

Appendix 10

Major Facility Status Report

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1 | Summary

The purpose of this appendix is to provide updates on the status of reviews for Major New Facilities in accordance with Section 38.1(1)d of The Manitoba Hydro Act. The Act states that if the IRP "includes the development of a major new facility during the planning period or within the next 10 years" it must include "a report on the status of any review required by section 16 or 16.0.1 in relation to that development or of any planning for such a review".¹

The 2025 IRP recommended development plan includes developing combustion turbines within the next 10 years. Due to the size and estimated cost, the addition of new combustion turbines is classified as a "Major New Facility" under The Manitoba Hydro Act.² No other resources in the recommended development plan meet the classification as a Major New Facility.

Manitoba Hydro has submitted and received recommendations from the Public Utilities Board (PUB) for the preliminary estimate of a dispatchable resource, pursuant to section 16.0.1(2) of the Act. Submission for approval of a major new facility, pursuant to section 16(3) of the Act is expected in 2026.

¹ <https://web2.gov.mb.ca/laws/statutes/ccsm/h190.php>

² Section 16(5) of the The Manitoba Hydro Act defines a Major New Facility as (i) a new power generating station with a peak capacity of at least 200 megawatts of power, or (ii) a new transmission line for transmitting electricity at a voltage higher than 230 kV, that will require an investment of \$200 million or more.

2 | Preliminary Estimate Submission

Pursuant to section 16.0.1(2) of The Manitoba Hydro Act, before Manitoba Hydro can incur planning costs in relation to the development of a major new facility,³ the PUB must first review and make recommendations regarding the preliminary cost estimate for the facility.⁴

On February 25, 2025, Manitoba Hydro submitted its preliminary estimate of costs of a 500 MW dispatchable capacity resource to the PUB for its review and recommendation.⁵ This resource option qualifies as a major new facility under The Manitoba Hydro Act.

For the preliminary estimate submission, Manitoba Hydro estimated costs for the lowest cost dispatchable capacity resource to meet expected demand in 2029/30. The best available information at the time of submission as the basis for cost estimates was two combustion turbines. Manitoba Hydro noted planning activities for a dispatchable capacity resource needed to proceed alongside the development of the 2025 IRP to ensure construction and procurement timelines can be maintained to meet resource need dates.

Following responses by Manitoba Hydro to one round of information requests, on March 28, 2025, the PUB issued a report with its comments and recommendations, which accepted Manitoba Hydro's preliminary estimate for the dispatchable capacity resource.

³ "Planning costs" means the capital costs of the planning, design work, studies and consultations required to prepare a reliable budget for a major new facility and a plan for referral to the regulator.

⁴ "Preliminary estimate" means a preliminary estimate of the cost of a major new facility that includes (a) a description of the basis for the estimate and the corporation's level of confidence in the estimate; (b) a statement and description of the related planning costs; and (c) a statement and description of the costs already incurred in relation to the facility.

⁵ <https://www.pubmanitoba.ca/v1/proceedings-decisions/appl-current/mh-preliminary-estimates.html>

The PUB's recommendations focused on five areas:⁶

- “the need to re-evaluate the cost and benefit of the project at each major decision point, both before and after the NFAT (i.e., the Needs For and Alternatives To review of the Major New Facility);
- the identification of “off-ramps” or “stage gates” during the planning process in relation to capital expenditure commitments that Manitoba Hydro will need to make to advance the project;
- the periodic updating of Manitoba Hydro’s load forecast and the re-evaluation of assumptions regarding the utility’s ability to enter into diversity exchange agreements that could provide short-term capacity at a much lower cost and defer the need date for a new capital project;
- the impact of the contracting strategy on project costs and contingencies; and
- the need to work closely with Efficiency Manitoba and re-evaluate the assumed demand-side management savings in Manitoba Hydro’s resource plan if needed.”

The recommended development plan in the 2025 IRP includes approximately 750 MW of combustion turbines, an increase from the February 2025 preliminary estimate submission, reflecting further analysis conducted during the IRP process subsequent to the PUB’s preliminary estimate review. Manitoba Hydro submitted the preliminary estimate to advance planning on potential resource options given the tight timeline to put new supply in place. To allow Manitoba Hydro to proceed into further planning, and strictly for purposes of the preliminary estimate review, Manitoba Hydro estimated costs for the lowest cost dispatchable capacity resource known. As outlined below, the proposed major new facility, including its type and size, will be referred to the PUB for review and recommendation prior to a government decision on approval.

⁶ <https://www.pubmanitoba.ca/v1/proceedings-decisions/appl-current/pubs/mh-preliminary-estimates/pub-recommendation-on-preliminary-estimate-for-capacityresource-march2025.pdf>

3 | Planning Activities Underway

Manitoba Hydro is advancing its planning to develop combustion turbines needed by 2029/30 to maintain reliable operations. Current planning activities include:

- Preliminary engineering design
- Procurement of turbine & generators (with off-ramps)
- Procurement of transformers and breakers
- Capital Investment Justification
- Transmission Interconnection Study
- Transmission line conceptual studies
- Environmental assessment and stakeholder engagement
- Gas Capital Investment Concept and conceptual design studies
- Gas supply studies
- Preparation of information to support a Major New Facility Review

4 | Future Reviews

In accordance with Section 16(3) of The Manitoba Hydro Act, before approving the development of a major new facility for generating or transmitting power, the Lieutenant Governor in Council (LGIC) must refer to the proposed development to the PUB for its review and recommendation regarding the needs for, or alternatives to, the proposed development.

Manitoba Hydro expects to file a major new facility submission with the PUB in calendar 2026, upon referral by the LGIC. The decision on the resource type, size, and timing of the major new facility will be informed by the 2025 IRP.

In addition to review by the PUB, the combustion turbines will be subject to separate review under The Environment Act which is expected to occur through 2026.