

An aerial photograph of a large dam and hydroelectric power station. The dam is a long, low concrete structure with a series of spillways. To the left of the dam, several tall, lattice-structured transmission towers are visible, extending into the water. The water is a deep blue, and the sky is a clear, pale blue. In the foreground, there is a rocky shoreline with some vegetation. The overall scene is a wide, open landscape.

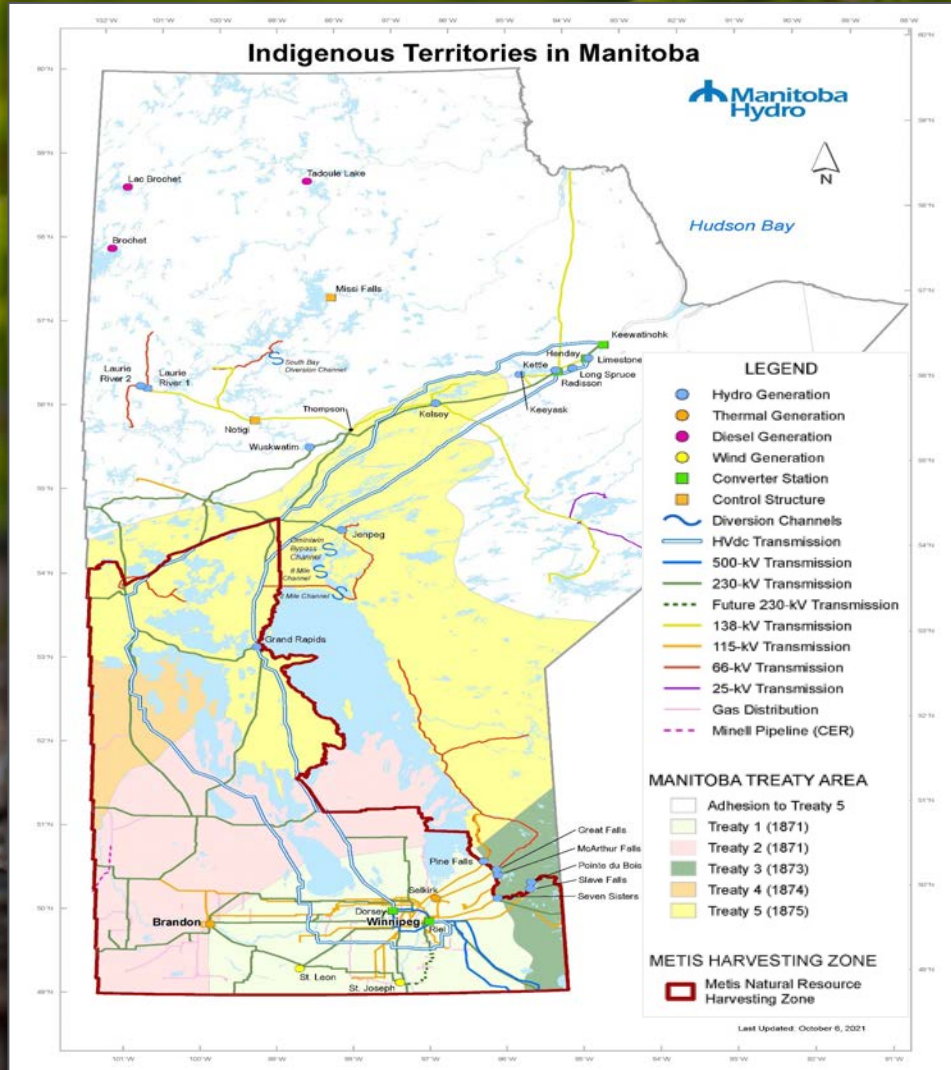
# Enterprise Plan

Manitoba Hydro's Plan: FY 22/23





# Territorial Land Acknowledgement



*Manitoba Hydro acknowledges its presence across Manitoba, on Treaty 1, Treaty 2, Treaty 3, Treaty 4 and Treaty 5 lands – the original territories of the Anishinaabe, Cree, Oji-Cree, Dakota, and Dene peoples – and the homeland of the Métis Nation. We acknowledge these lands and pay our respects to the ancestors of these territories.*

*The legacy of the past remains a strong influence on Manitoba Hydro's relationships with Indigenous communities today, and we remain committed to establishing and maintaining strong, mutually beneficial relationships with Indigenous communities*

# President & CEO's Message



**Jay Grewal,**  
President and CEO  
Manitoba Hydro

## Strategically adapting to our changing future

The energy landscape, and our customers' needs and expectations, are changing and will continue to change in the future. Around the globe, we have seen how the 3Ds – digitalization, decarbonization and decentralization – have already begun to impact the consumption and production of electricity and by extension, utilities. Our customers will see a growing number of increasingly competitive energy options, driven by new technologies such as local energy storage, rooftop solar, and other options. Vehicle manufacturers are moving away from internal combustion engines (ICEs) and towards electric vehicles (EVs), with some stating that they are stopping work on ICE platforms as early as 2026. The federal government has stated that no new ICEs will be sold in Canada beyond 2035.

Manitoba Hydro is well positioned to play an important role in shaping the changing energy landscape for the benefit of this province. As a vertically integrated utility, we are in the best position to take a holistic approach to managing the shifting energy environment, starting with customer-focused, long-term solutions to ensure our value and relevance to customers in the future. Our goal is to be a trusted energy advisor to Manitobans...today and tomorrow.

To guide our success through the next 20 years, we formalized work on our long-term strategic vision as Strategy 2040 and set forth a new organizational mission statement: *Help all Manitobans efficiently navigate the evolving energy landscape, leveraging their clean energy advantage, while ensuring safe, clean, reliable energy at the lowest possible cost.*

The formalization of Strategy 2040 now shifts our business planning to a profoundly different approach - our strategy will inform our budget to spend the dollars where it makes the most sense to provide the service and value to our customers.

While this is a long journey, we have already completed much "behind the scenes" work to review and revise our business model to build and enhance our skills and capabilities to ensure we are successful in our mission. Part of this includes looking at our culture as an organization, and our overall transformation journey.

To move this critical work forward, we have established a Business Transformation Office, reporting directly to me, to help embed and drive critical change at all levels of the organization, as well as coordinate and guide our efforts across the Enterprise.

The start of work on Manitoba Hydro's first Integrated Resource Plan (IRP) also marks a major change as we seek to gain a better understanding of our customers' thoughts around new technologies entering the market; how they think we should meet tomorrow's energy needs; and their take on costs and the need to continue to invest in the energy system of today and in the future.

These efforts are being undertaken as the Province of Manitoba also begins to develop a cohesive energy policy that will help inform our IRP process as well as help guide our investment decisions in the years ahead. This is critical as we have always worked diligently to keep energy prices as low as possible, while also striving to provide the level of service Manitobans expect. With additional potential demands for investment on our part, understanding both the energy policy and having a clear picture of our customers' expectations of us are important considerations as we decide on where to spend our capital dollars in the future, for the betterment of the province as a whole – with Strategy 2040 providing overarching objectives.

As we make informed, strategic choices, we remain committed to doing so with our core values, and the needs of our customers, guiding our efforts. The safety of our employees, customers and the public remains – and will remain - our top priority especially as we continue to navigate the ongoing pandemic to do our part to reduce the risks of COVID-19 transmission.

Finally, how we adapt to the world of tomorrow must be informed by perspectives from our customers, our partners and our public. To that end, we have strengthened our internal resources to lead more intensive stakeholder engagement and ensure ongoing consultation, engagement and reporting to our publics in more aspects of our business. Transparency is and will continue to be a key tenet of our success as we evolve into the Manitoba Hydro of the Future!

I am proud of every employee and their efforts and excited about strategically leading our organization through the coming years, working collectively and with our Chair and the Manitoba Hydro Electric Board to shape our energy future.



# Executive Summary

Manitoba Hydro developed a long-term vision, called **Strategy 2040** to adapt to the evolving energy environment. In this changing energy landscape, the **3 Ds - Digitalization, Decarbonization and Decentralization** are the key trends driving the need for Strategy 2040. Manitoba Hydro has undertaken a journey to **reform its organizational structure** to facilitate and support an **innovative culture anchored in customer-centricity** required to successfully execute on Strategy 2040. Manitoba Hydro is focused on building its **core capabilities** to plan more effectively and efficiently, to develop tools to track performance, and expand and enable new technologies.

The **5 strategic pillars** under Strategy 2040 that Manitoba Hydro aims to achieve as part of its long-term vision are:

- 1** Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans
- 2** Serve customers efficiently, responsibly, and digitally
- 3** Help all Manitobans understand their energy options and make informed choices
- 4** Ensure Manitobans get maximum value from their clean, dependable energy infrastructure
- 5** Keep energy prices as low as possible, while providing the level of service Manitobans expect

To progress towards these pillars and associated strategic objectives, Manitoba Hydro will continue to build the **foundation required to transform** while successfully meeting customer needs. Over the next year, Manitoba Hydro will execute several **key initiatives** to move forward on Strategy 2040 and continue the journey to evolve into the **Manitoba Hydro of the Future**.

As Manitoba Hydro moves forward on Strategy 2040, it will continue to **transition from construction of the Major Capital Projects, to operation and maintenance of assets** totaling \$31.1 billion in value for FY 22/23. Due to the capital-intensive nature of its business, Manitoba Hydro's cost structure is largely fixed. Therefore, there will continue to be a significant impact to Manitoba Hydro's revenue requirements related to the finance expense, depreciation, and capital taxes on the major capital projects.

Elements such as **variability in water levels, weather, interest rates and spot market prices** can all have significant impacts on Manitoba Hydro's net income. Manitoba Hydro's consolidated net income from electricity and natural gas operations for the fiscal year ended March 31, 2023, is planned at \$120 million compared to the forecasted net loss of (\$203) million for the fiscal year ended March 31, 2022. The fiscal plan for FY 22/23 assumes a return to average water conditions and recovery from the severe effects of drought that significantly impacted net export revenue in FY 21/22.

While Manitoba Hydro plans for the upcoming year, it will keep a strong focus on its **long-term strategic direction** and will continue its commitment to provide **safe, clean, reliable energy at the lowest possible cost** to Manitobans.

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A large hydroelectric dam is visible in the background, illuminated from within, with water cascading over its spillways. In the foreground, a tall, lattice-structured power transmission tower stands prominently against the twilight sky. The scene is captured during the "blue hour" of dusk, with a deep blue sky and some light clouds. The dam's lights reflect on the calm water in the foreground.

# 1 Introduction

About Manitoba Hydro's mission, values, operations, and the customers it serves





# Manitoba Hydro's Mission Statement

*Help all Manitobans efficiently navigate the evolving energy landscape, leveraging their clean energy advantage, while ensuring safe, clean, reliable energy at the lowest possible cost*



# About Manitoba Hydro

## Corporate Profile

- Founded in 1961, Manitoba Hydro is a **provincial Crown Corporation** and one of the **largest integrated electricity and natural gas distribution utilities in Canada**. It is a leader in providing renewable hydroelectricity and clean-burning natural gas – energy that powers Manitoba and supports its economic growth.
- Manitoba Hydro is a **forward-looking utility**, positioned to work in the best interests of its customers as the energy landscape evolves, both as a **reliable supplier and trusted energy advisor**. The focus is on service today, with an eye to the future.
- The governance of the Crown Corporation is through the Manitoba Hydro-Electric Board (MHEB).

## Who Manitoba Hydro serves and services it provides

- Manitoba Hydro ensures over 600,000 customers across Manitoba are reliably supplied with clean, renewable hydroelectricity every day.
- It supplies over 290,000 customers in the southern half of Manitoba with efficient, safe, clean burning natural gas.
- It trades in **four wholesale electricity markets** in Canada and the United States and has numerous contracts for the provision of firm electrical capacity and energy with individual utilities in those markets.
- Manitoba Hydro's energy exports **help displace greenhouse gas emissions (GHGs)** in jurisdictions where fossil fuels are a primary generation source and provides revenue that help keep rates for Manitobans lower than they would be otherwise.
- Nearly all the electricity produced is **green, renewable hydropower** generated using Manitoba's abundant water resources. Manitoba Hydro's hydroelectric system means the Province enjoys one of the cleanest, lowest emitting electricity systems in the world!
- Manitoba Hydro also provides **a variety of ancillary services** to its valued customers, including electrical inspection services outside of Winnipeg, line locating services, and energy advisory services to many large and industrial clients.
- It maintains **a robust community presence** and communications program designed to ensure customers use its products safely and are safe around its infrastructure across Manitoba.
- Manitoba Hydro continues to focus on enhancing its overall level of service in every area of business as it moves to become a more **customer-centric utility**.



# Manitoba Hydro Operations

## Electrical Generation



Nearly all the electricity Manitoba Hydro produces each year is clean, renewable, low GHG emitting power generated at 16 hydroelectric generating stations. As of March 31, 2021, total generating capability was 5,608 Megawatts (MW). Manitoba Hydro also operates one thermal generating station (Brandon) and four small remote diesel generating stations (Brochet, Lac Brochet, Shamattawa, and Tadoule Lake).

Construction on the 695 MW Keeyask Generating Station on the Nelson River is continuing. This plan reflects all seven Keeyask units being entered into service by FY 22/23.

## Electrical Transmission



Manitoba Hydro operates over 11,000 kilometres of high voltage lines across the province. The Manitoba Hydro system has multiple interconnections to Saskatchewan, Minnesota, North Dakota and Ontario. Its latest interconnections, the 500,000-volt Manitoba-Minnesota Transmission Project and the 230,000-volt Birtle Transmission Project, went into service in June 2020 and April 2021, respectively.

## Electrical Distribution



Manitoba Hydro operates and maintains approximately 75,000 kilometres of distribution lines to serve customers.

## Natural Gas Distribution



Over 10,000 kilometres of gas distribution lines are operated by Manitoba Hydro in order to provide affordable, reliable gas service to customers in 130 communities across southern Manitoba.

# 600k

## Electric Customers

# 290k

## Natural Gas Customers

# Manitoba Hydro's Business Units

BU MANDATES

BU DIVISIONS

## Customer Solutions & Experience



**Alex Chiang, VP**

As champions of customer-centricity, we deliver customer solutions and experiences that are responsive to the evolving needs and expectations of Manitobans while optimizing net revenue, supporting provincial economic development and inspiring our employees to feel connected to Hydro's mission and brand

Sales, Marketing & Product Development

Customer Care

Customer Strategy & Experience

Energy Markets

## Operations



**Shane Mailey, VP**

As asset operators, we maintain a resilient power system and are responsible for the safe, cost-effective supply of energy to meet present and future customer and market requirements

System Operations

Generation Operations & Maintenance

Transmission Operations & Maintenance

Distribution Operations & Maintenance (Rural)

Distribution Operations & Maintenance (WPG)

Operations Business Solutions & Services

## Asset Planning & Delivery



**Hal Turner, VP**

To plan, deliver and manage Manitoba Hydro's energy system assets through their lifecycle to meet the evolving energy needs of Manitobans and maximize value to customers and the Province's clean energy advantage.

Integrated Resource Planning

Asset Management

Engineering

Construction

Project Management

## Digital & Technology



**Ian Fish, VP**

As a catalyst for developing digital value, we empower and enable the Enterprise to achieve our strategic objectives by delivering secure and reliable technologies, and fostering an innovative, agile and insight-driven culture

Information Technology

Digital

Cyber Security & Architecture

## CFO



**Aurel Tess, VP & CFO**

Be a trusted advisor and strategic partner to the Enterprise across our functions, enable the execution of Strategy 2040, implement comprehensive Enterprise risk management and strategic regulatory functions, and manage the procurement of goods and services while maintaining core financial accountabilities

Corporate Controller

Treasury

Internal Audit

Rates & Regulatory

Strategy & Enterprise Planning

Enterprise Risk Management

Manitoba Hydro International

Supply Chain

## External, Indigenous Relations & Communications



**Jeffrey Betker, VP**

Enable the achievement of our strategic objectives by managing the organization's reputation, enabling effective internal and external communication, driving a consistent approach to engaging stakeholders, proactively building meaningful relationships with Indigenous Peoples, and providing legal services and expertise

General Counsel & Corporate Secretary

Indigenous & Community Relations

Stakeholder Relations

Corporate Communications

## Human Resources & Safety, Health & Environment



**Jamie Hanly, VP**

Be a trusted advisor and strategic partner to the Enterprise; inspire and enable a safe, healthy and engaged workforce, and ensure we meet our commitments to public safety, while being stewards of the environment.

Safety, Health & Environment

Human Resources



The background image shows a high-voltage electrical substation. Two workers in safety gear (hard hats, high-visibility vests) are standing on a blue aerial lift platform, working on large, silver, cylindrical electrical components. The components are arranged in rows, and the scene is set outdoors under a clear sky. A semi-transparent blue banner is overlaid on the left side of the image, containing the text for the slide.

# 2

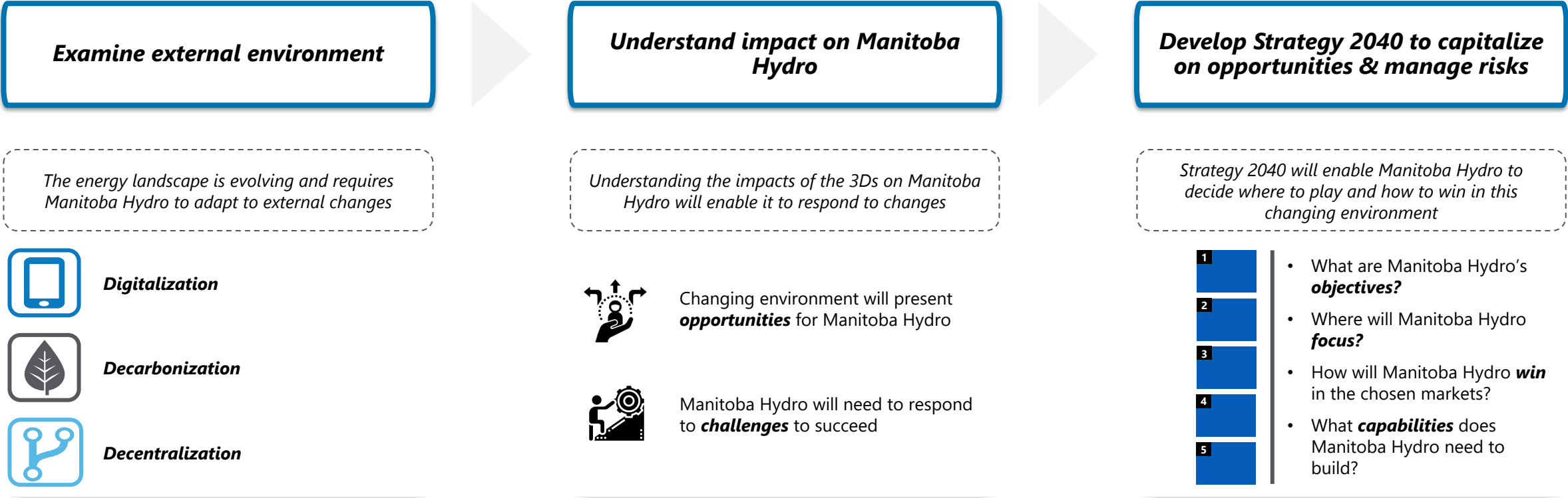
## Strategic Direction

Strategy 2040 objectives and Manitoba Hydro's response to the evolving internal & external environments



# The Need for Strategy 2040

Assessment of the external environment revealed key drivers of change that Manitoba Hydro will need to adapt to in order to be successful over the next 20 years



Slide 13



Slide 14



Slides 15-24

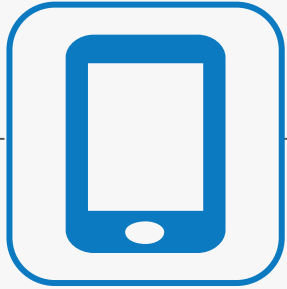




# The Case for Change

The energy landscape is changing rapidly due to 3 drivers of change: Digitalization, Decarbonization and Decentralization

## DIGITALIZATION



- Technology and connectivity are advancing at a rapid pace, which is changing customer preferences and expectations for how they interact with their energy provider
- A technology-driven services market is emerging "behind the meter," changing the energy value chain for consumers, who may become "prosumers" (producer/consumers) in the future
- Technology is allowing new suppliers to enter the market. Not traditional utility companies, but rather technology companies offering previously unavailable products and services

## DECARBONIZATION



- The focus on reducing greenhouse gas emissions (GHG) globally is accelerating the pace of electrification worldwide. This will only increase the demand for renewable, dependable energy
- Vehicle manufacturers are decreasing investments in internal combustion engines (ICEs) and switching to electric, along with public transit authorities embracing new electric technologies for buses and other mass transit

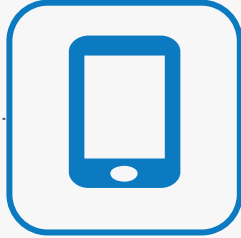
## DECENTRALIZATION



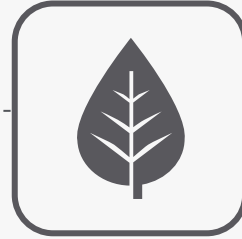
- The cost of self-generation behind the meter, such as rooftop solar and localized energy storage, is falling
- This means Manitobans may soon be able to generate some of their own electricity at similar costs to buying their power from Manitoba Hydro, and there will be a bi-directional, or two-way flow of energy

# Implications of the 3Ds on Manitoba Hydro

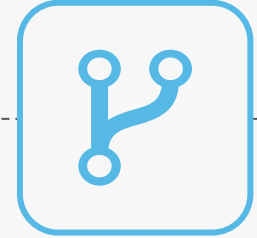
Strategy 2040 is all about the opportunities and challenges presented by the 3Ds and how Manitoba Hydro will need to think, act, and serve customers differently



## DIGITALIZATION



## DECARBONIZATION



## DECENTRALIZATION

### OPPORTUNITIES

- Connectivity and Internet of Things (IoT) create opportunities for **automation** and **bundling of services behind the meter**
- Meet rising customer expectations by increasing Manitoba Hydro's suite of digital products and channels to **enhance the way it engages** with customers
- Digital grid operations will enable customer electrification while **offsetting capital requirements** to enable new infrastructure

### CHALLENGES

- **Shift in customer energy load** with increasing smart home energy solutions will require increased investment in distribution grid
- **With rise in customer expectations** due to advancement in technology, Manitoba Hydro will need to expand its digital offerings, which should work in concert with improving its traditional channels to increase convenience for customers

- Opportunity to strengthen a trusted **relationship with government** to shape the energy landscape in the best interest of Manitobans
- Focus on reducing greenhouse gas emissions has accelerated the **pace of electrification** creating opportunities to plan for the expected increase in energy load
- Increase in **demand for renewable**, dependable, green energy puts Manitoba Hydro in an advantageous position, which can be further leveraged by building its brand

- **Evolution of Energy Policy** by the Province will have a significant impact on the energy landscape for which Manitoba Hydro will need to plan its response
- **Need for sufficient charging infrastructure** to deal with increase in electrification of transportation
- **Increased generation capacity** required to meet electrification demand in the future\*

- Opportunity to become **trusted energy advisors to Manitobans** by building advisory capabilities and partnering to help Manitobans navigate their energy choices
- Take advantage of **federal funding** to improve debt-to-equity ratio and meet investment requirements
- Opportunity to operate **multiple business models** and implement **innovative solutions** to integrate energy products to provide value for Manitobans

- Increase in self-generation could result in **stranded assets** and **decreased revenue**
- Enabling the grid to support bi-directional flow of energy could **drive up costs**
- Consistent peaks in demand during the winter strips the opportunity for reduction in **system costs**
- Large investments in **battery technology development** could lead towards grid defection

\*Electrification demand is estimated at 600MW in 2040 and could be greater with the electrification of public transit and long-haul fleets

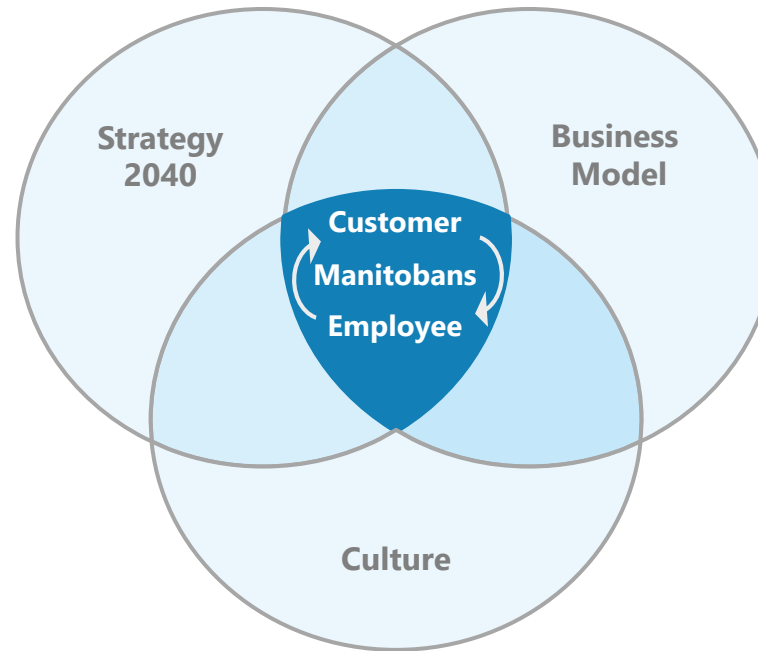


# Journey to become the Manitoba Hydro of the Future

Integration of Strategy, Business Model and Culture is required for success

## Strategy 2040 set the direction for Manitoba Hydro:

1. Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans
2. Serve customers efficiently, responsively, and digitally
3. Help all Manitobans efficiently navigate the evolving energy landscape
4. Ensure Manitobans get maximum value from their clean, dependable energy infrastructure
5. Keep costs as low as possible, while making the investments necessary to serve Manitobans



## The Business Model is the 'hard wiring' required to:

1. Integrate the ways of working at Manitoba Hydro
2. Grow capabilities to effectively operate in the new energy landscape
3. Direct people, process, technology and data resources to where they are most needed
4. Ensure long-term sustainability

## Culture is the 'soft wiring' that shapes the ways of working at Manitoba Hydro:

Ways of working, ways of thinking, ways of leading to drive: Customer Focus, Collaboration, Empowerment, Risk-Intelligent Decision Making

*Manitoba Hydro has developed Strategy 2040 and is progressing on achieving the strategic objectives. Significant progress has been made on implementing the Business Model to shift the way we work. To reap the intended benefits of both, the organization is now positioned to focus on fostering an innovative customer-centric culture*

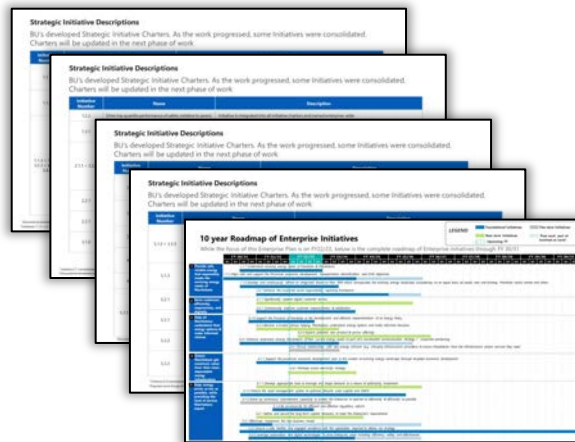
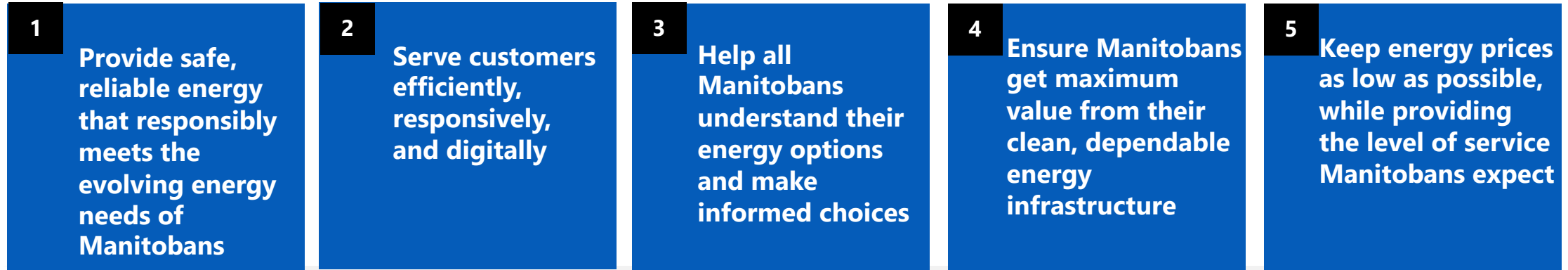
# Strategy 2040 will protect and build on Manitoba's clean energy advantage with a strong and secure Manitoba Hydro

Exemplified in the **5 pillars** of Strategy 2040, Manitoba Hydro will...

<b>1</b> <b>Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans</b>	<b>2</b> <b>Serve customers efficiently, responsively, and digitally</b>	<b>3</b> <b>Help all Manitobans understand their energy options and make informed choices</b>	<b>4</b> <b>Ensure Manitobans get maximum value from their clean, dependable energy infrastructure</b>	<b>5</b> <b>Keep energy prices as low as possible, while providing the level of service Manitobans expect</b>
<p>Energy powers your life and your business – Manitoba Hydro will ensure your energy is safely, responsibly and reliably produced and delivered to you</p>	<p>You expect responsive service, and to be able to deal with your energy provider the way you want – Manitoba Hydro will modernize its customer service to deliver digitally, and to improve responsiveness</p>	<p>Your home and business energy choices are expanding and becoming a lot more complex – Manitoba Hydro will help you understand your energy options and make informed choices that are right for you</p>	<p>All Manitobans have a tremendous asset that is becoming even more valuable as the world moves to price and reduce the use of carbon. Manitoba Hydro will help protect and maximize the value of these assets for all Manitobans</p>	<p>Whether at home or in your business, your energy costs are important to you – Manitoba Hydro will take all responsible measures to keep costs low, while making necessary investments to serve the needs of Manitobans</p>



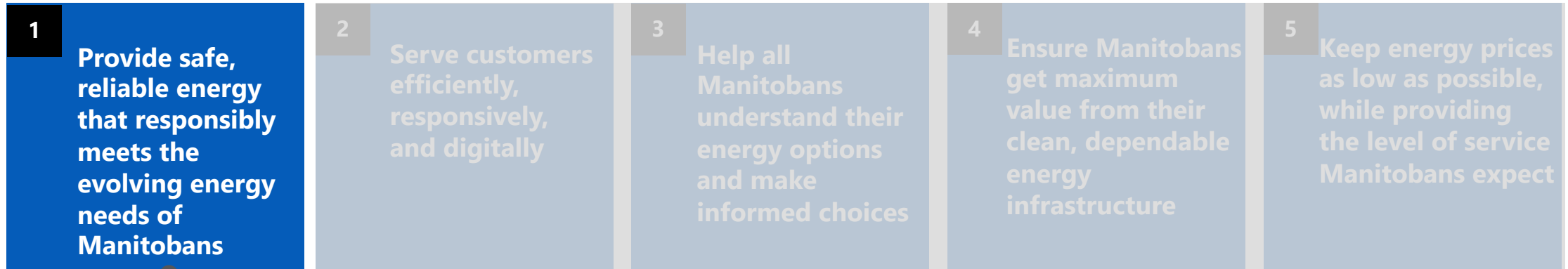
# Manitoba Hydro identified a set of strategic initiatives to support the execution of Strategy 2040



To support the successful execution of the 5 pillars of Strategy 2040:

- The 5 pillars have been translated into a set of **strategic objectives**
- Each objective has been translated into a set of **strategic initiatives**
- Each initiative has been sequenced and mapped out over the duration of Strategy 2040 and created a **tactical execution roadmap**

# Pillar 1: Strategic objectives and initiatives



## 1.1 Ensure sufficient supply of energy to meet demand in the Province of Manitoba

- 1.1.1 Understand the evolving energy needs of Manitoba and Manitobans
- 1.1.2 Align with and support the Provincial economic development, transportation electrification, and GHG objectives
- 1.1.3 Develop an Integrated Resource Plan (IRP) and supporting processes

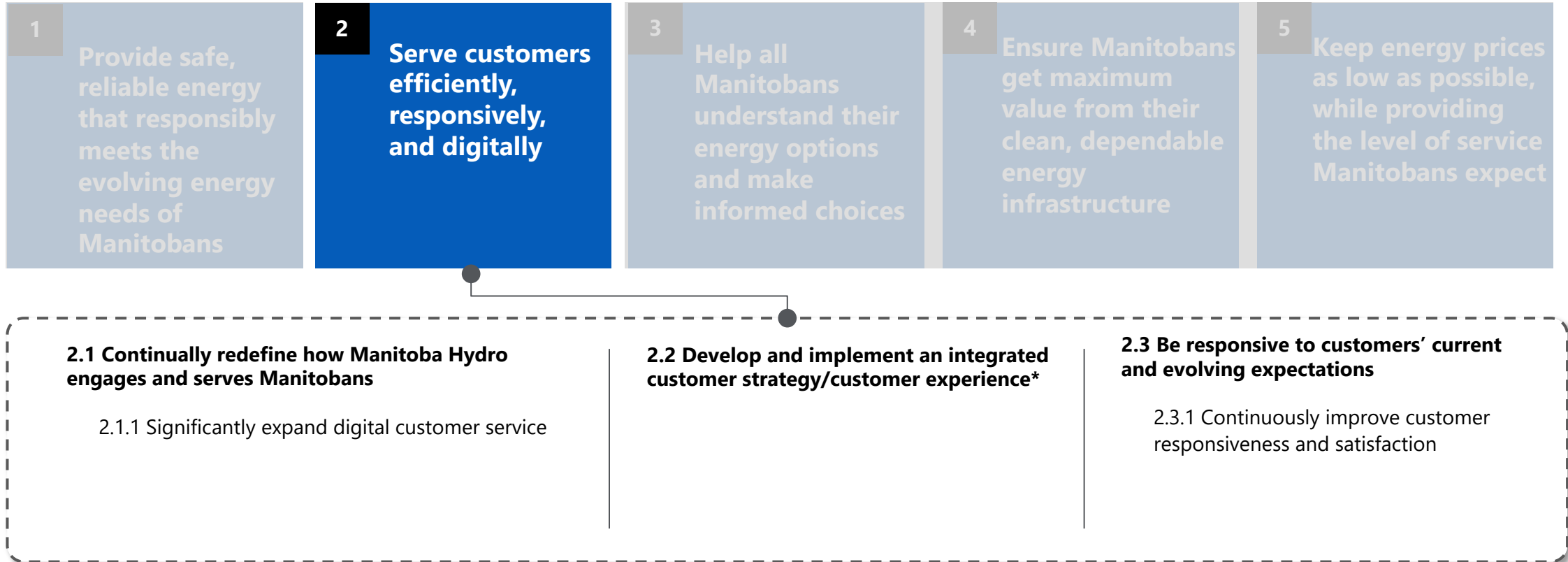
## 1.2 Ensure energy is safely, efficiently, and reliably delivered for our customers\*

## 1.3 Strengthen our role as a good corporate and environmental citizen, continuing to advance relationships with stakeholders and Indigenous Peoples

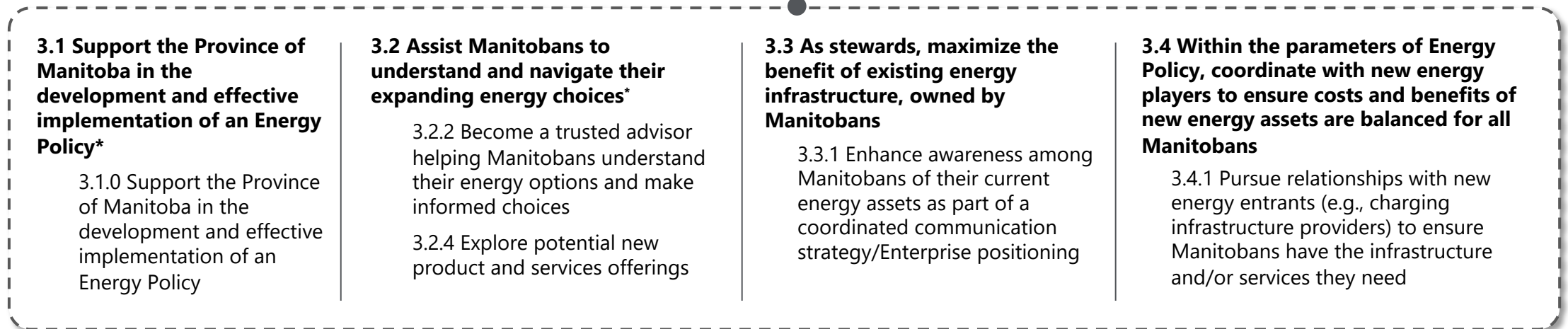
- 1.3.1 Enhance the corporate social responsibility reporting framework



## Pillar 2: Strategic objectives and initiatives

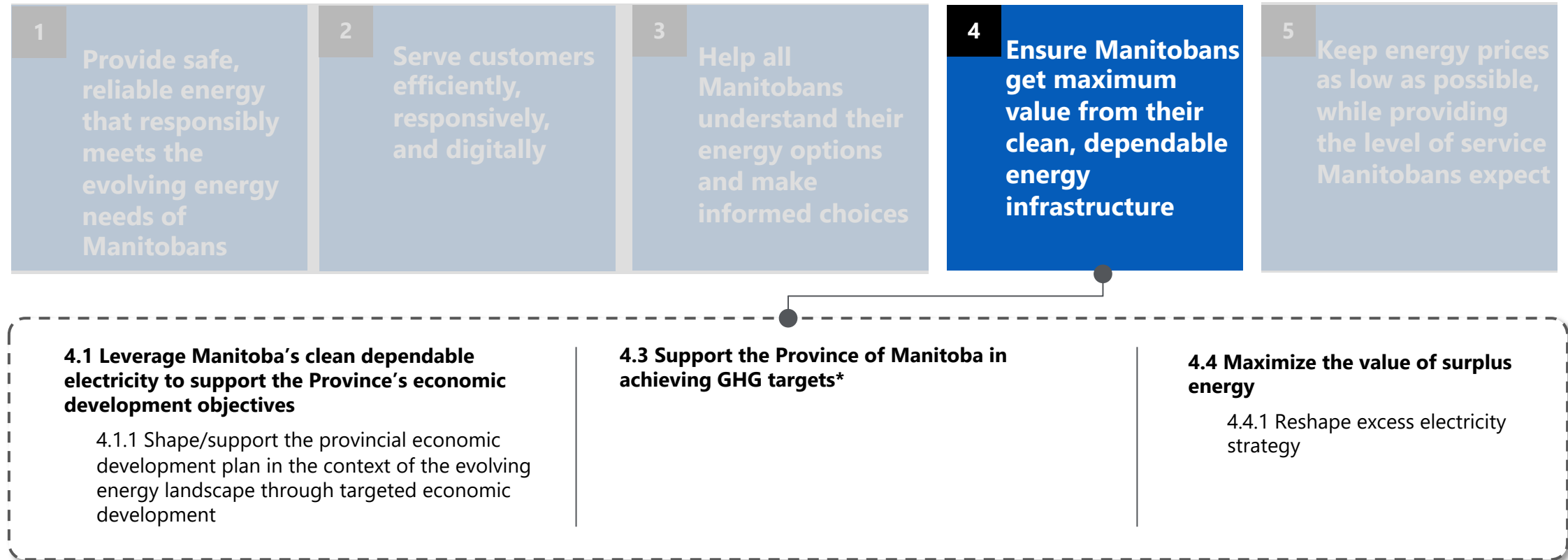


## Pillar 3: Strategic objectives and initiatives



\* Initiatives have been consolidated and incorporated into other pillars

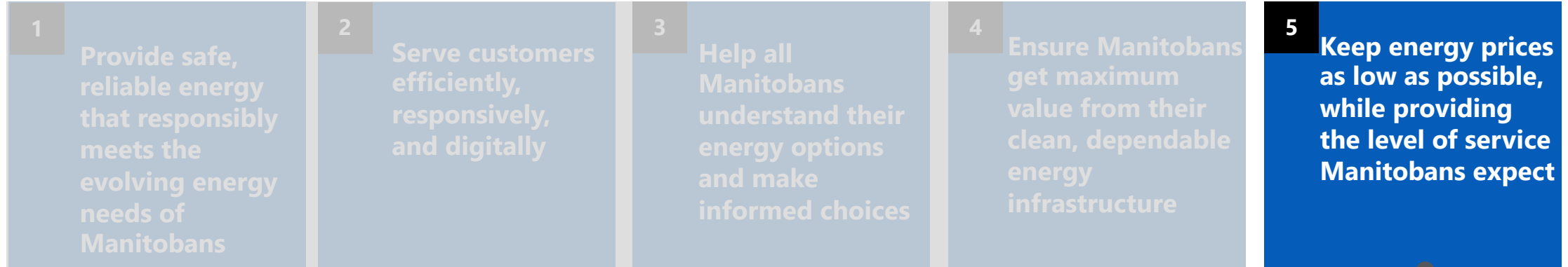
## Pillar 4: Strategic objectives and initiatives



\* Initiatives have been consolidated and incorporated into other pillars



## Pillar 5: Strategic objectives and initiatives



### 5.1 Responsibly manage all costs (deferring and minimizing where appropriate)

- 5.1.1 Develop appropriate tools to manage and shape demand as a means of optimizing investment
- 5.1.2 Mature the asset management system to optimize lifecycle costs (capital + operations)
- 5.1.3 Stand up continuous improvement capability to enable the Enterprise to operate as effectively and efficiently as possible
- 5.1.4 Be an advocate for efficient and effective regulatory reform<sup>(a)</sup>

### 5.2 Where beneficial to Manitoba and Manitobans, leverage opportunities to access capital to finance new investments and optimize debt

- 5.2.1 Define and secure the long-term capital necessary to meet the Enterprise's requirements

### 5.3 Transform business model and culture to deliver our strategy

- 5.3.1 Enable and support the new business model
- 5.3.2 Ensure a safe, healthy, and engaged workforce with the capabilities required to deliver our strategy
- 5.3.3 Leverage automation and digital technologies to drive Enterprise value including efficiency, safety, and effectiveness

(a) New strategic initiative as a result of Bill 35 no longer being on the legislative agenda

## Strategy 2040 and Enterprise Risks

Manitoba Hydro faces risks/uncertainties driving the need for Strategy 2040. Strategy 2040 will be executed in an evolving energy landscape where the degree and pace of change is unknown. Manitoba Hydro is focused on establishing a comprehensive Enterprise Risk Management (ERM) Program to ensure these risks and risks inherent in its business are clearly understood, are actively monitored, and mitigation plans are in place to support successful execution of Strategy 2040

- **Strategic Risks** are those that either affect or are created by business strategy decisions, including risks related to strategic choices and strategic execution, that could impede the Enterprise's ability to achieve its strategic objectives. Examples include:
  - Risks that could impair the organization's ability to achieve its strategies and business objectives (e.g., energy policy and decarbonization, system growth and modernization, capital funding constraints, etc.)
  - Risks where the organization could lose significant value (e.g., self-generation and stranded assets, changing export markets, etc.)
  - External and emerging risks that could impact the organization and its strategies (e.g., cyber and disruptive technology, etc.)
- ✓ The mandate of Manitoba Hydro's ERM Program is to provide an **Enterprise-wide view of risks** faced by the organization and a **proactive, comprehensive** and **standardized** approach to the management of these risks and facilitate **risk-intelligent decision making** across the Enterprise

*Achieving the objectives of Strategy 2040 requires successfully managing strategic risks. A key objective of the ERM Program is the integration of risk management activities with the execution and on-going monitoring of Strategy 2040*

# Development of the ERM Program

Manitoba Hydro is in the process of a multi-year development to establish and mature its Enterprise Risk Management (ERM) program that establishes a clear link between ERM and Strategy & Enterprise Planning

## *The ERM Program is being developed to achieve the following:*

1. Manage risks in the right kind of way – focus on top risk areas
2. Integrate ERM with strategic planning
3. Help facilitate a risk-intelligent culture
4. Enable proactive identification and mitigation of risks
5. Create an integrated, holistic view of risk within the Enterprise
6. Be a value-add process rather than a compliance exercise
7. Be underpinned by a consistent and systematic approach
8. Continually evolve and mature over time

## Evolution of the ERM Program

### *In Progress Work (FY 21/22)*

- Identification of top risks facing Manitoba Hydro and mitigation plans for these risks
- Finalization of the ERM Framework that will guide risk management for the Enterprise
- Approval by MHEB of ERM Framework and top risks

### *Next Phase of Work (FY 22/23)*

- Develop updated risk appetite statements to outline acceptable levels of risk and operationalize into tolerance statements to support decision making
- Implement next cycle of risk identification and reporting across the Enterprise

### *Future Maturation Program (beyond FY 22/23)*

- Key risk indicators (KRIs) for strategic risks will be identified and used to influence and inform risk reporting
- Integration of ERM Program processes and reporting with Strategy & Enterprise Planning processes





3

# Enterprise Plan: FY 22/23

Manitoba Hydro's plan for FY 22/23

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# Plan for FY 22/23: Executing on Strategy 2040

Attention for FY 22/23 will be executing on Strategy 2040 and setting the foundation for the future



## Focus of the Enterprise Plan

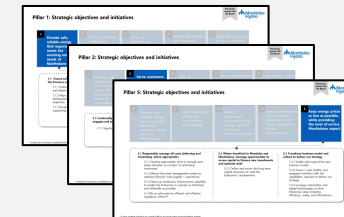
### FY 22/23

- To make strides toward the achievement of its strategic objectives, Manitoba Hydro will **continue** to execute on its **strategic initiatives**
- As Manitoba Hydro executes on the strategic initiatives, it will also continue to meet the commitment to its customers to provide safe, clean, reliable energy at the lowest possible cost



### Long-term

- Strategy 2040 is a **multi-year journey**, and Manitoba Hydro is in the early stages. Its strategy and the supporting initiatives will be refined over time as the energy landscape evolves
- As a result, Strategy 2040 will help Manitoba Hydro to understand the future changes required to meet customers wants and needs



## Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans

### STRATEGIC INITIATIVES

#### 1.1.1 Understand the evolving energy needs of Manitoba and Manitobans

Design and execute research initiatives to identify and measure behavioral, attitudinal, and aspirational evolving trends around current and future energy needs. This consistent ongoing research will be a scientifically validated input into Manitoba Hydro's future energy planning process (e.g., Integrated Resource Plan (IRP)) and ensure investments are aligned with Strategy 2040's core customer-centricity foundation. Newly developed brand trust studies will guide Manitoba Hydro's decisions on the path to become a trusted advisor (on energy needs) to customers.

##### **FY 22/23 Deliverable(s):**

- *Develop and launch research initiatives to build current and future customer profiles, and their evolving energy needs and expectations; evolve Voice of Customer research to capture customer satisfaction across all customer interactions with Manitoba Hydro.*

#### 1.1.2 Align with and support the Provincial economic development, transportation electrification, and GHG objectives

Continue working with various Provincial Government departments to ensure that Manitoba Hydro is aligned with, and provides support to, Provincial initiatives, including but not limited to, energy policy, economic development, transportation electrification and GHG objectives. By working with the Province on these objectives, both parties will be better informed – Manitoba Hydro will be aware of and understand Provincial expectations and the Province will understand Manitoba Hydro's technical abilities and/or limitations.

##### **FY 22/23 Deliverable(s):**

- *Establish structured and well-defined processes and roles for ongoing engagement with government, including timelines, points of contacts and stakeholder maps.*
- *Proactively engage the Province in the development of the Provincial Energy Policy; create an action plan to support the Policy following implementation.*
- *Form a comprehensive understanding of Manitoba Hydro's role and responsibilities in supporting the Province and the agencies' economic development plans.*



## Provide safe, reliable energy that responsibly meets the evolving energy needs of Manitobans

### STRATEGIC INITIATIVES

#### 1.1.3 Develop an Integrated Resource Plan (IRP) and supporting processes

An integrated resource plan (IRP) will inform near and long-term investment decisions on electric and gas infrastructure for generation, transmission and distribution, including customer and third-party energy assets. Stakeholder engagement will ensure the IRP reflects the interests and needs of Manitobans. The plan will be based on future scenarios that consider evolving energy policy, customer demand, market conditions, system energy supply, emerging technology and climate change. The result will be a roadmap for making sure Manitoba Hydro's electricity and natural gas supply and delivery systems meet the needs of its customers for the next 20 years and beyond. The targeted delivery of the finalized IRP is the summer of 2023.

##### **FY 22/23 Deliverable(s):**

- *Develop and review IRP analysis and documentation of potential future scenarios and impacts on customer needs with stakeholders.*
- *Develop strategies to evolve the electric and natural gas systems to meet future customer needs.*

#### 1.3.1 Enhance the corporate social responsibility reporting framework

Build a credible, transparent process for ongoing corporate social responsibility (CSR) reporting and awareness building of the activities and issues important to customers, stakeholders and Indigenous Peoples. Credible and continuous reporting will help maintain alignment between Manitoba Hydro activities and customer expectations, preserving social license and promoting support for decisions, enhancing employee pride and engagement, and helping maintain access to export and capital markets.

##### **FY 22/23 Deliverable(s):**

- *Identify key topic areas and contributing subject matter experts, and leverage Client Account Manager model to enhance the CSR content plan.*
- *Integrate continuous CSR storytelling into proactive communications planning and calendar tool.*
- *Review corporate social responsibility (CSR) and environmental, social, and governance (ESG) reporting by other companies in the energy utility sector, and expectations of regulators and public policy, and identify opportunities to enhance Manitoba Hydro's reporting.*

## Serve customers efficiently, responsively, and digitally

### STRATEGIC INITIATIVES

#### 2.1.1 Significantly expand digital customer service

Leverage cloud technology to expand digital self-serve options for Manitoba Hydro customers in order to be more responsive. This includes technology platform upgrades for Manitoba Hydro's contact center and implementation of artificial intelligence (AI) based chat functionality across its digital channels.

##### FY 22/23 Deliverable(s):

- *Implement AI-based chat functionality within self-serve portal and mobile app.*
- *Engage an Advanced Metering Infrastructure (AMI) expert to provide recommendations to optimize implementation, considering savings from an operational perspective as well as enabling expansion of additional digital self-service options for customers. This study will determine pace, technology, scope and execution strategy of an AMI solution for Manitoba Hydro.*
- *Finalize plans for AMI pilot project launch in late 2022 based on outcome of the AMI business case study.*

#### 2.3.1 Continuously improve customer responsiveness and satisfaction

To deliver on enhanced responsiveness and customer satisfaction, customer journey optimization work has commenced. Customer experience will be optimized across major customer journeys within Manitoba Hydro. Journey optimization work will identify and prioritize current issues for remedial corrective action. Customer experience will be measured consistently and frequently through digital surveys across all major customer journeys to drive continuous improvement.

##### FY 22/23 Deliverable(s):

- *Design optimized customer journeys for account moves, billing, outage communications, subdivision servicing and service connections.*
- *Develop automated reporting on customer satisfaction and customer effort measures.*

## Help all Manitobans understand their energy options and make informed choices

### STRATEGIC INITIATIVES

#### 3.1.0 Support the Province of Manitoba in the development and effective implementation of an Energy Policy

Provincial Energy Policy will impact Manitoba Hydro's operations as well as its customers. Manitoba Hydro will proactively engage with the Province of Manitoba, contributing expertise, data and insights to support development of an evidence-based Energy Policy. Manitoba Hydro will support communicating the need for, and implications of, Energy Policy to Manitoba Hydro and its customers.

##### **FY 22/23 Deliverable(s):**

- *Proactively engage with the Province of Manitoba to develop Energy Policy objectives.*
- *Incorporate Energy Policy objectives into Strategy 2040 and the Integrated Resource Plan.*

#### 3.2.2 Become a trusted advisor helping Manitobans understand their energy options and make informed choices

Transform Manitoba Hydro to become a customer-centric and responsive trusted energy advisor. Manitoba Hydro will provide personalized, timely and relevant advice to help customers understand their energy options.

##### **FY 22/23 Deliverable(s):**

- *Deliver first phase of customer relationship module for Energy Services Advisors.*
- *Identify and develop further improvement opportunities based on brand trust study and customer persona research being conducted under initiative 1.1.1.*



## Help all Manitobans understand their energy options and make informed choices

### STRATEGIC INITIATIVES

#### 3.2.4 Explore potential new product and service offerings

Explore new front-of-the-meter products and services that will meet the evolving energy needs of customers. These products and services will be identified through evaluation studies of Manitoba Hydro's natural gas and electric systems and market perception studies to develop the value proposition to the customer. Following completion of the market perception studies, viable products and services will be identified, assessed, developed and launched.

##### **FY 22/23 Deliverable(s):**

- *Develop new products and services based on market perception study results for renewable natural gas.*
- *Complete evaluation studies for Electric Vehicle (EV) and Demand Response (DR) to identify feasible products and services (e.g., rate products) to potentially be offer by Manitoba Hydro's current electric grid.*

#### 3.3.1 Enhance awareness among Manitobans of their current energy assets as part of a coordinated communication strategy/Enterprise positioning

Establish a cohesive brand/narrative to serve as a basis for deliberate, proactive communication with customers and employees. Remind customers of their previous investments in the energy system and leverage ongoing research to craft proactive awareness messaging that is meaningful to customers.

##### **FY 22/23 Deliverable(s):**

- *Identify subject matter experts responsible for activities that flow into various communications; establish processes to continue to gather information that will help raise awareness of previous and existing investments in Manitoba Hydro's electric and natural gas systems.*
- *Develop and execute customer research plan in conjunction with Customer Solutions & Experience to further refine customer segments and enhance understanding of the importance of various factors to each, to inform communications.*
- *Establish a brand coordination group to progress the development and management of the Manitoba Hydro brand in alignment with Strategy 2040.*

## Help all Manitobans understand their energy options and make informed choices

### STRATEGIC INITIATIVES

#### 3.4.1 Pursue relationships with new energy entrants (e.g., charging infrastructure providers) to ensure Manitobans have the infrastructure and/or services they need

Develop and maintain relationships with new entrants (e.g., Renewable Natural Gas (RNG) producers, electric vehicle charging infrastructure providers, distributed generation and storage providers, etc.) to ensure that customer needs for evolving energies are met.

##### **FY 22/23 Deliverable(s):**

- *Assess the current state of energy infrastructure market segments and proponents.*
- *Identify high-priority opportunities and develop engagement strategy to build and evolve relationships.*

## Ensure Manitobans get maximum value from their clean, dependable energy infrastructure

### STRATEGIC INITIATIVES

#### 4.1.1 Shape/support the provincial economic development plan in the context of the evolving energy landscape through targeted economic development

Proactively work with and support Manitoba Economic Development & Training Department and regional economic development agencies to pursue opportunities that bring economic growth to the Province, by focusing support to targeted industries and sectors.

##### **FY 22/23 Deliverable(s):**

- *In cooperation with the Manitoba Economic Development Office and its regional partner agencies, develop energy connection strategies for key sectors/industries that align with the Province's strategies and leverage Manitoba Hydro's clean energy advantage.*
- *Support the Province in incorporating its Energy Policy objectives into a targeted economic development plan.*

#### 4.4.1 Reshape excess electricity strategy

Reshape Manitoba Hydro's strategy for excess electricity to focus on opportunities supporting growth within Manitoba and participate in markets with parties outside the Province, to maximize revenues for Manitoba Hydro. This will be achieved in alignment with Integrated Resource Planning (IRP).

##### **FY 22/23 Deliverable(s):**

- *Conduct current state analysis of existing export contracts to identify revenue optimization opportunities.*
- *Create decision framework to assess and prioritize future opportunities.*



## Keep energy prices as low as possible, while providing the level of service Manitobans expect

### STRATEGIC INITIATIVES

#### 5.1.1 Develop appropriate tools to manage and shape demand as a means of optimizing investment

Understand the influence of market changes on customer demand for energy services and develop rate options/tools to respond to these changes to shape demand and optimize investments.

##### **FY 22/23 Deliverable(s):**

- *Through the IRP processes, obtain further insight into customer preferences, and appetite for the adoption of emerging technologies.*
- *Complete assessment of the sufficiency of existing data and systems to enhance understanding of customer usage patterns and assess future data and technology requirements.*

#### 5.1.2 Mature the asset management system to optimize lifecycle costs (capital + operations)

The Asset Management System is the set of people, processes, technology and other resources involved in asset acquisition, operation, maintenance, refurbishment/replacement and decommissioning to maximize value for customers. Maturing the Asset Management System will allow Manitoba Hydro to target system performance and risk levels aligned to customer's expectations at the lowest possible life cycle cost.

##### **FY 22/23 Deliverable(s):**

- *Re-calibrate the Corporate Value Framework (Manitoba Hydro's investment decision support tool) for the natural gas and electric distribution, transmission and generation systems. This will allow the investments in these systems to be compared against each other to ensure the optimum level of investment in each system.*
- *Complete an asset management analysis to support the next multi-year General Rate Application (GRA). This analysis will provide a multi-year forecast of capital investment needs of the energy systems infrastructure.*

## Keep energy prices as low as possible, while providing the level of service Manitobans expect

### STRATEGIC INITIATIVES

#### 5.1.3 Stand up continuous improvement capability to enable the Enterprise to operate as effectively and efficiently as possible

Establish Enterprise-wide continual improvement capabilities to enable ongoing operational problem-solving, innovation, and improvement at all levels of the organization. A culture of continuous improvement that engages the hearts, hands, and minds of every level of Manitoba Hydro's talents will help the Enterprise continue to meet the organizations evolving needs to become the Manitoba Hydro of the Future.

##### FY 22/23 Deliverable(s):

- *Standardize Enterprise continuous improvement principles, tools, methods to develop, enable, and leverage continuous improvement capabilities across the Enterprise.*
- *Monitor, maintain, and support a portfolio of Continuous Improvement initiatives that create measurably better value.*
- *Test and refine a transparent Employee Idea System to see, raise, and solve for improvement ideas at the right level across the Enterprise.*

#### 5.1.4 Be an advocate for efficient and effective regulatory reform<sup>(a)</sup>

Support Government and other external stakeholders as they consider the regulatory framework in the context of the evolving energy landscape.

##### FY 22/23 Deliverable(s):

- *Continue to advocate for an effective and efficient regulatory framework that will keep rates as low as possible for customers, and provide rate predictability for customers, while ensuring the financial health of Manitoba Hydro as the energy landscape evolves.*

## Keep energy prices as low as possible, while providing the level of service Manitobans expect

### STRATEGIC INITIATIVES

#### 5.2.1: Define and secure the long-term capital necessary to meet the Enterprise's requirements

Revise and update the long-term capital plan to incorporate all requirements for the Enterprise and consider the impacts of the evolving energy landscape. Manitoba Hydro will identify and pursue all potential sources of capital funding available (e.g., federal grant funding, 3<sup>rd</sup> party capital, etc.) to meet its requirements. As Manitoba Hydro works to address its debt levels and prepare its balance sheet for the evolving energy landscape, efforts will be made to minimize borrowing to keep costs as low as possible for customers.

##### **FY 22/23 Deliverable(s):**

- *Develop investment framework to assess the inputs required for understanding future capital needs in the evolving energy landscape.*
- *Identify, prioritize and maximize sources of available federal grant funding opportunities that meet current Enterprise requirements.*

#### 5.3.1 Enable and support the new business model

Enable the new business model with capabilities to monitor and support the execution of the transformation roadmap initiatives, key results, and cultural progress. The Business Transformation Office (BTO) will enable the execution of the roadmap with the Enterprise change management and culture capabilities necessary to ensure the success and sustainability of efforts to become the Manitoba Hydro of the Future.

##### **FY 22/23 Deliverable(s):**

- *Establish capabilities to monitor, maintain, and support the progress of the Enterprise transformation roadmap initiatives, key results, and key behaviors.*
- *Standardize and scale Enterprise change management and cultural enablement principles, tools, methods, and delivery to provide the right level of change support on-demand.*

## Keep energy prices as low as possible, while providing the level of service Manitobans expect

### STRATEGIC INITIATIVES

#### 5.3.2 Ensure a safe, healthy, and engaged workforce with the capabilities required to deliver our strategy

Develop an agile and engaged workforce that consistently demonstrates the business acumen and strong leadership skills required to transition the Enterprise to the Manitoba Hydro of the Future. Manitoba Hydro will shift Enterprise focus to leading indicators, increase performance expectations and start the journey to top quartile results.

##### **FY 22/23 Deliverable(s):**

- *Identify mission critical positions across the Enterprise to place greater emphasis on attraction, retention, development and succession planning.*
- *Update leadership and executive competencies to align with Manitoba Hydro values and desired culture.*
- *Re-establish managers as the principal owners for the Safety Management System, increase performance expectations, and place greater emphasis on leading performance measurements.*

#### 5.3.3 Leverage automation and digital technologies to drive Enterprise value including efficiency, safety, and effectiveness

A technology modernization roadmap will be created to incrementally deploy the new customer-centric, integrated and secure digital and data capabilities required for the Manitoba Hydro of the Future.

##### **FY 22/23 Deliverable(s):**

- *Develop a target Enterprise architecture and design that builds on utility industry best-practices and provides the principles and standards that will align technology decisions with Enterprise business objectives.*
- *Address technical deficit and create new technology delivery capacity by rationalizing whether to retain, re-platform, refresh or retire (decommission) the 700+ applications within the D&T portfolio.*
- *Stand-up Microsoft Azure Cloud data platform and pilot new automation and analytic capabilities across Enterprise.*
- *Working together with the Business Units and the Business Transformation Office, launch the SAP Cloud for Utilities project by focusing on the value-case, readiness assessment (people, process, technology, data), SAP design blueprint and detailed multi-year project plan.*



# 10 year Roadmap of Enterprise Initiatives

LEGEND

Foundational Initiatives

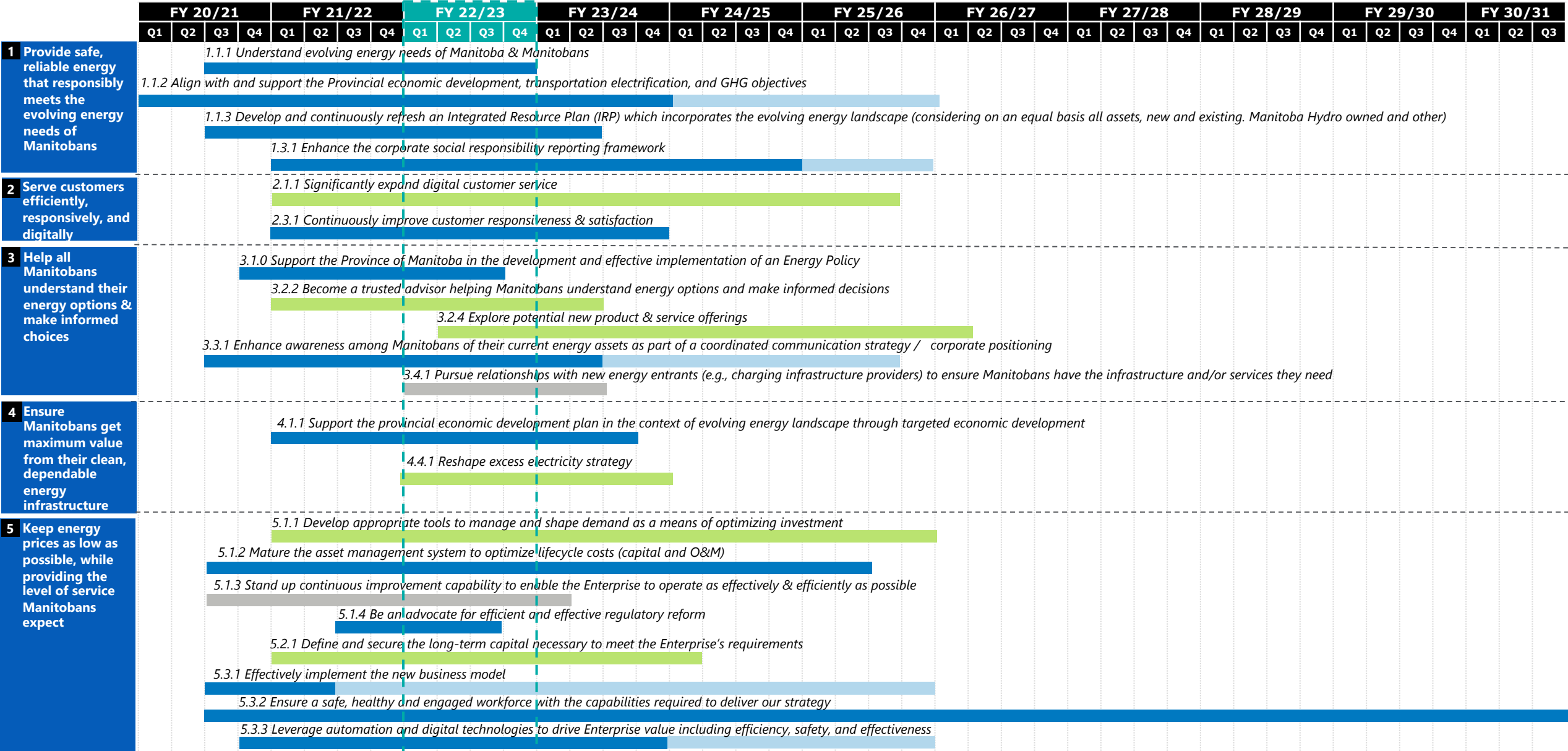
Near-term Initiatives

Upcoming FY

Flex-term Initiatives

'Post work' part of business as usual

While the focus of this Enterprise Plan is on FY22/23, below is the complete roadmap of Enterprise initiatives through FY 30/31



# 4

## Consolidated Financial Statements & Resource Requirements



# Financial Plan: Key Highlights (1 of 2)

## RECOVERY FROM DROUGHT

Manitoba Hydro's **consolidated net income** from electricity and natural gas operations for the fiscal year ended March 31, 2023 is **planned to be \$120 million** compared to the forecasted net loss of \$203 million for the fiscal year ended March 31, 2022. The fiscal plan for FY 22/23 **assumes a return to average water conditions** and **recovery from the severe effects of drought** that significantly impacted net export revenue in FY 21/22. The plan anticipates net **export revenue of \$625 million**, an increase of \$514 million from FY 21/22. The plan also includes **higher extra-provincial revenues** due to new firm dependable sales contracts made possible by the construction of the Keeyask Generating Station with all seven of Keeyask's turbine units generating in-service in FY 22/23. Assuming a return to average water conditions, total hydraulic generation, including Keeyask, is expected to **increase by 35%** compared to FY 21/22.

## TRANSITIONING FROM CONTRUCTION TO OPERATION OF ASSETS

In FY 22/23, Manitoba Hydro will continue to transition from construction of the Major Capital Projects including Bipole III, with all seven units of the Keeyask Generating Station turbines expected to be placed in-service, the Manitoba Minnesota Transmission line (MMTP), the Great Northern Transmission Line (GNTL) and the Birtle transmission line, to **operation and maintenance of total assets of \$31.1 billion**. Due to the capital-intensive nature of its business, Manitoba Hydro's cost structure is largely fixed and there is a significant impact to Manitoba Hydro's revenue requirement in FY 22/23. **The Major Capital Projects cost of \$835 million** represent **44%** of finance expense, depreciation, and capital taxes in FY 22/23.

## RATES AND REGULATORY

On September 22, 2021, the Minister of Crown Services issued a ministerial directive to the Manitoba Hydro-Electric Board ("MHEB") providing specific instruction for Manitoba Hydro to take all necessary steps to proceed with an Interim Rate Application to the Public Utilities Board (PUB) for FY 21/22, as well as directing Manitoba Hydro to engage with the PUB on the timing and parameters of its next multi-year General Rate Application. On November 15, 2021, Manitoba Hydro filed an interim electrical rate application and the PUB approved an interim rate increase of 3.6% **effective January 1, 2022 which will result in additional revenue of \$63 million in FY 22/23**. The FY 22/23 fiscal plan does not include a provision for a rate increase for FY 22/23. The fiscal plan assumes that during FY 22/23, Manitoba Hydro will prepare and engage in a process with PUB for a regular **multi-year rate application process** that will be an efficient and effective process for the benefit of all Manitobans to set multi-year rates. Manitoba Hydro is committed to continuing to work with PUB during FY 22/23 to develop a general rate application to PUB in FY 22/23.

## Financial Plan: Key Highlights (2 of 2)

### CONTINUING TO KEEP COSTS LOW FOR CUSTOMERS

The Enterprise Plan for FY 22/23 includes operating and administration (O&A) costs of \$665 million. Strategic Pillar 5 includes Manitoba Hydro's commitment to "keep costs as low as possible" for customers. The operating and administration costs in FY 22/23 are expected to be **\$665 million, representing 20% of the overall expenditures**. The O&A plan for FY 22/23 **represents an annualized growth of 1.51%** over the six years ending March 31, 2023. This represents the continuation of a trend of **keeping O&A costs under the Manitoba cost of living increase (Consumer Price Index), which was 1.73% for that same time period**. In addition, Manitoba Hydro will continue to invest in sustaining its existing assets by optimizing spend on sustainable core operations capital.

### SENSITIVITIES AND FINANCIAL RISK

Every year, Manitoba Hydro faces several financial risks that can result in volatility of the financial plan, with water levels being the biggest driver of financial risk. Using the lowest and highest flow conditions observed over the past 40 years, the potential impacts to net income are -\$324 million and +\$185 million. Weather, interest rates and spot market prices can also result in variability in net income. The overall **potential impact to net income ranges from a positive impact of \$332 million to a potential decrease of \$392 million for a total range of \$724 million**. Manitoba Hydro has some ability to mitigate price risk when importing due to low water conditions; however, water flows, weather, interest rates and spot market prices are not within the control of Manitoba Hydro.



# FY 22/23 Proposed Budget: Key Assumptions

The FY 22/23 proposed budget has been developed based on the following key assumptions:

A **return to average water flows** for the year; however opening reservoir levels at below average (20% below average) given current water conditions

Commencement of the **30-year SaskPower 215 MW Power Sale Agreement** in June 2022

First full year of operations for all 7 units at the Keeyask Generating Station **increasing Manitoba Hydro's electric capacity by 695 MW (12%)**

**No proposed rate increases are assumed** for electricity or non-commodity gas

Revenues previously set aside by the PUB in a deferral account for the major projects **will not be recognized in net income.**

The level of deferred expenses (regulatory deferral balances) expected to reach **\$1.536 billion** by end of FY 22/23. The net movement is expected to have a **positive impact on net income of \$196 million for the same period**

Economic, financial and market **forecasts are based on 2021 consensus forecasts from external sources**

# Statement of Income

For the year ended March 31

<i>(In millions of dollars)</i>	FY 21/22 Approved Budget	FY 21/22 Forecast	FY 22/23 Proposed Budget
<b>Revenues</b>			
Manitoba	2,302	2,362	2,380
Extra-provincial	806	637	916
<b>Total revenues</b>	<b>3,108</b>	<b>2,999</b>	<b>3,296</b>
<b>Expenses</b>	<b>3,206</b>	<b>3,448</b>	<b>3,367</b>
<b>Net income (loss) before net movement in regulatory balances<sup>(a)</sup></b>	<b>(98)</b>	<b>(450)</b>	<b>(70)</b>
Net movement in regulatory balances	272	234	196
<b>Net income (loss)</b>	<b>174</b>	<b>(216)</b>	<b>126</b>
<b>Net income (loss) attributable to:</b>	<b>174</b>	<b>(216)</b>	<b>126</b>
<b>Manitoba Hydro</b>	<b>190</b>	<b>(203)</b>	<b>120</b>
Non-controlling interest	(16)	(13)	6

(a) In FY 22/23 the plan assumes the net movement in regulatory balances to be \$246M. This represents a deferral of expenditures to future years. Without this deferral, MH would experience a loss of \$46M in FY 22/23.

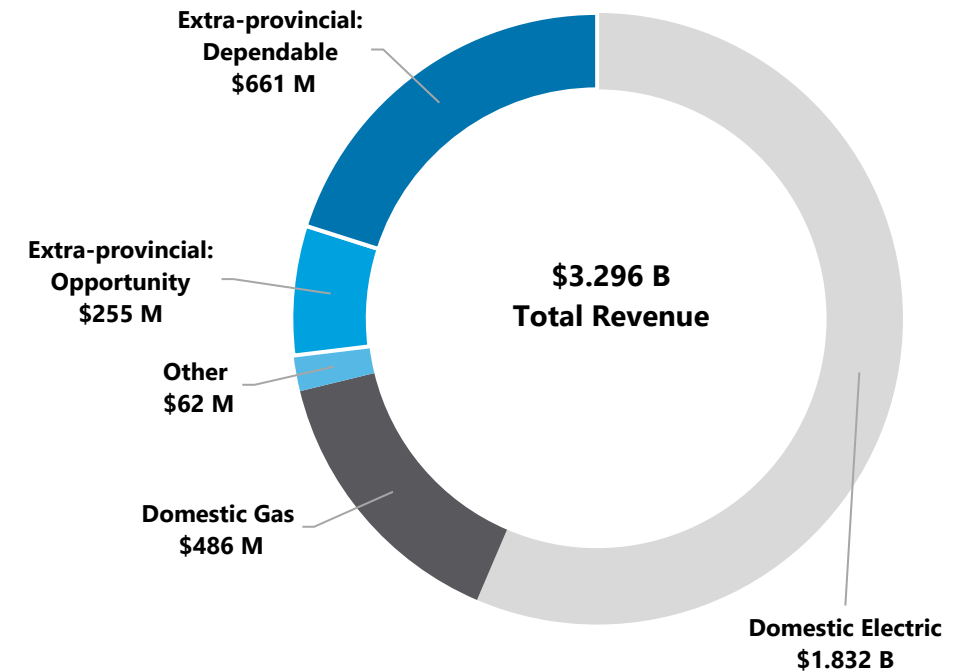
# Revenues

Manitoba Hydro's revenues for FY 22/23 are **projected to be \$3.296 billion, an increase of \$315 million (10%)** from forecast for FY 21/22. This is based on electric and gas revenues from **customers in Manitoba** of \$2.318 billion, **extra-provincial revenue** of \$916 million (an increase of 44%) and **other income** of \$62 million.

In November 2021, Manitoba Hydro filed an **interim rate application** to be effective January 1, 2022. The proposed budget for FY 22/23 includes **\$63 million** of additional revenue as a result of the approved 3.6% electric rate increase effective January 1, 2022. There are **no additional rate increases assumed** in the FY 22/23 domestic revenue projections for both electric and gas segments.

**Extra-provincial revenues** for FY 22/23 are projected to be \$916 million, with \$661 million coming from **firm dependable sale contracts** and \$255 coming from **opportunity sales** based on spot market prices. The plan includes higher extra-provincial revenues made possible by the **additional generation of 695 megawatts (MW)** from the **Keeyask Generating Station** as all seven units will be in-service in FY 22/23. A portion of the firm dependable sales revenues also includes the **SaskPower 215 MW Power Sale Agreement** which commences in June 2022 and continues for 30 years.

Extra-provincial revenues are highly dependent on the availability of surplus generation that requires favourable water flow conditions. Despite poor water flow conditions in FY 21/22, Manitoba Hydro is **assuming a return to average water flows** for FY 22/23 as annual hydraulic generation is dependent on spring and summer rainfall. Precipitation forecasts beyond a few days into the future are not reliable; due to this and other factors, it is **not possible to accurately predict inflows** with long lead times, particularly during the rainfall season. It is also not possible to identify when drought will occur.



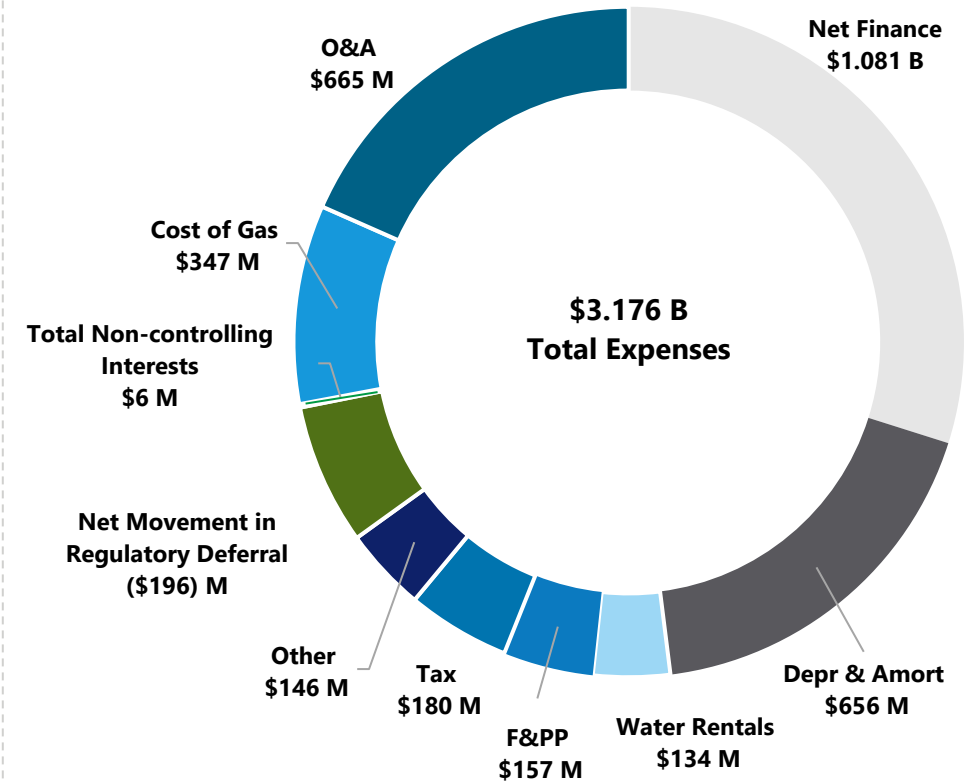
# Expenses

Manitoba Hydro's expenses for FY 22/23 are projected to be **\$3.176 billion** and are largely fixed. The largest expenditures include:

- **Net finance expense - \$1.081 billion (34% of total expenses)**, which primarily includes interest on short and long-term borrowings as well as the Provincial Guarantee Fee paid to the Province of Manitoba, net of any interest costs capitalized for assets under construction as well as any finance income
- **Depreciation and Amortization - \$656 million (21% of total expenses)**, which consists of depreciation of the Enterprise's assets over the assets' useful life
- **Operating and Administrative (O&A) expenses - \$665 million (21% of total expenses)**, which consists primarily of labour and benefits, materials, contracted services and overhead costs associated with operating, maintaining and administering the facilities and programs of the Enterprise and providing services to customers

As construction on the major capital projects comes to an end, the onset of fixed costs (finance, depreciation and O&A) related to these capital investments will now increase operating expenses. These **costs are projected to reach \$835 million (26% of total expenses)** in FY 22/23

**Total expenses include various payments to Government** for the Provincial Guarantee Fee, water rentals and capital tax and total **\$497 million (16% of total expenses)** in FY 22/23



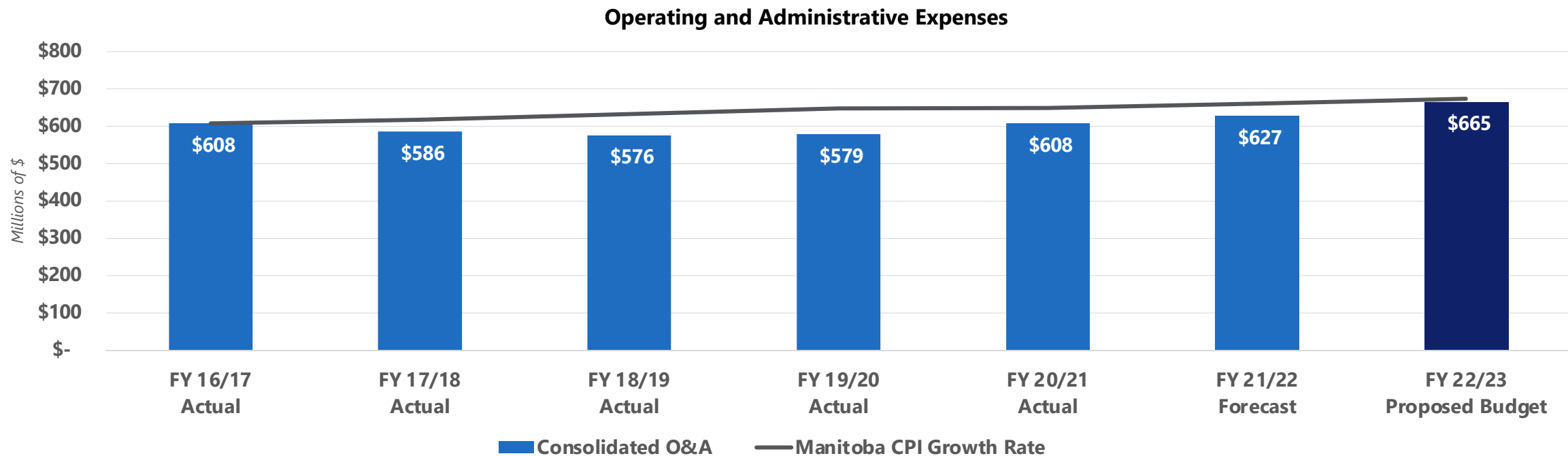


# Operating and Administrative (O&A) Expenses

Manitoba Hydro’s consolidated O&A proposed budget for FY 22/23 is **\$665 million**. For the last six years, Manitoba Hydro’s consolidated O&A expenditures have seen a compounded annual growth of **1.51%, which is lower than CPI (1.73%)** during that same time period. This demonstrates Manitoba Hydro’s commitment to **keeping costs as low possible** while maintaining service and reliability for customers.

Salaries and benefits are reflected in both operating and capital expenses and are projected to be \$625 million in FY 22/23. Of that, approximately **67% will be expensed in O&A** and the balance – **33%, will be capitalized** as part of project costs as they relate to work on construction projects and will not impact net income until the asset is placed in-service.

With the winding down of the major capital projects, there is a **shift from resources working on construction activities** focused on large hydro-electric generation and transmission line development, **to operating and maintenance activities**.



## Staffing: Full Time Equivalent (FTE)

Manitoba Hydro measures staffing levels as full-time equivalents (FTE). This includes all *regular, seasonal, hourly* and *part-time staff*.

Since FY 16/17, the overall level of FTEs at Manitoba Hydro has *decreased* by 15%, which includes a 23% decrease in all management levels. Presently, FTE levels are at the lowest levels in almost 20 years.

The level of staffing at the completion of the voluntary departure program (VDP) in FY 18/19 are the minimum staffing levels that will allow Manitoba Hydro to continue to provide safe and reliable service to its customers and minimize the lifecycle costs of its assets. As Manitoba Hydro's assets are ageing, without proper maintenance and investment, there is greater risk which could impact reliability, compliance, the environment, and the safety of the public and Manitoba Hydro employees. In addition, Manitoba Hydro's assets will increase to *\$31.1 billion in FY 22/23*, compared to approximately *\$17 billion in FY 14/15*, which will drive ongoing requirements in operating and maintenance costs and resources are also needed to support Strategy 2040.

	FY 16/17 Pre-VDP	FY 17/18 VDP Start	FY 18/19 VDP Complete	FY 19/20 Pre-Pandemic	FY 20/21 Pandemic/Cost Savings	FY 21/22 Forecast	FY 22/23 Proposed Budgeted
Senior Management	41	36	34	35	36	37	39
Management	149	130	111	105	99	102	107
Employees	6,221	5,832	5,330	5,253	4,819	4,883	5,029
<b>Total FTE Count</b>	<b>6,411</b>	<b>5,998</b>	<b>5,475</b>	<b>5,393</b>	<b>4,954</b>	<b>5,022</b>	<b>5,175<sup>(a)</sup></b>

(a) Additional FTEs in future years are required to bring staffing levels to the post VDP level of approximately 5,400.

# Staffing: Labour Relations and Retirements

## Labour Relations

- Approximately **80%** of Manitoba Hydro's employees are **represented by labour unions of which over 40% are IBEW employees**
- In August 2021, the Manitoba Labour Board issued an order settling the terms and conditions of a collective agreement between Manitoba Hydro and its largest union (IBEW Local 2034) with binding arbitration, which is in effect until February 4, 2022. **Negotiations with IBEW** are expected to commence in early 2022
- The collective agreements for the three other **unions representing Manitoba Hydro unionized employees expired** at the end of the calendar 2020. Manitoba Hydro continues negotiations with these unions - CUPE, UNIFOR and AMHSS
- The FY 22/23 O&A **proposed budget does not incorporate any wage increases** not yet negotiated within a collective agreement

## Retirements

- There are **708 employees** (approximately 14% of the workforce) eligible to retire by the end of calendar year 2022. The number of employees newly eligible to retire continues to increase over the coming years: an additional 138 employees will become eligible to retire by the end of the calendar year 2023; an additional 147 by end of the calendar year 2024; and an additional 156 employees by end of the calendar year 2025. Manitoba Hydro estimates that **20% of eligible employees will retire** (approximately 140 by the end of calendar year 2022), which has been considered in the hiring plan for the year

Calendar Year	Newly Eligible to Retire	Forecasted Retirements
2022	171	142
2023	138	141
2024	147	142
2025	156	145

# Statement of Financial Position

For the year ended March 31

<i>(In millions of dollars)</i>	FY 21/22 Approved Budget	FY 21/22 Forecast	FY 22/23 Proposed Budget
Property, plant and equipment	26,947	26,398	26,728
Current and non-current assets	3,117	3,435	2,868
<b>Total assets</b>	<b>30,064</b>	<b>29,833</b>	<b>29,596</b>
Regulatory deferral balances	1,381	1,418	1,536
<b>Total assets and regulatory deferral balances</b>	<b>31,445</b>	<b>31,251</b>	<b>31,132</b>
Long-term debt	23,618	23,847	23,570
Current and non-current liabilities	4,813	4,605	4,716
<b>Total liabilities</b>	<b>28,431</b>	<b>28,452</b>	<b>28,286</b>
Equity	2,799	2,552	2,677
<b>Total liabilities and equity</b>	<b>31,230</b>	<b>31,004</b>	<b>30,963</b>
Regulatory deferral balances	214	247	169
<b>Total liabilities, equity and regulatory deferral balances</b>	<b>31,445</b>	<b>31,251</b>	<b>31,132</b>



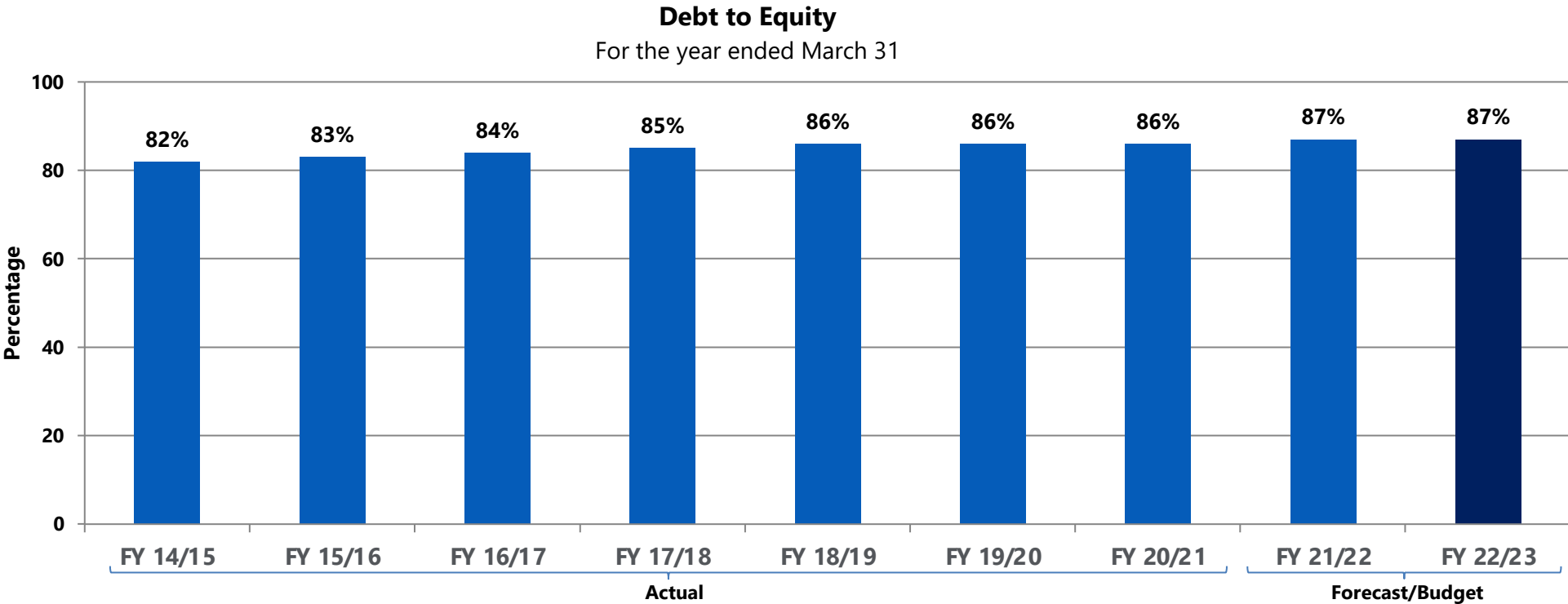
# Assets and Debt (1 of 2)

Manitoba Hydro’s investment in property, plant and equipment of \$26.7 billion in FY 22/23 is at the highest level in the Enterprise’s history and recognizes *a significant development of major generation and transmission infrastructure to meet customers’ energy needs*

With a heavy reliance on borrowings to fund the major capital projects, the *debt-to-equity ratio is expected to reach 87%* for FY 21/22 and FY 22/23. Manitoba Hydro’s debt-to-equity ratio is among the *highest* of all crown-owned Canadian electrical utilities

Given the high debt levels, *approximately 40 cents of every revenue dollar* pays for interest costs in FY 21/22 and *36 cents of every revenue dollar* in FY 22/23

Going forward, Manitoba Hydro’s focus is to *minimize further debt growth* and *strengthen the financial health* of the utility



# Assets and Debt (2 of 2)

- Across Canada, all utilities are considering the following issues that will impact their business:
  - Capital to *invest in aging infrastructure*
  - Capital required to invest to *prepare the grid and ensure reliability* in an energy environment with multiple energy producers
- Manitoba Hydro's *debt ratio* is projected to be *87% at the end of FY 22/23*
- *All other Canadian Crown utilities currently have better debt ratios than Manitoba Hydro*
- Utilities with lower debt ratios have room and *flexibility in their responses to the changing energy landscape* and can accommodate to lower rate increases

## DEBT RATIO AMONGST CROWN-OWNED CANADIAN UTILITIES

	Manitoba Hydro	BC Hydro	SaskPower	Quebec Hydro	Nalcor
Fiscal year ending	Mar 31, 2021	Mar 31, 2021	Mar 31, 2021	Dec 31, 2020	Dec 31, 2020
Debt Ratio	86%	80%	71%	69%	63%
Percentage points lower/better than Manitoba Hydro	N/A	-6%	-15%	-17%	-23%

# Total Capital & Other Capitalized Expenditures Summary

Manitoba Hydro's proposed capital budget for FY 22/23 is approximately **\$900 million**. This is comprised of:

- **Major Capital Projects - Keeyask**
- **Business Operations Capital**, which includes additions, improvements and replacement of existing infrastructure

In addition, Manitoba Hydro has budgeted \$140 million in FY 22/23 for Other Capitalized Expenditures. These costs are deferred over a specified period of time rather than expensed in the year they are incurred. The largest components: Efficiency Manitoba expenditures (\$80 million – determined by Efficiency Manitoba) and mitigation settlements (\$34 million). Smaller items include regulatory costs, site remediation costs, and costs associated with the Great Northern Transmission Line.

## TOTAL CAPITAL & OTHER CAPITALIZED EXPENDITURES SUMMARY

	FY 21/22 Approved Budget	FY 21/22 Forecast	FY 22/23 Proposed Budget	FY 23/24 Plan	FY 24/25 Plan	FY 25/26 Plan
<i>(In millions of dollars)</i>						
Major Capital Projects	719	354	315	316	160	2
Business Operations Capital	569	566	592	637	646	661
Capital Expenditures	<b>1,288</b>	<b>920</b>	<b>907</b>	<b>953</b>	<b>806</b>	<b>663</b>
Other Capitalized Expenditures	143	128	140	149	119	122
<b>Total</b>	<b>1,431</b>	<b>1,048</b>	<b>1,047</b>	<b>1,102</b>	<b>925</b>	<b>785</b>

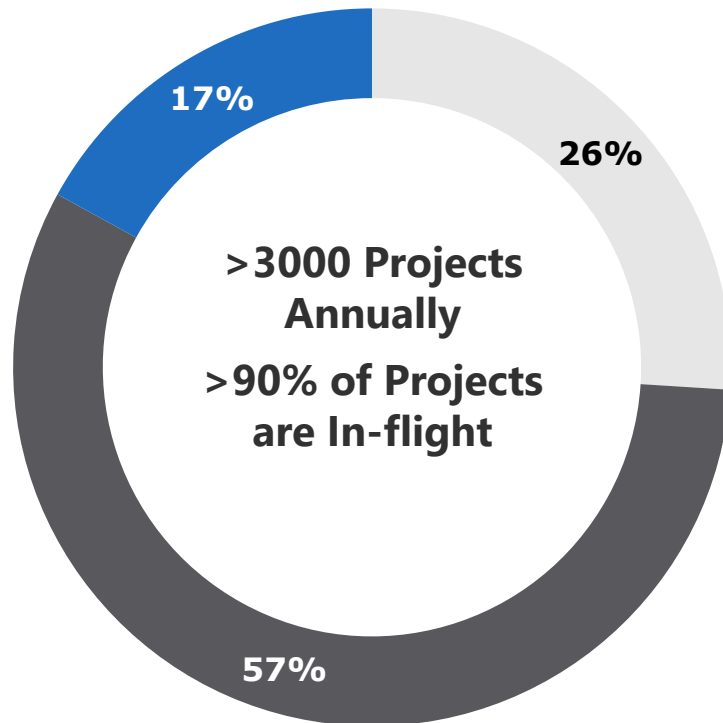
## MAJOR CAPITAL PROJECTS

	Approved Total Project Cost	FY 21/22 Forecast	FY 22/23 Proposed Budget	FY 23/24 Plan	FY 24/25 Plan	FY 25/26 Plan
<i>(In millions of dollars)</i>						
Keeyask	8,726	326	315	316	160	2
Bipole III Reliability	4,624	20	0	0	0	0
Manitoba-Minnesota Transmission Project	490	7	0	0	0	0
Birtle Transmission	69	1	0	0	0	0
<b>Total</b>		<b>354</b>	<b>315</b>	<b>316</b>	<b>160</b>	<b>2</b>

# Business Operations Capital

Manitoba Hydro uses an *asset management system that optimizes life cycle costs* to deliver safe reliable energy services to its customers that balances safety, reliability, risk, and cost

## Business Operations Capital



■ Capacity & Growth   ■ Sustainment   ■ Business Operations Support

## Budget FY 22/23 - \$592 Million

Business Operations Capital is broken down into three categories:

- 57% SUSTAINMENT (\$335 million)**  
 Address aging or obsolete assets and ensure performance capability of the system
- 26% CAPACITY & GROWTH (\$156 million)**  
 Address customer demand on the transmission and distribution systems including connecting new customers
- 17% BUSINESS OPERATIONS SUPPORT (\$101 million)**  
 Support for all operations:
  - Information Technology
  - Corporate Facilities
  - Fleet
  - Townsite Infrastructure

# Statement of Cash Flows

Manitoba Hydro’s primary source of liquidity and capital are funds generated from operations and debt financing through the Province of Manitoba. These sources are used for multiple purposes including investment in generation, transmission and distribution facilities and to fund operating activities.

The following table provides a summary of Manitoba Hydro’s consolidated statement of cash flows.

<i>(In millions of dollars)</i>	FY 21/22 Approved Budget	FY 21/22 Forecast	FY 22/23 Proposed Budget
Cash and cash equivalents, beginning of year	1,176	1,142	1,165
Cash provided by operating activities	716	305	<b>796</b>
Cash used for investing activities	(1,531)	(1,076)	<b>(1,160)</b>
Cash provided by financing activities	287	794	(163)
<b>Cash and cash equivalents, end of year</b>	<b>648</b>	<b>1,165</b>	<b>638</b>

In FY 21/22, the cash balance of **\$1.165 billion** includes borrowings arranged in advance of cash requirements to ensure availability of funds for business continuity.

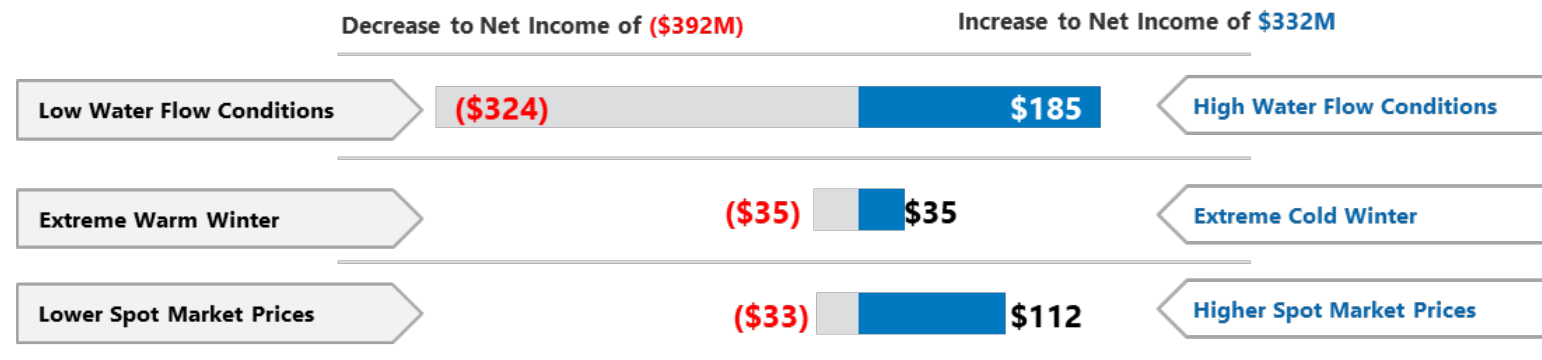
The plan expects to generate **\$796 million from operating activities** with cash requirements of **\$1.160 billion for investments that are primarily capital in nature**. Manitoba Hydro’s overall cash balance is therefore expected to **decline to \$638 million in FY 22/23** reflecting a **draw down** on the cash balance in order to continue investment in infrastructure while minimizing borrowing requirements.



# FY 22/23 Proposed Budget: Sensitivity Analysis - Net Income Variability \$724M

Sensitivities are adjusted with each budget cycle. The FY 22/23 Proposed Budget net income of \$120 million could be impacted by variances in planning assumptions. Critical financial risks and associated impacts to the FY 22/23 proposed budget are as follows:

- 1 **Water Flow Conditions** – the uncertainty and variability of water flows has the largest potential impact on the FY 22/23 financials and it is not possible to predict water flow conditions as they are dependent on spring and summer rainfall. If the lowest (drought) and highest (flood) flow conditions observed over the past 40 years are considered, the potential impact to net income could be between -\$324 million and +\$185 million, respectively. While those values represent the lowest and highest conditions, the typical fluctuation in water conditions (from average conditions) results in an impact to net income of +/- \$90 million. Given current drought conditions, there is an elevated likelihood of below average water conditions inflows occurring in FY 22/23, however, given the long lead time through to the end of FY 22/23, Manitoba Hydro is not able to quantify the increase in likelihood of drought occurring next year.
- 2 **Weather** – a colder or warmer than normal winter could have a +/- \$35 million annual impact on net income. A record cold or warm winter will increase or decrease Manitoba's annual energy consumption by approximately 4%. Any increase or decrease in Manitoba's consumption impacting revenues will be partially offset by an associated increase or decrease to revenues in the export market
- 3 **Export Prices** – fluctuations to spot market export prices for Manitoba Hydro's surplus energy could have potential impacts to net income of -\$33 million and +\$112 million which is based on prices from consensus forecasts from external sources. Export prices are dependent on numerous factors (supply/demand, weather, macro-economic factors, etc.) and actual price fluctuations could vary from forecast.



Millions of Dollars

FY 22/23 Net Income Variability



# 5

## Enterprise Scorecard

Performance measurement criteria to track overall Enterprise progress



# Evolution to Comprehensive Enterprise Performance Management

Manitoba Hydro is currently working to evolve its Enterprise Performance Management process which will introduce the Enterprise Scorecard to track progress on Strategy 2040

## Manitoba Hydro defined its pathway by...

*Setting its long-term strategic direction through **Strategy 2040***



*Setting its near-term direction by focusing on the strategic objectives and initiatives highlighted in this **Enterprise Plan***



## Manitoba Hydro will track progress towards its goals through...

**Enterprise Scorecard (currently under development)**, which will enable Manitoba Hydro to track progress on Strategy 2040. While the scorecard is under development, Manitoba Hydro will continue to measure progress through existing Operational Metrics



## OVERVIEW OF SCORECARD

- **Alignment to strategic pillars:** Scorecard will be aligned to the Strategic Pillars and the business plans to provide perspective on Enterprise performance
- **Clear line of sight on desired objectives:** Scorecard will provide a clear line of sight on desired objectives through various measures to track progress to achieve Strategy 2040

# Operational Metrics FY 22/23

	Operational Metrics	FY 22/23 Target
<b>Finance</b>	Debt to Equity	87%
<b>Customer Satisfaction</b>	CSTS - Customer Satisfaction Tracking Study	8.2
<b>Reliability</b>	SAIDI - System Average Interruption Duration Index	148
	SAIFI – System Average Interruption Frequency Index	1.59
<b>Safety</b>	Lost Time Injury Frequency Rate	0.6 – 0.8
	Lost Time Injury Severity Rate	12 - 16
	Serious Injury/Fatality	0
	Serious Injury/Fatality Potential	0
<b>Diversity</b>	Indigenous - Province-wide workforce	18%
	Indigenous - Northern workforce	47%
	Indigenous – in Management	8%
	Persons with Disabilities	8%
	Visible Minorities – in Total	14%
	Visible Minorities- in Management	7%
	Women - in Workforce	30%
	Women - in Management	30%

Targets under review

# 6

## Alignment with Government

How Manitoba Hydro collaborates and Aligns with Government Priorities











# Alignment with Government of Manitoba

*In accordance with The Manitoba Hydro Act and The Crown Corporations Governance and Accountability Act, Manitoba Hydro works closely with the Province of Manitoba for the benefit of all Manitobans. Manitoba Hydro continues to work collaboratively with the Province to support the priorities of Government and expectations outlined in Mandate letters and Directives (see Appendix A). In delivering on Strategy 2040, Manitoba Hydro will continue to support the Province across several key priority areas and activities.*

## Key Priorities & Activity Areas

-  Support Government in the **assessment and implementation of the recommendations** from the Economic Review of Bipole III and Keeyask Report
-  Support Manitoba's work to develop and **advance Provincial Energy Policy**
-  Work with the Province to understand how Manitoba Hydro can help advance Manitoba's ongoing **economic development strategy and related initiatives**
-  Collaborate with Manitoba to identify and pursue opportunities aligned with Provincial objectives and Strategy 2040 to **advance climate change initiatives** and **leverage related financial partnerships** with the Federal Government
-  Build ongoing understanding of customer segments within the evolving energy landscape to ensure critical services **meet the expectations of customers** and **support Manitoba's economy**
-  Continued collaboration with Manitoba to ensure **alignment with government policies and priorities**

# 7

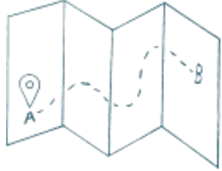
## Concluding Remarks

Key summary points of the Enterprise Plan





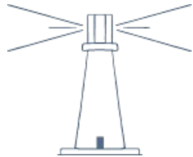
## Concluding Remarks



The energy landscape is evolving, and **Strategy 2040** was created to help Manitoba Hydro thrive amidst these changes by capitalizing on the opportunities and efficiently managing uncertainties



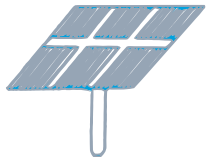
To make progress towards its long-term ambitions, Manitoba Hydro has aligned its **strategic objectives** with initiatives and outlined the **execution of these initiatives for FY 22/23**



Essential to Manitoba Hydro's success will be its **ability to collaborate** and **build mutually beneficial relationships** with stakeholders, underpinned by a laser focus on Strategy 2040 to **provide value to Manitobans**



Manitoba Hydro will continue to take rapid strides towards Strategy 2040, by working collaboratively to build its **capabilities**, **evolve its ways of working**, **transform digitally** and **continually improve** its processes. Focused execution of Strategy 2040 with **customer-centricity** at the core will help it to transform into the **"Manitoba Hydro of the Future"**



As Manitoba Hydro advances **Strategy 2040**, it will also continue to **support Government priorities** and meet the commitment to its customers to **provide safe, clean, reliable energy at the lowest possible cost for Manitobans**

# 8

## Appendix



# **Appendix A: Alignment with Government of Manitoba**



# Alignment with Government of Manitoba

*Manitoba Hydro works closely with the Government of Manitoba to support directives and mandates for the benefit and value of all Manitobans. Manitoba Hydro will continue to work in the best interest of all Manitobans in alignment with direction from the Government of Manitoba. Several mandates and directives have been issued in the past years. In delivering on Strategy 2040, Manitoba Hydro will continue to adhere to The Crown Corporations Governance and Accountability Act and the [mandates and directives](#) issued by the Minister of Crown Services.*

## Key Directives from the Province

- On January 30, 2020, the Minister of Crown Services issued a Directive to Crown Corporations concerning executive management compensation, overall **staffing levels** and review of **management spans** and layers.
  - Manitoba Hydro will remain in compliance with the Directive issued by the Minister of Crown Services. The targets outlined in the Directive will continue to be reflected in the new business model.
- **In support of the Made-in-Manitoba Climate and Green Plan**, Crown Services requests that Manitoba Hydro cancel print-based subscriptions, and the purchase or production of business cards, unless an appropriate exception has been granted.
  - Manitoba Hydro has conducted a review of all print-based subscriptions. There are a small number of print-based subscriptions that remain which are necessary for business purposes. Manitoba Hydro has eliminated the purchase of business cards.
- Manitoba Order-in-Council 00082/2018: **A Directive to Manitoba Hydro-Electric Board Respecting Agreements with Indigenous Groups and Communities**.
  - Manitoba Hydro continues to operate in alignment with this directive.
- Manitoba will comply with the **Directive regarding the Wall report**. As discussions proceed on how to implement the recommendations,
  - Manitoba Hydro will work with Government to align on what will be required to support implementation of the recommendations and related processes.
- Manitoba Hydro is directed to take all steps necessary to proceed with submission of an **interim rate application to The Public Utilities Board** (or other application as determined by The Public Utilities Board); and Manitoba Hydro is directed to engage with The Public Utilities Board on submitting multi-year general rate applications.
  - In accordance with the directive from Crown Services, Manitoba Hydro has filed a rate application with the Public Utilities Board and looks forward to engaging with the PUB further to establish the timing and parameters for its next General Rate Application.

## Priorities of the Government

The Minister of Crown Services issued a framework letter to Manitoba Hydro on April 24, 2019. Manitoba Hydro continues to work collaboratively with the Province to support the priorities of Government and expectations included in the framework letter (see status report).

## Status of April 2019 Framework Letter Expectations (1 of 2)

Framework Letter Directive	Status	
	In Progress	Completed
Support the implementation of Efficiency Manitoba to ensure a smooth transition of Demand Side Management programs for Manitoba Hydro customers.		✓
Cooperate with the inquiry into the development of the Keeyask Generating Station and the Bipole III transmission line and converter stations.		✓
We ask that you limit advertising to responsible mandate focused advertising considered essential for you to successfully perform your core business and continue to work with Government on the alignment of all sponsorship activities with central government.		✓
Government is committed to advancing reconciliation with Indigenous Manitobans through the renewal of its consultation framework to ensure respectful and productive consultations. All government organizations are expected to contribute to reconciliation in their interactions with Indigenous communities and individuals.	✓	
Work closely with the Province (through Crown Services Secretariat and Treasury Board Secretariat) in respect of any new long-term contractual commitments, including any potential long-term electricity sale arrangements, to ensure return on investment.		✓
Pursue opportunities with the federal government and other Provinces to advance climate change initiatives, including the potential development of an East-West Grid and work with our Intergovernmental Affairs department on opportunities to leverage financial partnerships with the federal government.	✓	
Work with the Province on implementing the provincial economic development strategy focused on maximizing economic spinoffs for Manitoba, creating new revenues for Manitoba Hydro and mitigating the need for future rate increases for customers or less profitable sales outside of Manitoba on the spot market.	✓	
Work with the Public Utilities Board to streamline processes, in an effort to reduce overall costs to ratepayers of regulatory hearings.		✓

## Status of April 2019 Framework Letter Expectations (2 of 2)

Framework Letter Directive	Status	
	In Progress	Completed
In the coming year, we will be taking more steps to fully integrate Crown corporations into our summary budget process. This may affect the timing of budget processes and other financial matters. I am seeking your support in ensuring accurate, timely financial reporting to government, in particular your vigilance in providing clear and early notice of significant variances to budgets, or changes to your medium and long-term forecasts. Please continue to work with Crown Services Secretariat and Treasury Board Secretariat to strengthen alignment with government overall.		✓
We expect you to scrupulously manage all operating costs, defer all non-critical capital projects without a clear return on investment, and carefully examine business plans for opportunities to achieve improved financial results. We also expect the Board to carefully examine overall staffing efficiencies. Centrally, we have reduced overall management by over 15%, conducted a “spans and layers” review of management structures, and reduced overall headcount by 8%. We expect you to work towards the same, or more.		✓
We ask you to review all compensation agreements, including executive compensation practices and interchange agreements to ensure alignment with government policies and practices. The expectation is that compensation practices will reflect the principles of responsible fiscal management and protect the sustainability of services to customers and ratepayers.		✓
We have a strong interest in reducing red tape for all Manitobans. As a Crown, we ask that you integrate the red-tape reduction process and reporting into your Board processes – whether by way of a new Committee or regular reporting mechanisms.		✓
Achieve more open government through increased transparency in tendering and procurement practices. All Crown corporations should ensure their procurement practices reflect this priority and are aligned with the requirements of trade agreements to which Manitoba is a signatory. In Government, we are centralizing our procurement practices and we urge you to pro-actively join us in this process so that we can shop smarter for all Manitobans.	✓	
Government is committed to ensuring all employees are treated with dignity and respect. Respectful workplace policies need to be reviewed and updated to ensure employees have safe and effective pathways to report disrespectful or harassing behaviour without fear of repercussion.		✓

# **Appendix B: Key Terms**

## Defining Key Terms

Term	Definition
Generation	<i>Initial stage of the electric grid, where electric power is created through an energy source. This includes Hydro-electric dams and natural gas-fired turbines in Manitoba.</i>
Self-generation	<i>When customers produce electricity using their own equipment to meet some or all their energy needs</i>
Stranded assets	<i>Those investments which are made but which, at some time prior to the end of their economic life (as assumed at the investment decision point), are no longer able to generate an economic return.</i>
Grid parity	<i>When power can be generated from an alternative energy source at a levelized cost of electricity that is less than or equal to the price of power from the electricity grid.</i>
Grid defection	<i>When consumers have independent sources of electricity generation &amp; storage and are no longer connected to the grid.</i>
Customer energy load	<i>Total amount of electricity withdrawn by customers.</i>
Peak Demand	<i>The highest level of electric demand during a specified time period (e.g., cold winter months).</i>
Bi-directional flow of energy	<i>When power can flow in two directions – from the power grid to the consumers and from consumers producing their own energy back to the grid</i>
Battery technology	<i>Batteries store energy in the form of chemical energy and can then be converted to electrical energy. Advancements in battery technology could make it easier for customers to store the energy that they produce through self-generation.</i>
Behind the meter	<i>Energy business (e.g., solar generation and energy storage systems that provide power for customers) being transacted on the customer side of the meter beyond the purview of the utility.</i>





**Available in accessible formats upon request**