

Scott Powell:

Hi, I'm Scott Powell, Director of Corporate Communications here at Manitoba Hydro. And with us today is Jay Grewal, our President and CEO. Jay, welcome, and thanks for joining us today.

Jay Grewal:

Thank you, Scott, it's a pleasure to be here.

Scott Powell:

Obviously the big news over the last year has been COVID-19 and certainly it's been impacting, not just Manitoba Hydro, but the entire planet. As we are an essential service, what are some of the biggest challenges that this pandemic has brought to Manitoba Hydro? And how have we met those challenges over the past 12 months?

Jay Grewal:

Well, I would just like to remind everybody that Manitoba Hydro delivers electricity and natural gas and we are an essential service. And so the changes that we had to undertake had to ensure that we were able to continually keep the lights on and the gas flowing. So material changes, in so many parts of our business, but the part I'd really like to touch on and speak to is our frontline employees. One third of our employees who continue to be out there working day in, day out, in as safe a manner as possible to ensure everybody else stays safe in their homes.

We revisited over a thousand safe work procedures. The new procedures for entering a customer's home in an emergency when COVID is at its peak. The procedures in terms of how our employees in the field actually get to their work sites and how we dispatch them differently from their home, instead of from an office space, including even warehousing and how we manage all the inventory and supplies to ensure those on the front line, keeping the lights on and the gas flowing have all of the materials they need. So some very, very significant changes that they're continuing to work with today.

Scott Powell:

Certainly a lot of challenges have been met head on and amazing to see the reliability that we've continued to offer our customers despite these numerous challenges posed by COVID. Jay, I know over the past year, you've spoken publicly about the process that we're going through here at Manitoba Hydro to develop a new long-term strategic plan, Strategy 2040. Could you tell us a little bit more about this plan and where we're at in terms of development?

Jay Grewal:

So the work that we undertook was started about a year and a half ago, and we were interrupted for a bit while we were still working through how we manage and operate during COVID. But it's primarily driven by the fact that the energy landscape that we have all historically operated in as utilities is fundamentally changing in some material ways. And there's three key drivers behind that. One of the drivers is primarily a policy driver. One of the three D's as they're called. Decarbonization, the focus on reducing the GHG globally, in North America, and in Canada. And there's policy levers, there's individual choices people are making, and that's all about generating electricity and using forms of gas, which reduce the carbon footprint.

The second D is decentralization, and that ties back to decarbonization, but effectively, if you think of how we as Manitoba Hydro serve you, we're an integrated utility and I'll use the electric side as an

example. We generate green, dependable energy. We are 98% hydro based. We transmit that over the wires that you see throughout Manitoba. And then we bring it through to your home, to the point of the meter, through our distribution systems. Behind the meter, which is those who might connect to you individually, and some of you did partake in the solar project that we had run as a pilot, put solar in, and you put it behind the meter ie. in your home on top of your home, in your yard. That is behind the meter. You could do wind that way. But there's so many more players that will come in, whether it's new sources of intermittent renewable energy. And by intermittent, what we mean, it's variable. You can rely on us 24/7, 365 days a week as you saw earlier this month, when we hit our peak, the highest peak we've ever had in terms of energy that we were producing to keep you safe, warm, and your lights on. And there's battery storage and all sorts of other forms of energy and forms to store energy. That's decentralization, where there's more players coming in to the marketplace and there'll be a bi-directional or two-way flow of energy.

And the last one, the third one, is digitization or digital. And that's really the use of technology to change our business. And it will enable this bi-directional flow of energy. It will enable you and your home to have a better understanding and program how you want to use energy, when you want to use energy. It is coming in the place of micro grids that are managed by a third party, but technology or digitization is the third D that will have a major impact on this evolving energy landscape that is materializing in higher cost jurisdictions much more quickly than it will materialize here. But it is coming here and it is starting in Manitoba.

Scott Powell:

Thanks Jay. And I guess it's important to remind people that what we're talking about here, isn't privatization, we're not talking about selling off parts of Manitoba Hydro or other utilities coming in. These changes, the 3Ds, their technology changes. They're involving many technologies that I know our customers can already buy and install or may be able to buy in the future and install. And I think that's an important description and point to make to people that this isn't about privatization is it?

Jay Grewal:

Yeah, absolutely. I mean, privatization would mean taking parts of Manitoba Hydro and selling it to a third party, a private entity. Manitoba Hydro is owned by Manitobans. And who are Manitobans? They are our customers. And what I just described in terms of how our energy landscape is changing and we're an integrated utility and a Crown Corp, it's happening in BC and BC Hydro is a hydro based Crown Corp. It's happening in Quebec where Quebec is a Crown Corp, and like Manitoba Hydro, they are owned by the citizens of their provinces. So, it's new market entrants providing new products and new services that we do not.

Scott Powell:

Is there anything you can share about Strategy 2040 with our customers today?

Jay Grewal:

Well, we're just, Scott, finishing up Strategy 2040 and looking very much forward to being able to really share the full vision and all of the different components that make up Strategy 2040. But Strategy 2040 is primarily focused on addressing the three DS, how that will change our business and our industry and how we need to think and act and serve our customers differently. And why do I say customers? Because we exist to serve you. And fundamentally as an entire organization, we will be successful when every single employee, whether you are in finance, whether you are on the operational side, whether

you are in a contact center, we all exist to serve you, our customers. And so some fundamental shifts in our focus on serving you better and in the way that you want to be served. And this is reflected in our new mission statement, and the mission statement focuses on two things.

It focuses on our core business, which is safe, reliable energy at the lowest possible cost. But it's also focused on helping you, our customers, Manitobans understand how to navigate this evolving new energy landscape that we've been talking about. So that you'll be able to get the most value from the clean energy that you've already invested in as Manitobans in Manitoba Hydro. So how does the mission read? 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. And what we've done then is taken this, the mission statement, and actually created five pillars. And those pillars are actually articulated from the view of you, our customer. And we look very forward to sharing more on that with you in the coming weeks.

Scott Powell:

Jay, what role will our customers play in Strategy 2040? What kind of changes are they going to notice as we move forward into the future?

Jay Grewal:

As I shared earlier, Strategy 2040 is built all around our customer, customer centricity. And so what might that look like differently for you going forward? We're going to change how we interact with you. We're going to create opportunities for our customers to interact with us the way that they want to interact versus how we choose to interact with you. So what might be different? For example, we're going to be, in the coming months, we've launched our new customer portal. We're now offering the digital version of the customer portal, as many of us engage with our service providers, cable internet, we typically transact over the phone. And so you'll have that opportunity, including the ability to go in and schedule your service appointments instead of us saying, when we're going to come to meet your needs, you tell us when it's optimal for you for us to come and serve you. You will see us developing some new services that we don't currently have in place today that will assist you in this evolving energy landscape. We want to become your trusted advisor. We want to ensure that every interaction you have with us is a positive interaction, where we meet your expectations as your energy service provider.

Scott Powell:

Thanks Jay. As part of our virtual public meetings, as we normally have customers asking questions. Well, we've taken questions ahead of time in this case, and have one for you to answer. Our first question here comes from Jim, and he asks, when will Manitoba Hydro start helping us convert from natural gas to clean electricity for heating?

Jay Grewal:

That's a very good question and it's one I often get asked. So as we were doing our work to develop Strategy 2040, we were doing a lot of analysis to understand if we did X, what are the implications of that, and what does that look like? And we started with the premise that we should electrify natural gas, which is primarily used in Manitoba in the South for heating purposes. When we started to do the analysis to say, how much green dependable hydroelectricity would we need to do that? We would need double the amount of current hydroelectricity once Keeyask comes into service, and the first unit was energized actually just this week, we're quite proud of that. But we would need double the amount of electrons that we will be producing after Keeyask comes into service.

Okay, double the electrons. Then we said, is it even possible in Manitoba? Does the hydrology, the water, the systems, the waterways, could it generate that much electricity? No. And so what we've actually done our analysis on is to say the overall objective is to reduce the carbon footprint, GHG in Manitoba. And when we did the analysis, the cost to reduce your GHG per ton from natural gas, which is used for heating, versus the cost that would be potentially involved in electrifying various forms of transportation, you get greater value for each dollar for transportation versus natural gas.

Having said that, it does not mean we will not look at and pursue opportunities to reduce the GHG from the use of natural gas. There's renewable natural gas you can inject into your gas and you don't have to just 100% get off natural gas, you can inject green hydrogen, and you can start to build that up. So there are lots of ways to reduce the GHG from natural gas, which we use for heating. We'll look at it from a Manitoba Hydro lens and our customer lens, and then from a broader provincial lens, because we're all Manitobans and we want to reduce the carbon footprint here in Manitoba at the lowest possible cost.

Scott Powell:

Well, Jay, thank you very much for taking the time to join us today. I'm sure our customers are going to find your answers and information to be of great interest. So thanks again for taking the time to join us today.

Jay Grewal:

All right, my pleasure. And I just want to thank our customers for your loyalty and continuing to choose us and trust us to be your provider of natural gas and electricity. Take care and stay safe.