



First Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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**STANDING COMMITTEE**  
on  
**PUBLIC UTILITIES**  
and  
**NATURAL RESOURCES**

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39 Elizabeth II

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*Chairman*  
*Mr. Ben Sveinson*  
*Constituency of La Verendrye*



**VOL. XXXIX No. 7 - 10 a.m., TUESDAY, NOVEMBER 20, 1990**



**MANITOBA LEGISLATIVE ASSEMBLY  
Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARR, James	Crescentwood	Liberal
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CONNERY, Edward, Hon.	Portage la Prairie	PC
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Clif	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
HARPER, Elijah	Rupertsland	NDP
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALLOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
NEUFELD, Harold, Hon.	Rossmere	PC
ORCHARD, Donald, Hon.	Pembina	PC
PENNER, Jack, Hon.	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES**  
**AND NATURAL RESOURCES**  
**Tuesday, November 20, 1990**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Ben Sveinson (La Verendrye)**

**ATTENDANCE - 11 — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Enns, Neufeld, Orchard

Messrs. Carr, Doer, Gaudry, Hickes,  
McAlpine, Reimer, Mrs. Render, Mr.  
Sveinson

**APPEARING:**

Steve Ashton, MLA for Thompson

A. Brian Ransom, Chairman, The Manitoba  
Hydro-Electric Board

Robert B. Brennan, President and Chief  
Executive Officer, The Manitoba Hydro-  
Electric Board

Ralph O. Lambert, Executive Vice-  
President, The Manitoba Hydro-Electric  
Board

**MATTERS UNDER DISCUSSION:**

Annual Reports of The Manitoba  
Hydro-Electric Board for the years ended  
March 31, 1989, and March 31, 1990.

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**Mr. Chairman:** I call the Standing Committee on Public Utilities and Natural Resources to order to consider the Annual Reports of The Manitoba Hydro-Electric Board for the fiscal years ended March 31, 1989 and March 31, 1990.

I would like to remind all Members that the business before the committee is the Annual Reports for The Manitoba Hydro-Electric Board for the fiscal years ended March 31, 1989 and March 31, 1990. I would urge all Members to keep their questions relevant to the business contained within these reports.

**Mr. Gary Doer (Leader of the Opposition):** We will

accept the invitation of the Minister from last meeting which is in Hansard that we would have the questions as wide-ranging as you wish. I think we were having those kinds of discussions.

A couple of questions arise out of last session, and I would like to thank the Minister, the staff of Hydro and the chair of the board for being able to accommodate the legislative committee so quickly after the last one and to schedule other meetings that I think are necessary.

There was some confusion last week on the dates and the probabilities of environmental hearings. It is literally a week and a half now to the expected date of the Public Utilities Board report, and yet we do not know whether we are proceeding with a provincial hearing, a provincial-federal joint hearing, a provincial hearing, federal hearing and an Ontario hearing. The Minister was going to check back with the Minister of Environment (Mr. Cummings) and advise this committee. Could the Minister please advise us of the present status of those necessary steps in the Conawapa approval?

**Hon. Harold Neufeld (Minister responsible for The Manitoba Hydro Act):** The Minister of Environment is still awaiting discussions with the federal Minister and their staffs to see the procedures that are to be followed.

**Mr. Doer:** The federal Minister is under a considerable credibility problem, given the Rafferty-Alameda situation, Mr. Chairperson. His credibility was severely challenged again in Parliament yesterday on the Rafferty-Alameda situation, the lack of enforcing the federal law and the subsequent court decisions.

What is the contingency plan for Hydro today on the basis that the PUB comes out with a decision in a week and a half and there is no agreement with the federal Government on a process? Will the Government be immediately filing with the Clean Environment Commission of the Manitoba process and assuming that they will have to fulfill a federal process after that, or will they be filing directly to the

federal Government, as it was suggested they did with the last construction licences that were granted with conditions to Hydro just recently?

**Mr. A. Brian Ransom (Chairman, The Manitoba Hydro-Electric Board):** Mr. Chairman, in the absence of some other acceptable alternative, then Hydro will proceed on the basis of separate reviews assuming the most stringent requirements.

**Mr. Doer:** Will they be filing one to the provincial licensing body and then to the federal, or will they be filing together with both bodies?

**Mr. R. B. (Bob) Brennan (President and Chief Executive Officer, The Manitoba Hydro-Electric Board):** It has already been done now. We have applied to both parties.

**Mr. Doer:** Last week we asked the Minister if the environmental impact proposal by Hydro had been prepared and could the Minister please make it public? If you have applied, you have obviously prepared the environmental assessments. Could we receive copies of those? I am sure they are public documents.

\* (1005)

**Mr. Brennan:** Yes, the position as to where we are right now will be filed.

**Mr. Doer:** I was wondering, given the fact that we filed with the federal Government, can Members of this committee get it this morning, the copies of those documents, environmental assessment proposals?

**Mr. Brennan:** We will give you what we filed.

**Mr. Doer:** Does that mean a complete environmental assessment proposal has been prepared?

**Mr. Brennan:** I think they are in various stages of completion; I think Conawapa is in a more advanced stage than the Bipole, but we will give you what is available now.

**Mr. Doer:** Am I to assume then it is not complete? Given that in a week and a half we should get tentatively either approval or denial of the Public Utilities Board cost benefit, we literally have days before the process is to begin. Quite frankly, the PUB did delay even their expected date of decision. I guess the question to the Minister is: Why are those not fully completed, and public if they are not already completed?

**Mr. Brennan:** At this point I believe based on—we certainly did not want to spend money before we

really had to. Having said that, we are going as fast as we can at this particular point. I think in the case of the one facility the assessment is almost complete.

**Mr. Doer:** That is totally inconsistent with the Minister's statement that we had to spend money on Conawapa notwithstanding the approval process at PUB because inevitably Conawapa will be built, so I guess we are a little confused.

How much will an environmental assessment proposal cost, and how does that square with the \$60 million-some-odd that has already been allocated and spent on the start-up of the Conawapa project?

**Mr. Brennan:** The planning studies that we have given the numbers for previously include that type of work as part of our preliminary investigation.

**Mr. Doer:** I understand that. Can the committee be aware of how much it costs for the environmental proposals for the federal and provincial Governments?

**Mr. Brennan:** We will dig that out for you and make it available.

**Mr. Doer:** Is it \$2 million, \$1 million, approximately? I am a little curious that we have not fully prepared the environmental assessment literally a few days before the process has to begin. I was wondering why we have proceeded with the capital costs, the allocations of \$60 million, and the environmental assessment proposal which I would imagine to be under \$5 million, if I am correct? I still do not feel I have the answer to the question in terms of the priorities of the approval process. We have capital costs already tied into Conawapa which the Minister argues are necessary, and we have not yet, literally hours before the PUB decides, a full environmental assessment, and the reason given is cost. Can you please give me the round figure of how much that assessment cost?

**Mr. Brennan:** Could you repeat the first part of your question, because I do not think I agreed with that first part? The cost though I would think would be under \$5 million as you suggest. I was not sure I agreed with your other comments.

**Mr. Doer:** Will the full environmental assessment proposal from Hydro, which I would have thought would have been ready for almost a year, be ready and public on the decision of the Public Utilities Board?

\* (1010)

**Mr. Brennan:** No, part of the process in going through the environmental hearing process—well, we have already started in the case of the line. We are consulting with people, talking to people, finding out what types of things we have to be concerned about and react to. That is all part of the environmental process.

**Mr. Doer:** Given the potential penalties in the proposed agreement with Ontario, would it not be prudent—I argued last week that it would be prudent to not have had penalties on either side if proper environmental licensing was proceeding pursuant to court decisions on Rafferty-Alameda and Oldman River, and the chair of the board agreed that in an ideal world that would have been perhaps better.

My question is: What jeopardy do some of these penalties have for us given, the fact that 12 months after the Premier (Mr. Filmon) announced the agreement with the Ontario Premier, we still do not have a proposed environmental assessment ready to go?

**Mr. Brennan:** The only physical work we are prepared to do is that work for which we will have a licence. At this point we have the licence for the road and the construction power, and we will not do any more physical work without a licence.

**Mr. Doer:** Yes, but you cannot get a licence without an environmental assessment proposal. My question becomes to the Minister: Is he assured from a management perspective that the environmental assessment proposals will be ready to go and will not be delayed unduly and jeopardize funds that have been negotiated to be in a potential penalty clause with Ontario?

**Mr. Neufeld:** Mr. Chairman, I am satisfied that Manitoba Hydro is proceeding the way they should towards an assessment and that they are doing the work necessary in advance of the hearings.

As the hearings proceed, undoubtedly there will be questions asked of them that require work that they may not have foreseen, but as far as I am concerned as we sit here today, they have done the work necessary in advance of the hearings to proceed as efficiently and as quickly into the hearings as possible.

**Mr. Doer:** The Minister is satisfied that 12 months after the Premier announced the deal with Ontario and 12 months after the Premier announced environmental assessments would take place, that

they are not completed in Hydro, he is satisfied with that at this point?

**Mr. Neufeld:** I think that Hydro has done the work necessary at this stage that they should have done in advance of the hearings. Mr. Ransom and Mr. Brennan have both raised their hands to add to that statement.

**Mr. Ransom:** I would like to point out, Mr. Chairman, that the environmental assessment processes were speeded up soon after I became chairman of the board at Manitoba Hydro. The situation that prevailed at the time was that there was negotiation ongoing with the Upper Mississippi Power Group for a 550 megawatt sale that would have started in 1997 and 1998 which, had it been concluded, would have required Conawapa to be in place and generating by at least 1998 and would have had virtually no time whatsoever for a thorough environmental review or for any review before the Public Utilities Board.

It is only since that, that we have been able to have our timing in such a way that it allows us to do a thorough and appropriate environmental review, plus the public hearings by the Public Utilities Board.

**Mr. Brennan:** Maybe we should get Mr. Lambert to describe the complete environmental process.

\* (1015)

**Mr. R. O. (Ralph) Lambert (Executive Vice-President, The Manitoba Hydro-Electric Board):** Maybe we should discuss it just a little bit, the generation separate from the transmission. On the generation area, of course, because Conawapa is on the Nelson, there has been a multitude of environmental reports produced over the years going back 15 and more years. More recently we have done fairly detailed environmental work associated with the Conawapa station, and that was done primarily by consultants to Manitoba Hydro.

Those studies are, I believe, virtually complete and available along with our application to both the federal Government and the provincial Government separately, in terms of the generation.

Now, a couple of comments you should be aware of and that is the Conawapa site is what we call "site specific." We know exactly where it is going to go in the river, and as a result we can zero in on the kind of considerations that have to take place.

Also, you should be aware that the construction schedule for the generation is somewhat longer than for the transmission. Now, with the

transmission line the kind of process that is followed there is not really site specific.

The whole process of environmental review is to lead up to selecting an appropriate route for the transmission, and it is a process whereby we collect information and we discuss the issues with the communities that are in the proximity of where the line might go. Ultimately that leads to the selection of a specific route that the line would be built on.

To date we have a study area outlined, which includes both the east side and the west side of Lake Winnipeg. We have had a fair amount of discussion with the communities involved, and we are gradually putting that together, and ultimately from that we will select a corridor, a corridor being a fairly wide band coming from north to south on either the west or the east side. Ultimately out of that process, we will select a specific route. That is all embodied in the process, so it is one that will go on for a long period of time. That process naturally is a little bit behind in a sense of the generation, but it is a different kind of process also.

**Mr. Doer:** The obvious fact is that going west will cost more than going east, based on Hydro's information filed with the Public Utilities Board, as I understand it. Therefore, the 2 to 4 ratio which was revised by Hydro I believe at the Public Utilities Board to about 1.77 I think—I am just trying to recall that—would be even less in terms of cost benefit if the environmental assessment determined it would go west rather than east of Lake Winnipeg, would it not?

**Mr. Lambert:** Yes, to the extent that our costs increase, of course, the benefit costs would go down. I might add that is a relatively small number in the context of the bigger numbers of the whole project.

**Mr. Doer:** Is the cost benefit that was originally described as 2 to 1 presently at 1.1 to 1.7?

**Mr. Lambert:** If I recall the numbers correctly, I think that when we entered into the contract, we were in excess of 2 to 1; it was around 2.17 to 1. I believe with the passage of time and with the other initiatives that we have undertaken, I think we are down to around 1.7 or 1.8 to 1.

**Mr. Doer:** The Premier made an announcement about how much profit that would be 12 months ago. What would be the reduction in the alleged profitability of this from his announcement to the numbers you just quoted today? That is quite a drop.

**Mr. Brennan:** The main reason why the cost-benefit ratio dropped was because it was broken apart. The diversity was taken out of it. The diversity arrangement which created part of the profit or benefit was taken out of it.

\* (1020)

**Mr. Doer:** I understand that, but there is a drop then of revenue from the alleged sale, would there not be?

**Mr. Brennan:** The benefits are still approximately the same.

**Mr. Doer:** I do not want to duplicate the PUB process. I know they are going through it. As I said at the first meeting, there are enough hearings we are going to go through. We just want to look at the broad policy issues. We do note that the cost benefit has decreased quite a bit, and we will just keep watching that situation. As I said, I do not want to duplicate the PUB.

I have a couple of other questions that we left outstanding from last week's meeting. The Minister was going to take under advisement the comments made from Dr. Chamberlin who was retained as a consultant to Manitoba Hydro. He is normally a consultant to the utilities, and he usually defends the utility position, wherein he admitted, "If you pressed me to bet my pension"—how many people would bet their pensions?—"it is possible for Hydro to achieve something perhaps as much as 4 or 5 percent of conservation."

The Minister said he would take that as notice on last Thursday's meeting and square that with the goal or target of 100 megawatts or 2 percent.

**Mr. Neufeld:** If Mr. Doer had bothered to read to us the next sentence in Dr. Chamberlin's remarks that—I will read it for him: "It is possible an amount less than the 2 percent is all that can be achieved. I do not know, and I do not know that anybody does."

**Mr. Doer:** Yes, but he does bet his pension on the 4 to 5 percent; he does not bet his pension on the other part. My further question to the Minister is: The other utilities have recently established targets. British Columbia is 5.9 percent, Quebec is 5.6 percent, Ontario is 6.7 percent. Why has Hydro set as a target, and we are talking targets, we are not talking—you know, we do not know in the year 2000-2001 what actually will be achieved—but why have we established a target that is so low in relative terms to other provinces that have moved their utilities conservation rates up considerably?

**Mr. Ransom:** The target was initially established by the board of Manitoba Hydro, Mr. Chairman, so perhaps I could respond to that. Hydro had no targets at all for demand-side management at the time that I became chairman of Manitoba Hydro. Under the previous board and the direction of the previous Government, there were no targets set for demand-side management.

All of the thrust was to try and enter into sales that would accelerate construction of power plants such as the 200 megawatt sale to Ontario that began towards the end of this decade at a time that the power from Limestone would be coming to be used up, or the sale to the upper Mississippi Power Group, which would have seen Conawapa required by 1997 or 1998.

For Manitoba Hydro to adopt a target for demand-side management at all was a very significant step forward that was only taken within a little over the last year in time. The reason for selecting 100 megawatts was that it was judged to be an amount that would be sufficient to result in the delay of the next construction requirement after Conawapa or Wuskwatim, whatever the new source of supply would be that would be required at the end of the decade. It was to result in a delay of at least one year, which then allows for the appropriate pricing of the power saved at the avoided cost, instead of at what revenue could be achieved by selling the surplus power.

To have selected 100 megawatts as a minimum, of course, does not preclude going ahead with a larger target. Indeed, I believe I am correct to say and ask Mr. Brennan to correct me if I am not, that if Manitoba Hydro gets the approval from the Public Utilities Board to proceed with the Ontario sale and to build Conawapa, and the appropriate environmental licences are in place and it goes ahead, then it is still more profitable to achieve a larger target of, say, 200 megawatts.

\* (1025)

It should be understood that proceeding with the Ontario sale and Conawapa does not render further demand-side management unattractive to the utility.

**Mr. Neufeld:** I would like to add to that, and I have said this before, Mr. Chairman, that Manitoba Hydro must in planning its next generation take into account demand-side management targets that they know to be achievable, not those they hope are achievable.

**Mr. Doer:** Well, I thank the chair and the Minister on that. I agree it does not preclude us in any way, shape or form for having higher targets. I guess that is why we are asking the questions. I think the chair of the board knows that demand-supply management has been accelerated and initiated in other utilities and jurisdictions quite a bit in the last number of years, and it will probably continue to be a goal of the public and public utilities as we continue on into the '90s.

I want to move just slightly; I want to come back to this point. Wuskwatim, the chair of the board mentioned Wuskwatim—I always pronounce it incorrectly so do not—the next dam on the Burntwood River is—I always do this—is now advanced, I understand by testimony, by the sale to Ontario. Can the Minister tell us how many years the next project is advanced because of the 1,000 megawatt sale?

**Mr. Brennan:** In actual fact, when we were looking at what was the best option for meeting Manitoba requirements, Wuskwatim was almost a preferred situation, so the Ontario sale probably made that decision for us and put it back later in the sequence.

**Mr. Doer:** I understand that, but if we did not have the sale and only built Conawapa for our own use, Wuskwatim or the next project would be a lot longer—1,000 megawatts are being sold. My question is: How many years did this advance the need for the next project for domestic use in Manitoba?

**Mr. Brennan:** We will have to get that for you.

**Mr. Doer:** Can you just give me an approximate—I think it was six years, I thought was in the testimony of the Public Utilities Board. I am just recalling the testimony. I know you gave an answer to the PUB. I think it is six years, is it not?

**Mr. Brennan:** It does not sound unreasonable, but I would have to check.

**Mr. Ransom:** Mr. Chairman, on a general note here, because a lot of the discussion on the Public Utilities Board centred around this, was the interest of the Northern Flood Committee, especially when Wuskwatim would be required, and they were particularly interested in what possibilities there were to essentially delay Wuskwatim indefinitely.

I believe that is where there is a very considerable potential for delay of Wuskwatim. If the decision is made to proceed with the Ontario sale and Conawapa, that is really the only decision that is

being taken at this time. Beyond that, there really are a great many alternative ways that the next plant, Wuskwatim or whatever else, could be delayed for a very substantial period of time.

**Mr. Doer:** I am assuming that the six years I recall out of the Public Utilities Board testimony, and I agree with the chair of the board on looking for options on this next project, but six years advancement with the Ontario sale and one year delay with the energy conservation or demand-supply management, obviously the more we can raise the target on the demand side, the greater the flexibility we will have on the supply side. The question remains, and I am not denying for a moment that it was not a good initiative to start demand-supply management. I am just concerned about why we have not initiated a target similar to other provinces and utilities now, with the obvious advantages of the next project and therefore the increase in flexibility and options for all of us as Manitobans as we go into the next century.

\* (1030)

**Mr. Ransom:** I think it would be useful for the committee to understand that when the negotiations began with Ontario, or indeed when the agreement was entered into, the best information available at that time on the basis of the official load forecast and the financial forecast was that a new source of generation would be required for Manitoba's own use by 1999. The whole thrust of negotiations with Ontario Hydro was not to advance the construction of Conawapa at all, but to help carry the cost of the next plan.

It was only after a new load forecast and after the conclusion of diversity agreements with UPA and NSP plus the Thermal Life Assurance and the adoption of the demand-side management target that it then in hindsight appears to be an advancement of Conawapa, but in terms of the strategy at the time, it was not an advancement at all, so to set a target of 100 megawatts that followed upon that requirement in 1999 made a lot of sense. If we had known then what we know today, we might have looked at it differently and looked for a delay rather than an opportunity to help carry the cost of the plan.

**Mr. Doer:** I just want to pursue this though. The chair of the board would agree, if we were able to achieve levels of conservation, if our target was 6 percent comparable to other utilities and we were able to

achieve that by the year 2001 rather than the 2 percent target, it would increase the flexibility and options available for Manitobans in dealing with the supply of hydro-electric power.

**Mr. Ransom:** Yes, it would. That is a pretty fundamental question that the people of Manitoba and this committee and the Legislature would obviously have an interest in addressing. Is it desirable to delay any further construction as long as possible, or is it desirable to enter into a development that is economically viable? That is a very basic question of, I think most people in the province, and I think the indication from the Legislature has been that viable economic development of our hydro-electric resources is a desirable end. If the end is not to develop, of course, that is an entirely different thrust.

**Mr. George Hickes (Point Douglas):** To stay on the demand-supply management side of it, I would like to know what is the status of the Manitoba Energy Council that was previously in place.

**Mr. Neufeld:** The Energy Council was disbanded some two years ago. They had not met for some time before that, there was no likelihood of them meeting, and we disbanded.

**Mr. Hickes:** Could you give the reason this council would have been disbanded when we are concentrating on energy conservation?

**Mr. Neufeld:** They were disbanded because they were not meeting.

**Mr. Hickes:** Because they were not meeting?

**Mr. Neufeld:** That is right.

**Mr. Hickes:** Was the council under the direction of the Minister of Energy and Mines?

**Mr. Neufeld:** Yes.

**Mr. Hickes:** Could the Minister have not directed the committee to meet on a regular basis or more often or change the members of the council to ensure that took place for the benefit of all Manitobans?

**Mr. Neufeld:** The council had not met for a considerable period of time before we took office. The chairman resigned upon our taking office, and we decided to have the work of demand-side management and conservation done within our department and worked on in conjunction with Manitoba Hydro, so the departments of Manitoba Hydro and our own are working separately and together in the demand-side management field.

**Mr. Hickes:** For the Manitoba Energy Council, was

their role in energy conservation? We are talking about the insulation programs and stuff like that. Am I correct in that area?

**Mr. Neufeld:** No.

**Mr. Hickes:** Could you explain to me what the previous role was of the council?

**Mr. Neufeld:** As I said, they were set up by the previous Government and had not met for a considerable period of time when we took office, and the chairman resigned upon our taking office, so what the role was, you would have to ask the previous Government.

**Mr. Hickes:** Is there a program in place with your new conservation team like the way it is set up under Manitoba Hydro? Is there a program in place to assist the elderly and the people of Manitoba in low-cost loans for energy conservation?

**Mr. Neufeld:** We had in place low-interest loans for energy conservation projects, but that program was transferred to Housing, I believe.

**Mr. Hickes:** Is there a program in place now where the ratepayers of Manitoba could benefit from going to the compact fluorescent bulbs, the timers and stuff like that? Is there a program in place to rebate customers to conserve energy?

**Mr. Neufeld:** If you are asking me whether or not our department has in place a program for rebating customers for energy-efficient light bulbs or other electrical products, the answer is no, we have not within our department at this point in time a program rebating for energy-efficient appliances. I should say that Manitoba Hydro has in place a rebate for car timers.

**Mr. Hickes:** Is there a program in place within the Government facilities, buildings, whether they are with Hydro or other Government-owned or leased or rented facilities, to conserve energy, when we talk about changing to certain bulbs that I presume conserve a lot more energy than is in place now. Is there a strategy in place to deal with that?

**Mr. Neufeld:** If the question is: Is there a program in place or a planned program for the funding of such replacement, the answer is no. If the question is whether there is a planned program for encouraging users to switch to more efficient bulbs and appliances, the answer is yes.

**Mr. Hickes:** The question I was asking was: The province deals in a lot of buildings that are used for offices and warehouses and stuff like that. If the

compact fluorescent bulbs do save a lot of power, is there not a program in place to replace the bulbs as they burn out with the energy-saving bulbs?

**Mr. Neufeld:** We are moving into the area that is under the direction of the Minister of Government Services (Mr. Driedger), and I do not want to be presumptuous enough to deal with his department.

**Mr. Brennan:** In relation to what we have done within our own buildings, all our new buildings are totally built for energy conservation purposes. We are in the process of modifying some of our older ones. We have control systems installed in most of our larger buildings at this point, so we can control the light to whatever level is appropriate.

In addition to that, parking lots are in the process of being converted to high pressure sodium, which is an efficient bulb and that sort of thing; that is in relation to our own facilities. In addition to that, some of our industrial or some of our equipment or plants, we are looking at to see if we can make it more efficient as well.

\* (1040)

**Mr. Hickes:** In light of that, we have a target of 2.6 for Manitoba. If we look at Hydro Quebec, their target is 5.6, B.C. Hydro is 5.9, Ontario Hydro is 6.7, which are realistic goals, and ours is sitting at 2.6. Just from our brief conversation on conserving energy, the process of even replacing burned out bulbs with much more energy-efficient bulbs would conserve quite a number of power savings to ratepayers and to Manitoba energy users.

I have a motion on that, and I move, seconded by the Member for Concordia (Mr. Doer),

That this committee call upon the provincial Government to request that Manitoba Hydro set as a target energy savings by the year 2001 equal to 6 percent of projected energy load; and

That this committee call upon the provincial Government to request Manitoba Hydro to report in the 1991-1992 fiscal year to this committee on the feasibility of achieving a target equal to 10 percent energy savings by the year 2001 of Manitoba Hydro's projected energy load; and

That the text of this motion be included in this committee's report to the House.

**Mr. Chairman:** I would ask Mr. Hickes to hand over a copy of the motion to the Committee Clerk please.

**Mr. Hickes:** I would like to speak on that motion. When we talk about energy conservation, and we

have other provinces that are at this stage miles and miles ahead of us, they are even double what we say we are capable of doing, I say on behalf of and for the ratepayers and for the citizens of Manitoba, that is not good enough. We have to do much, much more to be fair to all the individuals.

When we talk about energy conservation, I mentioned very briefly about the energy-saving compact fluorescent bulb, but with the expertise that is in place today, there has to be much better technology to reduce the demands of bigger, bigger motors and higher speed motors that run our fans and stuff like that.

I do not feel that 2.6 percent is good enough. I think we have to work together for all Manitobans. Our target should be set at 6 percent and in the future, target at 10 percent so that we can show the Canadians and the world that, yes, we will lead the pack, we will not trail and follow, that we in Manitoba, we should be, and we will be leaders.

Also on the impact of conservation, if this can reduce the demand side, where we meet the demand in the future and it delays construction of future dams where we go into a new area—and we talk about different rivers and stuff that have not been tapped and which will create an environmental impact from start, like with Conawapa and with the Limestone and Kettle, they all tie into pretty well the same river flow.

The initial impact of the construction has already been put forth, it is already there, but if we can delay even for 20 or 30 years the construction of a new dam flowing from a new river, that would give us an opportunity to do a better study, a much better conservation impact study, and hopefully by then we will have new and better technologies to deal with it. By then the communities and the areas that a new flood area would be taking place in, it would give the bands and communities a much longer period of time to come to negotiations with the Government. That way, the people who are affected by the changes of flows of the river who live there would have proper compensation, and also it would give Manitobans a chance to have a say. I think when we are dealing with communities and with people that we have to listen to what the people have to say, and do what is best for the people.

**Mr. Neufeld:** Mr. Chairman, the targets are set on energy conservation by the utility. They are set in order to plan their next generation, among other

things. They are not set to be an absolute target, they are set to be a minimum target. If greater conservation can indeed be met, that is a bonus. I think that Manitoba Hydro recognizes that, and in their budget for the next decade they have recognized that the 100 megawatt conservation target is but a minimum target.

They have set aside or are planning to set aside \$115 million for demand-side management. That I think speaks for itself in terms of their dedication to conservation. In any event, Mr. Chairman, the Public Utilities Board has yet to render its recommendation, and until such a time as that is done, I think it would be presumptuous of this committee to pass a resolution such as this.

**Mr. Chairman:** I have reviewed this proposed motion by Mr. Hickes and believe it to be in order since it is only suggesting or recommending the Government to carry out a particular action. The committee does not have the authority to issue orders or take direct action.

**Mr. Steve Ashton (Thompson):** Mr. Chairperson, I was going to bring forward to the committee that a similar motion came before committee on November 1, 1988, when MPIC was being considered, and exactly the same ruling was made on the basis of the fact that this is a request. Quite frankly, I wish we could direct. I think the bottom line with this issue is that this Government, as outlined at the beginning of the report to this committee, said it had a modest but achievable goal. What we are seeking as Members of this committee is an ambitious and achievable goal.

We see other utilities that have far more ambitious targets than we do here in Manitoba. The evidence is mounting that energy conservation is becoming more and more feasible. I believe it is the way of the future, and that is what this resolution is intended to do.

I would hope that it would receive the support of all Members of this committee. I do not see this as being particularly subject to partisan differences. I realize it may be a bit embarrassing for the Minister, having set a lower target, but if he himself just a few minutes ago said, well, that was a minimum target, I would suggest he support this resolution himself to show the real commitment and the good faith of this Government in terms of promoting energy conservation.

With that in mind I would urge all Members of this

committee to support, as I said, what would be ambitious, not modest, but ambitious, by the experience of other utilities and some of the testimony brought before this committee, what we believe is still achievable.

It moves in two stages, from the 6 percent to the 10 percent, recognizing this is a rapidly developing field, the field of energy conservation, so with that in mind, I would urge all the Members of the committee to support this resolution.

**Mr. James Carr (Crescentwood):** I have a number of questions. I would like to begin by asking the chairman or the president: What were the conservation targets set by Manitoba Hydro between the years of 1981 and 1986, when the New Democratic Party was in office?

**Mr. Brennan:** We did not have any targets.

**Mr. Carr:** Pardon me?

**Mr. Brennan:** No targets.

**Mr. Carr:** There were no targets. Okay, thank you. I would like to begin by tying up some loose ends from the last meeting of the committee. We were very unsure at the end of the session just how much money was to be spent by Manitoba Hydro between now and March 31, 1992. I had asked the chairman if it was a reasonable assumption that the necessary environmental approvals would not be forthcoming by the end of 1991, and the answer from the chairman was, yes, that was a reasonable assumption.

Therefore I want to establish, if I can beyond a doubt this morning, just how much will have been spent by Manitoba Hydro up until the end of fiscal 1992. News reports following the committee meeting indicated that total would be somewhere in the neighbourhood of \$150 million. Could we get some kind of confirmation from that now?

\* (1050)

**Mr. Brennan:** Okay, maybe I could summarize it by year, so there is no confusion. Right now, we are transferring into this work order costs that have been previously spent, and they are, in the case of both facilities, about \$45 million, \$44 million precisely. That is money that has already been spent today. In addition to that we are proposing to build a road this year or start the road this year and our spending on that is proposed to be \$7 million. We also have some interest on those monies, and they total about \$4.3 million. Then there is additional money we are

planning to use in furthering our design and looking at the various conditions associated with the facilities, in other words, do some additional planning studies, and that will bring the overall total to \$63.2 million in the current year, including the \$44 million already spent. That takes care of it to March 31st of '91.

In addition to that, we are proposing to complete the access road, which is another \$16 million, electric power for another \$7.5 million, and we have about \$16 million to \$18 million in additional planning studies. That takes us all the way to March 31st of '92.

**Mr. Carr:** What is the total?

**Mr. Brennan:** Mr. Lambert informs me it is about \$65 million in '91-92.

**Mr. Carr:** I am interested in the total, up until March 31, 1992.

**Mr. Brennan:** The \$65 million, and I guess it would be in the neighbourhood of about an additional \$18 million, so it would be about \$85 million approximately.

**Mr. Carr:** Now I know why I am confused. The Minister said in the hallway last week that the road would be \$40 million, and now the president of Manitoba Hydro tells us that it is going to be \$7 million with an additional \$16 million in 1991-92, which is a total of \$23 million, so the Minister was wrong by \$17 million. You wonder why we cannot get the figures straight.

The president of Manitoba Hydro just said that in the current year, expenditures would be \$63.2 million, and that in the following year there would be \$16 million for an access road, \$7.5 million for power, \$16 million to \$18 million in further planning studies, which does not total \$85 million but something considerably more than that. I am frustrated. I just cannot seem to be able to pin down exactly how much exposure the ratepayer or the taxpayer is going to allow before we have final approvals for the project. Can we tie this thing up?

**Mr. Brennan:** I would like to try.

**Mr. Carr:** Okay.

**Mr. Brennan:** Okay, let me go back to the first year. We are having trouble with the monies transferred in, which is already spent money in that \$44 million. That goes back eight years, possibly even longer than that. It is money that has been previously spent, and it is part of our overall planning to come to the

decision even as to which plant is the next best one for us to develop. I take that one out of the whole picture. The actual accounting process is such that we capitalize the amount we have spent, amortize it over 15 years. The unamortized portion is then transferred to the project once the project is committed.

**Mr. Carr:** Obviously, the figure which is of interest to us is the exposure of Manitoba Hydro, should, in the worst-case scenario from Hydro's point of view, the necessary approvals not be forthcoming. That is really the simple question that I am asking. The answer I am getting is not simple because of amortization periods and interest costs and the number of years that the funds have been spent leading up to now. Could we just get a figure to work with in answer to that simple question? What is the exposure to Manitoba Hydro if by March 31, 1992, the necessary approvals are not forthcoming?

**Mr. Brennan:** I guess where I am having difficulty is that you are talking about exposure from now to March 31, 1992?

**Mr. Carr:** From Day One.

**Mr. Brennan:** Oh, well, then it would be the \$45 million as well, so we take the \$65 million—I guess, no, I do not agree with that. The money we have already spent is money that we would spend to determine which is the next plant in our facility, so I do not think that is an exposure. We were spending that money even to pick up Wuskwatim.

**Mr. Ransom:** Maybe it would be helpful, Mr. Chairman, to consider it in the light of how much money would have been invested, spent, if there was no further contemplation of Conawapa. That is a figure that includes all the planning studies up to the present time. Perhaps what Mr. Carr is interested in from that point on is how much exposure is incurred in relation to the Ontario sale and the plan to construct Conawapa, as opposed to what would have been expended before in any case.

**Mr. Brennan:** If I understand that correctly, it is additional money, and I think the previous money I gave you is still correct.

**Mr. Carr:** Which number is that?

**Mr. Brennan:** In the current year, approximately \$20 million, \$18 million to \$20 million, and another \$65 million next year.

**Mr. Carr:** I do not get \$65 million for next year, given

the numbers that the president just gave us. The president—and I wrote them down—for next year gave us \$16 million for an access road, \$7.5 million for power, and \$16 million to \$18 million on planning. That is about \$41 million or \$42 million.

**Mr. Brennan:** Could you repeat those, please?

**Mr. Carr:** I am just repeating the figures that Mr. Brennan gave me: \$16 million for an access road, \$7.5 million for power and \$16 million to \$18 million on further planning studies, which also, or course, raises the question of why would we spend \$16 million to \$18 million on further planning studies while we are awaiting environmental approval? Presumably, all of the environmental assessments from Hydro's point of view would already have been complete. We were told a few minutes ago that they are already complete and that the president is going to make them public.

In addition to the total that I am looking for, I would like to know why we have to spend \$16 million to \$18 million on further planning in 1991-92 while we are awaiting environmental approvals.

**Mr. Brennan:** I guess in addition to the \$40 million that we are talking about there is also a \$10 million or \$11 million touch for accumulated interest, but other than that, the numbers appear to be the ones I gave you, so the total would be in the neighbourhood then of \$50 million to \$55 million.

\* (1100)

**Mr. Carr:** Okay, I am going to be dogged about it. Fifty million dollars or \$55 million in '91-92 and the \$45 million, which has already been spent up until this point, if I add those two figures I am going to be somewhere in the neighbourhood of \$100 million. Do I have that right? Not the \$150 million that was reported in the press after the committee meeting last week.

**Mr. Brennan:** It would be lower.

**Mr. Carr:** It will be lower than \$150 million?

**Mr. Brennan:** Yes.

**Mr. Carr:** Okay, so the working figure now will be \$100 million of exposure, is that it?

**Mr. Brennan:** More or less.

**Mr. Carr:** Why are we spending \$16 million to \$18 million on additional planning studies in 1991-92 in advance of environmental approvals?

**Mr. Brennan:** For the most part these are studies that will allow us to keep the design of the plant and

other engineering aspects done, so that when we are finished, so that when we issue tenders, we are in a position to make our tenders as complete as possible, with the view that it may minimize or should minimize the impact on cost as a result of better tenders.

**Mr. Carr:** We are spending \$16 million to \$18 million in anticipation of tenders which would not be forthcoming if environmental reviews were not granted, is that correct?

**Mr. Brennan:** On the basis the plant was never built, that would be correct.

**Mr. Carr:** I am going to stop this line of questioning, because I think we have established that the exposure to the ratepayer or the taxpayer, whoever is borrowing the money—and that is another issue that we can get into at a later time—is substantial in that awaiting the environmental licences will not deter Manitoba Hydro from spending some significant millions of dollars in anticipation of road building, of transmission facilities into the site, of planning studies which prepare tenders, et cetera.

I would like to move off into a different direction. We had the announcement over the last three or four days of agreements with certain Native bands over the Grand Rapids Generating Station, which was built in 1962-1963. Therefore, it took 27 years for Manitoba Hydro and the Government of Manitoba to come up with what I gather to be only an interim arrangement with these Native bands. I was reading in the paper that they are by no means finished yet. I would be interested in knowing, when Manitoba Hydro was making its projections to construct the Grand Rapids Generating Station, how much was budgeted for contingent liability?

**Mr. Brennan:** As I understand it from reading recent material, there was an arrangement made with the Province of Manitoba that established that liability at the time, and I believe the amount was \$3 million dollars, but I will check. It was \$3.5 million.

**Mr. Carr:** In planning for contingencies and mitigation in 1962 or 1963, Manitoba Hydro budgeted \$3.5 million. What is the actual figure that has been spent to date?

**Mr. Brennan:** In actual fact, that \$3.5 million was a release from any further commitment at that time, from any further obligations, period. They would be taken care of by whatever. The only additional compensation of any consequence is the money that was recently announced late yesterday.

**Mr. Carr:** That, I gather, was a result of political will, the direction of the Premier (Mr. Filmon) to Manitoba Hydro to go back and try to do a better job in the wake of the Grand Rapids station development. Is that correct?

**Mr. Brennan:** It was a policy decision.

**Mr. Carr:** A policy decision of the Government instructing Manitoba Hydro to continue negotiating, and what is the final—well, not final because it is not final yet—the to-date cost of mitigation for Grand Rapids?

**Mr. Ransom:** Mr. Chairman, just so that the Members understand how the policy was arrived at, it was a policy decision of the board of Manitoba Hydro taken following upon a request from the Premier to go back and take a hindsight look at the whole development that had taken place, because the bands and the communities had maintained that there were outstanding grievances in all the years since the development took place, even though the respective Governments and boards at Manitoba Hydro had maintained that their obligations were fulfilled.

In the interest of justice and fairness, it was requested that we go back and have a look. The Hydro board and management agreed to that, and it led to the settlement that was recently announced.

**Mr. Carr:** That is a good thing, and in response to the ministerial statement the other day, both Opposition Parties congratulated the Government on taking the initiative. What I am trying to establish here, and I will continue this line of questioning through a number of other Hydro developments, is to compare the anticipated contingent liability at the time of construction with the actual costs of mitigation over time. I am beginning with Grand Rapids. Three point five million dollars was budgeted, and I understand there was a release, but I am interested in the actual total to date of settlement. Can the chairman or the president give us the total?

**Mr. Brennan:** The \$21 million plus the construction line of \$750,000, so it would be approximately \$22 million, but we will have to dig that number up for you.

**Mr. Ransom:** Something that the Member might be interested in, Mr. Chairman, is if this payment was taken in 1965 dollars, it would reduce it to about \$4 million, which would represent probably in the range of 4 percent, perhaps a little less, of the capital cost

of the development. It is roughly twice what was stipulated really at the time was going to be expended. That figure, I might say, was simply dictated basically by Hydro and presumably in discussion with the province. It was not a negotiated figure with the bands. It was simply a number that they said: We are prepared to pay this much. Even at that, although it is double what was stipulated at the time, we are still looking at something that today is within 4 percent of the capital cost of the plant.

**Mr. Carr:** I accept that, but what I am trying to establish is the gap between what was budgeted and what actually is the cost to Manitoba Hydro. We have determined now that the Grand Rapids projection was \$3.5 million, and now it is somewhere over \$21 million, and I gather we are not done yet.

Let us move to the Churchill River Diversion and the Northern Flood Committee. What was the anticipated contingent liability at the time Manitoba Hydro was budgeting for the Churchill River Diversion?

**Mr. Brennan:** I have no idea what that number is. We would have to dig it up. I have no idea at all.

**Mr. Carr:** It is important. Can the chairman or the president give us some idea? Was it \$10 million, \$20 million, \$30 million?

**Mr. Ransom:** I cannot give a figure, Mr. Chairman, but I can certainly understand Mr. Carr's concern there. For the purposes of approaching it in broad terms, at the time, the Government and Hydro did not regard that there was a particularly significant amount of money that was outstanding by way of compensation and mitigation, but as time has passed, it has become much more evident that indeed there are costs associated with the environmental and the social impacts of these plants.

\* (1110)

Just to illustrate that point, and here again I would ask Mr. Brennan or Mr. Lambert to correct these figures if they are not correct, it is my recollection that with respect to the Limestone plant there was something in the excess of \$1.1 million or \$2 million included in the planning costs to deal with the environmental effects of Limestone. Conawapa, on the other hand, which is essentially the same kind of plant, has included \$52 million in the capital costs for taking care of environmental impacts.

To start from the assumption—well, I should not assume where the Member is starting from, but it

would appear to be drawing a parallel between past experience and present projections—one should be aware that a great deal has been learned and there are costs included in today's projections that would not have been included in projections five years ago.

**Mr. Carr:** I appreciate that, but the chairman in his comment that I appreciate, has said something very important, and that is, at the time of the Churchill River Diversion, Manitoba Hydro, and this is almost a quote, did not think that the contingent liabilities were significant. They turned out to be enormously significant, and I would like to ask the president of Manitoba Hydro just how much "significant" means in this context. What is the current stage of contingent liability of Manitoba Hydro for the Churchill River Diversion and its negotiations with the Northern Flood Committee? How much has been spent to date?

**Mr. Brennan:** Fifty million dollars.

**Mr. Carr:** Mr. Chairman, I am taken aback by that figure. I thought it was considerably more than that. Is the president sure that the total settlement to date with the Northern Flood Committee has been \$50 million?

**Mr. Brennan:** I will confirm my numbers, but I believe so.

**Mr. Carr:** Can the chairman shed any more light on this?

**Mr. Ransom:** Perhaps, Mr. Carr could be clear whether he is interested in what Hydro has expended or what Hydro and the provincial Government and the federal Government have expended, because the figure that comes to my mind for all three parties is something like \$131 million, but that is not Hydro's total contribution.

**Mr. Carr:** I would be grateful. It looks as if we are not going to be able to pass the report today, so we will be back Thursday. If the president could bring with him for Thursday morning a total of the contingent liability of Manitoba Hydro and the Province of Manitoba for all projects since 1962, and the Grand Rapids Generating Station.

What would be very helpful, and I would be grateful if the president could do this, if he could simply give us a list of budgeted projections from Manitoba Hydro of what those contingent liabilities were to be for all of the major projects built since 1962, and right beside it, to put the actual figures of mitigation to date, and then do the same thing in a projected way with the Conawapa project, what the

anticipated liabilities are, what is in the budget, what has been forecast, so that Members of the Committee can get some idea of Hydro's track record at predicting contingent liabilities in, admittedly, a field which is difficult to pin down, but which is obviously very important as we consider a \$6 billion investment.

**Mr. Neufeld:** Yes, I would like to know, Mr. Chairman, whether Mr. Carr would like us to go public with the figures that may be under negotiations at this time or only those figures that have been agreed upon?

**Mr. Carr:** I will accept whatever the Minister believes to be appropriate. If the Minister believes it inappropriate to release figures at this time, then we may question why he believes it to be inappropriate, but obviously we will start with those figures which are public. We do not want to interfere with the negotiating process.

My objective here, and it should be clear from my line of questioning, is to determine how successful Hydro has been at projecting its costs, in this case, the costs of contingent liabilities as associated with uprooting communities, flooding of land, the social and economic dislocation of Hydro developments in northern Manitoba, so that when we assess the value and the appropriateness of the Conawapa project, one of the dozens of factors in our mind will be how successful Manitoba Hydro has been, judging from its past record, of anticipating mitigation costs. I think that is fair, and any information the Minister can bring to the committee meeting on Thursday would be appreciated.

**Mr. Brennan:** I think a good deal of this material is included in our Annual Report for the period March 31st of 1990. If you go to page 45, Mr. Carr, there are two components.

**Mr. Carr:** Where?

**Mr. Brennan:** Yes. Are we on the right page? Okay, the first one is the Northern Flood Agreement, which is the five northern bands, and the total amount paid to March 31st of '90 there, is \$47.7 million.

In addition to that, we also point out what we think the contingent liability is there, and I believe we tell them how much we have—yes, Manitoba Hydro, Canada and the province in the Northern Flood Agreement "have entered into negotiations directed towards a global settlement of outstanding obligations. Manitoba Hydro has estimated its contingent liability under global negotiations to be in

excess of \$85 million." In addition to that, there are non-Northern Flood Agreement claims, and at that point we spent \$35.4 million in total, and we are not able to determine the contingent liability, but it has been estimated to be in excess of \$4 million.

**Mr. Carr:** That is as of March 31, 1990?

**Mr. Brennan:** Yes, five months ago.

**Mr. Carr:** Have there been any additional commitments or anticipated commitments that the president can tell us about?

**Mr. Brennan:** The Grand Rapids numbers are not included in that for sure, so there is \$24 million in addition to it.

**Mr. Carr:** Mr. Chairman, I am still interested in comparing the actuals to the projected, and I would appreciate it if the president could bring to the committee on Thursday what was projected at the time that these developments occurred, so that we can get some sense of how successful Hydro was in anticipating its contingent liabilities.

**Mr. Brennan:** Most of that material is pretty old. It might take us a while to find it. I am not sure. We will do our best for Thursday.

**Mr. Carr:** Presumably, all Manitoba Hydro would have to do is look at its budgeting projections during the construction of Jenpeg and the Churchill Diversion.

**Mr. Brennan:** We will do our best for Thursday.

**Mr. Chairman:** The motion before the committee by Mr. Hickey is as follows:

I move

That this committee call upon the provincial Government to request that the Manitoba Hydro set as a target energy savings by the year 2001 equal to 6 percent of projected energy load; and

That this committee call upon the provincial Government to request Manitoba Hydro to report in the 1991-1992 fiscal year to this committee on the feasibility of achieving a target equal to 10 percent energy savings by the year 2001 of Manitoba Hydro's projected energy load; and

That the text of this motion be included in this committee report to the House.

Are you ready for the question?

\* (1120)

**Hon. Donald Orchard (Minister of Health):** Mr. Chairman, before we move, I presume this is the

opportunity to question the motion that is before the committee. I would like to seek an idea of what this means. When we talk of projected energy load, does this mean at that period of time, traditionally January, where all systems are using electricity in the Province of Manitoba and that establishes the generating capacity needs that Manitoba Hydro has an obligation by statute to have in place to provide electrical service on demand in Manitoba—10 years from now, the year 2001, this motion would ask that we shave 6 percent off that peak demand day? Is that what this motion is asking for?

**Mr. Chairman:** I believe it is Mr. Hickes' motion. Would it be—

**Mr. Orchard:** Maybe Mr. Hickes would like to give me an explanation on that.

**Mr. Hickes:** I would like to scale down the peak demand side, and the peak is in January. That is when we get all the furnaces turned on and the lights and everything else. When we cut back—we are talking about a 6 percent reduction in the consumption of electricity—we are looking at the possibility of incentives to ratepayers and hopefully a monetary saving for ratepayers and for our seniors in Manitoba. We have new innovative ideas and inventions that are coming on the market, and some of the things that are available now, with the encouragement or sponsorship of the provincial Government, will save a lot of dollars in the long run. We are talking about the different types of light bulbs. I am sure you have heard of the compact fluorescent light bulb, which is a great savings compared to the ordinary light bulb that is in place.

When you get into the winter months, which is your peak time, usually in January and February, if there were incentives in place for consumers and ratepayers of Manitoba, per se, for timers. We talk about outdoor timers and stuff; there is no reason that you have to plug your car in all night when you know that it only requires maybe two or three hours in the morning. That is what happens here, and a good example is the vehicles that are plugged in here. They are all on timers. If we encourage the consumers to turn to those, then we would be saving a lot more money. Put an incentive to the consumers. I hope that answers your question.

**Mr. Orchard:** Mr. Chairman, it does and it does not. I can recall when I moved back from Alberta in 1973, I renovated a house built by my great uncle in 1916. I approached Manitoba Hydro, and at that time, one

might recall, there was a building binge going on. We were regulating Lake Manitoba, we were putting in Jenpeg, and we were doing all sorts of interesting things in Manitoba Hydro.

In the renovation of my home, I approached Manitoba Hydro and I said, "Give me some projections on my energy costs."

In 1973, prior to making the financial commitment to wire an old three storey house for electric baseboard heaters rather than bash out walls, put in duct work and use a fossil fuel or wood, I put in electricity because my bill was projected to be \$100 per month. That was to be the most economic system of heating my house.

I want to tell you, it was not three years later when I had a wood stove in the basement and I revamped an old chimney. I did my own thing on reduction of electric consumption because it priced me out of the market. We can talk esoterically about using these energy savings, in other words, making choices for consumers that they ought to make on their own accord and, I suggest to you, are making on their own accord.

I think if we go back to some of the subsequent and previous meetings of this committee, we will find that, for instance, in the early and mid-seventies, projections of increased consumption for Manitoba Hydro in the province of Manitoba were projections of 5 to 7 percent growth in load per year. Those projections never materialized because one important factor was not put into those projections on growth, namely how much more it would cost the individual to enjoy that kind of increased use of electricity. Many people did what they thought was necessary or appropriate in their own home and business environments to reduce the amount of electricity they consumed, including insulation, including alternate fuel sources.

When we get down to the mandate that is being suggested here, that Manitoba Hydro set as a target energy savings for the year 2001, 6 percent off the peak demand load, that is a laudable goal, but I think we need to have some comment from Manitoba Hydro senior executives as to how that can fit into their planning for capacity, for meeting peak needs. Let me assure you that on January 25, when it is minus 38 Celsius and there is a wind blowing, Manitoba consumers may not be interested in turning their heat down, because the peak load is not there as mandated.

If we are talking a 6 percent reduction by year 2000 in consumption through energy-saving new light bulbs, et cetera, and if it fits concurrently with Manitoba Hydro's legislated mandate to meet that peak need, then we have a laudable goal. There is not anyone around this table who does not want to see a more effective use of energy, because if we do not use it in Manitoba there is a ready market in Ontario, where the current Government does not want a nuclear option for development.

We have one of the cleanest, safest, most environmentally friendly methods of generation in the world at our disposal on the balance of the Nelson River. Even if we set our targets within Manitoba, there is an opportunity, and providing there is profit in that opportunity, I suggest that this and previous Governments have attempted to harness those extraprovincial and cross-border sales of electricity, providing there is profit in them.

I am interested in having Manitoba Hydro indicate how does this motion, although there is no penalty for non-performance—and this is where targets are interesting to discuss. We can all get philosophical. We can wax eloquent about turning off the lights, turning down the heat, putting on a sweater and all of those things that have been talked about, and doing the extra insulation.

Incidentally, I tell you that just this past weekend I insulated my garage, and I used, Mr. Chairman—(interjection)—no, but I told you that 15 years ago I decided I could not afford electricity, and I burn wood at home, but that is not the issue that is before us today.

One of the things on insulation was recycled paper, so you killed two birds with one stone. I want to have some sense and some clarification as to how this 6 percent fits with Manitoba Hydro's legislated obligation to meet the peak demand for Manitoba consumers, because they have set a target of 2 percent, which I think they believe in management and at board level is an achievable goal by year 2000. This is a goal that is three times higher, and I want to know is it achievable? How does it fit with the legislated mandate to meet that peak demand in January or whenever it may occur?

**Mr. Hickey:** I would just like to add further to that. I am very encouraged to see that the Member has taken the first step to conservation, as an example to all Manitobans. He was out insulating his garage, and that is one of the programs that was in place to

deal with exactly the issue we are talking about today, the CHEC program. That was used for conserving energy; it was to insulate the doors, the windows and for insulation in the houses.

Well, the Member just mentioned, when you insulate your building, it conserves a certain amount of energy and you conserve that kind of energy. That is the kind of initiative we would like to see this Government encourage all Manitobans to participate in.

\* (11 30)

We have a lot of big businesses and big buildings that utilize hydro power in various different stages, but as you are well aware, if they are not equipped—it is kind of costly, but if the Government would take the initiative to at least subsidize some of the cost to ensure that the individuals and the businesses and the companies that are energy conscious and wish to help conserve energy—When we deal with that, you talk about the relay boards and stuff that are built into different businesses, so that way, when you have 20 cars plugged in or you have 60 lights on or the heaters are here, it relays where the load goes from one area to the next, so that way you are always conserving energy, you do not hit your high demand peaks.

That would be one—(interjection)—yes, but there are a lot of—(interjection)—but also on that, there are a lot of businesses and companies that would switch to that. You say it has been in place within the Government, fine, but how about the businesses and other users? If there was an incentive to meet that—and when you mention about Manitoba at 2.6 percent, that is good enough, from what you are saying. We are saying, no, it is not good enough, because we have Quebec Hydro—and northern Quebec is just as large as our North here—and they are at 5.6. It is just as cold as we have it here. It is right along the Hudson Bay, and James Bay is right in that area. B.C. Hydro is 5.9, Ontario Hydro is 6.7.

Are they being unrealistic, or are they meeting the challenge of 1990? The people elect us here to speak on their behalf, which I hope we will all take into consideration when we discuss this and vote on it, because we have to make sure that the ratepayers and Manitobans will benefit from conserving energy. We are here in fourth place of the four provinces in Canada at 2.6. Even the U.S. average is 3.2. It is even higher than ours.

When you say it is an unrealistic target, the other

provinces must be thinking along the same lines that we are proposing right now. It might be an ambitious goal, but we will not be able to meet it if we all have the attitude that 2.6 is good enough. As a Manitoban, I say it is not good enough. The ratepayers in Manitoba deserve much better and a much, much stronger effort from us. They elected us here; let us represent them.

**Mr. Orchard:** Mr. Chairman, first of all, I never said the goal was unrealistic. I am trying to seek the advice of professional people who are guided by an Act and have a mandated responsibility of providing hydro-electricity basically on demand to the Manitoba consumers. I want to know how this proposal fits with that legislated mandate. Some of the things my honourable friend mentioned of the series switching to take your demand peak load off have been in place, have been advocated by Manitoba Hydro for as long as I have had an opportunity to discuss the system.

I suggest that we have had, through the pricing of electricity, as much incentive to individuals and business as any single factor, to achieve energy-saving initiatives within the business that they own and run or within the home. None of us—well, at least I am not aware of too many Manitobans, either in business privately for themselves or living in their homes, who have extra dollars they want to throw away on their Hydro bill just because it makes them feel good to pay Hydro for more consumption. All of us drill our children to turn off the lights when they leave the room, et cetera.

You are saying well, if you do not try and get your children to do that, maybe we should make that a policy of this committee, and then we will get involved right in the household. Maybe we should get involved in the bedroom and insist on low-set lights for the right mood—(interjection)—No, that is not my house, that does not have enough lights on. I have kids in every room.

**Mr. Chairman:** Order, please. Mr. Orchard is not finished.

**Mr. Orchard:** Mr. Chairman, what I am still seeking from Manitoba Hydro is how this target—and my honourable friend, Mr. Hicke, has indicated that other jurisdictions have set targets that are higher.

I suppose we might just as well go for a 20 percent here and then we would lead them all, but would we achieve it? That is where I would like to have some

sense from the officials at Manitoba Hydro as to what is achievable. It might make us leave this committee today feeling pretty warm and fuzzy that we have done something good, but if it is not achievable, what is the purpose?

This number was obviously picked out of the air or because it meets with other jurisdictions who have set this. I do not know. I am not aware, and maybe my honourable friends can make us aware of what sort of teeth other jurisdictions like Quebec have put into achieving their 5.6 percent goal. This is where I would like to have some advice from Manitoba Hydro.

**Mr. Doer:** Well, I am sure the Member has read the testimony before the Public Utilities Board.

**Mr. Orchard:** No.

**Mr. Doer:** I would advise him to. This was a very major issue at the Public Utilities Board and should be properly discussed in their report. The question here is: Does the Legislature, do the shareholders through this committee have the ability to request that a utility in Manitoba set a target that is more comparable to other provinces and will have the potential effect of saving Manitobans costs and providing greater energy flexibility, as the chair of the board of Hydro has indicated, in the future, if we are able to obtain it?

I have read the testimony from Hydro, including their consultants, where they do say a 4 to 5 percent goal could be achievable. In fact, one of them even bets his pension. The Minister has argued that a second sentence was saying that 2 percent was all that could be achieved, maybe the more appropriate level. I think it is up to this elected body. There are some places we should have some say as shareholders ultimately of the Hydro corporation. What we are asking Hydro to do is set a higher target by the year 2001 that is comparable to other targets in the country with comparable weather and comparable situations.

The issue of the feasibility of a higher target, we have asked them to come back in a future year to this committee with a higher energy-saving target. Some people argued at the Public Utilities Board that 10 percent was achievable. I think it is very difficult in the short term, and I would like to know what the feasibility of that would be. That is why we have asked them to come back on a feasibility to this committee.

Surely, the elected representatives of this

Legislature, the people who are accountable to the public, who are elected and defeated on the basis of policy, should state a position on the target for Manitoba Hydro, and surely utilities can give us technical advice, but the public goal and the public targets and the public desires should be expressed through this committee.

I was hoping, and I am hoping, that all of us can agree, all political Parties can agree that 6 percent of energy-saving target for the year 2001 is the goal of this Legislature for Manitoba Hydro. I think we should set a higher goal and an ambitious goal, as the Member for Point Douglas (Mr. Hickes) has indicated, a goal that is comparable to other utilities rather than the lower goal. I think all of us should vote for this resolution.

I think it makes good sense for Manitobans to have a high target and strive higher. These energy-saving programs, the targets that have been developed in other provinces are recent, in the last couple of years. I applaud Manitoba Hydro for introducing the 2 percent. I think this committee can go further than that; I think we should go to the levels of other utilities at one year later, 2001. That is why it is in the motion, and we should have a feasibility study and have that come back to this committee next year.

\* (1140)

I am saying that the stakeholders through this committee should be ambitious and set a high target and work toward achieving it. I think that we should express the political will here at this committee, and I would recommend this resolution. It is a request and it is a target and it obviously has benefits. There is nothing in here that offends the statutory provisions of The Hydro Act, there is nothing in here that offends The Energy Authority Act, there is nothing in this resolution that offends the abilities and flexibilities of this committee as outlined by our Chairperson.

Therefore, we should have the energy target of 6 percent, and we should look at the feasibility of 10 percent. Why should we shoot low as legislators? Why can we not aim ambitiously for the 6 percent as the Member for Point Douglas has recommended. I think it is a good recommendation, a good resolution, and certainly worthy of all MLAs supporting it from all political Parties.

**Mr. Neufeld:** Mr. Doer has already indicated that the Public Utilities Board spent a great deal of time

reviewing presentations by those who believe that greater amounts of conservation might be achieved. I do not think that we should try to pre-empt here today the recommendation of the Public Utilities Board. I think, inasmuch as the presentations to the Public Utilities Board and the Public Utilities Board review of conservation issues, it is part of the discussion and review of the construction of the next generation. I do not think we can sit here and base construction of our next generation on conservation targets which we may not be able to achieve. I think that is what the resolution asks us to do, asks us to base the construction of our next generation on a target set arbitrarily by the mover of this resolution, and I think we should defeat it.

**Mr. Orchard:** If Manitoba Hydro senior executive had any comments, I think it would be appropriate, because none of us are sitting around this table wanting to foolishly construct power projects at considerable cost for consumption that is not necessary.

Manitoba Hydro has had a number of initiatives and advice to consumers of electricity across the length and breadth of this province over the last number of years. If they can, I would like to seek their opinion on how achievable they believe 2 percent versus 6 percent is, and indeed if they could offer some comment as to what other utilities whose targets are higher have as proposals or mandates within that target to achieve it, so that a target does not merely become a number which makes us feel good today and disappointed in the year 2001 if we should not have achieved it.

**Mr. Brennan:** The consultant Mr. Doer referred to told us that before he really wanted to come up with a number—that is why he could not come up with a number there—was for us to do a study, which we want to do in the next six to nine months, to identify the technical potential out there. We would look at that and then determine what the cost-effective potential is. I still think that is the best way to approach the problem. I think the 100 megawatts and 500 million kilowatt hours a year is a reasonable target until such time as that is done, and we will proceed with that just as fast as we can. Counting on something that may not be achieved could create a problem for the utility.

**Mr. Doer:** I think this Legislature should not be subservient in terms of goals and directions on energy conservation, which I consider to be a policy issue. I have no problem with the cost-effective

analysis role of the PUB, and again in my opening statement I applauded the Government for it. I think as shareholders and as policy-makers we should be looking at much higher targets. I can understand the utility's reticence in this regard.

There is nothing in this motion that is inconsistent, quite frankly, with Mr. Brennan's advice. We have asked the utility to report back next year on the feasibility of 10 percent. That is wholly consistent with what Hydro is undertaking now. What it does do is say yes, we should have a six percent target, one year later than the other utilities. It is a request, a political expression of a policy goal, a goal that I think—as I say, I applaud the present board for starting at 2 percent. I think that this Legislature should set it at 6 percent as a request, as a desire, as a target.

There is evidence from Mr. Chamberlin. As I said before, he said in his cross-examination it is probably possible for Hydro to achieve something perhaps as high as 4 or 5 percent, if you pressed me, I would be willing to bet my pension or some other monetary equivalent. I do not know whether he has a good pension or not, but it seems to me—he was the Hydro witness when he was pressed—he was much more forthcoming on the existing goal of 2 percent. That was the utility's own witness to defend the 2 percent goal. There are others in the testimony of the Public Utilities Board, a considerable number of others, who came and suggested that our goal could be comparable to other provinces.

I think this Legislature and this committee should at least set a target, in a year after the other utilities are coming in at 5.6 and 5.9, of 6 percent, and that we should use the report that Mr. Brennan has commissioned to look at the second recommendation, which is definitely a feasibility study. We did not want to just slap 10 percent on the committee, because we would want to know the feasibility.

There are some conservationists who argue that 10 percent is feasible. I do not know the answer to that question. I read the testimony over and I am sure the Members have, but I think this Legislature can set a public policy conservation strategy beyond the Public Utilities Board. I think the Public Utilities Board should analyze the Conawapa project, but the Government and the legislators are responsible for policy, and that includes conservation. The PUB is responsible for analyzing the cost benefit of the

deal. They did, and I respect their right to do that, but I think we have to go beyond that and set our sights at least at comparable levels to other provinces.

**Mr. Ransom:** It would be inappropriate for me to debate the motion, but I would like to point out some of the implications of this motion. It would really take away from Manitoba Hydro the responsibility to plan for the supply of electricity for Manitoba. Those who have looked at the terms of reference to the Public Utilities Board will realize that the Public Utilities Board does not have the authority to approve or disapprove. They have been requested to recommend, and ultimately Manitoba Hydro has to make the decision of whether we can live with the recommendation of the Public Utilities Board, because we are the people who are charged with the responsibility of having an adequate supply of electricity.

Let us assume that the Public Utilities Board finds that the proposed sale to Ontario is indeed in the interests of the people of Manitoba and that it should be proceeded with. Manitoba Hydro says that requires the construction of Conawapa to be in service in the year 2000. If, as this resolution suggests, we adopt the target of 300 megawatts for the year 2001 and the resolution is not clear as to whether this is capacity or energy, but let us say that it is 300 megawatts, the only logical conclusion then that management can make is that we do not require Conawapa until the year 2002.

Quite frankly, that is a proposition that I, as chairman of the board, would have great difficulty accepting, to say that we should suspend our planning and all of the effort that has gone into it, and not plan to have Conawapa in place until 2002, because a committee of the Legislature has directed we set that as a target. Mr. Chairman, that is the implication of passing this resolution.

**Mr. Orchard:** I have a couple of more things that I want to—from the discussion that has happened over the last five minutes or so, it would seem to me to be reasonably clear that this motion may well be one Annual Report premature in that the process of identifying a conservation target, if you will, as a result of presentations at the recent Public Utilities Board hearing process is already under way.

\* (1150)

If I understood Mr. Brennan's remarks, within eight to nine months the utility will have an analysis

of what processes are available to us to achieve 2 percent or higher and would be able to make some more intellectual presentation on this a year hence after the work is completed by the utility.

We all want to save energy. We are doing it in our own ways, but we also have a responsibility when we leave these committees of giving reasoned guidance and achievable guidance. We do not create laws in the Legislature because we think that maybe they will work. We pass laws with some reasonable assurance that they are appropriate to meet a perceived need, and this is not the case. Even Mr. Hickes has indicated that this may not be an achievable target, and Mr. Doer says it is our responsibility to set this to show leadership. I suggest leadership in energy conservation is not having to come back a year later and saying you are sorry. Reasonable targets, reasonable initiatives and public education are what are going to save energy, not resolutions which might well be a year premature.

There is the other question: Is this design capacity that you want a 6 percent reduction in? The second that area I want to broach with Manitoba Hydro, and this is one that has been a perennial favourite topic of mine, what about co-generation?

There is growing interest in rural Manitoba to try and bring in co-generation by wind power. I personally have an interest in that, but we have a policy currently for co-generation in the province. Ontario right now has a lot of co-generation by private suppliers of power, and it is water primarily in Ontario. You know, if you drive from Los Angeles to Palm Springs in southern California, you will see entire hillsides covered with wind-generating turbines on a commercial basis. We have wind here but unfortunately we do not harness it enough. We also could probably cut the heating bill of this building -(interjection)- You said it. The Member for Thompson (Mr. Ashton) just identified it as a good prevaricator of it, but Mr. Chairman, does this reduction of 6 percent on projected energy load, would a proactive co-generation policy allow that target to be met? Is that part of the proposal?

We are talking about incentives to individuals to save money. It is an interesting concept that we have to pay people to save money, but nevertheless, that is what the NDP are proposing. I would like to have a sense, is co-generation one of the factors which would be utilized in this policy

proposal of the NDP to reduce the peak load, if that is what we are talking about?

In other words, if we put up 100 megawatts in the next 10 years of turbine generation in rural Manitoba and northern Manitoba, does that help towards this 6 percent projection? Is co-generation part of the action? Because that means making investment in hydro-electricity generation, only it is not the utility that is doing it, it might be private individuals. Does that fit into the equation?

**Mr. Neufeld:** The energy conservation targets of all provinces we believe include co-generation.

**Mr. Orchard:** Other provinces have co-generation as part of their 5 to 6 percent. Two questions: Was the 2 percent set by Hydro inclusive of co-generation, and was the 6 percent proposed by the NDP inclusive of co-generation?

**Mr. Neufeld:** There is no inclusion in Manitoba Hydro's target of 2 percent for co-generation. Is that right, Bob?

**Hon. Harry Enns (Minister of Natural Resources):** Just very briefly, I am satisfied that Manitoba Hydro has demonstrated both to this committee and more extensively at the public utility hearings that they recognize and are on a course of conserving energy.

**Mr. Chairman:** Excuse me, Mr. Enns, could you pull up your microphone please? They cannot—

**Mr. Enns:** Hydro has so indicated to us that they accept this as a policy direction both from within and from those of us who from time to time have an opportunity to comment on the conduct of Hydro.

I have no difficulty in voting against the motion, because I do not share Mr. Doer's belief. I believe that it adds to the discredit of the location that he and I are both engaged in, which really does not need any more of that discreditation, when we cloak ourselves for political reasons with the aura of doing the right things and think that we have accomplished something.

If Manitoba Hydro were before us and arguing with us the issue of energy conservation, then it would be a different matter, but that is not the case. They have presented to us a plan of energy reduction. They have indicated to us a longer-term research study into the matter, and this committee will have that opportunity to examine that. I think it also belies a peculiar situation that Manitoba and Manitoba Hydro is in, and that is surprising because

certainly when he was in Government, they maximized every opportunity of taking advantage of export potential of this particularly renewable resource that we have in Manitoba, and how that fits in—without involving the chairman of Manitoba Hydro in the debate, I think his remarks are nonetheless very germane to the debate.

In Manitoba that calls for a different style, different kind of design in their planning to keep in mind, and particularly when faced with specific export sales, arrangements and contracts that are in place, that our Premier just as late as a day or two travelled east to confirm that they are in place. I do not really think we can do other than what we are doing, satisfied that Manitoba Hydro is moving in the direction that the Members on all sides of this committee have expressed, namely, conserving energy.

Now, if for the sake of pacifying a particular lobby or a group that will be able to say that Mr. Doer and his New Democrats believe in conserving 6 percent energy, the Conservatives only believe in conserving 2 percent energy, I do not think that game really furthers our overall credibility. Our credibility rests on supporting and moving forward those kinds of things that are doable. Hydro has indicated to us that this is doable, and I have no trouble supporting it.

**Mr. Carr:** Mr. Chairman, I would like to follow two lines of questioning that pertain to the motion. One is of the Minister, to discuss the appropriateness of the committee of the Legislature to establish a target for energy conservation in its relationship with the Public Utilities Board and Manitoba Hydro itself. The other line of questioning is to ask Manitoba Hydro how it plans to get to its own target of 100 megawatts by the year 2001, because if Manitoba Hydro is putting into place a comprehensive bureaucratic infrastructure, then we want to know about it. We also want to know about how it intends to get to its target and what that implies for the operation of Hydro.

Let me begin with the Minister. Implicit in his comments was something very worrisome for us, and that is that the Legislature or the Government has no role to play in setting energy policy, and that the Public Utilities Board by a process of abdication of responsibility from the Government is left to create public policy in the energy field.

\* (1200)

Let me ask the Minister to clarify what he meant

by that and ask him if he thinks this committee or indeed the Government has any role to play at all in establishing energy policy?

**Mr. Neufeld:** I do not know where Mr. Carr might have got the idea that Government had no role to play in the setting of policy on any matter that affects the people of Manitoba. The Government has a role to play in setting up policy, but the Government's role is not to be specific in arbitrarily setting a goal for conservation. The Government must be satisfied that the goal set by the utility is reachable, and the only way it can be satisfied is to accept the advice of the experts.

We are not experts in that field and should not attempt to set the goals arbitrarily. We have to accept the advice of experts who have done a great deal of work to establish the goals that have been set. I do believe that is the role the Government must play; they must make certain that the utilities have indeed done their due diligence in setting their goals.

**Mr. Ransom:** Mr. Chairman, I think that it is incumbent on me to advise the committee what my reaction would be as chairman of the board faced with this resolution being passed by the committee. I would first of all refer to the Act, Section 2: the intent, purpose and object of the Act is to provide for the continuance of the supply of power adequate for the needs of the province, and to promote economy and efficiency in the generation, distribution, supply and use of power.

Then I would bear in mind how Hydro does its planning, in terms of how we meet that obligation that we have under this Act to provide power for the people of the province. The way we plan is that on the basis of our load-growth projections, we make a decision as to how the demand will be met. It involves timing for the next plant to be in place. I know that on the basis of our planning, we have established a target of 100 megawatts and 500 gigawatt hours of energy. That tells us when we would require our next plant, and it is incorporated into our system.

If I were faced with this direction, I would then have to decide whether or not to build an additional approximately 200 megawatts and 1,000 gigawatt hours of energy into our planning, or reject the resolution. If we build it in, then the logical consequence is that we do not proceed to plan to have Conawapa in place in 2000. Yet, if the Ontario

sale is approved, then we have to begin to deliver power in the year 2000, so we then would be faced with making a decision: Can we meet the sale to Ontario because the legislative committee has directed us to do it through demand-side management or not?

Quite frankly, Mr. Chairman, my reaction to this resolution which says "call upon the provincial Government to request Manitoba Hydro to set as a target", my response to the Minister on receiving that request would be no. You either have my resignation, or we do not have this target, because I could not be certain that we at Manitoba Hydro could meet our obligations under Section 2 of the Act.

**Mr. Carr:** Mr. Chairman, there are two issues in front of the committee at the moment. One is the appropriateness of this committee to pass any motion that requests Manitoba Hydro to conserve any energy. The other is the reasonableness of the request contained in the motion.

You could argue persuasively that if energy conservation methods had been implemented by the New Democratic Party when it was in Government from 1969 through 1977 and from 1981 to 1986, we would be having a much different conversation than we are today. I ask the president of Manitoba Hydro what the targets were, set by the NDP between 1981 and 1986, and the answer was zero, there were no targets, which begs the question of the Minister in regard to the first item that is before the committee, and that is the appropriateness of the resolution.

I am sure Mr. Doer would argue that if he was sitting on a committee between 1981 and 1986, it would have been appropriate for that committee to say to the NDP Government at the time, "You have no targets, and this committee wants to establish a target for energy conservation", but I want to know if the Minister believes it is appropriate, because that really strikes at the very heart of the role of the Legislature in its relationship to Manitoba Hydro. Does the Minister believe that it is appropriate for this committee to pass any resolution that sets any target for energy conservation by Manitoba Hydro?

**Mr. Neufeld:** Mr. Chairman, I think it is appropriate for this committee or the Legislature to ask Manitoba Hydro to set targets, but I do not think it is appropriate for this committee to set those targets because they simply do not have the expertise.

**Mr. Carr:** I would like to go back to my comment about the New Democratic Party in office in 1981 to 1986 and relate it to the Minister's comment. He says that it is appropriate for the committee to request that Manitoba Hydro establish a goal. There was no such request between 1981 and 1986, but okay, times have changed. We are becoming more conscious of energy conservation now than we were before, but the committee has to make a judgment as to whether or not the request is appropriate. In 1981 to 1986, no judgment was made.

Would the Minister have argued that the committee of the Legislature or the Government ought not to have requested an energy conservation because the expertise in Manitoba Hydro at the time obviously felt it was not necessary. If Manitoba Hydro had felt it was necessary, there would have been some target, some goal for energy conservation in the 1980s, and there was none. Is the Minister saying that the Government or the committee therefore would have had no obligation to say to Manitoba Hydro, "You ought to be setting a reasonable goal for energy conservation"? I think the answer is evident in the question.

\* (1210)

Then we move to the issue of what is a reasonable target and what is not a reasonable target. I would like to get into a rather lengthy questioning of Manitoba Hydro on the appropriateness of 100 megawatts, and we are going to do this on Thursday. I do not want to rag the puck in this committee this morning, but to put executives of Manitoba Hydro on notice that we have a very long and detailed set of questions that relate to the target of 100 megawatts using comparisons from across the country, so that when it comes time to vote on this motion, all Members of the committee are better positioned to realize whether or not these goals are attainable.

**Mr. Orchard:** Mr. Chairman, I have a perfectly logical and legitimate solution that will help everyone achieve the goals we all want to achieve, and I would propose the following amendment to the motion which will really serve everybody's interests and serve them very well.

I would say that we take the motion as presented, and we amend it by, in the first paragraph, deleting all words after the words "Manitoba Hydro" and add the words "consider the feasibility of setting such

energy-saving goals by the year 2000 greater than the current 100 megawatt target."

What that would do would make the first paragraph read as such, "I move that this committee call upon the provincial Government to request that Manitoba Hydro consider the feasibility of setting such energy-saving goals by the year 2000 greater than the current 100 megawatt target."—which is subject to criticism by my honourable friends.

I would further propose that we amend the second paragraph by deleting all words after the word "achieving" and add the words "a 6 percent saving, and to provide technical advice as to the feasibility of achieving a 10 percent energy saving by the year 2001." That would make the second paragraph read as such, "And that this committee call upon the provincial Government to request Manitoba Hydro to report in the 1991-92 fiscal year to this committee on the feasibility of achieving a 6 percent saving and to provide technical advice as to the feasibility of achieving a 10 percent energy saving by the year 2001."

I would leave the last paragraph as written, and I think that answers everyone's concerns. We are not giving an unachievable target to Manitoba Hydro, we are not tying their hands in a legislated mandate. We are directing them, as they are already doing, to develop a technical study, a feasibility study, to tell us what they believe is achievable.

Let me assure you, Mr. Chairman, that having the mandate of this committee to do it will make sure that we have serious study taken on by Manitoba Hydro that we wish to see, as all Members of this committee from all political Parties, a goal which is achievable, set as a target for Manitoba Hydro, one we hope that is higher than the current 100 megawatts, given that we also—I would presume, because my honourable friends were not on the record, but across the table indicated that co-generation was also part of what they wanted to consider—I want that considered as part of a target that Manitoba Hydro would consider achievable over the next year.

Mr. Chairman, I would move those two amendments, seconded by my honourable friend, the MLA for Assiniboia (Mrs. McIntosh).

**Mr. Chairman:** First of all, Mr. Orchard, you do not need a seconder. I would ask the Honourable Mr. Orchard to hand over a copy of the amendment to the Committee Clerk.

Order, please. We are going to make a couple of copies of the amendment. We will distribute it to the committee, and then we will continue.

Order, please. Would the committee like to go on with some other questioning, other than the amendment and the motion?

**Mr. Ashton:** Yes, just as by way of suggestion, I believe the copies are now being made available but discussion can continue. There is no requirement the Members be given a written copy of the amendment, although it certainly helps. I appreciate that fact. I would suggest that we continue with discussion on the amendment and later on with the main motion. I believe Mr. Hickee has some comments. I also have some comments following that.

**Mr. Chairman:** It will be one minute, please, till I review this amendment to see if it is in order before we discuss it, thank you.

I have reviewed this proposed amendment to the motion by the Honourable Mr. Orchard and believe it to be in order. We can continue with the discussion.

**Mr. Hickee:** Speaking on this, what the motion has done is just increased 100 megawatts to 101, so I do not think that is very significant for the voters of Manitoba, because what we are looking at here, we have to look at a much, much broader picture than what we are discussing of a few timers and a few light bulbs and stuff like that. Other provinces come up with reasonable figures, 5.6, 5.9, 6.7, and why can we not in Manitoba meet that? Those were all established in the current years.

\* (1220)

If we can cut back the consumption, not to delay Conawapa—We already know that the demand for Conawapa and the potential sales to Ontario is there. That is a given. On the same river that Conawapa is being built, there are already dams. We heard this morning that the next project after Conawapa would most likely be on the Burntwood River. That will have what impact? I do not know. I do not think anybody knows what kind of environmental impact it will have, but we know for sure that it will cause some flooding around Nelson House and surrounding areas. It has to be, because there has not been a dam built.

If we could delay that by conserving energy, in whatever possible way that we have today and maybe in the future, until we do a complete

environmental impact study for the people that it will affect, that is by reducing the demand-side. That will give the communities and the ratepayers and the individuals a much longer time to assess what that impact will be.

When we talk about a windmill, there is a windmill that is already running, up in Churchill. It is up in the hill there. That individual power is through a battery system and through a windmill; it powers, lights his house, heats it and whatever. I think that should be one of the recommendations. We have to look at all options and not only just cut back and say bang, we are going to target 6 percent, and as soon as we reach it that is it.

We have to aim. Sure it is an ambitious target, but so is 6.7 and so is 5.9. We cannot just say well, we targeted 2.6, now we will raise that to 2.7. I do not think that has any impact at all.

**Mr. Ashton:** Mr. Chairperson, this might be called the one or two or three megawatt amendment, because essentially all it says is that we urge the Government to request Hydro to set a greater target than it currently has. It does not say by how much. It could be 100.1 megawatts, 100.2 megawatts.

The intent of the amendment—it says here, “consider the feasibility of setting such energy-saving goals by the year 2001 greater than the current 100 megawatt target.” It basically says nothing, and Hydro could come back and do nothing. I think we are at the point where that just is not going to be good enough. There has been discussion about the '60s, the '70s, the '80s, and we can get into, if the Member for Crescentwood (Mr. Carr) wants, some of the politics of Hydro, and certainly it has been a very political issue.

The last number of years, I certainly would not mind debating the views of the Liberal Party in terms of Limestone. They had suggested it would cost \$5 billion to build. It cost \$1.4 billion or \$1.5 billion. They were dead wrong in terms of that. We can talk about those debates. “Lemonstone,” it was called at the particular point in time, and they were wrong on that, Mr. Chairperson. I know the Member for Crescentwood (Mr. Carr) is rather sensitive about that, and I know perhaps some of the Conservative Members might be as well, because their predictions of the cost were wrong at that point in time.

We are not here so much to debate the history of Hydro, although I am glad to do it, given the

opportunity in terms of policies in the '60s, the '70s and the '80s. We are into the reality of the 1990s. We are into a situation where a number of things are developing.

First of all, there is general recognition that conservation is something that has to be emphasized more greatly. I know, within Manitoba Hydro it has always been part of the mandate, and this caused some friction. There are some who would suggest even that the mandate of Hydro to build and construct on the one hand and to conserve on the other hand, are incompatible. I do not believe they are. I believe the real goal of Manitoba Hydro is to provide hydro—it is a public utility—and to provide it in the best way possible, and that includes not only cost to consumers but also impact on other people in the system. That is why this motion and this amendment, the debate on this is so important.

Let us look at the current situation. Conawapa and Wuskwatim were the two alternatives in terms of sequence. Conawapa has been selected based on the Ontario sale. Now assuming that Conawapa goes ahead following the environmental assessment, assuming there are no difficulties with the Ontario sale, the next issue becomes if and when we proceed with Wuskwatim.

I want to indicate that I am very concerned about the impact of Wuskwatim vis-a-vis Conawapa. There may be environmental impacts that have not been considered in terms of Conawapa. I am not assuming there are not any, but it is clear from the initial analysis that there will be flooding in terms of Wuskwatim, there will be flooding in terms of Nelson House to the degree of flooding that took place in the early '70s that led to the Northern Flood Agreement. There will be serious problems for Nelson House.

Also, it would impact the community of Thompson, something, for example, that does not exist to the same degree in terms of Conawapa because, let us face it, the flooding has already taken place. The main environmental damage in terms of the Conawapa dam took place many years ago, and it still has not been mitigated totally in terms of the Northern Flood Agreement.

That is the kind of issue we are looking at. If we do not move towards energy conservation we face the very real possibility that the next dam, Wuskwatim, will come on stream far quicker than it

would otherwise and would lead to environmental damage.

There are consequences we are talking about, a direct trade-off here in terms of the kind of targets that are set and environmental impact. That is the kind of trade-off we are looking at. That is why I do not believe that the amendment moved by the Minister of Health (Mr. Orchard) is acceptable, because all it does is it says nothing, it does not set a target.

Let us look at the words in the original motion, in case anybody has any concerns. I say this to the chairperson of Manitoba Hydro, and this is because we took some time to make sure that this was within the purview of this committee.

I know the Minister of Natural Resources (Mr. Enns) is here. I have his ruling as Chair in 1988 when he rolled a similar motion over because it requested—we recognize that we cannot direct. We would like to be able to have more influence over policy.

I believe the -(interjection)- well, Mr. Chairperson, the Minister of Natural Resources—I remember when he was critic of Manitoba Hydro, he had very definite ideas. I remember when he suggested quite clearly that we purchase power from the United States instead of moving ahead with the advancement of Limestone. I remember that debate well, and he was quite active in putting those views forward.

That is all the Opposition is doing in this case; we are trying to move this Government along. Let us not forget how the 2 percent target, their current 100 megawatt target, was described: a modest but achievable goal. What we are suggesting is we want an ambitious but achievable goal.

Yes, the 6 percent is ambitious, but we have on record with other utilities that similar targets are being set in other provinces. They are being ambitious perhaps, but why should we not be ambitious as well? In terms of its achievability, other provinces have indicated they feel those targets are achievable. They have chairpersons of the board, they have board members, they have Ministers, they have opposition Parties, and the process has resulted in what? Two percent? No, it has resulted in substantially higher amounts, 5.9 percent, 5.6 percent. If it is achievable in the minds of those other utilities and those other Governments, why is it not achievable in the minds of this Government?

**Mr. Chairman:** Excuse me, Mr. Ashton. It is 12:30. Is it the will of the committee to continue? Just one minute. First of all, we need a motion to postpone the debate on the amendment and the motion to a day certain, in other words, the next meeting. The motion is so moved by Mr. Doer. The time being 12:30, this committee can rise.

**COMMITTEE ROSE AT: 12:29 p.m.**