

Second Session – Forty-First Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Legislative Affairs

Chairperson
Mrs. Sarah Guillemard
Constituency of Fort Richmond

Vol. LXX No. 7 - 6 p.m., Thursday, May 11, 2017

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MANITOBA LEGISLATIVE ASSEMBLY
Forty-First Legislature

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ALLUM, James	Fort Garry-Riverview	NDP
ALTEMEYER, Rob	Wolseley	NDP
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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON LEGISLATIVE AFFAIRS**

Thursday, May 11, 2017

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mrs. Sarah Guillemard
(Fort Richmond)**

**VICE-CHAIRPERSON – Mr. Shannon Martin
(Morris)**

ATTENDANCE – 10 QUORUM – 6

Members of the Committee present:

*Hon. Mrs. Cox, Hon. Messrs. Micklefield,
Schuler*

*Mr. Altemeyer, Mrs. Guillemard, Messrs.
Marcelino, Martin, Nesbitt, Reyes, Selinger*

APPEARING:

*Hon. Steven Fletcher, MLA for Assiniboia
Ms. Cindy Lamoureux, MLA for Burrows*

PUBLIC PRESENTERS:

Bill 19–The Efficiency Manitoba Act

*Mr. Kevin Rebeck, Manitoba Federation of
Labour*

*Mr. Chris Mravinec, Canadian Union of Public
Employees, Local 998*

Mr. Dan McInnis, private citizen

Mr. Evan Thompson, private citizen

Mr. Garland Laliberte, Bipole III Coalition

Mr. Dennis Woodford, private citizen

WRITTEN SUBMISSIONS:

Bill 19–The Efficiency Manitoba Act

*Joe Masi, Association of Manitoba
Municipalities*

Tim Sale, private citizen

MATTERS UNDER CONSIDERATION:

Bill 19–The Efficiency Manitoba Act

*Bill 20–The Crown Corporations Governance
and Accountability Act*

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Clerk Assistant (Mr. Andrea Signorelli): Good evening. Will the Standing Committee on Legislative Affairs please come to order.

Before the committee can proceed with the business before it, it must elect a new Chairperson.

Are there any nominations for this position?

Mr. Shannon Martin (Morris): Yes, I'd like to nominate—oh, I don't know, Mrs. Guillemard.

Clerk Assistant: Mrs. Guillemard has been nominated.

Are there any other nominations?

Hearing no other nominations, Mrs. Guillemard, would you please take the Chair.

Madam Chairperson: Our next item of business is the election of a Vice-Chairperson. Are there any nominations?

Hon. Andrew Micklefield (Government House Leader): I wish to nominate Shannon Martin for the position of Vice-Chair, please.

Madam Chairperson: Mr. Martin has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Martin is elected Vice-Chairperson.

This meeting has been called to consider the following bills: Bill 19, The Efficiency Manitoba Act; Bill 20, The Crown Corporations Governance and Accountability Act.

I would like to inform all in attendance of the provisions in our rules regarding the hour of adjournment. A standing committee meeting to consider a bill must not sit past midnight to hear public presentations or to consider clause by clause of a bill, except by unanimous consent of the committee.

We have a number of presenters registered to speak tonight, as noted on the lists of presenters before you. On the topic of determining the order of public presentations, I will note that we have out-of-town presenters in attendance, marked with an asterisk on the list.

With this consideration in mind, in what order does the committee wish to hear the presentations?

Mr. Martin: I suggest we listen to those individuals who travelled from out of town to present first.

Madam Chairperson: Is this agreed by the committee? *[Agreed]*

Written submissions on Bill 19 from the following persons have been received and distributed to the committee members: Joe Masi, Association of Manitoba Municipalities, and Tim Sale. Does the committee agree to receive these documents and have them appear in the Hansard transcript of this meeting? *[Agreed]*

Before we proceed with presentations, we do have a number of other items and points of information to consider. First of all, if there is anyone else in the audience who would like to make a presentation this evening, please register with staff at the entrance of the room. Also, for the information of all presenters, while written versions of presentations are not required, if you are going to accompany your presentation with written materials, we ask that you provide 20 copies. If you need help photocopying, please speak with our staff.

As well, in accordance with our rules, a time limit of 10 minutes has been allotted for presentations, with another five minutes allowed for questions from committee members. If a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list. If the presenter is not in attendance when their name is called a second time, they will be removed from the presenters' list.

Prior to proceeding with the public presentations, I would like to advise members of the public regarding the process for speaking in committee. The proceedings of our meetings are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I first have to say that person's name. This is the signal for Hansard recorder to turn on the mics and off.

Thank you for your patience. We will now proceed with public presentations.

An Honourable Member: Point of order, Madam Chair.

Point of Order

Madam Chairperson: Mr. Fletcher, on a point of order.

Hon. Steven Fletcher (Assiniboia): For the list of MLAs in attendance, I would like to have my name included on the record: Steven Fletcher, Assiniboia.

Madam Chairperson: According to the rules, every MLA that is acknowledged tonight for questions or comments will automatically be entered into Hansard, so there is no point of order and we will now proceed with presentations.

Bill 19—The Efficiency Manitoba Act

Madam Chairperson: I would like to call on Kevin Rebeck, Manitoba Federation of Labour president.

Do you have any written materials for distribution to committee?

Mr. Kevin Rebeck (Manitoba Federation of Labour): I do.

Madam Chairperson: Please proceed with your presentation.

* (18:10)

Mr. Rebeck: Thank you.

My name is Kevin Rebeck, president for the Manitoba Federation of Labour, or MFL, and on behalf of more than 100,000 unionized workers we represent in Manitoba, including the employees of Manitoba Hydro and the many building trades workers who build our hydro assets, I'd like to thank you for the opportunity to speak to Bill 19, The Efficiency Manitoba Act.

Manitoba Hydro, as a publicly owned Crown corporation, is one of our province's greatest economic, environmental and social assets. The further development of our clean, renewable hydro-electric resources, further investment in demand-side management, and expansion of other renewables such as wind and solar are vital ingredients for Manitoba's long-term economic growth, global efforts to curb climate change, and ongoing energy affordability for families and businesses in Manitoba.

There are some very positive aspects to Bill 19, but also some very concerning ones, which we urge the government to reconsider. In what follows we'll speak to both.

The MFL is pleased to see government moving forward with legislated energy-efficiency targets, and we support engagement with those with expertise and experience to help strengthen targets over time. In Manitoba, we already have a strong track record and much to be proud about on the energy-efficiency file.

Manitoba Hydro's existing suite of Power Smart programs has already transformed the way Manitobans think and act with regards to energy consumption and conservation. Using our valuable energy resources ever more wisely will not only save families and businesses money on their energy bills, but will also free up excess power to be sold profitably on the export market, thereby helping to keep Manitoba's hydro rates among the lowest in North America and reduce our carbon footprint.

The MFL believes that Manitoba Hydro should keep moving boldly to strengthen energy-efficiency programming and, at the same time, continue to build our valuable hydro-electric resources, creating good, family-supporting jobs, keeping rates low for Manitobans, stimulating economic growth, and growing North America's renewable energy supply.

We suggest that further consideration be given to how best to expand energy efficiency programs into First Nation communities, where home and community infrastructure could be particularly energy inefficient, as well as to lower-income households who need urgent relief on their energy bills.

We applaud the steps that Manitoba Hydro has taken in recent years under the framework of the energy savings act to dramatically expand the reach of programs in support of energy efficiencies and the adoption of geothermal infrastructure in First Nation communities.

We're deeply concerned, however, with the core feature of Bill 19, breaking off energy efficiency programming for Manitoba Hydro, where it's matured, expanded its reach, and become increasingly more effective over the years. While we recognize that Bill 19's proposing the establishment of a stand-alone, publicly owned Crown corporation, Efficiency Manitoba, as opposed to a private entity, which we strongly oppose, we're still concerned about threatening and creating massive uncertainty for more than 100 talented and experienced Manitoba Hydro staff who currently work in this area.

We're concerned about dividing up and segmenting Manitoba Hydro into smaller bits and parts, weakening its foundation with the interfering with the successful branding and customer respect and acceptance already established for Power Smart, with risking the loss of continuity in program and loss of knowledge and expertise of staff, and, perhaps most concerning for the long term, the threat of laying the groundwork for privatization in the future, which would run totally contrary to the interests of all Manitobans.

These concerns add to a great alarm Manitobans are already feeling about the announcement of 900 layoffs at Manitoba Hydro, coming at a time when a number of other large employers—Great West Life, Investors Group, Bell—are also eliminating good jobs in our province.

We note also the creation of a new energy-efficiency entity, along with a new board and administration and governing structure, will involve significant additional costs, both transitional and ongoing. Those will need to be borne by Manitoba Hydro ratepayers, residential, commercial and industrial.

This seems like a move in the wrong direction, especially when there's no guarantee that a new entity will deliver better results. In fact, it seems that the creation of a new entity threatens to produce inefficiencies, additional costs, disruption, both personal and commercial, and risks degrading Manitoba Hydro's reputation, not only at home but at our export markets.

It also threatens to disrupt existing positive relationships with energy-efficiency partners which have supported the success of Power Smart.

Thanks for the opportunity to share our views. We urge the government to reconsider the Bill 19 model, retain the framework for legislating and strengthening energy-efficiency targets, but build on the successful Power Smart foundation within Manitoba Hydro rather than gambling on an expensive new offshoot to do the work that Manitoba Hydro workers have shown they can already efficiently and effectively.

Thank you.

Madam Chairperson: Thank you for your presentation.

Do members of the committee have questions for the presenter?

Hon. Ron Schuler (Minister of Crown Services): Well, thank you very much, Kevin, for being out tonight. I think it's going to be another busy evening for you—two committees running again, and I always appreciate you coming and representing your constituents and appreciate your comments that you put on the record.

Hon. Steven Fletcher (Assiniboia): Thank you for your presentation.

In your remarks, you expressed some concerns. In regard to the—I have a report here from the Canadian centre for public—of public policy alternatives that discusses demand-side management and expresses a concern that increases in hydro prices or rates would affect the lower income people. I have other reports that say that, you know, because Manitoba has the lowest rates and the alternatives are much higher, that, overall, the rates will increase, thereby putting a—more of a burden on the lower income Manitobans. Moreover, they—it would also cause Manitobans to deal with—pardon me, Madam Chair, I just lost my page here—but the gist is wealthy people can afford solar panels; renters and other people cannot, in general terms. So many of these programs are essentially subsidizing relatively wealthy people compared to relatively disadvantaged people. Would you like to make a comment?

Mr. Rebeck: Sure, well I think whatever model is moved forward, I think it makes sense to keep things within Power Smart, which is a model that's known. I think whatever model goes forward, your statement's true that some of the alternatives that are in place are more easily accessible to those who have the means in finding ways to make sure that we have additional supports like some of the work that's been done on First Nation communities and others is something we need to do a lot more of.

Mr. Ted Marcelino (Tyndall Park): Thank you, Kevin, for being here, and, as usual, your comments have been very helpful. You touched on some of the concerns that we have regarding this bill, and we will take that into account every time that we ask any questions. Thank you.

Ms. Cindy Lamoureux (Burrows): Thank you for coming out and presenting to the committee.

In your notes—in your presentation, you mentioned that this bill also threatens to disrupt existing positive relationships with energy efficient partners. Could you expand which partners those are?

Mr. Rebeck: You know what? I don't have the listing in front of us, but the brand and the relationships that Power Smart has established in the community are deep ones that are in place with people and staff as well, and creating a new entity kind of resets some of that for them to renew those relationships and see if they can establish them and move them forward. So why the disruption? I'm not sure I understand the need to make that change or what they hope to accomplish by breaking it off to create a new separate entity that would require a lot of resources to set up and have in place and, ironically, title it efficiency.

Mr. Schuler: Mr. Rebeck, are you aware that the brand Power Smart is owned by the Province of British Columbia and that as of 2018 they are going to take the brand back, so Manitoba is no longer going to be entitled to use the term Power Smart? Are you aware of that?

Mr. Rebeck: I was not aware of that, no.

Mr. Fletcher: Mr. Rebeck, would you have any problems if the program was called smart power?

* (18:20)

Mr. Rebeck: I know to wait.

You know, I think what it's called is important and people having that relationship or connection, and that might work—well, that might work well. I think the principal objection that I'm raising, though, is not seeing the need to break off and create a whole new entity, a whole new Crown corporation when we have one that manages it. I think setting targets was a very good piece of this bill and something that we need to do, and I appreciate that, but I'm not sure I see the value in a different entity than being in charge of it.

Madam Chairperson: Thank you very much.

I will now call upon Chris Mravinec, CUPE, Local 998.

And do you have any written materials for distribution to the committee?

Mr. Chris Mravinec (Canadian Union of Public Employees, Local 998): I do.

Madam Chairperson: Please proceed with your presentation.

Mr. Mravinec: Good evening. My name is Chris Mravinec, and I'm here today representing over

1,100 members of CUPE, Local 998 who work at Manitoba Hydro as clerical and technical staff.

I thank the committee for the opportunity to share our concerns about the legislation being proposed, Bill 19, The Efficiency Manitoba Act. While we agree with setting targets in legislation and supporting—and support strengthening these targets over time, we have serious concerns about removing Power Smart from Manitoba Hydro.

One of the main reasons cited for this move centres on a conflict of interest, and I don't believe a—there is a conflict of interest for Manitoba Hydro to deliver both energy and energy savings programs. Whether or not this is true, the conflict of interest, fixing targets in legislation will remove any real or perceived conflict.

Manitoba Hydro currently delivers about 1.2 per cent in savings annually, and I have full faith that the 1.5 per cent target called out in legislation can be met without creation of a separate entity. I do, however, question this government's long-term vision for Manitoba Hydro when it moves to carve out the successful energy-efficiency programs.

Creation of a separate Crown corporation to provide demand-side management services and programs will add an unnecessary layer of bureaucracy to DSM activities and will force Manitoba Hydro, and hence ratepayers, to pay for that bureaucracy. Enacting this legislation will create additional transitional and ongoing costs without adding benefit for ratepayers. Manitoba Hydro has administered demand-side management activities for over 25 years. This tremendously successful history has saved Manitobans money on energy bills and reduced domestic consumption with attendant greenhouse gas emission reductions.

Polling conducted in March 2017 by Probe Research on behalf of CUPE 998 demonstrates very strong public support for Power Smart programming, and for keeping it in Manitoba Hydro. Sixty-eight per cent of respondents wanted Power Smart to stay in Hydro instead of it being moved to a Crown corporation.

The removal of Power Smart from Manitoba Hydro puts at risk the livelihoods of over 100 workers and will result in a loss of knowledge and expertise. This will be difficult to recover from, given that the staff currently employed in Power Smart activities are well trained, experienced and very committed to the value of their work. Moving

the work will certainly create casualties in terms of careers and expertise. Uprooting these established, experienced programs will result in loss of continuity in the programs and services, and that would be a disservice to those employees and to the Manitobans who rely on those services. With so little to gain, it is difficult to understand why there continues to be such aggressive pursuit of this questionable goal. There is far more risk than reward in this endeavour.

There's a wide variation in provincial approaches to demand-side management in Canada, with models ranging from successful utility delivery models to top-down regulation through oversight agencies to hands-off approaches. Similar provinces have moved demand-side management activities back in-house after experimenting with separate agency models. In my written presentation, I expand on the different models used in other provinces, as well as their experiences. It's too lengthy for the purposes of this committee hearing, but it is important to have it on record, and I urge you to read it thoroughly when you receive it.

There appears to be no single best approach model, and the external agency model is more suited for jurisdictions where there are multiple utilities and distribution companies to deal with. In Manitoba's case, having a single public energy provider delivering DSM, demand-side management, simplifies many of the challenges that would make an agency model preferable.

The current approach in Manitoba is a balanced one. It allows for government and PUB regulatory involvement through The Manitoba Hydro Act. It includes sound environmental and social considerations through The Energy Savings Act, and it allows the Public Utility with the most knowledge of its customers and business to plan for, design and implement DSM programs.

CUPE 998 is not the only group raising concerns over this bill. Garland Laliberte and others, the Manitoba Industrial Power Users Group, they both share our concerns with this bill. They feel removing DSM from Hydro will have a disruptive effect and carries risk that Manitoba Hydro's demand-side management expertise may not survive the transition.

Objections raised by the Green Action Centre at the Public Utilities Board needs for an alternatives to hearings and since then have shown to be very relevant and include social-value implications. The Manitoba Industrial Power Users Group feels that Hydro should retain control of demand-side

management versus creating a new entity. They have stated that the utility has the in-depth knowledge and long-standing relationships with industry required for these programs.

Let's not risk losing this expertise by creating a separate entity. Let's work with what we have now, because it's shown it can work and it can improve, and it will continue to succeed with the right oversight and feedback.

The Province definitely has a role to play, but it should be cautious about aggressive changes like removing Power Smart from Manitoba Hydro. This can upset livelihoods in the existing balance of a series of very complex programs that work very well right now, and these are programs Manitobans have come to rely on.

Partnership with Manitoba Hydro on exploring and developing opportunities is required to move Manitoba forward in being an energy efficiency leader and can provide many spinoff benefits to the Manitoba economy. Keeping Power Smart in Manitoba Hydro makes sense, and is the best way to get where we need to be.

Thank you.

Madam Chairperson: Thank you for your presentation.

And could I just have you pronounce your name for my benefit?

Mr. Mravinec: Certainly. Mravinec.

Madam Chairperson: Mravinec. Excellent, thank you.

Mr. Schuler: Well, thank you very much, Chris Mravinec. Appreciate that you came out tonight and made your presentation and, you know, we've got a great system here at the Manitoba Legislature where each piece of legislation goes in front of the public and actually anybody can come forward and give a presentation. And I've sat here for a lot of evenings and it's always very enjoyable. And appreciate the input you put into this and I know the committee appreciates it. Thank you.

Mr. Fletcher: Would you agree that the operating of Power Smart, or—is a—that it's difficult to do energy conservation on one hand, sell power on the other, and then to do so in conjunction with a—within one utility that can co-ordinate perhaps efforts to synchronize high and low power surges to maximize the effectiveness of DSM? And would you agree or

disagree that Manitoba Hydro actually produces almost no greenhouse gases? It's virtually zero, and compared to almost any other form of electricity is the cleanest, most—and the cheapest in the world. And moving to a different model could potentially cost a lot of money. And where, sir, what Crown would the money come from? What effect would that have on the Manitoba Hydro and the rates here in Manitoba?

* (18:30)

Mr. Mravinec: Thank you for the question. I don't believe it's a conflict of interest for Manitoba Hydro to be a seller and saver of electricity. I think the history, historical performance, is an indicator of a great model, great delivery. From memory, I believe over 364 gigawatt-hours of electricity have been saved. That's an incremental amount to date. The programs continue to meet targets in electricity savings, and I think it's a good model and I don't see the conflict of interest, personally.

With respect to rates, I might—it would be conjecture for me to speculate. I'm not a rate setter at Manitoba Hydro. I don't have the in-depth knowledge to truly speak to rate setting, but I do know that the current rates contain the Power Smart services already. So, if the current rates are an indication of what it takes to deliver good Power Smart, then I think we're in good hands, and I don't think rates would increase by maintaining the current model.

Mr. Marcelino: Thank you for being here, Chris, and the committee usually hears from those who are concerned, most especially when there is such a change where there appears to be no reason except a perceived conflict of interest between Hydro doing the generation of power and, at the same time, selling the idea that power could be saved.

From your perspective and from your conversation with members of the CUPE, Local 998, was there anything wrong with the Power Smart division of Manitoba Hydro?

Mr. Mravinec: I have had no indication of anything wrong from the members that I represent in Power Smart. There are about 50 of them. I've gotten to know many of them through this exercise. We've worked with management in adjusting to some of the challenges through the vacancy management. Services were able to be maintained, and I'm not aware of any problems with the program.

I can tell you that those members, those employees, are deeply proud of the services they perform. I've seen one sister we work with come to tears when she wondered about the future of her work and how those services would be offered to the public, so I know there's a deep commitment, tremendous expertise and experience, and I don't think I'd call that a problem. I think I'd call that something we want on our side.

Madam Chairperson: Thank you for your presentation.

The time for questions has expired. I will now call upon Dan McInnis.

Do you have any written materials for distribution?

Mr. Dan McInnis (Private Citizen): I don't.

Madam Chairperson: Okay. Please proceed with your presentation.

Mr. McInnis: Thank you, Madam Chair, committee members, staffers and other presenters. I really want to thank you all for this opportunity to present my views on this topic.

First of all, a little bit about me. I know it's not about me; it's about Bill 19, but very quickly here. I retired in 2013 after 32 years in the public sector. I had experience in both municipal and provincial government. My last position was actually an assistant deputy minister here at the Province responsible for energy, climate change and green strategy initiatives.

Three times, I represented Manitoba on Canada's climate-change team at the United Nations COP, as well as I represented Manitoba at the United Nations Rio+20 summit. I'm fairly well versed in energy efficiency, energy supply, public policy, program delivery and surviving.

I call myself a practical environmentalist. I'm a lifelong Manitoban. I'm also a proud member and donor to the PC Party of Manitoba. I believe in small, efficient government, including utilities, and that people will make the right decisions, provided the government doesn't interfere. However, I also believe that there's a segment of society that also needs help in order to achieve a reasonable standard of living. So me, you know, if I was categorizing myself, I'd probably say I'm a red Tory. So that's—sorry, sorry.

But I think it's also important here to realize how we got here. How did Bill 19—it's not a new thing. Bill 19 and Efficiency Manitoba was hatched in about 2005 by minister Sale—then-minister Sale, and Shaun Loney, who went to Vermont to visit an energy efficiency agency there called Efficiency Vermont, coincidentally. And through the various political maturations that happened, you know—it got stopped, it got amended, it converted into Green Manitoba for a while, and kudos to the government of the day for actually shutting down Green Manitoba as of April 1st of this year. You know, that's—Green Manitoba was actually one of the maturations of Efficiency Manitoba at the time.

So—but because of kind of political partisanship—and I'm sorry to say this, but, you know, this thing has come up again—you know, at the NFAT hearings, we had—at the end of the NFAT hearings, no less—you know, certain parties came forward and said, yes, take Power Smart out of Manitoba Hydro because they're not delivering the services in our community. It really wasn't even part of the terms of reference for the NFAT hearing. But the government of the day—and every government, I believe, does it, so I'm not blaming anyone—when they appoint a panel to study an issue and the panel makes recommendations, government always wants to accept all the recommendations, whether they're good or bad, because what happens is you appointed the panel, so if you don't accept the recommendations, it looks bad on you. And I'm not saying—but every government does that. And this is how this thing got re-invigorated again.

So the government of the day said, yes, we accept the recommendations. They realized after a bit that, you know, a stand-alone Crown corp or separate agency wasn't the right thing to do. A proposal was made to make it a subsidiary of Manitoba Hydro. That was around November of 2015. And, at that time, the opposition of the day said, well, if you can't get the job done, we will. They made an election promise to do it. And we bring ourselves here today.

Here's my request of you. Defer the third reading of Bill 19. Hire an outside consultant to lead a team of government and Manitoba Hydro folks to develop a five-year business plan. Send it to the PUB for consultation. Review it and have the PUB make recommendations to government on the next steps. So I'm not saying do this or do that with Bill 19, shut it down or let 'er go, I'm saying I don't think that you guys, you folks, you committee members, elected

officials, have enough information to make an informed decision on it.

So here is the background to that. As other people have already noted, it's going to increase costs. So, if you're going to have additional administration and governance, you'll have a nine-member board office space, customer service, technology, et cetera. Those costs got to be paid for by someone.

You lose the connection with Manitoba Hydro's integrated resource planning process, and I believe other people are going to talk about that. It's extremely important to maintain that. And it also goes to the issue that I've heard here raised earlier about this conflict of interest topic about how can you be a saver and a seller of a commodity. Well, the integrated resource management—or integrated resource planning process takes care of that.

*(18:40)

I really love Bill 20. I've read it. I think it's bang on. You know, if I was here to stay a little bit longer, I'd love to make a presentation on it. But what I'm finding is that Bill 19 conflicts with Bill 20. So, by setting up this Crown corp, it's not transparent. The plan is to have Manitoba Hydro pay for the costs of Efficiency Manitoba. These costs will be buried in the rates, and they're not going to be transparent on the bill. So, as a ratepayer, as a utility payer, I should know that DSM Efficiency Manitoba costs 1.5 cents a kilowatt hour, or whatever the number is, so that I can make an informed decision whether I'm willing to just keep paying that, or I'm going to do something about my demand.

Let Manitoba Hydro do its job and keep government out of the day-to-day operation. And that's exactly what Bill 20's doing. This bill conflicts with that, though. And let me explain. So Efficiency Manitoba's going to submit their annual plan to the PUB for review and consultation, which is all good, but any other utility or Crown corporation of this nature, the PUB would say: okay, your rate of 1.5 cents; good to go; away you go—just like they do with Manitoba Hydro. But yet, for some reason, and, I think, I know why, Bill 19 is set up so that the PUB just makes recommendations to government, and then government makes the decision. Stay out of that business.

I've already mentioned there's no business case prepared or implementation plan, or, if there's been one prepared, it certainly isn't public. I've asked for it, and I've been told no.

Another aspect to this whole thing is we don't need more electricity energy-efficiency programming in Manitoba. Manitoba right now has surplus electricity to at least 2036. If the Energy East pipeline doesn't go, we will have surplus electricity to at least 2040.

Let's talk about a business model. So let's say I own a hypothetical printing shop on Kenaston Boulevard and, you know, I'm trying to grow my business bigger and bigger. So, you know, other than things like—sorry—you know, other than things like, you know, protecting my brand, providing good customer service, there's two basic things you need to do: you need to grow revenue and reduce costs. So each year, Manitoba Hydro sells 35 billion kilowatt hours of electricity each year, at an average cost—average revenue of 5.5 cents. Just to let you know, residential customers pay almost 8 cents.

Now, marginal costs—well, it's—the average cost is 5.5, so the cost to produce the 35th billion and one kilowatt hour of electricity is a really small number and, without the sake of argument, let's say it's less than a cent. It's probably less than a 10th of a cent, because you have all the infrastructure in place, right. And, you know, all the lines are in place; the dams are in place. So it's a marginal demand. Power Smart is marginal savings. So, currently, Manitoba Hydro spends 1.8 cents per kilowatt hour in Power Smart and—so why would a business pay a customer 1.8 cents to not buy their product when they manufacture the product for less than one cent and sell it at 5.5? If you were a business student at Asper School of Business and you wrote that in a paper, you would get an F. And this is what's happening here.

Just quickly, here. One of the—and I'll just skip over the natural gas stuff, but, you know, there's three stated goals of Efficiency Manitoba. One is to 'mitigate'—mitigate rate increases, and my position is that the costs will go up and the sales will go down—the opposite; defer new generation—and, as I've already mentioned, we have excess generation to at least 2036; and reduce greenhouse gas emissions. But, in fact, you're putting on a carbon price next year, so, like, you're conflicting it, right. You've got two agencies kind of working—

Madam Chairperson: Mr. McInnis, your time has expired for your presentation.

We're going to move on to questions.

Mr. Schuler: Well, Dan, thank you very much for coming to committee. I love this about spending evenings here, and we get presentations from all different kinds of viewpoints, and yours gave us some of the background. I would love to sit for the rest of the evening and debate you on a lot of the points. Alas, we don't have time for that. But absolutely appreciate what you brought to the table today and, I think, for the rest of the committee, you know, you put stuff into context. And, you know, perhaps some other time over a latte, we could have a debate on some of the finer points, but I do want to thank you very much for coming out today.

Mr. Marcelino: Yes, and I echo the gratitude of the committee and the minister about your presence here and your presentation.

I have but one quick question that might interest you. Knowing that Manitoba Hydro will be financing this particular sub-corporation, how does that—can you say something about that?

Mr. McInnis: Well, I did touch on the transparency part because even though Manitoba Hydro's going to financing this organization, though the cost of that is going to be buried in the utility rates and not visible on the utility bill, and that's definitely a concern of mine and probably most utility consumers.

Mr. Fletcher: I'd like to thank the presenter for his question.

As I—MBA graduate of the Asper School of Business, I hope I don't get this wrong. What, if I understand, in layman's terms, what you're saying is, essentially, everything that we save through demand-side management, from Hydro's perspective, is a loss to Hydro. In addition, the—any power that is exported is a gain because the variable—the fixed costs are there; variable costs basically don't change. Or is it just money down the river or water down the river.

You're saying that there's no transparency because of the—costs are buried in rates and so on. You've provided an alternative so that we can get it right if this is what we just want to do, and when you have excess supply and you want to reduce demand, rates go up. Is there any other situation where that happens, any other company that can manage to pull that off? Supply up, demand goes down or stays level, and the prices go through the roof.

I also wonder if you would comment on the double monopoly that seems to exist on Energy Manitoba between Centra Gas and Manitoba Hydro and, finally, if you could make a comment about the—

that interesting point that you made about Bill 20. There's a clause in this bill that excludes Bill 19 from Bill 20. I wonder if you could elaborate on that.

Mr. McInnis: So my—I believe the first question was, do I know of a company that's ever been managed where they reduced demand, increased rates and are successful with supply? I watch BNN every day, so, but I'm not a—I'm an engineer; I'm not a business analyst, but I can't imagine that model working anywhere.

I don't know if I exactly got the second question or the third question. *[interjection]*

Madam Chairperson: Sorry, we're going to move on to Ms. Lamoureux.

Ms. Lamoureux: It's—I'll keep it very quick. It's more of a comment than anything. I, really, for one, I appreciate your bluntness, especially towards the beginning there; it's very frank. I think sometimes the committee needs to be reminded of that. The background that you offered on the bill, I know I learned a lot from hearing you speak on that, and then you offered potential solutions. Really appreciated that.

Mr. McInnis: You're welcome.

* (18:50)

I thought it was important to provide that background about myself just because, you know, I was an ADM under the NDP government. I consider Greg Selinger and Rob Altemeyer friends and good acquaintances. You know, we worked well together as I worked with many other opposition members at the time. So I just thought it was important to kind of lay that out, you know, where I am.

Madam Chairperson: The time for questioning has now ended, and we are going to move on to our next presenter. Thank you very much.

I will now call on Evan Thompson, private citizen, and do you have any written materials for distribution for the committee?

Mr. Evan Thompson (Private Citizen): I do not.

Madam Chairperson: Please proceed with your presentation.

Mr. Thompson: Can I grab some water here?

Madam Chairperson: Absolutely.

Mr. Thompson: There's no water rental fee on the water, right? Okay.

Thank you very much, Madam Chairperson, and the committee for, well, I guess thanking the system, too, for giving me the opportunity here to speak.

Originally, when I came to—or when I registered to speak for Bill 19, The Efficiency Manitoba Act, more just because I wanted to come in front of a group of elected officials and give a small math lesson on one particular part of the bill. In, you know, preparing something here for a committee, I did, you know, come up with a few more points that I wanted to touch on, but it appears as though some of the people that have preceded me have made those comments already. So I won't bore you with repeating most of the discussion on having a second corporation that has to interface with now a Manitoba Hydro and the additional bureaucracy that that would create and sort of the restriction of information flow between the two entities that might, overall when you're looking at the big picture, increase costs. So, instead of boring you with that, I'll just bore you with the math lesson.

So just looking at the targets, and this has been sort of a bone I like to pick, not just with elected officials, but, you know, in my professional roles as well, in prescribing very strict limits on things, especially when you're doing it in legislation or sort of more in the private sector in contracts where it's very difficult to make a change.

The specific issue that I'm pointing out here is one that—I mean, if you run into it, it's probably a good thing on one end but necessarily you'll end up penalizing Efficiency Manitoba on the other end. The act has specific targets for an annual decrease, and I'll pick on electricity because it's a little bit more prominent than the natural gas targets, but there's the 1 and a half per cent decrease every year that's expected, and there's not much discussion about what happens if there is a really big decrease one year. There's some discussion on what happens if you miss the target or you have an increase in terms of a cumulative effect, but there's no real big discussion about what happens if Efficiency Manitoba ends up being quite efficient.

And so the concern here is, and I'll kind of inflate the numbers a little bit just to kind of get a feel for the problem here, and maybe, even though I really shouldn't be using props, you know I have this glass of water here. If I drink 50 per cent of the water, so I've somehow reduced the amount of water

in this cup by 50 per cent, and I drink another 50 per cent, I've actually consumed 75 per cent of the water, not 100 per cent of the water. Unfortunately, the bill makes the same mistake on the cumulative target point in that it takes the 1 and a half per cent over 15 years and multiplies it out to get 22 and a half per cent.

Now, I mean I'm splitting hairs here on when—if you actually do the math on that, you end up with more of a 20 per cent reduction as the cumulative effect, but if you end up with one good year where Efficiency Manitoba reduces things by—reduces energy consumption by 10 per cent, now they don't really get the benefit of using that 10 per cent in future years because they'd still have to do 1 and a half every year. So there's a problem there.

The other issue, too, that comes up with this particular bill, and I'll just quickly consult my note here, is—and it was sort of touched on by some of the other presenters, too, is how do we measure what is an actual Efficiency Manitoba savings and what's just a savings because of things that they don't control.

The big example would be when—if rates go up or if there is a carbon tax imposed, that would—the carbon tax would probably more be on the natural gas side, the rates being more along the electricity side here.

People will just naturally, when they're—over time, look for ways to reduce their consumption without necessarily availing themselves to the programs that energy—or, sorry—that Efficiency Manitoba would offer. And so, does Efficiency Manitoba get to count that towards their target, or is there some way that credit is allocated between external effects and the new agency?

And so, really, what I'm getting at here is—and, you know, I might want to even tag onto my predecessor's suggestion of sort of taking a look again at what's written in the legislation and perhaps just think of some of the scenarios that can exist there, and does it necessarily have to be legislated so that if situations change, which, likely is going to happen in the next 15 years, perhaps something that's less difficult to change but still important, like, let's say regulation, might be a better way to encode those targets, you know, still getting what you're looking for in the act generally, but not necessarily tying it to targets that can be sort of difficult to achieve or perhaps manipulated. You can sort of save away

some efficiency one year and then bring it back the next year.

And, too, if that is—if that game is something that could be going on, that's another argument for the whole increased bureaucracy because now you're going to have more people doing more—essentially, their job is going to be to make sure that you meet the targets, even though they're not actually doing any efficiency activities; they're just playing with the numbers.

So just some points that I wanted to point out to the committee here. Thank you.

Madam Chairperson: Thank you for your presentation.

Do members of the committee have questions for the presenter?

Mr. Schuler: Evan, thank you very much for coming to committee, great to have you here. I'm going to run through a couple of points. We have a very short time to ask questions, so, quickly, to Dan McInnis, Power Smart currently does not show up on a bill, so I don't know why it would be an issue if it didn't show up on this bill. Guess he wants something for Efficiency Manitoba which we don't do for Power Smart.

Insofar as prescribed, strict targets, if you look at the legislation, know there is room, for instance, if it was felt that the target was too onerous, the Public Utilities Board can look at that. But more importantly, it is over 15 years, so that—it is the target over all those years.

Also, when we look at 1.5, it is also factoring in the growth of consumption. So, every year, you do have growth of consumption, so you have to work on top of that as well. And by the way, if you see anything else and you'd like to bring it to my attention, there's a gentleman—I was going to say in the blue jacket, but that wouldn't help you out any. It would have to be the gentleman in the tan pants. Call him up and I would love to hear your comments if you'd want to come by and take an hour or so and, you know, we can talk a little bit about some of your concerns. Really appreciate that you're here. Thanks.

Mr. Marcelino: Thank you Evan, for—Mr. Thompson, for your analysis of what's—what could be wrong with this bill. And I heard—you said the numbers could be manipulated so that even if there's no activity being done by this corporation, it would—

it could still show that they are doing their job. Is that what I heard?

Mr. Thompson: Didn't necessarily put it that way, but essentially—and I do believe the bill does address, a little bit, on how the targets are measured. So, I mean, there will be a set of rules to be put in place there. But it's always easy to—especially if you've got something at the end of the year—to push it over to the next year. And, you know, we're not—we don't have professional energy accountants out there, you know, that are held to certain rules and, you know, well defined over time to avoid those sorts of issues.

* (19:00)

At the same time, I'm not saying that any one person would do something like—you know, like that, but even just miscalculating something, a spreadsheet error, could get you on the good side or the bad side of a year. Now, saying that, you do have—as a minister mentioned, you do have the 15-year window as well, so it kind of works out. But now, look, I'm waving my hands here and you've got this nice, firm thing written in legislation. It's sort of—it's always a problem when you do that, when you have a hard number in legislation where, you know, you're essentially going to create a bureaucracy to administer that number, and that's, perhaps, a concern, especially given that the current trend is to try and reduce bureaucracy. It's sort of counter to that.

Mr. Fletcher: I thank you for the presentation.

You raise a interesting point, and I think it goes to what is the point of the legislation. If rates are going up, if you leave anyone on the political spectrum—right, left, centre—any economist—rates go up, demand may go down. How much? It's up to—we'll see, but it'll go down. So who takes credit for that? And why do we want rates to go down in Manitoba when we already have—or, demand to go down in Manitoba? We already have a huge supply surplus. We already have the cheapest power and we want to reduce demand. We want to try and grow the economy. I'm not aware of any economy that grows and tries to reduce its electricity demand.

And you have suggested the time-honoured, reasonable, small-c Canadian approach: legislate when you have to, regulate when you can. Regulation is a much better solution; has the same impact, but it's much easier to change than the law. That is an excellent suggestion, sir.

Madam Chairperson: Okay, so our time for questions and answers has expired. I do want to thank you for your presentation. We are going to move on to our next presenter.

Mr. Fletcher: Can the witness respond to my comments?

Madam Chairperson: Does the committee give permission for the presenter to finish—or, just answer that last question? *[Agreed]*

Mr. Thompson: So, yes, I think Mr. Fletcher did summarize—sort of the point of my somewhat rambling speech that I gave is, essentially, the idea of only legislate when you have to and regulate when you can. And that's, essentially, the point I was getting at in a roundabout way is that—and I'm really only focusing on the targets.

I'm not qualified to speak to whether it should be a separate corporation or not, but the targets being enshrined in legislation is, perhaps, too heavy-handed for what's trying to be done here.

Madam Chairperson: Thank you very much.

I will now call on Dr. Garland Laliberte, Bipole III Coalition. And do you have written materials for distribution to the committee?

Mr. Garland Laliberte (Bipole III Coalition): Yes, I do. I have written copies for the committee and, in hoping there was going to be throngs of media here, I brought another 20 for them. But since they're not here, my colleague is going to distribute it to the galley-gallery.

Madam Chairperson: Please proceed with your presentation.

Mr. Laliberte: Good evening, my name is Garland Laliberte. I'm presenting tonight on behalf of the Bipole III Coalition. We're a volunteer organization loosely held together by a board of directors that includes mostly retired engineers. Among them is a former CEO of Manitoba Hydro, a couple of vice-presidents of Manitoba Hydro, a number of retired academics from engineering the University of Manitoba, and I'm a former dean of engineering there. And we have some people that—some engineers that spent their career consulting in northern Manitoba. So we bring that background to the table.

We and the Bipole III Coalition, we've been thinking about this initiative of government for more than 16 months. In fact, ever since it was introduced

as a plank in the then-oppositions' election campaign and prior to that, and to a lesser degree when the concept was proposed by the PUB and endorsed by the then government. In fact, our following of this goes back into a number of years where it was considered by the PUB but no action was taken. So we've been following it one way or another for a while.

We did advise the then opposition back in January of 2016 against this initiative, and we advised them again in March 2016.

We're not starting from scratch here. We already have a functioning delivery vehicle for DSM in Manitoba Hydro. However, to base our concern entirely on an argument against change would be foolish. We know that things can be done better sometimes by doing them differently than they've been done in the past.

Our concerns are more deeply rooted than that; we believe that the model is unworkable. That's our first concern and, in fact, we see that the model is so unworkable that we were tempted to sit back and just let it happen, and then wait for it to implode. But, as some of you in this room may have noticed, that's not the way we do things in the Bipole III Coalition, so here we are tonight.

The budgeting model proposed by Bill 19 with authority resting in one entity, Efficiency Manitoba, but financial responsibility in another, Manitoba Hydro, is to say it kindly strange. No amount of legislative framework can compensate for the strange reality upon which this initiative is founded.

I want to talk a little bit about unwise use of limited resources. With a divided jurisdiction for this effort, the total staff resource required will predictably increase. It adds new responsibilities to existing agencies. For example, the PUB, which is expected to act as an arbitrator when the inevitable disputes arise between Manitoba Hydro and Efficiency Manitoba, there's—it's predictable that other costs besides staff will increase, because staff requires support and when you split your staff between two bodies, you have not just the co-ordination requirement between them, but they all have to be supported.

This is—in fact, this is counterproductive, we believe, to the government's stated policy of controlling costs and of guiding a managed reduction in the size of the public sector and staff complement. It's also a bad fit with Manitoba Hydro's recent

action to reduce staffing by 15 per cent for 15—where 900 employees are involved.

Manitoba currently has responsibility for both demand-side management and supply-side management, if you will, management of the—of electricity on both sides of the meter. Bill 19 would transfer DSM to Efficiency Manitoba so that would separate these two functions, but they're symbiotic, and they, to some extent, rely on similar talents. Bill 219 tears this symmetry apart.

The timing is off on this initiative. The needs for an—alternatives to review conducted by the PUB concluded in 9—in 2014 that, even given a number of uncertainties, new generation will likely be required no later than 2024, that's now. It was 10 years when they reported it seven years from now. they recommended proceeding with Keeyask; however, since then, the Manitoba Hydro-Electric Board, leaning heavily on the report of the Boston Consulting Group, took another look at it and they reported that the shortfall in 2024 is only temporary in nature and depending on a number—how a number of uncertainties play out, the year of need could be anywhere from 2027 to 2034. I heard somebody—of the other presenters—say 2036, there's softness in the number.

*(19:10)

We don't know yet what the model runs that underpin the recently filed general rate application will reveal about the year of need. But we may find that it may be later. Basically, what we do know is that we are overbilled. We just don't yet by how much.

Manitoba Hydro needs time to expand its markets. In an overbill situation you need to expand your markets. The US is a tough market given the expanding availability there of fracked gas that began about seven years ago and the arrival of a new America-first administration in Washington that thinks it can revive coal.

I was at the Multiple Pathways to Clean Energy for Canada's Western Provinces conference hosted by the Energy Council of Canada in Regina earlier this week. Preceded by a workshop organized by Natural Resources Canada, the conference was attended and addressed by about 150 of Canada's energy planning leaders. I was probably the only one there that didn't have an expense account.

I bring this up because there was considerable dialogue and, I believe, consensus that it's high time

we get on with planning and, yes, even starting to build a national transmission grid. Manitoba's neighbouring provinces, both fossil-fuelled Saskatchewan and nuclear-powered Ontario, represent an attractive market for Manitoba's renewable and green hydroelectricity. Our approach to efficiency and conservation would change if we found a welcoming home for our surplus, but that has to happen. We need to—we need time to advance the concept of a transnational grid all the way across the country before we start tinkering with how we deliver DSM in Manitoba.

Another opportunity explored at the workshop was electrified transportation. Electrified transportation could be a game changer in Manitoba. We have some talent and expertise here. But it needs a little more time. Electrified transportation could—would hasten the day when we could engage in a full-court press on conservation and efficiency.

Well, look at unintended consequences for a minute. DSM will at best be neutral to cost and, if anything, slightly counterproductive, the result of not being taken up uniformly by consumers. DSM is a good thing, but in the Manitoba context it will be a long time before it decreases the cost of electricity to Manitoba consumers. It's misleading at best and 'disingenius' at worst to claim that conservation and efficiency will save Manitobans money both now and in the future, because as volume goes down, prices go up, and others have said that.

Manitoba will shift the cost of—I'm sorry—targets mandated by Efficiency Manitoba will shift the cost of electricity from those Manitobans who can afford to take advantage of DSM programming to those who cannot. It will negatively impact those living below or near the poverty line. It will be hardest on those in remote communities and rural areas who have no alternative to electricity or space and water heating. In particular, it will negatively impact northern Manitobans and our indigenous brothers and sisters.

We take time for thorough public and expert input into decisions about a new generation plant—one minute—likewise, we take time to listen to thorough public and expert opinion on decisions about new transmission, although Bipole III stands out as a notable exception to that. We even take time for public input on such things as rate increases. Why would we try to move so quickly on this significant move?

The Bipole III Coalition respectfully asks the government to delay the passing of Bill 19 until the concept advances has been thoroughly vetted.

I love this province. I was born here. I was born in a house that was made of logs and chinked clay. We had no electricity. If somebody forgot to empty the wash basin at night, the water was frozen in it in the morning.

I was there when—

Madam Chairperson: Mr. Laliberte, your time has expired for presentation.

We are going to move on to questions at this point.

Mr. Schuler: Thank you very much, Garland. Always great to see you and great to be in the same room as you—appreciate your presentation.

Quickly to Evan: Evan, if you go to page 18, section 16(1), it lays out very quickly to make sure the numbers are not manipulated. It states very clearly the results will be independently audited or evaluated, and that's for the critic as well.

Thank you, Garland. First of all, you say, what's the rush? Actually, this started under the former premier, the member for St. Boniface (Mr. Selinger), some four years ago. It went through the PUB NFAT. In fact, the former government was looking into it, and then they had an internal issue and it was put by the wayside. It was in our platform, in our election commitment, in the minister's mandate letter, in the Throne Speech. I think we've neither rushed this—I don't think four years is necessarily rushing it—nor was it a secret.

I also want to just talk very quickly about the organization itself. Power Smart right now eats up 44 per cent of its budget on overhead, and we are going to look at a model that it should be 20 per cent or less, and I wanted to also indicate that DSM is like a long-term insurance policy. I loved how you made our case for DSM by saying electric cars and going west and having all these markets to supply energy to, and then somehow saving electricity to be able to supply those markets was a mistake. And far be it from me to criticize you, but there seemed to be a bit of an inherent conflict in your argument there.

Always a pleasure being at committee with you. Thanks for the presentation.

Mr. Laliberte: Right, all right, I can respond. Good.

All right, four years ago, things were entirely different in this province than they are today. Four years ago, we didn't know how much we were overbuilt. We hadn't approved Keeyask four years ago. Today, we've built Keeyask and we're overbuilt into the future—as far into the future as 2024. What would we be doing trying to reduce the consumption, thereby reducing the revenue that we need to pay for Bipole III, we need to pay for Keeyask? Why would we decrease that revenue? We can't get it from the international market because that's an external market.

So that's comment on one part of it. There was another part. Oh, electrified transportation, we need that. Yes, we need that because we need to use the excess electricity that we have, so we need electrified transportation. We need anything that we can do. That's why we need a transnational grid. We got to move this product that we have, and if we're going to try to deal with this by reducing the amount of consumption within—domestically, then we're counterproductive. So that's my response.

Mr. Chairperson: Thank you.

Mr. Marcelino: Thank you, Doctor, for being here, and of course, your opinions and your expert advice are always well taken. We will take them into account.

And I just wanted to ask you about a term that you used: overbuilt until 2024 when Keeyask was proceeded with. That's only seven years from now. Your terminology about being overbuilt is a concern, but I think it's erroneous to say that we are overbuilt if it's only for seven years; meaning, Keeyask is still being built right now. *[interjection]*

Madam Chairperson: Mr. Laliberte.

Mr. Laliberte: Sorry.

Seven years is old information. That was 2014, but in 2016, the Hydro-Electric Board engaged Boston Consulting Group, and they took a look at it and they said, no, you're overbuilt further into the future. You're overbuilt somewhere between 2027 and 2034. And I think it was Mr. McInnis—maybe not, maybe it was somebody else—said that the actual year of need, the year of new—need of new energy is 2037, so that's not seven years; that's 20 years into the future.

* (19:20)

Mr. Fletcher: I think this is the same Dean Laliberte that was the dean of engineering when I went

through a million years ago. I will always remember, he said, to the look—you know, at the beginning, look to your left, look to your right, because in four years, those people won't be there. It's kind of like politics.

Anyway, in regard to the presentation, what is the point of this?

Madam Chairperson: Mr.—sorry, the Honourable Mr. Fletcher.

Mr. Fletcher: Sorry. Two more quick questions. What is the point? There seems to be no advantage—

Madam Chairperson: Actually, we actually have surpassed the time for questions and answers, so if you would like Mr. Laliberte to answer the first one, we will allow that one answer to go forth.

An Honourable Member: A point of order, then.

Point of Order

Mr. Chairperson: Mr.—Honourable Mr. Fletcher, on a point of order.

Mr. Fletcher: I wonder if I could just finish my next two questions.

Madam Chairperson: Is there leave of the committee to have Mr. Fletcher finish his questioning? *[Agreed]*

* * *

Madam Chairperson: Mr. Fletcher.

Mr. Fletcher: Supply far exceeds demand. Rates are going up; presumably demand will go down. We need demand for hydro to pay for whatever has happened in the past—Bipole III, Keeyask and whatever else came before that. There's a lot of debt. We need the demand. We need to sell whatever we can, whenever we can. How can we do this in the context of what the government is, with all due respect, suggesting with all the issues that you've raised with this and with your presentation. It just is incredible to me.

Mr. Laliberte: Okay, if I can try and put an answer together out of that. The—first of all, this—it's not unrelated to the fact that we are looking at 7.9 per cent increases over the next five years. That by itself—that by itself—will have an effect on demand. So you have that effect, and then you want to introduce a demand-side management program that adds to that. That just drives the year of need further out into the future, leaves you vulnerable to the US market where they know that we're oversupplied here, and that's why you get a—you've

got an increasing percentage of your revenue from the US; it's coming from the surplus market because it—that surplus energy is just about as solid as the contractual stuff. So we just set ourselves up as a sitting duck with this program.

Madam Chairperson: Thank you for your presentation.

I will now call on Dennis Woodford, private citizen. Do you have any written materials for distribution to the committee?

Mr. Dennis Woodford (Private Citizen): Yes I do.

Madam Chairperson: Please proceed with your presentation.

Mr. Woodford: Thank you, Madam Chairman and members, Legislature and staff. It's an opportunity for me to be here and express my concerns on act—Bill 19.

I cherish the democratic right I have to stand before you and express my concerns, and these are, first of all, I see a lack of consultation beforehand. And I look at Alberta, and I mention here that in June 2016, Alberta government released a discussion document, energy efficiency in a—and community energy in Alberta. It is prefaced by the minister responsible, climate change, Shannon Phillips, and she states: "This discussion document is meant to help guide the engagement process. Throughout the document a number of questions will provide a starting point for conversations. These conversations will provide the information the panel needs to develop its recommended approach, programming options and general advice to government. We invite you to share your perspective."

Why wasn't there an invitation sent out to Manitobans to provide how energy needs to be developed in this province, particularly when we have an oversupply as been mentioned? We must export at a loss to be made up by increased electricity rates, so—which will increase the way Bill 19 is heading. This has been mentioned.

This advisory group, established in Alberta, was chaired by a prominent gentleman by the name of Dr. David Wheeler. He states they need to enthuse Albertans with the possibilities for transformation of the provincial economy, for the creation of opportunity for indigenous communities and other key sectors of Alberta's municipal and civil society sectors, for reductions in energy costs for all

consumers and for social and environmental leadership in Canada.

I do not see too many Manitobans enthused with Manitoba Hydro in these recent years, and what our governments have done. Bill 19, Efficiency Manitoba is certainly not something to get excited about. People, experts and First Nations do not seem to be listening—listened to, and when will government truly open and actually listen?

As Mr. Mravinec from CUPE stated, that a poll was conducted by Probe Research last year and found that only 12 per cent of Manitobans favoured the creation of a new energy efficiency agency to take responsibility for energy savings programs, while 78 per cent said that Manitoba—said Manitoba Hydro should continue to run Power Smart. Another 10 per cent of respondents said they were unsure. This poll was funded by CUPE. It was to Manitobans, it wasn't out just to union members.

By moving forward with Bill 19, does the government really want to represent the people if this is the case? So what is missing in this bill, and I think, is the economy. How can Manitoba grow the economy of Bill 19—with Bill 19? The act states, on page 9: the annual savings targets that Efficiency Manitoba is responsible for meeting in the 15-year period following the commencement—as it says, and has been said before today—1.5 per cent of consumption of electrical engineer must be reduced from the preceding year. And that goes on for 15 years. In other words, the act requires savings targets of electrical consumption over 15 years.

Now, from the PUB's NFAT to review of Manitoba Hydro's development plan in the 2014 final report, June the 20th, 2014, Manitoba's questionable energy load growth was stated by Manitoba Hydro to be 1.5 per cent per annum. Does this not imply that this will effectively right—result in zero load growth? And, as such, there is no need for Keeyask for the domestic load.

The Efficiency Manitoba Act is misdirected, as it appears to do nothing for the province's economy and Manitoba Hydro's severe debt crisis. If these factors had been the basis upon which Bill 19 was directed towards, then there would have been more public support.

One development that has been mentioned that needs to be promoted for the economy is the electrification of transportation. Electrification of transportation will increase the use of electricity, not

reduce it, as Manitoba's mandate requires. If aggressively well done, as in Quebec, greenhouse gas emissions will be reduced through less internal combustion engines in the province and less 'impoil'—oil imported into the province, as proposed recently by NDP MLA Rob Altemeyer. Furthermore, electric energy generated from Keeyask would be more profitable as more of it will be used within the province at a higher rate than it is achieved through electricity export sales—and I follow these every day, and I can tell you that when we export to the US on a daily basis on the surplus market, it's lucky if you can get over 3 cents US a kilowatt-hour. And don't—and I know darn well, excuse the language, that Keeyask, the way it's going, is going to be generating pretty close to 10 cents a kilowatt-hour Canadian.

*(19:30)

We have an electric car and it is parked out front here. When I go home, I will plug it into a 110-volt outlet, and it will charge overnight. Every kilowatt-hour it takes to charge at nearly 10 cents is a kilowatt-hour that Manitoba Hydro will not have to sell into the export opportunity market at 3 cents a kilowatt hour.

Now, increased electricity bill, as a result of this car, was \$250 in the year, whereas the Ford Taurus that we had before, we ran on an annual gasoline cost of about \$1,300, about five times more, not including the extra maintenance required for the Ford. However, the cost of the Nissan electric LEAF—it—the—was about \$10,000 more than an equivalent car running on gasoline.

Can we take a lesson from Quebec on this? You are probably aware in November, 2015, the City and the Province assembled a joint task force to investigate the viability of electric transit system in Winnipeg. We've got full buses; those are electric. We eagerly await the release of this report in anticipation that it will show that electrification of our transit system will be profitable. I sure hope so. This would increase markets for New Flyer and contribute to the provincial economy.

The infrastructure needed for electric transportation will contribute towards the growth in the economy and help keep electricity rates from rising as much—fast as much.

So, in conclusion, I would like to state that Bill 19 should be scrapped and redone with consultation from the public, First Nations, businesses and experts as Alberta has done—is doing.

In so doing, it must be for the betterment of all and lead toward a growing economy and in better debt reduction for Manitoba Hydro.

In conclusion, I wish you well as you reach this objective of making Manitoba a better place to live.

Thank you very much for this opportunity.

Madam Chairperson: Thank you for your presentation.

Do members of the committee have questions for the presenter?

The honourable mister—Minister Schuler.

Mr. Schuler: Well, thank you very much, Dennis, for coming out and for your presentation.

Quickly, to Garland, Manitoba Hydro indicates that majority of Keeyask electricity is already spoken for. The issue that we have before us is that we have five years before Keeyask will be producing, and the debt and the cost overruns left to us by the former government is what's hurting Manitoba Hydro at the current time.

So I do want to quickly address a concern that you raised, mister—[*interjection*]

Point of Order

Madam Chairperson: The Honourable Mr. Fletcher, on a point of order.

Mr. Fletcher: Madam Chair, I wonder if we're going to hear a rebuttal of each witness after the witness has stepped aside and unable to respond. I wonder if the committee would allow at least an opportunity for these very learned individuals to respond to the—any member's questions, especially after the statements are made during another presenter's Q and A.

Madam Chairperson: In my opinion, that is not a point of order. There is five minutes for questions and answers on the topic at hand and—on the bill, and we are trying to accommodate as many questions and as many answers as possible, so we will continue in the rotation as it has been.

* * *

Mr. Schuler: Well, and Dennis, I want to just talk to you quickly—or just to the committee about the no consultations. There was a Public Utilities Board NFAT in 2014 where there was a lot of opportunity. Individuals can go and register and have their say, so there was opportunity there to have input in demand-side management.

The former NDP government—former premier's sitting at this table, and he was in support of—at one point in time, of demand-side management. There was an opportunity there. We had a provincial election where, assumingly, the NDP still supported demand-side management. It was in our platform; it was a party plank, and it became an election platform.

I would point out that it was also in the minister's mandate letter and it was also in the Throne Speech, so it's not like this came as a surprise, that people didn't know it was coming and didn't have an opportunity to 'indigate'—indicate to government what they would like to see in the legislation. So I think there's been a lot of consultation over two governments and a lot of years, and I think we've come to a point where we have a piece of legislation that is workable and is going to serve Manitobans well.

Thank you very much for being here, always a pleasure hearing your presentation, appreciate you taking the time to be here. Thank you.

Mr. Woodford: Well, I appeared before NFAT. What I said wasn't listened to, so this is the first opportunity I've got to say something other than op-eds to the Winnipeg Free Press, so I don't think that's enough.

Mr. Rob Altemeyer (Wolseley): Yes, I'd like to pick up on that point, Mr. Woodford, and I thank you for your very thoughtful presentation.

We've had six presenters tonight. The mildest of them have raised serious concerns about how this legislation is structured, and many presenters have said, you know what, this isn't ready to move forward. It needs some deeper thought. A lot of very legitimate points have been raised, yours among them tonight, and the government needs to take a moment and reflect on what they've heard from concerned citizens like yourself and maybe come back with a better proposal.

How will you feel if that doesn't happen, if the government doesn't listen and just uses the majority that it did earn in the election to ram through what they have put on paper so far and not considered the input of the people that took the time out of their lives to come here tonight? [*interjection*]

Madam Chairperson: Mr. Woodford.

Mr. Woodford: Sorry, Madam.

I'll just have to write more op-eds to the Free Press.

Mr. Fletcher: The election commitment made by the Conservatives was to look at creating a third-like, another entity. At no time was there an election commitment to create a Crown corporation, but that is—so there is surprise. The—in regard to consultation, don't worry about it. This—I actually worry about it, because this is my first opportunity to speak on this, and I am very grateful for that opportunity. So I share the issue about consultation, especially with the engineering community. One could argue that it was not listening to the engineers in the first place that led to the challenges we have today.

Your main point in your presentation was growing the economy. That is really it. Like, what is the point if we can't grow the economy? Sir, are you aware of any economy in human history that has grown—as we said we would do in our platform, grow the economy—that has reduced its electricity consumption?

Or—and separately, are you aware of any other situation where supply far 'exceeds'—exceeds demand? Usually, you would expect prices to go down, but the cost is going through the roof. The—and here we are adding more cost to run, apparently, a Crown corporation that will fund another Crown corporation to compete with the first Crown corporation. Perhaps it is time to reflect on that legislation.

What's your thoughts?

Mr. Woodford: I don't know any situation that you say, but I do want to say that there's an interesting situation in California where it's getting too much solar and it's causing problems, but that's a different subject and I don't want to discuss it at this stage.

*(19:40)

Madam Chairperson: Thank you very much for your time and your presentation.

That concludes the list of presenters I have before me. Are there any other persons in attendance who wish to make a presentation?

Seeing none, that concludes public presentations.

* * *

Madam Chairperson: In what order does the committee wish to proceed with clause-by-clause consideration of the bills?

Mr. Shannon Martin (Morris): Numerical order.

Madam Chairperson: Is that the will of the committee? *[Agreed]*

During the consideration of a bill, the preamble, the enacting clause and the title are postponed until all other clauses have been considered in their proper order. Also, if there is agreement from the committee, the Chair will call clauses in blocks that conform to pages, with the understanding that we will stop at any particular clause or clauses where members may have comments, questions or amendments to propose.

Is that agreed? *[Agreed]*

We will now proceed with Bill 19. Does the minister responsible for Bill 19 have an opening statement?

Mr. Schuler: Yes, Madam Chair.

Committee members, ladies and gentlemen, I am pleased to be here to discuss Bill 19, The Efficiency Manitoba Act. I would like to thank the presenters for joining us today to share their perspectives and opinions.

Bill 19 will provide the authority to establish a new demand-side management Crown corporation to deliver energy efficiency initiatives in Manitoba. In June 2014, the Public Utilities Board NFAT, or needs-for-and-alternatives-to panel, recommended that Manitoba Hydro be divested of DSM responsibilities and the Government of Manitoba establish an independent, arm's-length entity to deliver government-mandated DSM targets. Adopting these recommendations of the PUB's NFAT panel is part of the mandate provided to me as Minister of Crown Services as outlined in the May 2016 mandate letter from the Premier of Manitoba (Mr. Pallister).

At a very high level, the new DSM Crown corporation, facilitated through The Efficiency Manitoba Act, will be independent of Manitoba Hydro and at arm's length to government. It will be managed by a board of directors consisting of up to nine directors; it will be required to meet legislated savings targets for both natural gas and electricity, and it will be accountable for performance through the Public Utilities Board oversight and would be subject to ongoing financial auditing by the Auditor General.

The focus of Bill 19 is on electricity and natural gas, but contains provisions that allow for the expansion into water and transportation demand-side

management, referred to as DSM, if desired in the future. Once in place, a new, more effective and streamlined DSM corporation with the sole purpose of delivering energy savings to Manitobans will help. It will reduce the impact of future rate increases; it will defer the need for expensive, new energy supplies; it will create new employment and business opportunities and will improve the competitiveness of Manitoba businesses.

Bill 19 will ensure that the new DSM Crown corporation will be driven towards a performance-orientated approach and a culture that can deliver more value to 'manidobans' as we invest in clean growth opportunities.

I look forward to consideration of this important legislation by this committee. Thank you.

Madam Chairperson: We thank the minister.

Does the critic from the official opposition have an opening statement?

Mr. Marcelino: This bill, when it was first introduced on first reading, contains some of the concerns that presenters have identified, which is the creation of another layer of bureaucracy, which is, in a way, a very valid point which I wish the minister would take into account when we do the report stage.

And my colleague also has some amendments to be introduced later on that would suggest that this bill is not perfect as it is now written. And we will vote against it if there are no amendments that are allowed.

And, of course, the problem that I have is that the majority of the government might force this bill to become law and, of course, that will be a tragedy, because there are some good things that Her Majesty's loyal opposition can propose, and there are some amendments that are reasonable enough that will accommodate the concerns of the general public, as it is, and some of the engineers. And we are now beset by time constraints. And I understand that the minister is, of course, trying to pass this bill so that, well, this will be his first in this Legislature after a long while.

Thank you, Madam Chair.

Madam Chairperson: We thank the member.

An Honourable Member: Point of order.

Point of Order

Madam Chairperson: The Honourable Mr. Fletcher, on a point of order.

Mr. Fletcher: Madam Speaker, I wonder if all parties could just take a step back and consider what we've been told tonight, and perhaps have some other points of view presented. And, if the government comes back without changes, okay. But at least let the public see the government listening. That is in the government's interest. It's in the Manitoban's interest. This is not going to—the world isn't going to implode if we don't pass it tonight.

We also have the—

Madam Chairperson: I'm going to interrupt at this point.

The points of order are not to be used to debate or to be used as opening statements. It is simply to notify and signal a breach of protocols or procedures.

Madam Chairperson: So, at this point, we are going to move on to the clause by clause.

An Honourable Member: Madam Speaker, I have another point of order.

Point of Order

Madam Chairperson: The Honourable Mr. Fletcher, on another point of order.

Mr. Fletcher: On procedure, could we take a brief recess to consider a consultative way forward that meets everyone's concerns and needs.

Madam Chairperson: Is it the will of the committee to take a brief recess?

Some Honourable Members: Sure.

Some Honourable Members: No.

Madam Chairperson: Leave has been denied.

Madam Chairperson: We will now proceed with clause by clause.

Shall clause 1 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: Madam Speaker, I have a concern about the—even the opening statement of the bill in that the—in the opening, the purpose of this bill has not been clearly stated. The establishment of a

corporation, as set out in section 4, is not clearly defined and gives powers that go beyond, potentially, the scope of this bill and it's not clear which bill has more authority than the other bill. For example, the next bill we're going to discuss is Bill 20, the corporation act. Is this bill part of that—subject to that or not? It's not clear. Is this bill something that actually realizes the purpose of the act as outlined in part B—that there would be savings?

*(19:50)

We have to look at the big picture. We heard from every single witness tonight—very learned individuals, professional engineers, union leaders, individual citizens—that the stated purpose of this act and the reality of its provisions do not match and that there won't be any savings for Manitobans. The Efficiency Manitoba will just cost ratepayers more money. Efficiency Manitoba, there are no measures to evaluate the success or non-success of Efficiency Manitoba. We already all agree, I think, I hope, that increases in hydro rates, particularly what has been suggested by Hydro to the Public Utilities Board, nothing to do with the government, already indicates that the price will reduce demand. So why—what is the hurry? The market, my fellow capitalist friends and some frenemies, will take care of it in time. Efficiency will be achieved.

We also want to ensure a regulatory framework. Well, we heard tonight from obviously a well-informed at-citizen, who, by the way, I have no idea who he was, that regulatory oversight, the framework, is flawed because for the simple reason because it's—the targets are fixed and they're in the bill. It would be much better for everyone, including the government, to have regulations rather than statutes, as regulations are much easier to amend. Once this bill goes through, that's it. The—you would have to be able to predict what electricity markets or prices will do in the future. If anyone thinks they can do that, they are not here, they are making billions of dollars on—in New York on Bay Street. Because if that is what is happening, I think it's a real—you just cannot predict, and this is what this bill is doing.

The other problem with the purpose of this act is if you just look across Canada and other jurisdictions at their hydro situations—Newfoundland, Ontario, BC, Alberta—like, it's a catastrophe. Manitoba's advantage is its hydro power. That's the advantage. And this bill is the opposite of that. The bill, Madam Speaker, does not speak at all, and or—and we haven't heard any presentations tonight about other aspects—

natural gas, for example. Why does Manitoba, if we want to have a public policy discussion or consultation, why does—why is there a double monopoly in natural—in hydro on energy? They have a monopoly on electricity and they have a monopoly on gas. So some people may argue, and I'm just giving the other argument, without a gain—and, by the way, I'm not a minister or anything, so I'm speaking as an MLA for my constituents and in the best interests of Assiniboia, and I am pleased to be a part of a party that allows for the opportunity to reflect on these things in open committee.

In that, I will reflect that we have heard nothing about the natural gas situation. So, in effect, we have one corporation that deals with natural gas and, therefore, may or may not make the necessary investments in natural gas or to compete with electricity, particularly in rural and northern Canada. And I know my colleagues will have no problem finding situations where the natural gas supply falls just short of a major electricity user. Perhaps that's because Manitoba Hydro has no financial incentive to extend that natural gas. As we already learned today, every electron used by the public or industry helps the bottom line of Hydro.

The purpose of the act is cloudy. As we hear—I really feel, especially after hearing the presentations, that we can achieve everyone's goals without costing the most vulnerable in our society money, without the ridiculous, counterintuitive situation where people who can afford solar panels end up getting solar panels, reducing their now increased hydro rates, while in the same breath, people who are closer on the margins or don't have equity in their house or other sources of revenue end up paying the bill. That is not how it's supposed to work.

We're supposed to keep hydro rates down for everyone. In fact, that is in the report, the annual report every year, that Hydro's primary function—it's in the legislation—to provide the lowest rates possible to Manitobans and to do so efficiently. We just heard from everyone that that is, in fact, under this legislation, not the case.

Now, this government, I think—

Madam Chairperson: The honourable member's time is up.

Mr. Altemeyer.

An Honourable Member: There is no time limit.

Madam Chairperson: There is a 10-minute time limit.

Mr. Altemeyer: Well, I think my honourable colleague from Assiniboia is raising some very valid points, just as the presenters here tonight have raised some extremely valid points. I, myself, had gone through the act and noted many, though not all, of the same concerns that have been articulated by the presenters tonight and the honourable member for Assiniboia (Mr. Fletcher).

I had some additional concerns of my own on some aspects of this bill that haven't been mentioned specifically. And I—our reasoning may or may not be similar. It may or may not be different in terms of the types of concerns that all of us have with this bill, but, I think, it's quite clear that across a very wide political spectrum and for a wide number of reasons, the government should take this back. It is not ready to move forward.

*(20:00)

And, if the government insists on trying to push it forward tonight, then that's what we will do and the amendments that I have prepared—and perhaps my colleague from Assiniboia has done the same—we will propose these, and we'll give everyone on the committee a heads up.

I have crafted these in the mindset of trying to take a less-than-perfect bill and try to make it a little bit better. And I do sincerely want to thank the staff from the department for bringing this forward. This is not easy stuff. It was very interesting listening to Mr. McInnis'—well, all the presenters tonight, but in his brief history of the DSM interest and issue in Manitoba—those were the years when I first came to this crazy building. My first job was as the special assistant to our—Manitoba's first-ever climate change minister, the honourable Tim Sale, and this was one of the pieces in that context that we were wrestling with. And so I really appreciate the time that the staff have put into crafting the bill, both in Leg. Counsel and the civil servants here.

The faults that people are raising do not lie with them at all. They do lie at the feet of the government because the government has not properly consulted on a wide range of fronts to the minister's point absolutely. Their party had put this out there. It was something they intended to do, but that's a different thing than sitting down with the staff at Manitoba Hydro, many of whom have decades and decades of institutional knowledge on how to help a wide range

of people in our society—a wide range of businesses in our society to reduce their costs and conserve energy and water.

In a number of special ways I'm very fortunate. I know a couple people who do work over in Power Smart. They haven't been asked anything. They haven't been told anything. They have not been invited to the table to provide their expertise once. And, unfortunately, I think the crafting of this bill reflects a lot of lost opportunities on the government's front, here.

And so the amendments that I'm bringing forward, I feel they're reasonable. I've been told by others who are not members of my caucus or my party that they seem reasonable, and I just want to inform the government members of the committee tonight that, you know, you can view all of these through a partisan lens if you want, you can shoot them all down if you want, you have the numbers to ram this through if you want, but the plain truth of the matter is: I'm not approaching this issue at all with a partisan lens.

And I'll give you a heads up. One of the issues that is not properly emphasized in this legislation is climate change. Here we have a proposal to create a new energy-efficiency entity and the science of climate change, the urgency of climate change, the incredible scale of the challenge of climate change is not reflected in the mandate or the targets or the proposed operations of this new entity, and I think the government, for that reason alone, should take it back for further consideration.

Presenters here tonight, and my honourable colleague from Assiniboia, have also raised the very fundamental issue of fairness. How is it okay for programs under a new entity to be established without any clear language around how low-income people, vulnerable people, people who live in a wide variety of geographic settings in our province? How are they all going to benefit in a fair way under this new entity? The language of this bill does not appropriately address that.

And I don't know if the amendments that I'm bringing forward would fully capture it, either. I've done my best, you know, more or less from the sidelines, working to try and see where there might be some opportunities that would be palatable for the government to include my ideas in their legislation, but on top of climate change, I think the absence of a fairness lens is another reason for the government to take this bill aside and rework it.

A third reason why this bill should be taken aside and reworked is because of the ongoing, very difficult and unfair situation that the current staff at Manitoba Hydro Power Smart are faced with. On the one hand—and I really want to thank brothers from the labour movement for coming down here tonight, Chris and Mr. Rebeck, for bringing that valuable perspective here—this is a government who, on a few other occasions, has not been giving appropriate respect to the staff and the workers who are doing a phenomenal job already and who are going to be potentially very negatively impacted by the changes that the government's bringing forward.

Now, if the government had actually consulted with those workers in advance, they might feel that they had a little bit more reason to go along with it or a better understanding of the government's rationale. The government's proposal would undoubtedly have been made stronger if they had done proper consultations with the staff at Power Smart.

But imagine for a moment that you have been working at Manitoba Hydro Power Smart, that you have the opportunity to go out to people's businesses, to go out to people's homes, to work with non-profit groups, to work with even municipal levels of government and their facilities and help them do a good thing, help them conserve power, help them become more efficient, help them save money, and then all of a sudden, the new government of the day decides that not only is your corporation as a whole going to shed 900 jobs and you don't know if you're going to be one of them, but they've also decided that the specific piece of work that you've been doing is no longer going to be done by Manitoba Hydro, and you as a staff person have received no information on whether you're going to keep your job, you've received no information on what the operational structure of the new entity is going to be, you've received no information on what, if any, transfer is going to happen, you don't know if you're just going to be left to your own, this new entity will be set up and then you just have to apply for a job over there and hope you get it, or maybe there will be negative repercussions for you at Manitoba Hydro just for trying to seek employment elsewhere. Staff have no information.

And even from an operational point of view, imagine all of the different supports—and this speaks to the comment that many presenters here tonight made about the inefficiency of establishing a whole separate Crown entity when we already have a Crown entity and workers doing a good job inside of

Manitoba Hydro—you're presumably going to have to move people into this new entity, and not just the folks who do the work. What about payroll? What about HR? What about legal? What about the admin support? I mean, all of these are questions that it's pretty reasonable as a staff person for you to be able to know in advance if your employer actually cared at all about your livelihood, about your professional status and about the work that you're doing. So—

Madam Chairperson: The member's time has expired.

Mr. Schuler: It was wonderful to hear the member for Wolseley (Mr. Altemeyer) give a hearty endorsement, ringing endorsement, to the individuals from Power Smart. It's great to see him speak so highly of the various individuals there. In fact, we had one of the senior Power Smart managers work with us on the development of this legislation, so now that he knows that, I'm sure he will have no difficulty in supporting the legislation.

We did make sure that they were part of this, and they helped us with the crafting of this legislation, so now I'm sure I've allayed his fears and he can go back to his original position before this position, when he was a big proponent for demand-side management and Efficiency Manitoba. So we've helped him get back to his original position.

* (20:10)

I'd also like to point out to members of the committee that we worked with one of North America's pre-eminent energy efficiency experts, and that's Philippe Dunsky. He was contracted by the former government, by the NTB government, to work on the design of this model and the development of the bill. We understand that, halfway through the process, there was an internal issue within government, and the demand-side management was put aside until internal issues were dealt with. And we reconnected with Philippe Dunsky to help us with the continuation of the project that is in front of us now, called Efficiency Manitoba.

So there alone are two very good reasons why members opposite should now be able to support this bill and go home and sleep comfortably.

Thank you, Madam Chair.

Madam Chairperson: Thank you.

Before we proceed with other questions, I do want to remind all the members that it is parliamentary practice that we are asking questions

on the clause before us, which is clause 1 at this point. Surely, you do have time to state your preamble; I do encourage you to get to a question before your time expires.

Are there any further questions on clause 1?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: The purpose of this act—establish Efficiency Manitoba as a corporation with the mandate set out in section 4. Madam Chair, this means that we could talk about the mandate right off the bat using the procedures you just described.

We can spend a lot of time on the purpose of this act—1(a)—a lot of time. Or we can reflect, consult, discuss and then decide. Otherwise, this is going to be a very long—a long day. I want to—my frenemy from Wolseley, I'd like to refruit—refute just about everything he just said with the exception of the consultation.

Consultation is important. It must be done. I have—Madam Chair, again, relative to the point, I don't enjoy this for one moment. In fact, this sucks because it could have all been dealt with a long time ago, but here we are. The—this particularly is—affects my sensitivities as a professional engineer, someone who actually learnt this stuff in school, also as an Asper school graduate with an MBA—demand-side management, supply-side management, supply versus demand, common sense versus something else.

Madam Chair, I think we are at a point where we can all step away from the table, heads held high, and say, let's reflect, consult and revisit. It'll be the—it's in the government's interest if it'll be stronger. No one's going to raise objections if they're consulted. The people that we just heard speak—I can't see through my peripheral vision if they're still here or not, but I assume some are. And, if they are, I think all we heard today was they want to be heard—not in 10-minute intervals with five minutes for questions between a dozen MLAs; they want to be heard. Maybe it's not done in this format, but there are many better ways of running, you know, the rules of the Legislature, and some of you will recall a year ago I made some suggestions. None of them were adhered to, and one of my suggestions was it is ridiculous that any single MLA—on the committee or not—can delay things forever—forever. That is not in the interests of anyone, particularly me.

Though I think this is going to be a test—not only for our legislative process, our consultative process, what rhetoric. Are we here for Manitobans or—do we listen to Manitobans? Am I going to lose my head after this evening or is my team open to comments, reflection, consultation?

In the election we were not—we did not campaign on a new Crown corporation. We campaigned on a better economy, a stronger Manitoba, a stronger—this bill does not do that. It makes the weak citizens weaker, the stronger citizens stronger—and I mean in a financial sense. It makes—there's a huge advantage for urban and suburban individuals and, if you're in a rural or remote area, as is already stated by not me many experts, that their rates will go up. Now, maybe they're wrong, maybe that is wrong. But when everyone from the political spectrum—experts in the field, including professional engineers—come forward and put their 'reputation' on the line—as, perhaps, I'm doing right now—there must be something that is going on. It doesn't make sense, the purpose of this act.

In Ottawa, these things when—of which I—for—a Cabinet minister and Treasury Board for a million years and worked with Jim Flaherty and John Baird, great environmental ministers, financial—Finance ministers and so on, whenever we saw something that just didn't make sense, it usually came down to sex, money or power. I don't think there's sex involved. I think I'll be 'suckit'—silent on the money because it just doesn't make any sense from any perspective. And, on the power, at a minimum we're talking about hydro power or gas power.

* (20:20)

We're also talking about the power of MLAs, the privilege of MLAs to represent their constituents, I don't come from an affluent constituency. Power to effect change. We did that in the last provincial election, but this is not on an accurate reflection of what people want. They want a growing economy. There is no such thing as an economy that grows while electricity demand goes down. It's never happened in human history. There's no such thing as, like, somehow—and we can point fingers at each other all day or we can reflect on what has actually happened. We have a situation where demand is far outstripped by supply. Rates are going up, regardless of where you are. That is made in Manitoba. A lot falls on bad decisions from previous governments, agreed Conawapa cancellation by then-premier of—

Madam Chairperson: The honourable member's time is up.

And I am just going to re-emphasize the message that I had stated earlier. I really encourage you to pose your questions on the clause that we are discussing at this point, which is clause 1. You may add a preamble into that, but I'd really encourage members to get to their question to the minister before their time expires.

Thank you.

Mr. Altemeyer: Thank you, Madam Chair, for the opportunity to, as my honourable colleague from Assiniboia has put it, to reflect some more on his words and on the bill in front of us.

It is quite clear to me, and it is quite clear to the MLA for Assiniboia, and probably quite a few other people in the room right now, that the core purpose—that the flaws with this initiative start very early on in the language of this bill.

And, you know, I think, while I have a few thoughts to say, my fundamental question is the same one that I believe my colleague from Assiniboia is driving at, and that is: Is the government ready to acknowledge that this piece of legislation isn't ready to move past committee yet?

I know that the usual process in the building is that as soon as government comes up with a legislative proposal, it's clear sailing from there, right. You know, you'll have your introduction of the bill; you'll have your first reading; then you have your second reading debate; and then it comes to committee and we get to listen to citizens. And I, you know, Madam Chair, I had the honour of sitting in that chair on more than a few occasions, and the intelligence and the thought and the concern for the welfare of this province that citizens bring forward is one of the few consistent things in this job. Everything else can change from day to day, but when you hit committee stage people are coming here because they care, and they're not coming here on a lark, and sure, they're going to say different stuff. They're going to have different advice for the government on what to do. They're going to have different proposals to suggest, and a thoughtful government, a government that demonstrates in its actions that it is actually there for the public even when, and perhaps especially when, the government gets it wrong, I mean, that's the way you should be governing.

And I could not tell you, Madam Chairperson, the number of times when amendments to legislation that we had brought forward were proposed and accepted. Sometimes those amendments came from members of the opposition parties, the unofficial opposition parties among them, other times we would hear a really good suggestion at the committee stage, and perhaps there wouldn't be time to draft a proper amendment at that stage, but—and certainly to have it translated and fully vetted through both official languages, but there's the report stage amendment opportunity. And so we would be able to take those great ideas that members of the public had given us and incorporate it into the final result.

And as much as the member for Assiniboia (Mr. Fletcher) and I may disagree on some of the reasons why we are concerned about this bill, one of the pieces that he has articulated that we agree with and which I agree with him in that, is the consultation piece. There was not a single presenter here tonight of the six that we heard who felt that this act was a good idea. And that takes us back to the very start of the bill, right? You know, there's some fundamental issues that need to be addressed, and the member from Assiniboia is doing a very brave thing tonight, and I commend him for doing that, just on the principle of it.

And for all of us, as MLAs, you always have a hill to die on. There's always going to be something that brought you to the building, a core belief or a core issue that you feel very, very passionately about. And when you see a mistake about to be made, in some respect, everyone's going to have to decide when it is time to speak out, whether you're an opposition MLA—it's a little easier for us because that's in our job description; for government MLAs, it's a little different—and the member for Assiniboia is doing the proper thing here. He's asking his colleagues, he's asking his government to do some sober reflection on this, listen to what he has to say, listen to what other caucus members have to say and certainly listen to what the public has to say. And I don't understand how that's a problem. I'm not sure what I'm missing here.

As we've heard many times tonight, we're here to serve the public interest. The public has said in no uncertain terms tonight, this piece of legislation is flawed, and I think the government needs to take this back and reconsider it. And just to close off, as the member for Assiniboia said, under our current rules, one MLA can hold things up forever; two MLAs,

even if they have different reasons for doing so, can hold it up for twice as long.

Madam Chairperson: Are there any further questions on clause 1?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: To your point on the purpose of the legislation, we still don't have a clear idea of what that is. And in the first line, it says, refer to part 2, section 4 or clause 4(1). So that's what I am going to do, in the legislation, as that is what it says in the first paragraph.

Now, if I was in a different situation, I wouldn't have drafted the legislation like that, in a context like this, because now we can talk about everything because clause 4 is the mandate—the mandate. So everything is on the table.

There are questions like clause 3(2), Except otherwise provided in the regulations, The Corporations Act does not apply to Efficiency Manitoba. What is that about? I have no idea, and is that The Corporations Act that we're talking that exists now, or is it the corporations act that is next on this committee's agenda, Bill 20? That is not clear. That's part of the mandate. That's part of the spiel.

* (20:30)

Madam Speaker—or, Madam Chair, there are other things that need to be reflected on. And last week I introduced a very comprehensive conflict of interest piece of legislation, because, quite frankly, the current conflict of interest legislation is woefully inadequate. Woefully inadequate. It would be helpful if Manitobans could have clear and—clear certainty that there aren't other things being done.

Now, when I brought forward that legislation, I was thinking of the new marijuana laws and filling pot holes in the current legislation. But I can see, given the mandate of this Crown, that there are many areas where conflict of interest could apply, particularly my bill, which, I hope, will be embraced by all parties. Having said that, we are where we are, and to say that in the mandate of the Efficiency Manitoba is to implement and support demand-side management initiatives to meet the saving targets and achieve any resulting reductions in the greenhouse gas emissions of Manitoba—let's just focus on that for a second. What does that mean? And who's bringing this forward? How did this even get

drafted? I've seen a lot of legislation in my time. I've reviewed a lot of things, a lot of things. But there are many holes. And, when you look at it in two dimensions, there's a lot of holes. As soon as you go into the third dimension, legislatively speaking, you see that other acts tie in. Like, The Corporations Act ties in—or does not tie in. The Conflict of Interest Act—ties in, nor—maybe it doesn't. We don't know. We don't know.

When that happens, there's another time dimension with legislation, and that's the fourth dimension: time. And, over time, this will lead to a great deal of heartache—unnecessary heartache for Manitobans. We've already seen what happens when engineers and others are not listened to and ignored. Everyone around this table knows what I'm talking about. Everyone. We have a responsibility to pass good legislation. This is a learning opportunity for a new government, a new opposition, new members, that without a proper consultation process nothing will ever happen because the process demands consultation.

And that's what we're seeing here tonight. There needs to be consultation. The mandate needs to be supported through facts. Every fact that was presented today—every single one of them—did not support the mandate, which means one cannot support the purpose, which is the first clause of this bill.

So, procedurally, there's no question that this is a mess. Let's just not make it a piece of legislation that costs Manitobans money. Let's just let it cost us some time as MLAs. That's all that needs to be done.

So, Madam Speaker, I'll ask the committee again: Perhaps we can take a recess and come up with a better way forward. I think that's in the interests of everyone, particularly Manitobans, particularly for people who believe in good public policy, people who believe in consultation, people who believe in conservative principles.

The privilege of an MLA to represent their constituents is above all else, and this is my first opportunity to raise issues—first opportunity. Actually, I've raised issues; I've just never heard back. I have in front of me, just for the record, two 3-inch binders and a whole bunch of other material, all based on what is in front of me, just in clause 4(1) alone, which goes back to the purpose of the bill, which is the very first clause. It's going to be a long time before we'll achieve the goal that we all want, and that is good legislation that at least nobody can

say—or very few can say, I did not know; I was not consulted.

That is not the way we do it. And I think First Nation communities will have a very great amount of interest in what this type of bill means for remote communities. People in the North will be very interested in what it means for people in remote areas and rural Manitobans. And people who are not in affluent areas like my riding—

Madam Chairperson: The member's time has expired.

Are there any other questions?

Mr. Altemeyer: Again, I agree with much of what my colleague, the MLA for Assiniboine, has put on the record, and I support him in his proposed resolution to the situation that all of us find ourselves in here tonight. For a minister to have brought forward legislation that clearly does not have the support of everyone in his caucus, legislation that has inspired me and the member for Assiniboine to dedicate no small amount of time to correcting both the content of this bill and the process that went into it, to this point, speaks volumes for the problems that we are now faced with.

And I have known the member for Assiniboia (Mr. Fletcher) long enough to know that when he says he has multiple three-inch binders full of material that he is fully prepared to entertain us with here tonight, I have no doubt that is what will happen.

So I would support the member from Assiniboine and his proposal that committee take a recess. Perhaps the member for Assiniboia and the minister can have a conversation amongst themselves. We can be invited to it as well. Or else we all get to sit here until rather late at night tonight and perhaps in subsequent nights as well, listening to each other's voices talk about the problems that we have with this legislation.

* (20:40)

So the standoff is pretty obvious. There is opposition to this bill from a wide range of political perspectives, and the government needs to pull the plug on this tonight.

So, minister, I think the question actually is for you to answer.

Madam Chairperson: It has been proposed that we take a short recess to consider the bill.

Is that the will of the committee?

Some Honourable Members: Agreed.

Some Honourable Members: No.

Madam Chairperson: Okay, we will continue on with questions on the clause.

Any other questions?

Mr. Fletcher: Demand-side management in a situation where the supply far outstrips the demand and will do so for a generation. I'm not talking about power generation, I'm talking about a human generation; at least 20 years—that is a very bad idea. What other company in the world would say, we want to sell less of our product? We want to sell less of our product. Okay, maybe someone who mines uranium could see society saying, yes, maybe you've had enough uranium for big nuclear, especially in what has occurred in Washington state in the last week. I can see that. That may not be a fuel that is as clean as everyone thinks, nuclear power. Thank goodness we don't have to deal with that issue.

But it does highlight the Manitoba Advantage, which includes Manitoba Hydro, which is the cheapest, right now, and cleanest power that there can possibly be. Now, so is it toxic? No. Is there a public policy? Some people talk about GHGs. We need to reduce electricity consumption to reduce GHGs. Well, here's some facts. According to Manitoba Hydro's only report, hydro accounts for less than 1 per cent of the total Manitoba GHG production; one—less than 1 per cent. So, if your goal, your public policy goal, is to reduce GHGs, we're looking at the wrong place.

In fact, if we look at it, and this is one of the problems with Canada, we don't look at Canada as a unit, too often we look at it as 13 subcomponents. If we really—if that's what Canadians want to do, reduce GHGs, it's not to tax the carbon, it's not to—demand-side management in Manitoba's case. The best way to reduce GHGs—the best thing Manitoba can do to reduce GHGs is to export its power east or west to Saskatchewan, Alberta and Ontario.

Madam Chair, because this falls within the mandate and the purpose, I think it's relevant for the committee to know that I've been writing and advocating on this issue for at least a decade. And I cannot believe that we want to rehash all that, because it's so obvious, every unit of power that Manitoba can export is displacing a unit of power that has been created by fossil fuels. That's right. It's

not like it's displacing other hydro or even wind or solar. If it's—if there's a demand, that means the coal-fire stations are burning in the United States or in Saskatchewan or Alberta. It means that methane's going into the atmosphere. Or we can use Manitoba power, hydro-generated power, the cleanest power around, to displace those dirty coal-fire plants in Saskatchewan, to displace the gas-fired generation of Alberta and deal with their oil sands PR problem, by the way. Wouldn't it be great that Manitoba Hydro could send its clean power to the Alberta oil sands? What a boon.

Now, it may be of interest to the committee that there is, in fact, huge sums of money available through the federal government through the Building Canada Fund, which myself and Danny Labelle put together—billions of dollars.

Now, I've never been asked about that by anyone. I've offered to discuss it; I've never been taken up on that offer. So what we have is the foundation not only to export our power, but we have funds available for, quote, projects of regional significance, i.e., projects that transcend provincial boundaries. That, to my knowledge, has not been looked at. That was deliberately put into the Building Canada plan, because I envisioned the day that we would export power.

Now, we have the premier—former premier of Manitoba at the table, and without breaching any of the confidences that we had over the years when I was a federal minister and he was the premier, we did have many casual conversations about this very issue. Why not do it?

Now, there was some power sold to Saskatchewan, but not even close to what I would have liked. I think my comment was: Premier, go big or go home. And for reasons that does not reflect on the previous government or this government, other provinces have not done the really, really obvious thing, and that is to import Manitoba power. And this concept would actually get us out of this surplus of supply because we've increased demand. And every nickel that is sold outside of Manitoba is a nickel that Manitoba ratepayers don't have to pay.

So, if we were really serious about the mandate in this bill, the purpose of this bill, we would look to help neighbouring jurisdictions and relieve them of their fossil-burning burden and provide them with clean Manitoba energy. We have way more than we know what to do with.

* (20:50)

And then, once you've dealt with the supply side, you may have a case to deal on the demand side.

Now, we're going to experience huge rate increases, again, no fault of this government. But rather than dwell on the past—though it's always important to remember, good government mitigates the failures of past governments—we find solutions—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1?

Mr. Fletcher: As I was saying, the solution here is to take advantage of the supply advantage that—or what—or whatever is—we have an increase of supply that the only rational decision to do here is to export the power. And the only rational decision for the federal government is not to impose a federal carbon tax on Manitobans, but is to help Manitoba financially to export its power to Saskatchewan or Alberta. I'd say Ontario, but I gave up on Ontario many years ago. Unfortunately, that may be a lesson for other governments, a lesson that we can learn. I don't want us to replicate that disaster, that disaster in Ontario.

And I'll get back to that later on in my remarks, but I'm still on the purpose, the mandate. And the mandate is to implement and support demand-side management, which is not consistent with common sense—common sense. It is common to believe that on the demand side, there is—you need—it's in Manitoba Hydro's interest to increase the supply, to maximize the supply. No, that's wrong. That's totally wrong. You want to maximize the demand. That's why we want to export the power.

The alternative is to stop building Keeyask. Like, that's the alternative. There—if you look at the numbers, you could build two Keeyasks for what this other path that we're now on would cost. And we—and I look forward to digging into those numbers as the night goes on and on.

Madam Chair, we need to create a swell of support in Manitoba to get the federal government to utilize its powers, and the royal prerogative, if necessary, to get the provinces to work together, east, east-west, west-east. Electric power has been developed in Canada in silos, within each province.

But in this world that we live in, we need to realize that air, the atmosphere, does not respect provincial boundaries. Greenhouse emissions in

China affect us in Manitoba. Greenhouse emissions in Alberta affect us here. But we have power that is 99.5 maybe per cent clean. And we can displace massive amounts of greenhouse gases that will help save the planet for those who support climate change mitigation. I know they don't support the climate changing; they support climate change mitigation to reduce the effect of climate change. Well, if that—and if you tie that to greenhouse gases, the best way is to export Manitoba power.

The fact is the federal government has heavily subsidized the cost of transmission in other jurisdictions, heavily subsidized, including Newfoundland. The financing of the Churchill Muskrat Falls project is only made possible because of federal government involvement—public record. But has anyone realized that? No. Has anyone asked, people that might know? No. I certainly haven't been asked by anyone, and I've offered many times to share what I have learned, not Privy Council stuff but stuff that is public, and not once have I been taken up on that.

That is fine. That is the government's prerogative. However, when that happens, you miss out on opportunity, you miss out on information, you miss out on good public policy opportunities, you miss out on lessons learned, you miss out, and that's not a team, that's—that would be like the Oilers benching Messier. That's true for any of our MLAs. We all come to the table with knowledge and life experience, and when that's not utilized, that's only to the detriment to that whatever government we're talking about, and by extension that goes with—to the knowledge of Manitobans.

We had half a dozen, maybe a dozen presenters tonight, including two unions and one grassroots organization, Bipole III Coalition, and they've all asked the same thing in a very respectful way and that is, let's just all take a step back. There are some things that we can discuss. There are ways to achieve public policy goals that meet everyone's objectives, and there are resources that haven't—financial resources that haven't, as far as I'm aware, been even looked at.

Projects of regional significance, for example, to find demand for the huge amount of power that Muskrat Falls is going to be creating for another—is going to be transmitted to Nova Scotia, and then through Nova Scotia to New Brunswick to northern Maine, into the larger markets of New England. That's the plan.

* (21:00)

They're able to afford to do that because of federal government financing. And, when they cross that provincial boundary to Newfoundland and Nova Scotia, they will be eligible for funds from the Building Canada Fund for projects of regional significance. Yes, it's true, yet that has not been utilized anywhere near to its full potential, and there may be reasons—

Madam Chairperson: The member's time has expired.

Are there any further questions?

Mr. Marcelino: Considering that we could feel the impasse that we're in, and I'm just trying to help, I move that the committee rise.

Madam Chairperson: It has been moved by Mr. Marcelino that the committee rise.

Shall the motion pass?

Some Honourable Members: No.

Madam Chairperson: No. We shall continue with questioning.

Mr. Marcelino: I move that we see the clock as 12 midnight.

Madam Chairperson: That particular motion needs to be written.

Mr. Marcelino: In order to facilitate our proceedings, considering that there there's an impasse, which is, for me, I should be happy about it, but to tell you honestly, I see the reasonableness of the demand from the member from Assiniboia. I think his points are all reasonable, and it's far too easy for me to make the judgment, because, sitting on this side, I should be relishing this, but twice a recess has been denied and once a motion that the committee rise has been also denied.

Now, my point is that if there are problems with the legislation as pointed out by a member of the government, it behooves, and I think—*[interjection]*—do you want me to spell it?—I think it is proper for us to at least recognize that the integrity and honesty of the position being taken by the member from Assiniboia is very firm and is on solid grounds, and I am just amazed that a simple request for a recess would be denied to the member from Assiniboia.

So I will reiterate my motion that the committee rise so that the minister, the honourable minister, is given a chance to plug some of those holes that have

been pointed out, amendments to the bill as written could be made and, if possible, consultations with the member from Assiniboia could be done. I am not done yet. And I wish that there were other ways procedurally for us to be recognized in our quest for the perfect law, because there is no such thing. And the way that I see this is that the current bill needs to be amended, and there's a whole—what's that, two hundred pages of amendments that could be done, and we could be sitting here, unreasonably, holding up the lives of members of the Legislative Council and the clerks and members of the public. It's not fair.

And my wife is now babysitting two young kids and she needs my help, too, and I have a very vested, personal interest in going home. And I'll reiterate that motion that the committee rise.

Madam Chairperson: The member for Tyndall Park (Mr. Marcelino) has moved that the committee rise. Does the committee agree?

Some Honourable Members: No.

Madam Chairperson: Okay.

Mr. Schuler: Well, I want to encourage the member for Tyndall Park.

He says, and I quote, wants to have his amendments discussed. And actually, we as government MLAs agree. But, before we can discuss them, he and his new-found friends have to stop filibustering because we want to get to the amendments. And then we can discuss the amendments and how they might impact the legislation. But how does one put this kindly? He can't filibuster on one side and have this great desire to have his amendments discussed on the other side. I think that's called asking for one thing out of one side of his mouth and then he's asking for something else out of the other side of his mouth.

So maybe what he was really asking for is he's asking for—

Point of Order

Madam Chairperson: Mr. Marcelino, on a point of order.

Mr. Marcelino: It's an insult when you are told that you're talking from both sides of the mouth. And it's unparliamentary when you're being called a liar to your face. And I resent it.

Madam Chairperson: Although I do not believe that is a point of order—so, although I do not find it a

point of order, I will remind all members to be very conscious of their discussion and the words they choose to use. And I will now acknowledge—and I'd also like to remind members that this debate is on clause No. 1.

* * *

Mr. Schuler: I would suggest that the member for Tyndall Park and his new-found friends allow the amendments to the legislation to be discussed. This is a parliamentary tradition that we have a committee. Amendments come forward. In history you will find that some amendments pass and some don't. That's the way the system works. So let's bring them forward, let's have a look at them, have a vote on them, and let's allow the democratic process to continue.

However, I don't think we can have a filibuster and a discussion of the amendments happen at the same time.

Mr. Altemeyer: Yes, just to the motion that's been put forward, I want to thank my colleague, the member for Tyndall Park for bringing forward, really, quite a rational resolution for this. I mean, nobody—on our side, anyways, I think I can speak safely—knew that this was going to happen at committee.

* (21:10)

It is incredibly instructive, however, that there is this level of disagreement on this piece of legislation.

And, you know, I don't think the minister yet understands that he's not going to get to the amendment stage until the concerns that are underlying the filibuster that has been launched by his caucus colleague are meaningfully addressed. I have no insights into what process the Conservative caucus uses to develop legislation, come to an agreement on what it should say, what it shouldn't say, and then put it out into the public realm. I only know what we did, and it was a very open process. Anyone who wanted input on any legislation could come forward.

And, to the minister's point, he's absolutely right; some amendments pass and some don't. But there was a process in place where things could be discussed, and that process has quite clearly blown up spectacularly for this minister here tonight.

And I don't know, and I don't in any way prejudice, the underlying concerns that the member for Assiniboia (Mr. Fletcher) has when it comes to

this legislation. I have known him for quite a long time, perhaps longer than most others in the room. And, as I said earlier, when he indicates that he has enough content to delay any further progress on this bill until midnight, members of his caucus and his minister in particular should take that as a pledge of integrity and authority from the member for Assiniboia. That's—that is what he is going to do, and I don't doubt it for a moment.

So I hear the minister, in a way. I mean, he would like to get to amendments. I'm sure the member for Assiniboia has—I mean, I know he has lots of things that he would like to see changed in this legislation. The point, however, that I think the member for Assiniboia is trying to drive home, and which I also tried to drive home, and which, I think six out of six of the presenters here tonight tried to drive home to this government, is that the process that led to this legislation was flawed.

And, until the bill goes back to the drawing board and a new process is brought forward, the member for Assiniboia has made it clear—a member from the minister's own caucus has made it clear—this bill isn't going anywhere tonight. We're not going to get to discuss amendments, and that is one hundred per cent the right and privilege of the member for Assiniboia.

So I would ask the minister—I mean, we have a motion in front of us. It doesn't sound like it's likely to pass, but at some point in time I hope the minister comes to the realization, as I think everyone else in the room has come to the realization, that this bill is going nowhere tonight—we're not going to get to amendments; we're not going to get to pass it tonight—and that he needs to have a very significant and substantial conversation with his caucus colleague. And my hope is that the end result of that conversation is one that reflects the spirit of the feedback that we heard in the room here tonight, and that is that the bill, for all of the good intentions behind it, for all of the complicated history behind it, is not ready to go forward. And the minister just needs to wrap his head around that and come up with a different approach.

The member for Assiniboia's word, I don't think, in this instance, is really to be questioned or doubted. I've known him long enough to know that. For all the differences of opinion that we've had over the years, I take him at his word when he says that's where tonight is headed. So the government can vote down

my honourable colleague's very sensible motion that, you know, this committee needs to rise tonight and come back at a later date to consider this bill, or, ideally, for the government to announce that the bill's not going to go forward, and they can reintroduce it again, hopefully, with a broader range of views reflected and a proper process to back it up.

Sometimes, how we do things ends up being way more important than what the actual end content is. And I hope the minister listens. But we'll see what the government members say when we come to a vote on the motion.

Madam Chairperson: I am going to—just as a point of clarity, we have already voted on the motion, and it was struck down.

I also want to remind members that we are speaking to clause 1 of this bill. I would like your comments and your questions to be directed at clause 1 of this bill. Thank you.

Is there any other questions for clause 1?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: As I was saying, the funds that are available or should be at least pursued, deal exactly with what this bill is talking about. The issue in part 1 refers to section 4—part 2, section 4. Section 4, part 2 refers to the mandate, the mandate of The Efficiency Manitoba Act. We're still on 4(a). The mandate goes to (b), (c), (d), and (d) will be a very interesting discussion because there are three or four subsections to that.

But while we're on point (a), I reflect that many people in this room, including, maybe not the specific clerks in here, but to the committees and whoever is responsible for that, including the Clerk, that the committee process can be improved. I think perhaps the minister and I can agree on that point tonight. But those suggestions were not taken, which is fine. This could never happen in Ottawa. But we have a made-in-Manitoba process, and this is part of the process and a legitimate opportunity to raise concerns about the mandate, 4(1).

And if we are not clear on what the purpose is or what the mandate is or see contradictions in the mandate versus the financial situation that we all know that Manitoba Hydro is in, we know that there are significant issues that need to be addressed in this

process, far, far before we talk about amendments, because there is fundamental problems with what the objective here is.

* (21:20)

And that brings me back to part 2, clause 4(1)(a): support demand-side management initiatives to meet savings targets. What is a savings targets? It's not even a complete sentence—savings of what? Power? Money? Supply? If it's a reduction in greenhouse gas emissions in Manitoba, we have a problem, because Manitoba Hydro is not responsible for the greenhouse gases that Manitoba emits in any meaningful way. And Manitoba really isn't a player on the national scene when it comes to greenhouse gas emissions, in large part, because Manitoba Hydro has almost zero GHG emissions.

My point about describing the federal government's initiatives in other provinces and why it hasn't reached this side of the country, I have no idea, but it's well documented in the media from the region, and I believe in national publications as well, that Muskrat Falls is only possible due to the help of the federal government. There are three or four initiatives that the federal government can do to help a province who generates clean power—and, by the way, Labrador generates clean power, by and large, to neighbouring jurisdictions.

Manitoba's case is far stronger than the Muskrat Falls case, because in Muskrat Falls it's actually in Labrador, so rather than do the obvious thing, which is to connect them to the Quebec transmission grid you know, there's 40 kilometres with that, or with the—for reasons which I'll get on to later on tonight—the path for the transmission to go from Labrador across the island of Newfoundland, then under the ocean again to Cape Breton, then to Nova Scotia—two undersea cables, massive transmission in a tough part of the world to build anything—we think we have it bad in Manitoba, well, at least we're constant. When it gets cold, it stays cold for a period of time. Island of Newfoundland, you could have all manners of weather in an hour.

But they managed to fund this project. Yes, they got federal help big time. But I would suspect that we could do it in Manitoba even without government help because the differential between, just on a cost-per-kilowatt basis, between Manitoba and Saskatchewan, and then Alberta, is large enough that it's worthwhile. Even the building of the hydro line, which provinces would have to work together to implement—and, conveniently, I have looked at that,

not from what was looked at in the early '80s by Manitoba Hydro, which was to send power from the Nelson River south to Winnipeg and then across to Calgary at the lower latitude—if you cross Saskatchewan at the same latitude, i.e., northern Saskatchewan and Alberta, you can find still a corridor that is largely on Crown land—and where First Nations' interests exist, or concerns exist, with a transmission line that can be dealt with. So there's no significant—no consultations have to take place there, but it is really very possible to do what anyone who looks at a map of Canada can see. And nobody—previous governments, federal or provincial, or current governments—have been able to explain why the obvious isn't done.

And why that is important is because that goes to the mandate. Don't worry about the demand side because the supply exceeds demand—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1?

Mr. Fletcher: Never mind the demand side of the question, the supply far, far outstrips what is available.

And so, for almost no fixed cost, we can export all the supply that we have—the excess supply east—or, more likely, west. Hydro could get out of its financial jam—or, at least have it mitigated. The GHG reductions for Canada will be met. And that's a challenge with the federal program with each province. Well, in Manitoba, we don't—we're such a small component of the total GHG emissions for Canada, but we make a huge contribution, potentially, through hydro power, to displace GHGs. Great opportunity for the provincial government, federal government, and our sister provinces to work together. Great opportunity.

And, perhaps, the minister or the Premier could—former premier could explain why that obvious solution isn't happening. And that's why it's important that we have that discussion, because right now it is mind-bogglingly silly. With no—in the absence of other information, it doesn't make sense. Consultation would bring out the facts onto the table. Then we could understand. And I suspect the facts would demonstrate the economic benefit of exporting Manitoba power to Saskatchewan or Alberta very quickly, and address which line could be built very quickly. You could do an AC line right now. You can build a DC line if you want to go to

Fort Mac. In fact, the Manitoba dams and Fort McMurray are about the same latitude, and the distance between where Conawapa would be and Fort McMurray is shorter than the distance from Conawapa to Winnipeg. That's using the short route, Bipole I and II. Shorter.

Why hasn't anyone looked into it? There are forces they call big gas, big oil, provincial petty politics, national ignorance of the West that leads to this. But if we all work together, we could at least address or have answered some of these concerns.

* (21:30)

As what was—as mentioned earlier, The Corporations Act does not apply to this bill, which one needs to ask, why. And then, how does that tie into the mandate? And why wouldn't Hydro be subject to The Corporations Act and not Efficiency Manitoba, which brings other dimensions of conflict of interests—conflict of interest, and I'm not for a moment suggesting that there is anything nefarious going on, but if there was a determined person or people, there could, under the current conflict of interest, or their spouse or their immediate family—that's why I introduced legislation last week based on Brad Wall's legislation he brought in in Saskatchewan, to alleviate those kind of concerns. And that all ties into Efficiency Manitoba.

Now, some people have remarked, and I appreciate the sentiment, that speaking here is somehow brave or not. It's not brave; it's doing my job as an MLA. This is the first opportunity where I can ask questions and expect a response—material has been provided to many decision makers, and not even a letter of acknowledgement. Therefore, I'm utilizing the process as brought forward to ensure that everyone's intentions reflect what this government was elected to do, and in the interest of Manitobans.

And, again, I just refer to the fact that the government was elected to fix Hydro, was elected to grow the economy, make a stronger Manitoba and have a made-in-Manitoba environment solution, which is great. Nowhere in the platform did it say that we were going to create a Crown corporation—nowhere. That is a different level.

Creating a Crown corporation out of another Crown corporation to compete against the Crown corporation and have the Crown corporation that's being competed against upon the Crown corporation, that was just created to reduce the demand for the

first Crown corporation, and then, where is the accounting, where is the accountability?

If we had consultations and a transparent process, or a more robust committee process here, those questions could have been answered, those concerns at least addressed instead of silenced, and people, Manitobans, could have confidence in not only this piece of legislation but future pieces of legislation.

The government would benefit greatly by an improved process for committee and I certainly encourage the House leaders of all the parties to get together to have an improved process. But until they do, this is the only avenue available to discuss fundamental principles to people in a public, transparent manner, to present their point of view, and none of which supported the government, which is amazing, because the government knew well ahead of time, or at least had a sense of what was going to happen.

The timing of it—like, where are the stakeholders? Where are the stakeholders? If there's support, it would be easy.

I didn't expect this to happen tonight. I expected government to have supporters coming out the door, but not one showed up. So what are we to think? You just want us to rubber-stamp? I don't think that's the Conservative way. It's really not—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: As I was saying, we're still on the purpose of this legislation, because the purpose has not been clearly articulated, and there are huge concerns about where it goes tonight about the implementation.

Very reasonable solutions were brought forward which included taking a moment to delay, to have consultation, people submitting their points of view. What's the difference if we do it in the fall or now? In the fall, the difference is people would be heard. A better process will have been followed. I encourage everyone not to be partisan about this.

It's too easy for people to go after the government—say, well, they should have known

better. Well, this—they're new; we're new to the—to this process.

The opposition can say all sorts of things, but—and I know there's a lot of history between the two rooms, and—a lot of history. I'm not part of that, nor am I familiar with the culture.

Perhaps one advantage of that is, I've no personal—I'm not—I have nothing against anyone personally—well, maybe against the member from Wolseley, but that goes back to—I would have to recycle some old arguments to get into that. But the fact is I don't really care about petty, personal issues—petty, provincial politics.

I reached my political goals in my mid-30s—far out-struck whatever I thought was possible—so the usual fear or favour doesn't affect me one iota.

What affects me is motive; what affects me is public policy—good public policy, bad public policy—what affects me is consultation—simple consultation. And if that happened—and there were many, many opportunities for that to happen—perhaps we'd be in a different place; in fact, I know we would be.

*(21:40)

But what happens [*inaudible*] we need to deal with the mandate of this—Efficiency Manitoba. And we need to reflect on the impact that the mandate, which is referred to in clause 1, will have on Manitobans.

And there are other things that come into this. The Corporations Act, which is the next bill to be discussed—but we don't know how that bill and this bill intersect. And how does that affect the mandate, which is the purpose. We have—in section 3(2), under mandated powers, says The Corporations Act does not apply except as otherwise provided in the regulations. The Corporations Act does not apply to Efficiency Manitoba. What is that about? Why not? Why—and why not just deal with it? Why not just answer it tonight? Just say: Fletcher, this is why—A, B and C. Great.

We need to improve—and I don't care what level of government is, but we do need to improve communication between stakeholders and government. And I had round tables from across the country on the Building Canada Fund, on democratic reform—put it together and planned the table. I've seen better consultations done out of legislation. Unfortunately, that didn't happen in this case.

An election deals with many issues, particularly a better economy. And, at this—in the Manitoba context, with the energy distribution and financial problems with Hydro—this bill is not consistent with that objective. And we've heard nothing to say otherwise.

That is why this is a great opportunity for the minister to go through—or whomever—and correct any questions or assertions that I have made. By all means. I would love to be wrong. But silence does not imply that I am wrong.

Madam Chair, the mandate of this committee—the purpose, which is what we're discussing—is a fundamental piece. And this act cannot be looked at alone. People need to have time to reflect and see how it intersects with The Corporations Act, with The Manitoba Hydro Act. How does it deal with—we haven't even got to natural gas or potable water. What does this bill have to do with potable water?

And why—if you read on to the powers of this bill in section 5 or 6, you'll see that this bill is a serious piece of legislation. The powers are profound, if utilized. So what does that mean? I've no idea because nobody will talk about it. I suspect many people haven't even read it to part 5 or 6. That's really unfortunate because, if they had, any reasonable person would have realized and agreed, regardless of where you are, that there are some problems here. There are questions that need to be answered. And the people who elected us, as Conservatives, know that part of our privilege as MLAs is to exercise that privilege, and I am thankful to have that opportunity.

I'm not sure that this would happen in other jurisdictions or other parties. But I'm new to the culture; maybe it does. I don't know. But I do know this based on 11 years on the federal scene, five in Cabinet—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1?

An Honourable Member: Yes.

Madam Chairperson: Honourable Mr. Fletcher.

Mr. Fletcher: And by the way, Madam Chair, if any of these questions that I raise can be answered tonight that would be great. If there was a sincere—if we want to get on with the process, why not use this opportunity to answer the questions or deal with the other issues that stakeholders have raised.

The mandate is fundamental; the bill is critical when it would be too easy to let this just fly through and not say anything. Unfortunately, I read it. I read all of it. Came up with more questions than answers, researched this issue and associated issues like carbon tax and so on in the Manitoba context. As you can see there's a lot of material here, sadly not a lot in the media. So, definitely, a lack of media interest, but it doesn't mean that it's not critical public importance.

And people—every MLA or elected official needs to know they're not in there for a—there can be no entitlements or expectation of anything. Especially a re-election, because that is not what we're here to do, fundamentally, we're here to serve the people of Manitoba. That's it. And the people of Manitoba will say, in or out, and sometimes they'll do it even when you don't deserve it. I know that. I've had that happen. But that's the way it goes. That's the great thing about democracy in our constitutional monarchy first-past-the-post system. Best system in the world. Canada's the best country. We live in the best province as I said today in QP, or statements—private members' statements.

* (21:50)

However, when we get down to the mandate of The Efficiency Manitoba Act, section 1, the purpose or take that to go to mandate section 4(1), with which we haven't even got off point (a) of half a dozen or so clauses, we are—I think the process is broken down at this point, even in the best country and the best province with the best government it's had in a long time, the process here has broken down.

There are tactics that are used at committees and there are rules, and they are what they are. Again, I come from a different culture, but it is the process that we have, and when the foundation is not laid or answers cannot be given, even at this stage, it suggests that I am doing the right thing for the people of Assiniboia. I'm doing the right thing for the Conservative Party. I'm doing the right thing for the minister and good public policy, and certainly Hydro and all the stakeholders that we've heard from today will agree.

Usually, when a piece of legislation like this comes forward, we would have the CEO of the Crown attend or someone from the Crown—anyone. That's not the case tonight. These people are around; we know this because there was a conference in Regina this week dealing with these very issues. They certainly would have noticed that this was

coming because the government sets the schedule for the introduction of bills, so if, for some reason, the schedule didn't meet the CEO or one of the vice-president's travel schedules, the government could have easily accommodated that. But, traditionally, CEOs and vice-presidents or chairs or political appointees come to these types of meetings out of simple respect for the MLAs around the table, respect for the minister and the Premier.

There isn't, bar one, person who's an MLA—one person who's in this room, that is on the MPI board—or on the Hydro board of directors, all of whom are political appointees. There's no one from the hierarchy—the leadership—to help us understand what the purpose of this bill is or the mandate. Why is that? Why is that?

Is there a conflict of interest? I don't know, and there's no way of finding out, is there? Manitoba conflict of interest legislation is woefully inadequate, and that's why I brought conflict of interest legislation and, just for the record, there are companion pieces of legislation to that that will capture anything that I may have missed. After all, I'm only one MLA trying to figure his way around this place without any staff to help me navigate through all this paper. But that is—that's okay. I read everything. I try and understand. And in areas that I don't understand and I am particularly familiar with and I can't get any questions answered, that raises flags to me. Especially when we're talking about real money on a Crown corporation that we all agree is in crisis. And yet here we are.

Consultation in the election on a specific bill like this—that creates—well, it wasn't even in the platform of any party to create a Crown corporation. A Crown corporation. And the mandate—this is serious, serious stuff. I don't understand why nobody cares, it seems. The media, even the board of Hydro—like, where are they? Or the leadership of Hydro—why aren't they here? Why aren't they asking questions? Why haven't—why wasn't there a pre-meeting—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

An Honourable Member: Yes.

Madam Chairperson: Honourable Mr. Fletcher.

Mr. Fletcher: Why wasn't there a pre-meeting similar to what we do with the budget lock-up?

People can ask questions and have them answered before we go public with our questions. Nothing like that has happened, and I think it's just a simple—or, can be just a simple overlook of the government because the government is new. And I hope that is what we're dealing with because the future without consultation is not consistent with anyone's expectations.

How this can happen, I have no idea. I can only speculate. But—so I won't. I just state it as a fact. This bill is far more serious than the name suggests. Having it come forward to the Legislative Affairs Committee is interesting. One would assume it would go to an Economic or Social Development Committee, which is over, I understand. Lots of time there. But, no, Legislative Affairs, which is boring. Energy efficiency is boring. Boring, boring, boring. That's why nobody has—in the media has covered it. Probably why the lineup didn't go through the door, because if people actually read this bill and the powers and the exclusions that this bill has, there would be a lot more interest.

* (22:00)

They would also be interested in seeing how this affects rates. Again, the government is not involved with that in any kind of direct way—the Public Utilities Board and Hydro Manitoba negotiate that—or, at least, analyze. Not in this bill. The Public Utilities Board is simply an interested stakeholder, and there may be very good reasons for that. None come to mind. I can't even think of why that would be. So I won't speculate because speculation would not be helpful, because that could lead to—down paths that are—have nothing to do with what we're dealing with or they might. We don't know because no one has been consulted, apparently. And that's not me that's making that observation; that is everyone who showed up today.

There's one media article that I'm aware of. It was in the Free Press couple of weeks ago: Efficiency Manitoba insufficient. Wow. One article. I won't even get into why aren't there think tanks or media inquiries or more constructive comments from a broader range. It's because it's boring, and when it's boring, that's what we get paid as MLAs to do is to examine the mandate of legislation to ask the obvious question: what is the purpose? And we still haven't received an answer. What is the purpose? To reduce GHGs? No, because it won't have any effect on that. Is it to fix the—or help with the Hydro financial situation? No, doesn't do that. Does it deal

with the excess supply that's coming down the river? No; fact, it does the opposite. Is there anything here that would give people hope that demand would increase to such an extent that it would even come close to the supply? No.

So what is happening in Manitoba, and it goes back long before this government, is a remarkable negative achievement from an economic and social planning perspective.

Madam Chairperson: I'm going to interrupt the member at this point and ask if there is a question.

Mr. Fletcher: Yes, there is a question, and the question is why haven't any of my previous questions been answered? Minister has the opportunity. Anyone from the government has the opportunity. If there were—if the leadership of Manitoba Hydro was here or someone from the board, they would also have the opportunity. And we know that because I'm sure this committee would've provided that opportunity. But no, we're here.

So my question is, among many, is where are the board members? Where is Hydro's leadership? Why aren't they here? It'd be terrible to speculate. I hope the leadership supports the government. I hope the leadership of Hydro can explain this piece of legislation and how it will benefit Manitoba, Manitobans, ratepayers, how it's consistent with mitigation of future challenges, how it fits in with The Corporations Act, Manitoba Hydro Act, a potential carbon tax. How does this Efficiency Manitoba reduce greenhouse gases? It doesn't on the electricity side. Now, it might on the gas side. Now, I'm making the argument that should have been made three hours ago that, yes, if you're—yes, now—yes, I'm answering my own questions. But—and I never ask a question that I don't already know the answer—another rule of politics, but here we are.

So what are the questions? Where are the answers? Who can provide the answers? Is there anyone? We have the dean of engineering—former dean of engineering who had basically alphabet soup behind his name in credentials. We had people from the labour movement, individual concerned citizens. Nobody has supported this bill. That's incredible. Like, at least, like, stack it. Stack the committee with somebody that would support it. Like, let's find one person that will support this and have them report here. Like, that's just simple politics.

The mandate, Madam Speaker—Madam Chair, which is—goes to clause 1, the purpose, is the issue,

fundamentally. This legislation seems to have no purpose—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: The purpose of the bill has not been clearly defined. That's clause 1. Clause 1 goes to the mandate right there in the clause. Therefore, the mandate is very relevant to the bill, and we're still on part (a), clause 4 of Part 2. There's (a), (b), (c), (d), (d)(i), (d)(ii), (d)(iii) and (e). And then there's, under Mandate, Related activities, which we haven't even got to, which—wow, wow, wow.

And then there's the consideration in filling the mandate, clause 4(3). By the way, on tactics, in the future, please don't put the mandate in the first clause because otherwise, every committee's going to end up like this. Wow, that is a tactical mistake, but that's okay; it can be fixed—it can be fixed. When it can't be fixed is if this bill goes through even without stakeholders looking at it, reflecting on it.

Some—a question for the minister would be—who I've known for a very long time and I respect very much. I like him in a small-c conservative way, and he's a good person, as are everyone.

* (22:10)

Question for the minister on the mandate is a simple why? How, when, where and why? Why? This is an issue that, I think, is of profound importance that we haven't been able to discuss fully because presenters are only given 10 minutes and there's a five-minute Q & A. And there's good reasons for that to happen, but there are other ways to have consultation, have a committee process so everyone feels like they've fully participated.

One moment, Madam Chair. I'm just getting a reference for the member.

While I'm doing that, again, back to the purpose, we have a great challenge, and I—how much time do I have left in this segment—well, in this 10-minute section? *[interjection]* Okay.

Madam Speaker, I ask that you bear with me for a moment, and I'll have a question at the end.

And my apologies to Lord Tennyson: A tax, a tax, / Forever a tax, / All into the valley of death / Voted the 57. / Bring in the tax. / Charge everyone more, he said. / Into the valley of death / Voted the 57. / Bring in the tax. / Were there—was—were there an MLA dismayed? / Not though the politician knew / Someone had blundered. / Theirs is not to make reply, / Theirs is not to reason why, / Theirs but to do and die. / Into the valley of death / Voted the 57. / Common sense to the right of them, / Common sense to the left of them, / Common sense in front of them / Volleyed and thundered; / Stormed with logic and promises, / Boldly they voted / Into the jaws of death / Into the mouth of hell / Voted the 57.

Apologies. The vortex. The lesson is clear, and that is my question: Why has no one asked more questions?

Perhaps someone has blundered. The expectation here is MLAs are not to reply, they're not to reason why. MLAs are just to do and die. Into the valley of moral and intellectual death.

There was a comment—I don't know who made it—that just suggested that I wasn't speaking about the MLAs but myself. I hope that is not true, because I'm just doing what was expected, as an MLA—represent the constituents of the riding which are of lower than average economic means from a—mean, look at the latest Manitoba census. Policies like this have, as pointed out by the Canadian centre for public alternatives, a very—not a conservative organization—it says that these types of things cost people more on the lower side of the socio-economic spectrum. We are, tonight, that you can add rural Manitoba, First Nations and remote communities. Wow. And rates are going up anyway, through no fault of this government.

So we're going to make the cost of power potentially go up. We're not going to mitigate it with sharing our supply. Apparently, *[inaudible]* It would be great if there was an announcement that Saskatchewan was going to buy either 1,000 megawatts or 2,000 megawatts of power for Manitoba. That would help with the supply—but silence. When—and if that was happening you would make that announcement first and then bring forward a piece of legislation because then there would be no question about the supply-demand ratio. But because that hasn't happened, that is either a blunder, lack of transparency or it's not happening at all, and that's not good public policy. There are so many things to deal with, hydro, things like the—and the carbon tax.

You know, if the public policy objective is to reduce GHGs, which is in the mandate which we goes to the purpose, if that is the purpose, there are many, many ways to do it in a cost-effective manner, mitigating particularly the cost to lower income—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause one?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: Another question I'd have for the minister and the mandate is initiatives like solar panels. Hydro, under the Power Smart program, has a pretty good subsidy for that, can even help with loans to acquire these solar panels which would displace hydro-generated power, which is what demand-side management does, but the problem from just an ethical, common sense and the context in Manitoba—the challenge that we have is that only people that have equity in their homes or are relatively better off than the mean can afford to take advantage of these big subsidies, so what happens is people put solar panels on and—great. They make an investment which pays off in a—just a very short period of time, and who pays for that? Every other tax—or every other ratepayer. So every other ratepayer, for the people who have accumulated wealth, become wealthier. The people who are starting out or renting or, you know, just making it or even not making it, they need electricity. It's not—people will buy electricity before they will buy food or find daycare or get that Internet connection that they need to find a job or contribute. Like, it just—it's a snowball effect and it happened, that's part of being in the society in which we live, but to do it deliberately is not on, and for what? If we were dealing with nuclear waste, maybe there, you know, Bruce Power or Three Mile Island—yes, okay, maybe the ratepayers should pay for that, but the argument is well, gee, greenhouse gases. Okay, except Hydro doesn't, on the electricity side, doesn't emit any GHGs, and on the gas side it's clean natural gas—all better than virtually every other alternative.

* (22:20)

So we're going to invest, create a new Crown corporation to make it more expensive for the average ratepayer or, if I'm wrong, Madam Speaker, I ask the Chair bring forward the evidence. This would be a great opportunity. It would have been

great to have that presentation at the beginning of the meeting because that would have alleviated a lot of the fears, but there was no information at the beginning of the meeting; there are no information other than what was publicly available before the meeting, and the material that is publicly available, just using my own elbow grease and education and experience, realized that we have a big, big problem with this legislation.

It's not a complete disaster. It can be changed; it can be fixed, or maybe not, but let's at least go through some sort of process so that people can have confidence that that is in fact the case. This judgment that there is no economy in the world that reduces demand for electricity deliberately and grows when the supply of power exceeds the demand substantially and for decades and then have the rates go up—like, that has to be unique in—since the Industrial Revolution, which means since time immemorial.

The rate increases alone, which is very unfortunate, will decrease demand far more than the infinitesimal amount of GHG savings here while creating a very large bureaucracy, all sorts of unknowns, and no one—and that is really perplexing—where is the proponents? You know, like, I wander around, I talk to people, talk to neighbours, talk to friends, people I went to school with. I talk to enemies, sometimes—rarely—or maybe that's everyone—it's hard to know—but, the fact is, I've never had someone advocate for this and I certainly haven't had anyone who is knowledgeable about these types of issues in the Manitoba context advocate for it.

Now, there was a mailing that came out to my house from Manitoba Hydro about a month ago saying that demand-side management worked great in Toronto, reduced demand by 11 per cent. What a comparison—comparing Manitoba to Toronto. That is a big error at any time, but, to do so in the power energy market and rate market, that is even a bigger mistake, because Ontario hydro has completely different problems than Manitoba. And it almost can all be tied to poor decision making—similar to some of the initiatives that this bill would advocate for.

And, again, the cost of living in Toronto, the cost of power in Toronto far outstrips inflation, and maybe that is why the demand has gone down by 11 per cent, which is—well, let's be frank; that is the reason. And not to—and to have that sent out to every Manitoban household, with that particular example, is really unfortunate because it had nothing—the

example has nothing to do with what is going on with Manitoba.

So, by having a discussion, consulting, we would avoid these types of situations or, at least, have an explanation. And silence—the party whip is here. [*inaudible*] look forward to discussing all this—how we got here. It is not a good situation for Manitobans, and I suspect I'm going to get whipped.

But, again, we're here for Queen and country, for the people who sent us into these positions, and we're members of political parties—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: We're all members of political parties, which are essential to the democratic process. Show me a country that doesn't have multiple parties, and you're looking at a totalitarian state, a communist state or a dictatorship or junta. And, within the political parties, there's a spectrum of points of view, and usually the broader the spectrum, the stronger the party.

So I'm appreciative of the opportunity—this opportunity to raise issues around purpose and mandate. And a party as old as the Tories, who go back to Wilberforce, by the way—Wilberforce, of course, was the anti-slavery advocate. Their process was quite different then as well.

* (22:30)

But, again, dealing with clause 1, which goes to the mandate, is who—which stakeholders are we representing? Which stakeholders benefit from this? Is there anything that we can do about the conflict of interest issues that have come up this evening? I happen to have brought forward a piece of legislation that deals with that very issue across party lines, because that's not a partisan issue.

I'd like to thank the Saskatchewan Party for their format framework, which is a sister party. So I guess you can say it's a tripartisan piece of legislation, which would prevent any perception of conflict of interest, and we could have that discussion. I know that there were people that were very upset that I

brought that forward, that I put it together on my own and got it introduced.

But that is what an MLA does, especially one on the back bench. One of the few avenues that they have is through privilege, the ability to introduce PMBs, and in this system the ability to talk at committee with the request that questions be answered. It will be consulted with the request that we have a better way forward as this government moves forward.

And what does that do? It just makes people—it empowers individuals. There may not be agreement. I may not even agree or maybe I will agree when everything's brought forward. But if it's not discussed at any point except at committee, what else is going to happen? This type of thing happens, and it's kind of unfortunate because there are much more productive ways.

So what has happened has happened. This is what I suggest, Madam Chairperson, is that we look to a more consultative process. There's no urgency here. The demand will always be more than the supply, and it would behoove and benefit everyone to take a pause, look at this in a week or after the summer session so everything can be dealt with. Like what is the hurry? Why not do it properly and involve everyone? Why not?

That is my question, Madam Chair, to the minister, and that goes to clause 1, the purpose. Why? Why? Why? Not to make a reply, not to reason why, to do and die. And that's what happens to everyone. And that's what you do before you die and your reasons why you did it that make life worth living, politics worth serving, and, in Canada, we can do it in a respectful way, except maybe at this moment, because there's a lot of chit-chat occurring that has nothing to do with the discussion here. And I'm sure that if people were—

Madam Chairperson: Order.

I'm finding it very difficult to listen to the member, and it's important that we do show respect and listen to the words that are shared.

Mr. Fletcher: Thank you, Madam Chair. And that I say notwithstanding some of the things that have been said, the Manitoba Legislature is much more respectful than other situations that I've been exposed to in the constitutional monarchy parliamentary system—in which we have to everyone's credit.

In regard to the purpose and the mandate, we still have the question of why The Corporations Act does not apply. We have the question: how does The Manitoba Hydro Act apply, particularly when in the preamble of The Manitoba Hydro Act, it says that the purpose of Manitoba Hydro is to have the lowest rates possible and the efficient delivery of energy. That's in the preamble of the legislation; it may even be in a clause.

Now, Madam Chair, you will notice that as we're talking about this, I simply have some papers in front of me; I'm not referring to BlackBerrys or iPads. This is just mostly off the top of my head—off the top of my head—boy, I wish I had a researcher. If I had a researcher, I would be able to do more. The—but I don't mind. It's an honour to serve. And people expect you to use all your abilities and to question why, when it's appropriate. And this is the appropriate time, because this is the process that has been—that long predates my presence here, which also, on the mandate and the process and consultation, and underlying everything that we're talking about tonight, is how is this, any of this, possible in the 21st century?

Communication is easy. Getting people together is—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: How is this possible, Madam Chair? The purpose—clause—first item in the bill, which refers to the mandate, which refers to part 2 of the legislation, which gives even more specifics about the mandate, which raises even more questions about part 1, the first clause, and we haven't even got off the first clause of the legislation. And the reason is the process and the information.

It's not expected that every MLA read every piece of legislation. I do. And I bite tight sometimes, federally and provincially, because that's the only way, in the end, is to accept differences of points of view. And I'm pleased to do that.

* (22:40)

But, in a different context, there are ways of allowing people of different views to express themselves. And then everyone comes out with a agreed-on point of view on whatever the issue is. And, ideally, that's how we move forward in the Legislature.

We're talking about the mandate and the negative impact of 'hyger'—higher rates on socially disadvantaged populations, a fact that, if not done carefully, demand-side management subsidizes the wealthy—or relatively wealthy—at the expense of people who can't afford the tens of thousands of dollars to make an investment in solar panels, even though, in the long run, given the subsidy, it's a good return on investment. But the subsidy is so good from an individual's perspective that everyone else pays for it, including people on the lower side of the socio-economic perspective.

Today, Madam Chair, there was a motion brought forward. Actually, it was a bill on missing and indigenous people—women, young girls. That passed through the Chamber with unanimous consent. Everyone agreed. That is as close as you'll ever get to an ideal piece of legislation, one that can get through with unanimous consent. Consent. Wouldn't it be wonderful, if we could all agree on the mandate, or agree on the content, the purpose? But it's not even clear what this bill is trying to do, which is why we're on clause 1, the purpose. And there is many questions surrounding that.

Now, I can't see through my peripheral vision, here, but there are people around the table who are having a good laugh about what is happening. And that's unfortunate because this is serious. This is about public policy; it's about the bottom line; it's about consultation, involvement, discussion, the stakeholders, people who know—people who know very well. The previous governments have ignored these same—some of these same people. And look where that's got us.

Madam Chair, why would we ignore the same people that have been proven correct over time on these types of issues? Why would we not even talk to them? Many people—every single witness today came forward and said that they weren't consulted. There—we had Mr. X with alphabet soup behind his name, credentialled right up to the eyeballs, hugely experienced. I remember him as dean of engineering in my first year—which, by the way, I'm very angry at him because my first year of engineering was an academic fiasco for me. The worst year of my life

academically. Other ways it may be the best years. But the point is: we know—there's no question about the expertise. The record stands strong. The one article that I have seen raises a whole whack of other points that we haven't even talked about tonight. The submissions, which I haven't had a chance to read through carefully, but it's clear that there are many concerns. And there are very positive suggestions. These people weren't saying no; they were asking why. Explain it to us. That's what they were asking. They provided a way so that every one of these—you know, the people who know about this stuff could discuss it with Hydro, and at least they've been heard. That goes a long way.

I think of Kapyong Barracks and all that is such an unfortunate situation, because consultations weren't conducted. Different—totally different situation but because of very basic stuff was skipped or ignored or whatever, everyone pays for it, including people who that land is supposed to benefit. Though it's not a correct parallel, it is a parallel.

With some casual input or thoughtful input, legislation can be—how can I say it—reach its full potential, because that's what we want. We want everyone in Manitoba, regardless of who they are, where they come from or what happens in their life, that they can reach their full potential as human beings.

And we want Manitoba to contribute to world health, and we can do that in spectacular manner by maximizing the sharing of Manitoba Hydro with other provinces.

What we shouldn't do is reduce the demand for our product, because all that does is increase the demand for less clean and more expensive alternatives.

That might work in the Toronto context where the average house price is—I don't know. What is it in Toronto? It's over a million dollars. In my area of Assiniboia, if you do have a house—be around 200 maybe—people who don't have the million-dollar equity in their home to pay for the solar panels that they need to get—take advantage of reducing the demand and their hydro rates.

So in the Manitoba context—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

An Honourable Member: Yes.

Madam Chairperson: Honourable Mr. Fletcher.

Mr. Fletcher: So, in regard to the context of this bill and the people we are very fortunate to represent, and in the context of Manitoba, there are better ways to achieve the public policy objectives, to mitigate the costs for ratepayers and make—or reduce greenhouse gases in the world, and that is by the methods I had mentioned earlier.

* (22:50)

And it would be very interesting to know if any of these processes have been pursued, given that, at least in Manitoba and Saskatchewan, that Crown corporations—and there's no shareholder value per se—like, no markets are affected, it would be very instructive if there was a plan or is a plan that would implement the sharing of Manitoba's resources within the next two, three, four years, and it could be done—all objectives achieved; and if it doesn't work out on its own, there's money from the feds that nobody wants to talk about.

So the issue that we find ourselves in is one where the mandate is not consistent with the public policy it checked, and maybe it is, but we don't know, because nobody seems to want to talk about it. I'm shocked that no one even around this table seems to be asking questions. I understand it's late, but it doesn't matter. I'll stay here for as long as it takes to ensure that a discussion occurs. This committee reconvenes on Monday morning; then Monday afternoon, depending on the rules of this place. Perhaps it can sit at a moment's notice, and I want to assure everyone that I will be there; be there, because there are other solutions that need to be explored and, at this point, we have no sense of if that has happened.

We have talked about other issues, particularly the sex, money, power, which goes to the conflict of interest legislation I brought in last week because our conflict of interest legislation is antiquated and has nothing to do with the modern realities of today's economy. The legislation is there for everyone to critique, use, framework. If the government would introduce it or someone else, you know, whatever; it doesn't matter. What matters is that it's done, and that brings integrity—even more integrity to the process which, we've already discussed, has had challenges.

I have heard nobody disagree with any of the presenters. There's been a dispute of some facts and a suggestion to move to amendments, but the process allows for MLAs to discuss these matters in a way that creates a lot of opportunities and time for anyone to answer the questions around mandate, which is—goes straight to the purpose, which is a clause that's on the table at the moment.

Why are we not looking at a more constructive way to report? Maybe this is the most constructive way, and I'm all for construction, generally, unless supply outstrips demand, then maybe construction is not such a good idea. Most companies want to get rid of their inventory, their supply, before they sell or create more supply.

Madam Speaker, for example—Madam Chair, and perhaps the minister can address this, a grocery store brings in a bunch of bananas and the bananas don't sell. The grocery store is much better off selling those bananas at fixed cost or lower than fixed cost because at least they get something from what they would otherwise throw out. In Manitoba's case, take the bananas—don't apply to the Leg. Take it—apply it to the Hydro analogy, which is the water in the river are the bananas. And, if you don't use it, you lose it. And if you're going to lose it, you might as well get some money for it; otherwise, it'll go away—a lesson in fixed cost and variable cost—bananas.

Now, in almost any other conceivable economic situation, we all have seen those graphs, demand versus supply, and when the two lines cross, that's equilibrium. Well, the two lines on that standard supply-demand graph, in the case of hydro generation, will not meet for decades. In fact, this demand-side management scheme as presented may even make it add a few years to that at a great cost.

But what would really do it—any reduction in demand is, quite frankly, the rate increases that we're all stuck with, so why are we even talking about it? And not one greenhouse gas molecule is affected by just leaving the status quo and allowing time to reflect. So why are—why is this happening? It—and perhaps there's context that none of us are aware of, and that would help, so provide the context. Make the case. Then we all can move forward. Make the case. Madam Chair, make the case.

So here we go. We have a situation where supply outstrips demand. The rates are increasing. The supply's going to increase. There's deliberate attempts to reduce the demand and, as it stands now, no apparent attempts to increase demand by exports.

In fact, Madam Chair, some people have argued that we are selling, or exporting, power to the US at a loss. Well, that doesn't even matter. The point is that we're exporting it, and everything that we do send to the States is revenue that Manitoba Hydro would never have received. So exports mitigate Manitoba rates, even if the spot rate is at 3 cents, like was suggested earlier. If it's 12 cents, higher—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

* (23:00)

Mr. Fletcher: We have an opportunity to ensure the best choices are made. Three—what are we talking about, a week, four days, perhaps, to the next meeting, a month, September or October, three—what is that, when you can get better legislation, include people who know more about this type of stuff than any of us here, and I would submit, then, anyone in the government and probably anyone at the hierarchy of Hydro and probably many of the board members, because this is not what people specialize in here in the Leg, so sometimes you have to rely on the views of others.

Now, when the others come in from across the political spectrum and there's no counterpoint of view with the witnesses, you have to think, is the mandate—the purpose of the legislation for billing the goals outlined and is there a full appreciation of the consequences. Now, a cynic would say, yes, there is full knowledge of the consequences, and that would be impossible. But if it were true, it would be very cynical and make no economic sense.

If there is a—even if there is a sale of power east, west, south, supply will outstrip demand for the foreseeable future, and at that point, maybe a better opportunity to reflect on programs like smart power, or call it smart Manitoba—Power Smart—whatever, but make it apply to Manitoba using the Manitoba experience and power spectrum, GHG emissions, CO₂ equivalent measurements, because Manitoba is almost completely unique in the world.

With hydro power and a little bit of gas-fired—maybe less than 1 per cent—we can meet the needs of Manitobans and a large part of North America in the

coldest part of North America and the hottest part of North America, because we are in the centre of the continent, the gateway to the west, to the north and to the east and the south.

We could have the next railway go through Manitoba—an energy corridor like Sir John A. Macdonald with Canadian Pacific—coast to coast, bringing the country together. Let's do that with energy. Let's start in Manitoba. Let's start with hydro power. Let's do it. Let's create corridors.

Let's reduce the nasty stuff which also include sulphur oxides and nitric oxides—by the way—what—the colloquial term, of course, is SO_x and NO_x —which are pollutants and should not be confused with GHGs. The particulates can be actually much more harmful in the short term, for sure, and we don't talk about that at all in this bill.

Now, there was a—Madam Chair, I wonder why everything is legislated. It would be much more flexible and, I think, comforting if the suggestion made by one of the presenters of creating a legislative framework and then doing everything by regulation. Now that would be an improvement, because you can—it's much more nimble. You can deal with changes in markets and demand, and so on. But for some reason, and quite unusual when it comes to the legislative process, the specific percentages are outlined. Those should—in any kind of normal piece of legislation would be prescribed through regulation through order-in-council.

Water, water everywhere and not a drop to drink. Thank you. That's good stuff. Thank you for the water.

Water, isn't that ironic, and here we're talking about hydro. Water, hydro, lakes, rivers, planet earth, Gaia, Mother Earth. We all have an interest in this. I'm a right-wing naturalist. I love the mining industry. I don't like the mining industry, like, I love it. But I also love the environment to go canoeing, and I want my kids, grandkids, nieces, nephews, to be able to canoe the great wilderness here in Canada, but that is less likely if the forests all burn down because it's so hot out.

So, yes, I'd like to see a reduction in anything that causes more destruction, and that means good public policy. In Manitoba, we have a huge opportunity through Manitoba Hydro to displace some of the nasty stuff, particularly SO_x and NO_x and methane, which is a—makes CO_2 look like a gassy gas, I guess, a lot of hot air, but it's about 20 times

more able to absorb heat than CO_2 . We can displace all that with Manitoba Hydro, therefore, more likely that we will have those forests, which actually act as carbon sinks, and we haven't even talked about that.

If the issue here in the mandate is to reduce GHGs, then we need to talk about carbon sinks, which include tundra, boreal forest and, Madam Speaker, whatever structure you live in, a house is also a carbon sink. An average house is equivalent to, my memory serves, about 30 megatons of GHGs stored forever until your house burns down. Interesting fact. So, even a house; so imagine a forest fire.

* (23:10)

If people are correct and we are in a situation where the climate will change dramatically, it means more forest fires, more carbon in the atmosphere, less carbon sink, which in that context, Madam Speaker—Madam Chair, we actually may be carbon positive—or carbon negative because of our farms and forests. Where's that in demand-side management? Or how is that calculated when GHGs are measured from each country? I'm not sure, but this I do know: the calculation for grasses, crops and forests and how much carbon dioxide they absorb and store varies because the science is not clear. All that's known is it stores GHGs. So how much are we actually going to save with demand-side management? It's going to be a fraction of 1 per cent of the world total of 0.2 per cent. So I—let's see here, .01 times .02—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1?

Mr. Fletcher: So let's do this, Madam Chair, because it goes right to the mandate.

Some evening math. Canada is 2 per cent of the global emissions, approximately. Manitoba is 3 per cent of Canada's emissions. Hydro is 1 per cent, including Centra Gas, of Manitoba's emissions. So how much is that on a global scale: 0.01 times 0.02 times 0.03, and we have six to the negative six. So that would be a point with five zeroes and then a one. So is that 100,000? One in 100,000? One in—anyway, it's insignificant on a global scale. It's insignificant on a national scale. It's insignificant on a provincial scale. But it's significant if we could use our hydro power to send to other provinces. That would help us with our demand issue because demand would increase, supply would not go down the river but at least part of it will be used

and the cost to ratepayers would be mitigated. Cost to ratepayers would be mitigated.

Are these public policy things being shared with the federal government? I don't know. I certainly raised it federally, and that's a tough slog to, you know, I admit that. But ultimately, the funds are available in—and everyone can look it up in the Building Canada Fund, regional projects of significance, and that is defined as projects that—, go over provincial boundaries; perfect for exactly what we would like to see happen.

That's \$4 billion sitting there. And we haven't even talked about how the projects in Newfoundland have been financed or subsidized directly and indirectly or, by extension, Nova Scotia, if they ever figure out how to get the power from Labrador to Nova Scotia, which I seriously doubt. But if they do, good on them. They'll be—they'll be able to access some federal money.

But Manitoba, it's just a matter of building a transmission line east, west, south. The—so there are alternatives, and maybe those are being explored. I hope so. The money's booked—I know that—before I was interrupted in my Ottawa career, which wasn't a career—it's a duty, a civic duty. No entitlements, no expectation. Do your maximum to contribute to society—that's it—maximum contributions, and that's why we need to maximize Manitoba Hydro's potential like we want to maximize individual potential.

You look at the options; you create options. You look at resources that are available; then you make decisions. You consult with people who know more about the various issues. You even consult experts—alphabet soup credentials. It doesn't always work out, but, given that we saw a cross-section of the political spectrum from Conservatives to not really clear, to probably supporters of other parties, without exception, they all came down to consultation, came down to rates and the effect it has on Manitobans, and unexplored opportunities. These opportunities that haven't been discussed in the very forum where they are supposed to be discussed, which is in the Legislative Assembly.

And I don't agree with some of the procedural or cultural differences that exist between various parliaments and legislatures internationally, for sure, but this is the process we have, the only opportunity to speak. Alternatives will be provided by our guests, by myself, by other people from other parties. None have been accepted, none have been achieved, and

for what? So that people can go to bed because it's complicated? All the more reason to take a moment, to pause, to even recess for five minutes to discuss, and if we don't discuss, to wait 'til the next meeting and we can have this discussion again, and perhaps there will be more interest.

I'm not talking about financial interest on the hydro loans. I'm talking about public interest, because as people read through the bill, they are likely to have questions, questions that need to be answered, questions around transparency, questions around how other pieces of legislation interact from the corporate act to The Manitoba Hydro Act and the other half a dozen acts mentioned in the bill, and also acts that are either on the Order Paper or have been introduced at a minimum at first reading—at first reading.

* (23:20)

Conflict of Interest—why does that not go forward? I don't know. Are acts related from one to the other? How do you explain—how are we as elected members supposed to go out and explain a very serious public policy issue when that public policy issue can't even be explained to the committee that's supposed to pass it? Like, what—like, please, somebody, have mercy. Not too much mercy. I dealt with that with medically assisted dying—private members' bills. You don't have to win to win, and you don't have to be on anyone's side. In that case, I wasn't in the Chamber. Not—with the exception of the member from Montcalm, who was also not at—not with us from a public perspective, but her—actually, Elizabeth May's support. But my point is that something that doesn't register with the general public doesn't mean the general public doesn't care. The general public's busy.

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

Mr. Fletcher: I have, Madam Chair, again, to comfort any concerns you may have, three large binders—no, two large binders, and a whole stack of material that I couldn't find a binder for, that all relate to this issue: the purpose of this legislation, which refers to clause 4 and part 2 of the legislation, which is the fundamental part—part 2. In fact, that whole area deals with the purpose. That whole section. I don't know how many pages? Twelve? Fifteen pages? Clause after clause of legislation that

we are going to be able to talk about for a long time, because that is what the process allows for.

And, I guess, that's the way it works. You know, we're in a democracy; we're in a party structure. But, again, fundamental—two political parties, at least the Conservative political party has the ability for people to ask questions and ask that they be answered. And the government can decide to answer or not, that's fine. Government prerogative, as it is an MLA's responsibility to do what is right.

And, Madam Chair, we're just not talking necessarily about the mandate but, through extension, the entire legislative process here in Manitoba. We're talking about how information is communicated, how decisions are made, what it takes to make good public policy. What does it take to consult people who have an interest on these very issues? I found it very interesting that one of the presenters raised the issue of cost of power on First Nations. I don't know if that person was right or wrong, but it would sure be interesting to have a rep from MKO or Tadoule Lake, perhaps someone from Churchill, just give their perspective.

But there isn't time and, in the 10 minutes that each presenter had, they had—they didn't have time to make their case. And people haven't had time to read their case. All the written submissions were handed in, Madam Chair, and then we're asked to vote when, clearly, no one has read the submissions, including myself. I haven't read the—well, I haven't read any of that. How is there time? So we're asked to vote on presentations that were just a moment in time and then there's some—I don't know, one of these things looks like a booklet and we're supposed to vote. No time to reflect on what's in the presentation, to think about what we're voting on.

Having the presenters here is not a formality. It would be like hiring somebody for a job and saying the interview is a formality, the resumé is a formality, their experience is a formality. Nobody would do that, yet this is what the process here demands. It demands people, good people, to make decisions on important things like the purpose of this bill without even having a chance to read the material that has been presented to the committee. Now, perhaps there are government members or opposition members that got that material ahead of time. Perhaps the labour union gave one of their friends—but there's no way anyone around this table could have read all those presentations. We all saw

them handed—hand out the presentations and some of them are big, some of them are complicated.

Demand-side management is not a straightforward issue, even for MBA students or people who deal with it. It's not straightforward, yet we're asked to make a decision without even reading the material. Without reading—who would let their kid take a test without at least reviewing the material? Well, there's a few outcomes there: one, failure; two, kid might do all right; or, three, could knock it out of the park with a little review.

So why can't we just do a little bit of homework, consult—you guys, all the government members, and I don't know how the other parties work, but you all have people in your caucus, policy advisors, staffers, I don't know, maybe your kids, maybe your parents, maybe your nieces or nephews, but think about it before you pass. And this is a—we'll have to talk about this as a larger issue to make this place run better, if there's a willingness. If not, that's fine. This process does have its certain advantages, I guess, in a unfortunate, twisted kind of way. But it's not, by a long shot, best practices for good legislation, for consultation, for reflection, for input, for thoughtful people to prevent—provide thoughtful advice on a complicated issue.

Madam Chair, in the mandate, part 2, there is a host of legal issues. Which act trumps which act? And I use the word trump deliberately.

* (23:30)

Which act trumps which act? Which rates will be applied to which ratepayers? Which region will receive what subsidies? What socio-economic groups will benefit or afford to even be able to do any of this? And what impact does this all have on the environment and greenhouse gases?

We all know the history. I know—well, actually, I don't know the personal histories, but I think that maybe there are personal histories that are not allowing us to just look at things rationally. And just because, by the way, and I'm just new here, but just because the opposition did it to the previous government doesn't make it right for the current opposition to do it to the current government. If it's wrong, it's wrong. And there are ways of—so whatever's happened in the last—like, something's happened here, because there is a lot of things that have nothing to do with legislation that are blocking proper discussions. I'm new to this place, but I'm not new to politics. It's pretty clear—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of this bill?

Mr. Fletcher: The fact is we need to put away whatever is going on interpersonally and just focus on what people sent us to do, and that is the legislation. If you want to heckle each other, whatever. If you want to talk during the committee, whatever. Laugh, enjoy yourselves, but that's not really why—at least I'm here. I don't find this one bit enjoyable; not one iota. But I find it interesting from an intellectual point of view, from a public policy point of view, from a common sense point of view, from an environmental perspective, from a global perspective. Intercontinental interconnection through Manitoba Hydro, we could do that here. And we could interconnect; Manitoba could be the centre of North America not only geographically, but through power exports.

And, Madam Chair, that goes back to the mandate. The mandate, demand-side management almost immediately restricts you to the jurisdiction which we're talking—okay, so let's talk about the Boston Consulting reports. It's a good firm. I've actually used them in other contexts. They're thorough. But they also work within the frame of which they were hired. Exports were off the table with the Boston Consulting report. I encourage everyone to look online, look at the terms of reference. So the most obvious solution wasn't even considered by the company which apparently we're basing our decisions on; great company, thorough, they did exactly what they were asked. They were within their scope. The scope, if increased by one jurisdiction or a few options for an extra nanosecond of time, probably, because it's so obvious that there would have been other constructive comments. Other constructive comments—that's all that we heard tonight—different perspectives, different comments, different points of view—but they all converged. They converged on consultation. They converged on the mandate.

Is this the best way to go—to create a new Crown corporation? Maybe it is; maybe it's not. It's not what's in the Conservative platform. What's in the Conservative platform is that there would be a third entity created to deal with demand-side management. It also said that they would look into carbon pricing, which is very different than a carbon tax. It's very different than creating a new Crown corporation out

of a current Crown corporation, and all the inherent issues and conflicts that exist there. I don't know, Madam Chair, how creating a new Crown would help with the mandate. In fact, they—the mandate contradicts itself. And I think one of the—or a couple of the presenters made that point. The mandate contradicts itself.

Why don't we get clarity? We just need to have some questions answered. This is a great time to do it. Anyone can speak at the moment. To speak—if there's—if I have said something or misrepresented or misunderstood or made a mistake, say so. This is a great time to do it. We've got all night. No one said anything.

Cynically, perhaps, the opposition doesn't say anything because they are somehow preoccupied or uninterested. I think they are. And why aren't there members of the—other MLAs asking questions? Or, quite—Jeopardy, put your answer in the form of a question. That's quite within the rules. So you can ask a question and provide an answer in the same breath. No one's doing that. No one is refuting any of the presentations made today. No one's putting in context the presentations that were made today. Why, the people who have laid the foundation for our great province, the people who created our transmission system—and, by the way, as far as I know, that is the first time I've seen Dean Laliberte—however you say his name—the dean of engineering, since I graduated from engineering. And, if it wasn't for the name, I don't think I would have recognized him anyway.

* (23:40)

But I do remember his reputation—somebody to be listened to, somebody to be respected. I'm not sure that he received the respect or the hearing that he could have provided. There surely wasn't time for his presentation or a proper question and answer period. And nobody even now, I submit, has even read any of the presentations. Maybe there will be time, if this committee does what has been mentioned so many times before—as have a recess or delay or a point of reflection. What is the hurry? A little bit more consultation. Read the stuff; then come back and make a decision. I'm not even a voting member of this committee. Vote, vote up, vote down, but read the stuff. Read the material, especially on important issues like this.

The members of this committee have a added responsibility than the average MLA, because they're on this committee. So things that come before this

committee, like the mandate of this act, should be discussed. Q&A, back and forth, to and fro—let there be understanding—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of the bill?

An Honourable Member: Yes.

Madam Chairperson: The Honourable Mr. Fletcher.

Mr. Fletcher: Again, we're on the first clause, which is the purpose of this legislation which refers to part 2, section 4, which describes the mandate. So I just put that in context, so we are on target—that we are dealing with the issue before the committee.

And the fact that I've no idea what time it is, but I suspect we've been here for four or five hours, maybe more. It doesn't matter, but we're still where we started when the presentations were over, and I'm not sure why. We could have adjourned. We could have read the legislation, in the context of the presenters and the presentations, and I look forward to reading them all. But, no, we continue on. That's the process. That's no problem, except if you have a question, because questions have been raised, comments have been made—constructive comments. Suggestions on how to move forward have not been involved.

Now, again, through my peripheral vision, I can't see exactly who is chatting around the table, but, if they want to maybe—Madam Chair, if people want to chat about things that are not related and are sitting around the table, perhaps they can simply excuse themselves and come back when they are ready. The—and, again, I don't see who is speaking, but I hope that we will be able to reflect on the mandate, the purpose, the questions.

Why weren't there any proponents of demand-side management here tonight? Were proponents consulted with earlier?

Madam Chairperson: Order.

I would just like to remind everyone that when we are asking questions or answering them, it's important that we are listening to the speaker at the time. So, if we could just have some quiet and attention paid to our speaker, I'd appreciate that.

Mr. Fletcher: Madam Chair, that was well said and ironic.

Madam Chair, back to the purpose of this legislation. In front of me, I have, by myself, through public information, put together two 3-inch binders of material, most of which has been shared with at least half the committee. The other binder is stuff collected since the first binder was created and—plus the material.

Madam Chair, just so you know that everything I say is referenced, because there is that literature review in this material, and thinking about it, I may be able to table at least the public information or the lit review in this binder. Yes, I think I might do that so we can have clarity of thought. I'd be interested in the Chair's and the minister's view on that. Yes, of course, nothing confidential would ever be shared, but I think there—the lit review portion can be shared.

The fact is there is also a whole whack of additional material that was provided by people from across the spectrum, and I look forward to reading it so we can ask questions the next time the committee reconvenes to discuss this issue—reconvenes to discuss this issue in great depth with everyone prepared, having read the material. The process moves forward, the process that actually, I think, is terrible, but it is what it is, and we are where we are. But that's not in any way a disparagement on anyone because this is an institutional issue.

Moreover, back to the mandate. I hope at the next meeting, everyone will be able to read the material that was given to us tonight, prepared with a lot of really good questions. I hope that you can have your staffers review the material; seek out advice based on the Hansard of this meeting. At the next meeting, perhaps we can hear from supporters of demand-side management in the Manitoba context. Perhaps at the next meeting, Madam Chair, we can hear some more details about the mandate and the purpose of the legislation. Perhaps, we can reflect on the ability of the committee to move forward in a genuine way, and let's leave the petty personal stuff out and focus on public policy.

* (23:50)

And that is why I'm asking questions about the mandate. I've been very fortunate to have this opportunity. And, that being very careful to be not—just to reflect on where everyone is coming from.

I don't want anyone to use what has happened tonight for any other purpose than to reflect on good public policy. This is not partisan; this is a process issue. We heard that there needs to be more

consultation. That shouldn't be a problem. We have heard tonight that—a request for some supporters of the legislation to make their case. I think that's very reasonable. We've heard requests to have the leadership—the president of Manitoba Hydro, perhaps the chair or their designate, to present to this committee and tell us what they're planning.

Not having them here tonight is—or their designate—is unfortunate because we need to make good decisions. So when it's raised that—well, just move to amendment, well, sure. Of course. That will happen. Perhaps. But first, let's hear from the chair of Manitoba Hydro, or his designate. Let's hear from the president of Manitoba Hydro and their designate. Let's hear the minister's answers to some of the questions that have been raised by various members of the committee.

Just because—

Madam Chairperson: The member's time has expired.

Are there any further questions on clause 1 of the bill?

Mr. Fletcher: I have about—actually, I have about 200 questions. But we're still on clause 1, the purpose, which ties back to the mandate, which goes to part 2 of the legislation, which refers to section 4—or clause 4, using the local lingo, part 1 of clause 4

So I say that, again, Madam Chair, because I would hate for you to think for a moment that we're not focused on the purpose—the first clause of this bill. It's a—I think we'll say it's very thoughtful of the people who put this bill together to include section 4 in the first clause so that we can discuss the mandate, and all of part 2, without even moving forward. And we can just focus on one clause so we don't get bogged down in confusion or unnecessary process or red tape.

In that vein, my question, Madam Chair, is—and that maybe this is for you, Madam Chair: when this committee reconvenes, will the committee invite—like, I don't know what the culture of this place is—proponents of this bill? Will this committee invite the leadership of Hydro or their designate, the chair of Manitoba Hydro and their designate? Will they—will this committee have the opportunity to interview anyone else who may have a presentation to make? There are—you know, people have lives—no one around this table, but normal people. And those people need to—

An Honourable Member: Hey, wait a minute.

Mr. Fletcher: I apologize. I heard someone say that they were 'offended'. I was merely reflecting on everyone's commitment to the process, and everyone should be congratulated for that. Though there is a better way, which we've already discussed, and it's not happening.

So, Madam Chair, I do have questions after my time runs out, but perhaps between that and now, you could let us know if we can have the aforementioned people attend if the next committee will be open to other presenters, if we will have an opportunity to read the material that was presented tonight between now and the committee meeting, the next one—

Madam Chairperson: I will take this moment to give an answer to the member that the public presentations on this particular bill are now closed, and no more presenters will be speaking to the bill from the public. No one is able to register from this point forward.

Mr. Fletcher: Thank you, Madam Chair, for that clarification. I wonder if that includes the president of the Crown corporation which we are proposing to split up. I wonder if that includes the chair of the board of Hydro, the board of—according to the mandate and purpose, the board that will presumably have to deal with the transition after a new Crown corporation is created, if that is the final decision. Will—so, in that regard, I'd be interested in the Chair's thoughts on that.

Also, I would ask the Chair, is it possible for people to send in written submissions in a way that gives time for members to fully read and understand the intricacies of supply-side management and the other acts that are referred to in the legislation, like The Corporations Act, The Manitoba Hydro Act; there's three or four others which this touches on, plus, perhaps we can bring in the ethics commissioner to discuss conflict of interest issues, as that has come up. It'd be interesting to see how that legislation intersects with this legislation.

I also wonder if—and, quite frankly, Madam Chair, I'd be interested in hearing what he has to say about my private member's bill on conflict of interest and how that would affect decisions like the one that's being made tonight, and also what other legislation could be brought forward using best practices that would ensure that there's complete confidence in the—in this process. I note that Saskatchewan has a lobbying act that was introduced

as a companion piece of legislation. I actually have a draft of that if anyone is interested. And Manitoba-ized, so Saskatchewan's out, Manitoba's in, and all our relevant legislation just needs to be translated.

So those types of things, I think, need to be fully explored—

Madam Chairperson: Order.

Pursuant to our rules, a standing committee meeting to consider a bill must not sit past midnight to hear public presentations or to consider clause by clause of a bill, except by unanimous consent of the committee.

Therefore, does the committee agree to sit past midnight to conclude clause by clause of bills?

Some Honourable Members: No.

Madam Chairperson: The hour being past midnight, committee rise.

COMMITTEE ROSE AT: 12 a.m.

WRITTEN SUBMISSIONS

Re: Bill 19

To Whom It May Concern,

On behalf of the Association of Manitoba Municipalities (AMM), I am writing to provide some comments on Bill 19 - The Efficiency Manitoba Act.

Recreation centres are important assets for quality of life and healthy living, and particularly for attracting newcomers and retaining families in local communities. Therefore, the AMM would like to reiterate its appreciation to Manitoba Hydro for co-developing the "Power Smart Programs for Municipal Recreation Facilities" program, which aims to highlight various incentive-based programs and services that improve the energy efficiency of municipal recreation facilities.

As public recreation facilities have limited means of raising additional revenue to offset rising operational costs, the AMM encourages the Province of Manitoba to further enhance and develop new energy-saving programs that decrease operating costs for community-owned public recreation facilities. The AMM believes the offering of enhanced and new energy-saving programs to increase the efficiency of recreational facilities and other municipal infrastructure complements the energy-saving targets outlined in Bill 19.

Given the success of the AMM-Manitoba Hydro pilot project, more than 25 recreation facilities across the province have been provided no-cost building analyses complete with recommendations to reduce energy consumption. It is essential that this program continue to be implemented going forward as the financial sustainability of many public recreation facilities is cause for concern due to ever-increasing operational costs, which include rising insurance premiums as well as hydro and gas costs.

In addition, the AMM urges the provincial government to continue to consult with our organization regarding any potential employment changes in local communities, and immediately review any individual cases of underperforming customer service due to this transition.

Thank you for the opportunity to provide these brief comments.

Sincerely,

Joe Masi
Executive Director
Association of Manitoba Municipalities

Re: Bill 19

A Better Way to Meet Manitoba's Future Energy Needs

Manitoba Hydro has now embarked on a \$16+ billion expansion following its traditional strategy of building big dams in the north and shipping the power south, sometimes as far as the central USA. It all began with studies in the 1950s, to determine whether or not it was feasible to build dams a long way from where the power was needed, and to get the power there cheaply enough to keep Hydro rates affordable. Rural electrification in the late 40s and through the 50s meant big increases in demand. So did industrial developments in both north and south, as well as the return of the peacetime economy and the baby boom of the early 1960s.

How Hydro's Northern Expansion Started

The key to making it all work was to massively change how water flowed in the northern rivers. Flows from the mighty Churchill were diverted to the Nelson, a river much easier to access, being further south and close to the Hudson Bay Railroad, as well as to Thompson, where INCO was developing a huge nickel mine and a refinery that

needed a lot of power. In 1961, the Kelsey station near Thompson made the development of the City of Thompson and INCO possible. In 1968, the Grand Rapids dam created storage for water in Cedar lake at the end of the Saskatchewan River, providing alternating current power (AC) to the south. By 1977, the Churchill and Nelson flows had been changed, South Indian Lake became a huge storage lake and the way was clear to build a series of dams farther north. In 1979, the Jenpeg dam provided regulation for Lake Winnipeg, allowing for greater water storage and further enhancing the flow of the Nelson. Research with Atomic Energy Canada had solved the problem of long distance transmission of direct current (DC) power, a uniquely Canadian solution to sending power over long distances without losing too much energy in the process. Exports to the United States and to a lesser extent to Ontario began to absorb a greater proportion of Manitoba's excess capacity, and the first firm power sales to the USA began in the 1970s. Through these complex and imaginative measures, Manitoba Hydro set in place its model for development for the next 40 years, providing Manitobans with stable, very low cost power, in a highly reliable system.

This is the model still followed today ... but... times have changed, and changed dramatically.

As is often the case with large successful organizations, Hydro has become increasingly stuck in a comfortable and in the past, a lucrative model of operation. In common with many other large power generators, Hydro was not much interested in newer technologies, and failed to notice what was really happening with electrical demand in all of its markets, including Manitoba itself.

Hydro's development plan still focuses on building more dams, selling more power to the USA, while meeting Manitoba's rapidly growing demand for power. Increasingly, Hydro has fought with its regulator, the Public Utility Board, largely ignored PUB and other groups' calls for better energy efficiency, and refused to seriously examine use of other modes of power generation. The result has been increasing confrontation with those who do not see more big dams with big debt as the only way forward. More troubling for consumers, Hydro forecasts rate increases of over 3.5% per year into the indefinite future, saying that these increases are needed to pay for new dams, the majority of whose power will be exported to the United States. Most recently, it has suggested a much higher increase of 7.5%, but for five years.

In the plainest terms, Manitoba Hydro has failed to make a transition to what our Province really needs ... A Manitoba Energy Corporation. If we had an Energy Corporation, it would have divisions, each one a profit centre. There would be Manitoba Hydro, Manitoba Energy Transmission, Manitoba Wind, Manitoba Geo-Thermal, Manitoba Biomass and hopefully, Manitoba Energy Research. We would understand that we are no longer in the Hydro business, but in the Energy business.

Planning for Future Needs

Demand and supply rule power planning... but neither are simple. Demand changes over each 24 hour period, peaking in daytime working hours, and declining at night. It is less on weekends than during the week. It is higher in winter than summer. And each winter is different, needing greater or lesser amounts of power as changing temperatures demand. Planning a secure supply of power means taking into account all these variables, assessing the risks of power outages of many kinds, calculating what power may be available from other regions or states, allowing for maintenance and accurately forecasting changes in demand, often related to technological change. Because of Manitoba Hydro's commitment to mega-projects like dams and long-distance transmission, these big projects can take a decade or more to complete, making forecasting even more difficult.

Underlying all these already complex factors is the fundamental need to keep the lights on, no matter what; in other words to reduce risk as much as possible. Our modern society simply grinds to a halt when the power goes off. The recent graphic pictures of New York make that all too clear. What would happen to Manitoba in winter without power for even two days, let alone 10 or more?

These issues of supply, demand and risk dominate power planning and mean that power generators like Manitoba Hydro become intensely conservative organizations. They hate what they perceive as risk. This means that they tend to look with anxiety and scepticism on new technologies and on anything else that complicates their lives. This is generally true across all big power utilities, and Manitoba Hydro is no exception.

They have forgotten that it was innovation that brought them to their current place, and instead are fearful of change. But change is upon us, massive, and quickly evolving.

Critical Change Forces Now Upon Us

Change comes in many forms. Sometimes it is a huge economic shock, such as the 2008 credit crisis and ensuing recession, which in many parts of our biggest power customer seems more like depression. Sometimes it is political, in the sense that populations may come to conclusions that challenge our current way of doing things. Malcolm Gladwell has made this point powerfully in *Tipping Point*, showing where a slowly building change suddenly reaches a tipping point and becomes the dominant paradigm. Climate Change is very likely one of those tipping points. Deniers are now very few, business is demanding clear public policy, carbon taxes are beginning to appear and the public is largely convinced that climate change is mainly caused by human settlement and increased carbon emissions.

But the most pervasive change pressures in the 20th and 21st centuries come from new technology. Whether it is the microchip, now found in virtually any powered device, or the solar array seen in large numbers of Ontario communities and throughout the USA, or the wind turbine, the bio-digester or the coming "smart grid", it is technology that has overtaken power-planning in the developed world.

Jeremy Rifkin speaks powerfully about the new paradigm for energy development. Using the analogy of the internet, he reminds us that we are all able to be "on-line", and with the coming of plug-in Hybrids, fuel cells, community wind power, solar energy, community biomass, geo-thermal and small scale bio-diesel, power can come from many more sources, can be generated closer to where it is needed, and hence provide more reliability and less demand on central, high cost infrastructure.

Rifkin has been proven right. Wind power is available for 6 cents a KWhr, solar has reached grid parity in many American States, Elon Musk is building five battery gigafactories and plans to make 300,000 electric cars annually by 2019.

A powerful disruptive technology also can be seen in the boom in shale gas and shale oil extraction here and in the United States. While it is too early to be confident that these fields will have sustainable rates of flow after the initial well development, many experts believe that shale gas will change the power development world for decades to come. Already, the low price of natural gas has meant that power generation default costs are gas generation, and no longer coal generation. Whether shale gas will become a default fuel for transportation is also a

question, but there is no doubt that horizontal drilling combined with fracturing ("fracking") shale formations which have trapped oil and gas has changed the North American and possibly the entire world's energy picture.

Another significant change in energy reality is the driving force of traditional economics pushing industry and consumers into seeing energy efficiency as the cheapest form of power generation. Simply put, every kilowatt of energy that is saved through energy efficiency is a kilowatt that does not need to be generated. Studies clearly show that energy efficiency measures costs less than 20% of new generation.

The net result of these changes is that risk for Manitoba Hydro has risen sharply. Unless Hydro reshapes its strategy and implementation, the scale of that risk could overwhelm Manitoba's greatest asset for the 21st century and beyond.

Manitoba Hydro's Greatest Risks

Hydro has long told Manitobans that the greatest risk it faces is the loss of transmission from Northern Manitoba through ice or wind storms. However that's not the full story. The greatest system risk Hydro faces is actually a fire or explosion in a converter station, especially in the Dorsey station. That's because the huge transformers are not "off-the-shelf" and cannot be easily replaced in a short time. Dorsey, just northwest of Winnipeg is where the Bipoles 1 and 2 terminate, and where their direct current is converted back to alternating current. It is also the critical hub of the entire AC grid that serves all of southern Manitoba. Anything that seriously harmed the AC side of that huge assembly would put our entire power system in the south out of commission for a long time, not just a few days, which would be the case with the loss of a bipole due to wind or ice.

If a bipole is disrupted, we can import power from other jurisdictions very quickly to keep the lights on in the south as long as the AC grid at Dorsey is not harmed,. That's what we did when the tornado struck Eli in the mid-1990s and knocked out both bipoles. But if Dorsey is seriously harmed, we would not be able to do so.

Fortunately, after more than two decades, Hydro is acting on this greatest risk by building a second AC grid node at their new station called Riel, located just East of Winnipeg. When this station is finally connected to American AC lines from Minnesota, we

will have much greater reliability in the southern grid.

The greatest economic risk Hydro faces is drought, which occurs roughly once in 10-12 years. The last drought in 2002-03 resulted in a loss of over \$400 million and required a great deal of imported power. No one knows what climate change will bring, but there is agreement that weather events of the future will be more extreme than in the past. A long drought would be catastrophic for Hydro's financial situation.

There are major risks to power prices. We sell less than 15% of our power in firm export contracts at present and we supply only a tiny fraction of our American customer's power needs. We will always be price-takers, not price makers. The remaining exports are sold on the spot market, fetching widely varying prices. The PUB estimates that since 2011-12, Hydro has sold its export power, (firm plus spot market) at an average of about 3.0 cents per kilowatt hour, far below the cost of new generation. Residential customers in Manitoba pay about 6.5 cents, so in reality, it would be better for Hydro to sell all that power to us! Power demand in both Minnesota and Wisconsin has been flat or declining since before the 2008 recession, and there are no signs this will reverse.

The strategic challenge facing Hydro today is how to manage all these cascading risks while meeting Manitoban's needs for clean energy today and tomorrow. This challenge is embedded in a larger matrix of economic challenges and opportunities facing Manitoba. What will climate change demand? What economic development opportunities await us as a province? What are the new technologies that will drive new jobs, new productivity for Manitobans?

Opportunity and Risk

In an uncertain macro-economy, one of the best strategies is to meet needs with investments that can be incremental, rather than "betting the farm" all at once. A major benefit of that approach is that we would not get caught in bruising competition for labour and materials, as happened to Canada's oil sands industry, causing huge cost overruns on already costly projects. When I was Energy Minister, the Wuskwatim project was estimated at under \$800M, but when completed cost over \$1.6B. It will lose money for years, if not decades, and the First Nation involved will not see profits for that same period of time, however long that may be.

Another strategy should be to seek ways to strengthen our power generation in the south, where most of the demand is. That way, long transmission lines are less needed, and the risks associated with them are reduced. A third strategy is to make much greater efforts at using energy more efficiently. Every kilowatt saved by energy efficiency is worth the cost of a new kilowatt, or more than 12 cents, but will cost, on average, only two cents, while driving major job-creation, especially at the entry levels.

It is also better to use a variety of ways of generating power. That way, when drought strikes our system, we are not so dependent on that one mode of generation. And it would be best if we could reduce the dollars we send out of Manitoba to buy energy from others. That way, Manitoba dollars make our economy stronger. If can do these things and reduce our carbon footprint, that would be even better.

Fortunately, Manitoba already has experience in generating wind power...communities love it, and Hydro knows it can integrate much more into its grid, at far less cost than building new dams. Manitoba is already Canada's leader in Geo-Thermal installations, with over 11,000 to date. But we have 127,000 electrically heated homes. Converting even half of them to Geo-thermal would save 400 MW of energy and cost Hydro nothing, with the energy savings paying for the costs of the Geo-Thermal conversions. Bill 24, which makes on-bill financing possible for energy and water saving retrofits gives Manitoba a national lead in making our older homes energy efficient, savings hundreds of megawatts in the bargain. In other words, we have what we need to free up lots of new power for Manitobans and for export. And we will always have the ability to build those two great northern dams, when demand is more certain, and costs are clearer.

Summary: Three Big Questions

The first question is the easiest: What business is Manitoba Hydro really in? The answer surely must be the Energy Business. Once that is clear and clearly understood, the second question becomes a lot easier to deal with.

The second big question is: "Why are you putting all your energy risks in one basket, while raising rates dramatically, in order to build new dams when there are clear, affordable and sound alternatives?"

Hydro wants the PUB to approve on-going double-digit rate increases, while building dams to serve export markets. No one seems to have realized that

this is an abrupt shift from the older strategy, when Hydro built new dams in order to keep rates stable and low.

It simply makes no sense to raise rates to build dams for American consumers. If we could build the dams with only small rate increases, that might at least make some sense. But that's not the present situation.

The third big question is Why are we still connecting 5,000 new homes a year to natural gas, when these homes which are very energy efficient, can be heated with our abundant electric energy?

Clearly, climate change is upon us. While natural gas is a good fuel, it still emits lots of carbon. It's time to reduce our use of all carbon emitting fuels, especially when we have good and abundant, sustainable alternatives.

However, there remains an even more critical issue centred on Hydro's very outdated mandate. The Hydro Act has hardly been touched in 40 years. Its central mandate is to make power economically for Manitobans. Export is not mentioned, certainly not as a central strategy. Wind, solar, biomass, let alone DSM, are absent.

In the current North American power cost environment, every one of these strategies conflicts with this out-of-date mandate, and that means so does Bill 19. Why? Because every one of them would cause Hydro to lose money. Simply put, freeing up electric power by saving energy that is currently yielding 7 cents a KWhr and then selling it at 3 cents or less is obviously a losing proposition. This explains why Hydro's new DSM strategy got

such low marks from Phillip Dunskey and others, including the PUB. In the current mandate, energy efficiency is no longer in Hydro's financial interest. It is of course, in taxpayers interest to lower energy consumption ... but not in Hydro's.

Therefore, much as I support the policy concept behind Bill19, it is the wrong approach to the right problem. Hydro must have a new mandate for the 21st century. That mandate must incorporate the great objectives of Bill 19, and its predecessor Bill 24. The goals of power saving for Manitoba consumers is the right goal, for Manitobans and for the planet.

But the best way to achieve that goal is to leave the good folks in Manitoba Hydro's Power Smart division in Hydro, strengthened and mandated with the plans envisioned in Bill 19.

Setting up a new Crown corporation will be slow, costly, and require difficult relationships with Hydro, which currently has an act and mandate that virtually compels it to fight against aggressive DSM.

I was warned by a former Progressive Conservative Hydro Minister that I would have a great deal of trouble dealing with Hydro, as he did. It took me a while to understand that this difficulty is rooted in Hydro's outdated mandate.

I can tell the Committee that a great deal of work has already been done in drafting a new act, and that Leg Counsel can provide drafts immediately. But I can also tell you that Hydro fought that new act every step of the way.

Tim Sale

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/legislature/hansard/hansard.html>