6031	6161	6293	6454	6644	6842	7012
Efficiency Manitoba's 2024 Update of the DSM Forecast	-37	-62	-87	-117	-149	-181	-215	-249	-285	-322	-361	-402	-441	-481	-522	-566	-606	-630	-676	-724	-766
2024 Demand Response Forecast	0	0	0	0	-10	-23	-65	-96	-129	-137	-147	-161	-179	-181	-183	-186	-137	-137	-190	-190	-194
2024 Curtailable Rate Program Option A Forecast	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151
Manitoba Net Load @ Common Bus	4505	4580	4689	4735	4751	4764	4750	4757	4766	4818	4881	4944	5007	5090	5174	5258	5399	5536	5626	5776	5902
Manitoba Transmission Losses	276	284	293	294	296	295	263	262	259	261	268	275	283	294	305	302	320	322	334	338	358
8 Manitoba Net Load @ Point of Supply	4781	4864	4982	5028	5046	5059	5014	5019	5025	5079	5149	5218	5290	5383	5478	5560	5719	5858	5961	6114	6259
Contracted Exports	1228	813	813	743	667	672	565	565	565	565	565	565	315	315	315	315	315	215	215	215	215
Total Exports @ Border	1228	813	813	743	667	672	565	565	565	565	565	565	315	315	315	315	315	215	215	215	215
Export Transmission Losses	69	14	15	13	23	23	75	74	74	74	77	43	43	43	45	45	32	33	36	37	40
9 Total Exports @ Point of Supply	1297	827	828	756	690	695	640	639	639	639	642	358	358	358	360	360	247	248	251	252	255
10 Total Peak Demand @ Point of Supply	6078	5692	5810	5785	5736	5755	5654	5658	5664	5718	5791	5576	5648	5742	5839	5920	5966	6105	6212	6366	6515
11 Planning Reserves @ Point of Supply	582	585	600	605	608	610	611	611	612	618	627	631	640	651	663	673	690	707	720	738	756
12 System Surplus/Deficit @ Point of Supply	9	357	264	252	148	163	266	280	274	244	163	374	293	188	79	214	150	242	124	199	32

Since that table was produced, Manitoba Hydro has secured 200 MW incremental capacity in 2030, reducing the purported supply deficit to 300 MW (see MEED/MH I-7c).

Manitoba Hydro forecasts spending over \$90 million during the rate term on the thermal plants that may be built to address the purported supply deficit, over \$60 million of which will be incurred before the IRP is adjudicated by the PUB (see MEED/MH I-6a-d).

Manitoba

Question:

- a) Does Ms. Derkson agree that there would be significant benefits to finding solutions that would allow the utility to safely defer the spending on the new thermal plants until at least after the IRP proceeding is complete and a final decision on

resources has been made? If yes, what does she recommend that the PUB direct Manitoba Hydro to do in that regard?

- b) Figure 1 shows -150 MW in 2030/31 due to “scheduled outages” despite the capacity deficit forecast in that year. Manitoba Hydro indicated that it cannot avoid these scheduled outages occurring during the winter peak of 2030/31 by advancing or deferring the scheduled work (see MEED/MH II-2d). Does that appear reasonable to Ms. Derkson? If not, what does she recommend that the PUB direct Manitoba Hydro to do in that regard?
- c) Figure 1 shows a significant decline in imports in 2030/31. Manitoba Hydro has not yet attempted to contract for winter import capacity (MEED/MH II-2b). Does Ms. Derkson recommend that the PUB direct Manitoba Hydro to take any steps in that regard?
- d) The response to MEED/MH I-8a-d indicates that approximately 500 MW peak capacity could be secured by converting resistance heating to geothermal heating in Manitoba’s housing stock. Does Ms. Derkson believe that additional programming to encourage geothermal heating should be explored as one of the ways to help avoid the need to construct thermal plants or other resources to meet winter peak needs?
- e) Figure 1 shows 565 MW of power exports at the time of the winter peak in 2030/2031 despite the capacity deficits forecast for those years. The relevant contracts are discussed in MEED/MH I-7f. Does Ms. Derkson have any comments on reasonable steps that could be taken to reduce these export obligations?

Rationale for Question:

This question is intended to explore whether steps can be taken to reduce or defer the costs discussed in the preamble.

Response:

Response to Questions a)-e):

For purposes of this proceeding, Ms. Derksen has been retained to provide evidence largely related to Phase II ratemaking (that is class cost to serve and rate design), in addition to the load forecast underpinning the Corporation’s rate application for purposes of assessing the reasonableness of the advancement of capacity and energy resources influencing MH’s rate requests. The requested information is largely beyond her retainer for this Application, and generally more appropriately asked as part of MH’s upcoming IRP review.

That said, to the extent that the Corporation’s load forecast is driving, in part, the rate requests in this Application, Ms. Derksen’s evidence raises concern regarding the proposed advanced need of resources to 2029/30 & 2031/32, well before the need dates

anticipated as part of NFAT and without adequate justification. On this basis, the need to seek interim or other stop gap remedies before 2037 may be premature.