



Second Session – Forty-Third Legislature

of the

**Legislative Assembly of Manitoba**

**Standing Committee**

**on**

**Crown Corporations**

*Chairperson  
JD Devgan  
Constituency of McPhillips*



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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Forty-Third Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ASAGWARA, Uzoma, Hon.	Union Station	NDP
BALCAEN, Wayne	Brandon West	PC
BEREZA, Jeff	Portage la Prairie	PC
BLASHKO, Tyler	Lagimodière	NDP
BRAR, Diljeet	Burrows	NDP
BUSHIE, Ian, Hon.	Keewatinook	NDP
BYRAM, Jodie	Agassiz	PC
CABLE, Renée, Hon.	Southdale	NDP
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LOISELLE, Robert	St. Boniface	NDP
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MARCELINO, Malaya, Hon.	Notre Dame	NDP
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MOSES, Jamie, Hon.	St. Vital	NDP
MOYES, Mike	Riel	NDP
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NAYLOR, Lisa, Hon.	Wolseley	NDP
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OXENHAM, Logan	Kirkfield Park	NDP
PANKRATZ, David	Waverley	NDP
PERCHOTTE, Richard	Selkirk	PC
PIWNIUK, Doyle	Turtle Mountain	PC
REDHEAD, Eric	Thompson	NDP
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SANDHU, Mintu, Hon.	The Maples	NDP
SCHMIDT, Tracy, Hon.	Rossmere	NDP
SCHOTT, Rachelle	Kildonan-River East	NDP
SCHULER, Ron	Springfield-Ritchot	PC
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WASYLIW, Mark	Fort Garry	Ind.
WHARTON, Jeff	Red River North	PC
WIEBE, Matt, Hon.	Concordia	NDP
WOWCHUK, Rick	Swan River	PC
<i>Vacant</i>	Transcona	

**LEGISLATIVE ASSEMBLY OF MANITOBA  
THE STANDING COMMITTEE ON CROWN CORPORATIONS**

**Friday, January 17, 2025**

**TIME – 1 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – MLA JD Devgan (McPhillips)**

**VICE-CHAIRPERSON – Mr. Logan Oxenham  
(Kirkfield Park)**

**ATTENDANCE – 6 QUORUM – 4**

*Members of the committee present:*

*Hon. Min. Sala*

*MLAs Compton, Devgan, Messrs. Goertzen,  
Oxenham, Mrs. Stone*

**APPEARING:**

*Mr. Ben Graham, Chair,  
Manitoba Hydro-Electric Board*

*Mr. Allan Danroth, President and  
Chief Executive Officer, Manitoba Hydro*

*Mr. Alastair Fogg, Vice-President and  
Chief Financial Officer, Manitoba Hydro*

**MATTERS UNDER CONSIDERATION:**

*Annual Report of the Manitoba Hydro-Electric  
Board for the fiscal year ending March 31, 2024*

\* \* \*

**Clerk Assistant (Ms. Katerina Tefft):** Good afternoon. Will the Standing Committee on Crown Corporations please come to order.

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

Are there any nominations?

**Hon. Adrien Sala (Minister responsible for Manitoba Hydro):** I'd like to nominate MLA Devgan as Chair.

**Clerk Assistant:** MLA Devgan has been nominated.

Are there any other nominations?

**An Honourable Member:** I'd also like to nominate MLA Oxenham as Vice-Chair.

**Clerk Assistant:** We'll do the first selection and then finish that and do the next one.

MLA Devgan has been nominated.

Any other nominations?

Hearing no other nominations for Chairperson, MLA Devgan, will you please take the Chair.

**The Chairperson:** Okay, thank you.

Our next item of business is the election of a Vice-Chairperson.

Are there any nominations?

**MLA Sala:** Get it right this time.

I'd like to nominate MLA Oxenham as Vice-Chair.

**The Chairperson:** MLA Oxenham has been nominated.

Are there any other nominations?

Hearing no other nominations, MLA Oxenham is selected Vice-Chairperson.

This meeting has been called to consider the Annual Report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31, 2024.

At this time, I would like to remind everyone that questions and comments must be put through the Chair using third person as opposed to directly to members and representatives.

Are there any suggestions from the committee as to how long we should sit for this afternoon?

**Mrs. Lauren Stone (Midland):** I recommend that we sit for four hours.

**The Chairperson:** It has been suggested that we sit for four hours.

Is that agreed?

**MLA Sala:** I believe the originally agreed-upon time was three hours, but we are willing to sit for three and a half hours if that's required.

**The Chairperson:** It has been suggested that we sit for three and a half hours.

Is that agreed?

**Mrs. Stone:** Agreed.

**The Chairperson:** Okay. Agreed to sit three and a half hours.

Before we begin with opening statements, we have received a request that the chief financial officer of Manitoba Hydro, Alastair Fogg, be seated at the table and answer questions on the record because it is a Manitoba practice to allow two representatives from an organization to be seated at a table during a meeting to consider an annual report. This would require leave.

Is there leave for Mr. Fogg to be seated at the table and answer questions? *[Agreed]*

Leave has been granted.

Does the honourable minister wish to make an opening statement, and would he please introduce the officials in attendance?

**MLA Sala:** Yes, I would.

Good afternoon and thank you, everyone, for joining us here today.

I want to start off by saying, on behalf of our Manitoba government, we would like to honour the sacredness and importance of this land and of the ancestors that once walked where we are standing today: the Anishinewuk, the Cree, the Dene, the Dakota, the Métis, the Inuit and Anishinaabeg nations who paved the way to what is known as Manitoba, home to all treaty people.

The reason we share this information with you is that it's a reminder of our treaty histories and the original homeland of all those nations which have become home to all of us here today.

Let me begin by saying it's an honour to be here in my capacity as the Minister responsible for Manitoba Hydro. Hydro is the Crown jewel of our province. It's more than just an asset that provides low-cost electricity to Manitobans. Hydro has been key to our economic development as a province. And with the move towards deep electrification of our economy, Manitoba Hydro is becoming even more important to our future prosperity as a province.

Each and every day, I hear from businesses and potential investors who are eager to take advantage of our low-cost, green, baseload power. This low-cost, clean, baseload power is one of Manitoba's key economic advantages, and as Minister responsible for Hydro, I've now been entrusted with the stewardship of this great asset and to grow its potential into the future. It is in this content that I'm pleased to

come before this committee to discuss Hydro's '23-24 annual report.

Joining me today at the table are a few key members of Manitoba Hydro's senior team. First, let me introduce Ben Graham, chair of the board. Next is Allan Danroth, our new CEO. And finally, we have Alastair Fogg, Hydro's CFO.

Thank you all for joining us here.

I'd like to say a few opening words about this impressive team. Our new board chair is providing tremendous leadership, and we are grateful for his service. In particular, I'd like to thank Ben for doing the hard work of improving relations with First Nations communities in Manitoba. Under his leadership, the board held its first meeting in the North in nearly a decade and met with local First Nations leadership. As Fox Lake First Nation noted, the type of gatherings that our chair facilitated, quote, should have begun decades ago.

This is just one example of a positive change in culture and approach that's occurring at Hydro under the leadership of our chair. And so on that note, let me express our government's thanks to our chair for his dedication to the Crown jewel and for his service.

I'd also like to take a moment to congratulate Allan Danroth on his appointment as CEO of Manitoba Hydro. In his short time at Hydro, Allan has proven to be an exceptional leader, and I'm hearing from Hydro staff who feel that he's brought new energy and focus to the organization. I'm hearing from First Nations who welcome the new tone from Hydro and sincerely appreciate that having a CEO that's willing to meet and discuss issues in good faith. Having had the opportunity to work with our new CEO, I know the organization is in good hands. This is Allan's first time here at committee, and I'd like to welcome him.

So now let's get into the annual report. When the previous PC government tabled Budget 2023, they projected a net income of \$450 million for Manitoba Hydro. When the government tabled the first quarter report before the election, they maintained their Hydro net income forecast. The annual report that we're here to discuss today illustrates just how poorly the previous government decided to budget. The net loss for Hydro was \$157 million for the fiscal year in question, a variance of over \$600 million.

We know the previous government wasn't honest with Manitobans and they weren't realistic. They promised a huge net income from Hydro during a

period of drought. And as some members of the public may know, our government hired MNP, a widely respected accounting firm, to conduct a post-election accountability review. And that review examined how the previous government forecasted Hydro's net income.

One of the key conclusions of that report was that it would be—it would note it would be prudent to consider—it would be—note—to be prudent to consider extraordinary at Hydro, particularly as water levels fell through the summer of 2023.

To quote from the report, quote, from the release of the 2023-24 budget, to October 3, 2023, budgetary decisions were made that collectively represent high budgetary risk. End quote.

\* (13:10)

The report concluded it was, and again I quote, reasonable to expect the government to have understood that all the unique circumstances that led to significantly higher revenues in '22-23 would not likely repeat in immediately subsequent years. End quote.

To put it simply, the results we are here to discuss today, and the variance from budget to actuals, plays a big part of the \$2-billion deficit we inherited as a government from the former PC administration. My commitment as Minister of Finance and Minister responsible for Hydro is to budget prudently and responsibly. We know we have a lot of work to do to dig our province out of the \$2-billion hole the PCs left us, but my commitment as minister, and our commitment as a government, is to turn the page on the previous regime and get us back to balance.

Just moving forward, I'd like to share some more words here. I'd like to say some more words about our agenda as a government.

The renewable, clean and affordable energy harnessed by Manitoba Hydro, as folks here know, is the envy of the world. Domestic and international investors alike have told me about the advantage our province has thanks to Manitoba Hydro's supply of low-cost, reliable, clean energy. This energy belongs to all of us as Manitobans, and with Manitoba Hydro as a publicly owned Crown corporation, it always will. Our government is committed to making sure all Manitobans benefit from our province's shared resources, including the clean energy developed by Manitoba Hydro through generations of public investment.

With global markets and industry looking for more and more low-carbon energy, it's deeply unfortunate that previous governments failed to let Manitoba Hydro grow to meet this demand. For seven and a half years, not one plan was developed to add new generating capacity at Manitoba Hydro. This short-sightedness has held our province back. Rather than investing to support a growing, sustainable economy, the previous government treated Hydro as nothing more than a revenue source.

Years of austerity and mismanagement from the previous government eroded the utility and its ability to serve Manitobans. This year, we started charting a new course for a strong Manitoba Hydro, building a utility that can support the energy needs of our growing provincial economy, and we're delivering on our promise for affordability.

Last year's gas tax holiday saw inflation averages remain the lowest in Canada in 2024, and we'll never let the gas tax get as high as it was under the former government. I'm proud of the work Manitoba Hydro has done to keep rates affordable for Manitobans, including bringing in a hydro rate freeze for 2025. This was a promise our government made to Manitobans, and we've kept our word.

Affordability is a central focus of our government, and it's a core part of Manitoba Hydro's mandate as well. As the cost of living remains challenging for Manitobans, they know Manitoba Hydro is on their side. The former government never once thought to freeze hydro rates during times of high inflationary pressure when the cost of living was increasing. We're taking a different approach.

I'd also like to say a few words about our Affordable Energy Plan that we released in September. I'm immensely proud of this plan and where it will take our province.

In the coming years, we will see nation-to-nation partnerships with Indigenous communities delivering up to 600 megawatts of clean, renewable wind energy for Manitoba. This plan also commits to investments in Manitoba Hydro's grid infrastructure, improving reliability for Manitobans and helping Hydro support growing industries in western Manitoba and across our province.

Our Affordable Energy Plan commits to maximizing efficiency as a cost-effective way to free up capacity for hydro while keeping costs low. We know that Manitobans want to make sustainable choices when they can afford to do it, and our

Affordable Energy Plan commits to putting efficiency upgrades within reach for all Manitobans.

The positive change at Hydro goes beyond just technical policy. It can be seen in the way that Manitoba Hydro conducts itself as a partner in development. As you heard early in my opening remarks, the leadership at Hydro has embraced this new approach to partnering with First Nations, and we're working in lockstep to build a better future.

In September, our new CEO, Allan Danroth, and I were honoured to spend some time in Pimicikamak, meeting with the community and hearing how we can move forward together in a good way. This was the first time in history that the CEO of Hydro and Minister responsible for Hydro had jointly visited the community, and that's just one example of the way that we're doing things differently.

I'll conclude my opening remarks by saying that I'm proud and honoured to have Manitoba Hydro in my portfolio as minister. Today, I want to take a moment here to share the next step I intend to take as minister of our cherished public asset. We will be rescinding the directive given to Manitoba Hydro by the former government to enter into an agreement with Xplornet Communications for exclusive access to Hydro's fibre network. This network was built for Manitobans, but the PCs hand-picked a private company that's denied access to broadband and cell services for thousands of Manitobans, access that would have been provided if this agreement was given to a publicly owned company.

PCs had no plans for how to deliver services. They let everyone know that they couldn't be bothered to come up with a public plan to serve Manitobans. Therefore, we will rescind this direction.

As I wrap up my remarks as—honourable Chair, I am happy to table this directive for the committee.

**The Chairperson:** Thank you, Honourable Minister.

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

**Mrs. Stone:** Yes, I do, and thank you.

And good afternoon, everyone. And I want to thank the folks from Manitoba Hydro for taking the time to come to committee today.

I'd also like to thank my colleagues, the MLA for Steinbach and MLA for Portage la Prairie, for also being here.

Of course, I would have loved to be at committee in person; however, the weather had other plans for us today. As I'm sure you've seen, all of the highways including the Perimeter have been shut down today. So that's why myself as well as the MLA for Steinbach are on Zoom today. Otherwise, we would have loved to be there.

I know we have a lot of questions to get through and a pretty jam-packed afternoon, so I'll keep my comments short, and I look forward to the discussion today.

Thank you.

**The Chairperson:** We thank the member.

Do the representatives from Manitoba Hydro-Electric Board also wish to make an opening statement?

**Floor Comment:** No, we do not.

**The Chairperson:** The floor is now open for questions.

**Mrs. Stone:** So first, I'd just like to start off with some of my questions about the board governance and the board composition and structure.

So this question is for the CEO: Can the CEO please outline and provide the skills matrix for the board composition?

**The Chairperson:** The CEO—*[interjection]*

Minister Sala.

**MLA Sala:** Thank you for the question from the critic, and I am glad they're staying safe there. I'm glad to hear folks are abiding by those best decisions to keep everybody safe and off the highways at the moment.

To the question that was asked, so the board that we appointed to Manitoba Hydro is an incredible board, of course led by our chair, Mr. Graham, who has been doing a wonderful job. And the various board members that make up that board, I think, have the incredible mix of skills and abilities that we want to see at our Crown jewel, at our biggest utility at Manitoba Hydro. That includes business skill sets, financial skill sets, as well as a variety of other areas of expertise that we think we need there to ensure good governance at Hydro.

So far that board has done, I think, an incredible job by every measure in moving Manitoba Hydro forward, again, under the leadership of our new chair, and appreciate all the work that they've done to date.

**Mr. Ben Graham (Chair, Manitoba Hydro-Electric Board):** Before we move forward—and I'm sorry, Ms. Stone—I was just curious; when the question was asked of me, I believe it was if the board of directors had any comments, but the CEO does have some opening remarks. I was just wondering if we could have the CEO make those opening remarks before we continue the questions, because we are here to talk about the annual report, and there's obviously significant operational components to that.

So Allan would obviously like to talk to those opening remarks if that's possible.

**The Chairperson:** Is there leave to revert back to the opening statements to allow the CEO to provide opening statements? *[Agreed]*

Leave has been granted.

\* (13:20)

**Mr. Allan Danroth (President and Chief Executive Officer, Manitoba Hydro):** I'm honoured to appear before the Standing Committee on Crown Corporations to answer your questions about our March 2024 annual report and provide a brief update on the past year at Manitoba Hydro.

I'll be grateful for your understanding that I began my role as president and CEO in August, and there may be some questions I am unable to answer, and may have to take some under advisement to ensure we're able to provide you with the correct information.

To build on what has already been said, Manitoba Hydro has a presence across this province on Treaties 1, 2, 3, 4 and 5 lands, the original territories of the Anishinaabeg, Anishinewuk, Cree, Dakota and Dene people, and the traditional homeland of the Red River Métis. We also acknowledge the ancestral lands of the Inuit in northern Manitoba.

We acknowledge these lands and pay our respects to the ancestors of these territories. The legacy of the past remains a strong influence on Manitoba Hydro's relationships with Indigenous communities today. We remain committed to establishing and maintaining strong, mutually beneficial relationships with Indigenous communities as we move forward in the spirit of reconciliation.

The—excuse me—the affordability of our natural gas and electricity products in Manitoba Hydro is important to us, but just as important is the reliability of our service, and perhaps even more important is safety: the safety of our customers and the safety of our employees.

This was never more apparent than on my third day, when one of our employees died while repairing a downed power line. I attended the scene that day, and it's not something we will ever forget. It is my firm and unwavering commitment to the employees and customers of Manitoba Hydro that safety will be at the forefront of our mindset now and forever.

This tragedy forced a review of our procedures and safety culture that is ongoing. While no new hazards or systemic issues have been identified, our commitment to safety will remain ongoing, with the goal of reducing the risk of this happening ever again.

Gas is not delivered and power is not provided without people, and I would like to call out the great work being done every day by the 5,000-plus Manitoba Hydro employees across our province. Part of my journey as the new CEO has been travelling all over the province to meet our employees where they work, and hear their concerns, suggestions and hopes for the future. I continue to be impressed with their dedication to serving their communities and their professionalism on the job, and I am grateful for the warm welcome extended to me.

Whether it is planning, maintaining and upgrading our natural gas or electricity systems, our employees are at the heart of everything we do. I would also like to highlight the exceptional work of the executive leadership team at Manitoba Hydro. Hal Turner did an excellent job as interim CEO, and represents the very best of Manitoba Hydro and its values.

The diversity of our workforce is also a great strength. Over 20 per cent of our overall workforce is Indigenous, and over 47 per cent of our northern workforce is Indigenous. Almost 25 per cent of our workforce are women, as is over 34 per cent of our management team.

As part of our ongoing economic reconciliation efforts, Manitoba Hydro encourages the participation of Indigenous businesses and people in its procurement. In '23-24, 83 contracts were issued to 46 Indigenous businesses, totalling \$78 million in value. I've had the opportunity during my first few months to meet many of our First Nation partners, attended several ceremonies and assemblies, and look forward to continuing our reconciliation efforts.

With that said, I'd like to give you a brief overview of the fiscal year at Manitoba Hydro, up to March 31, 2024. Manitoba Hydro had to contend with low water conditions again this past year, for the second time in three years. In the fall of '23, water

inflows to our system basin-wide were among the lowest we've seen in 40 years.

While our system is designed and operated to ensure continuous reliable energy for all Manitobans and to meet our firm export commitments even in drought, the lack of surplus energy to sell on the spot or opportunity export markets has a negative impact on our finances. As a result, we reported a consolidated net loss of 170–\$157 million for fiscal year '23-24.

As mentioned, the drought this past year was the second in three years. The '21-22 drought resulted in a net loss of \$248 million, but just the next year, '22-23, higher precipitation led to record high water levels and a net income of \$650 million.

All of this is to say the situation can change significantly from year to year based on precipitation. Our system typically generates 97 per cent of our electricity from hydraulic–hydroelectric sources. When it rains, we make money and when it doesn't, we do not.

Unfortunately, low water conditions have persisted this fiscal year, resulting in lower revenues through the second quarter of the current fiscal year. We now expect to report another loss for fiscal year '24-25. The dramatic change in water flows from one year to the next and the potential significant impact on our finances does demonstrate the need for moderate, predictable rate increases in the future, as Manitoba Hydro's net income is highly dependent on factors the utility cannot control. It also highlights the need to diversify our generating portfolio to make it less susceptible to drought impacts.

We know Manitobans are already struggling with higher prices for everything, and while there will not be any electricity rate increase in calendar year '25, Manitoba Hydro will, as required by The Manitoba Hydro Act, be filing a general rate application with the PUB by April 1, '25. As always, decisions on any increases will be made by the PUB through their established public, transparent process.

In terms of reliability last year, Manitoba Hydro invested \$664 million in renewing, maintaining and expanding our electricity and natural gas systems to ensure the safety and reliability of our existing—excuse me—existing assets.

While that sounds like a big number, given that our installed asset base is \$31 billion, this \$664 million is at the low end of what we should be investing in our existing generation, transmission and

gas infrastructure to ensure reliability according to generally accepted metrics for heavy industry.

To be clear, this need to reinvest in our aging infrastructure is not unique to Manitoba. Around the world, utilities are facing the need to modernize their systems.

One of the added challenges and opportunities facing Manitoba Hydro that is layered on top of this reliability issue is the energy transition and a growing demand for electricity.

The way utilities deal with this is through an integrated resource plan, which is effectively an extensive modelling exercise done by utilities specific to the region in which they operate—in our case, Manitoba.

This past year, we published our first IRP. It showed that electrical demand in the province could more than double in the next 20 years and that new sources of electricity will be needed in Manitoba within the next decade. Building on that base of knowledge, Manitoba Hydro, working with interested parties across the province, is currently developing our second IRP, to be issued in 2025. This IRP will include a development plan that will outline potential new sources of generation and energy efficiency programs that will allow us to meet the growing demand for electricity, ensuring the most affordable, reliable and low-carbon energy future as outlined in provincial energy policy released last fall.

Concurrently, we are also working to develop a clear, concise and actionable three-year strategic plan that will both incorporate the results of our IRP and ensure we meet the objectives set out in the government's energy policy. This includes a new strong path towards reconciliation through majority-Indigenous-owned wind energy partnerships that will add 600 megawatts of wind generation to our system in the years to come.

Our new strategic plan will focus on a set of primary goals, all of which will ensure we will be there to meet our customers' needs, not only today and tomorrow but well into the future with safe, reliable affordable energy.

In addition to developing our new strategy, we have several major projects under way, designed to ensure the reliability of our network and meet our growing demand going forward.

One of those projects is the Portage Area Capacity Enhancement, or PACE, project which progressed with construction of the new Wash'ake Mayzoon



substation near Portage la Prairie. This \$84-million project will take 72 months to complete and will enhance reliability and increase capacity in central and south-west Manitoba to help support economic growth.

Construction of the station included significant Indigenous business contractor and subcontractor participation; 29 per cent of the total hours worked so far have been worked by Indigenous people, and 45 per cent of apprentices and trainees are Indigenous. As part of the project, Manitoba Hydro is also implementing an Indigenous women's on-the-job training program in the trades, including electrician apprentices and site administrators.

Maintaining and upgrading aging infrastructure is one of the greatest challenges facing Manitoba Hydro. We are just beginning the process of investigating the replacement of certain components of our high voltage direct current transmission system, many of which are already well past their design lifespan. The system is key to the reliability of our network, as the HVDC system carries over 70 per cent of the electricity Manitobans use every day, from our northern generating stations to customers in the south.

All of this is to say, it was a busy year last year and continues to be busy going forward.

In closing, I'd like to say what a privilege it is to be leading Manitoba Hydro at this exciting time.

Thank you, again, to our employees. Every day, often in very challenging conditions like today, they serve Manitobans and make all of us proud.

Thank you also for the support I've received from our board, our board chair, our deputy minister and our minister.

Thank you to the members of the committee for your time today, and I look forward to answering your questions on our '23-24 annual report.

\* (13:30)

**The Chairperson:** Thank you, Mr. Danroth.

The floor is now open for questions.

**Mrs. Stone:** Thank you to the CEO for those opening remarks.

Based on my last question, the minister had answered, and I would appreciate if he would take that under advisement and provide the skills matrix for the board.

But further to that, I did notice that there are no biographies for the board members on the Manitoba

Hydro website, which is inconsistent with other Crown corporations and government institutions. So if you're a lender to the province, you'd be concerned that, you know, this \$33-billion entity doesn't have information on its board composition.

So can the CEO please provide the background members of the board?

**MLA Sala:** So I am—again, appreciate the question from the critic.

You know, when we got into government, we knew the incredible importance of starting to do work that hadn't been happening for many years under the previous government.

And one of the most important things that we knew was going to support our ability to move forward in doing that good work was ensuring that we had the right people in those board roles at Manitoba Hydro. So supporting good governance, ensuring that we had the right skill sets, the right folks there to make sure that we can actually start doing the work that really hadn't been happening for many, many years.

If I think about just, you know, right out of the gate, some of the things that we've seen from the new board: of course, there was the successful hiring of Mr. Danroth, which has been phenomenal for Manitoba Hydro. So they've guided that process in a good way. There's, of course support for some really great projects that are happening, whether it's PACE or otherwise. And then, I think, really big, big picture, what we're seeing with the support of that new board is the development of that IRP, which is of course going to be the key guiding document that will show the way forward for Manitoba Hydro and how it will meet our province's energy needs going forward.

When I think about, you know, the last seven and a half years prior to us coming in to government, what we saw, unfortunately, was a government that was not focused on Manitoba Hydro in any other respect other than, as I said in my opening remarks, as a tool for generating revenue. So we didn't make one step forward in pursuing new generation. We really lost a lot of time as a result of that lack of vision that the last government brought to bear when it came to Hydro.

And I think, you know, they put us in a tough position, a very tough position, where now our current Hydro team—our board, our new CEO and the team—are really forced to move at a very different pace because of how far behind we've fallen when it comes to ensuring that we have the energy we need, not only to meet the needs of Manitobans domestically—to

make sure that we can keep the lights on and keep people's, you know, their drinks in their fridges cold—but also to meet the economic development opportunities of the moment.

I think about when I've travelled to meet—on one of our, you know, our investor relations tours and otherwise, when we have a chance to meet with folks who understand the opportunity in Manitoba, we know that folks are knocking on our door. They know that Manitoba has this incredible promise: we've got this clean baseload power which everyone wants, we're able to provide it at a low cost.

That is such an incredible advantage, and we've got companies knocking on our door here who want to do business here in our province, but because the last government didn't position us to be able to take advantage of that, we're in a much more challenged position where, not only are we now needing to focus on moving really quickly, but we have very likely lost out on a significant number of economic development opportunities because of that failure.

So you really see that pressure that they've created there on the development side along with just a long list of other failures and missed opportunities. You know, I could go into any number of examples about bad decisions that the last government made when it came to Hydro. One example I can think of was, for example, their decision to hike hydro rates via legislation.

You know, we have a very important organization and sort of governmental entity in the Public Utilities Board that we saw the last government steamroll. Whether it was with their decision to legislate a hydro rate hike for the first time in this province's history or whether it was their introduction of legislation in the form of bill 36 that, fundamentally, was about steamrolling the PUB, kneecapping them in their traditional role in rate setting and looking at cost of service and then understanding what that translates into required rate changes.

And so that approach to the Public Utilities Board, that disrespect that they showed, really had a big impact on Manitobans. We know the importance of the Public Utilities Board when it comes to keeping rates low, and, unfortunately, if we just look at, for example, their decision to legislate a hydro rate hike in the middle of the pandemic, during the holidays, what we know is that that hydro rate hike—I believe it was 2.9 per cent—we'll never know if that was needed.

Manitobans didn't have the benefit of having a third party assess that rate hike so that they could, you know, have that confidence that that rate increase was fair and needed. That goes to the heart of the role of the Public Utilities Board and, again, just one example of many examples that we saw from the last government that really highlight their disrespect for the PUB and their approach to Hydro overall, again, not focused on that key affordability aspect that we as a government are really putting front and centre when we talk about Hydro's role here in Manitoba.

You know, relating to their decision as a government to hide Hydro's financial position, we're here looking at an annual report today that is, you know, has a net income result that shows a \$600-million variance from budget. I mean, that is effectively the core driver as to why we have a \$2-billion deficit—or why we had a \$2-billion deficit last fiscal. That lack of fiscal responsibility, that lack of accountability and transparency, which, again was highlighted by MNP, an independent accounting firm, is concerning.

And, what we know is that on July 28, at a fiscal update to Manitobans, only about—I think it was about a month and a half prior to the last provincial election, they went out and they provided a fiscal update that in no way reflected the true fiscal status of things at Manitoba Hydro. And again, this is late July when it would've been crystal clear—crystal clear—to Hydro and to all, especially government, that the net income direction for last fiscal was not—certainly not—going to land where they had projected, and not only that, that it was likely going into a very concerning direction, which is aligned with where we landed.

So imagine that, as a government, only two months out from an election, going out and hiding, effectively, that Hydro was going to have this \$600-million variance. And we know that they knew by midsummer that we were in a drought-like situation. These challenges were there, and we have to ask, why did they do that?

Well, I think folks in this room know why they did that. Because had they been transparent with the likely net income direction at Hydro, at that update, it would've put their fiscal management in question right before an election. So we know why they did that. We know why they chose to hide that and not be transparent. There was a very clear goal there, which was to try to remain in government. But I think that approach that they took there speaks to how they govern and how they led Manitoba Hydro; it was a very different approach. And, again, that is an approach that our

government is in no way interested in continuing. And I think that, you know, is just, again, one more example of what they did.

\* (13:40)

I'll just take one more, given I have a little bit more time here. MHI and their work as it relates to giving away a significant number of business opportunities for Manitoba Hydro International, which was—is a subsidiary of Manitoba Hydro. They shut down the good work that was happening there on a consulting side, an area that we were making millions of dollars through that good work. That's another great example of just, I think clearly, the irresponsibility we saw from the last government.

And, you know, that's saying nothing about their selling off of Teshmont and their efforts at moving forward privatization. And I would include in that—relating to the papers I tabled today regarding the Xplore contract—they took fibre optic line that loops around our province worth hundreds of millions of dollars in Manitoban investments.

You know, these are assets that Manitobans have bought and paid for. And they took those and they gave them away, essentially, to this out-of-province hedge fund organization that has now exclusive access to that fibre. That has shut down, I think, an estimated 30 small Manitoba businesses, ISPs—Internet service provider businesses—that were doing good work connecting to that fibre, expanding access to Internet for Manitobans. That's their record.

So coming back, we had a lot of work to do. We brought in a board that I think, when you look at who's on that board, we've got the talent we need, we've got an excellent leader.

And the suggestion that it would be useful to consider adding some lines regarding biographies on the website, we'll take that under advisement and we'll consider that as a potential action going forward.

**Mrs. Stone:** For 10 minutes to answer a simple question regarding biographies of the board members, very disappointed in the minister's answer to that as that should be pretty easy information to get. So I'd hope that we will commit to—and that the board chair will commit to—posting those biographies by next week.

Can the CEO please provide the mandate for each committee and who the chairs are of those various committees from the board: audit committee, finance

committee, human resources committee. And to clarify, this question is for the CEO.

Thank you.

**Mr. Graham:** Thank you for the question, Mrs. Stone. I think I'll take that question as chair of the board.

I just wanted a confirmation again of—term. We're just checking again where those terms of reference are located, and they are on the Manitoba Hydro website. So they are publicly available; the terms of reference.

Normally, the board, with each of those committees—so, the audit committees is chaired by Jamie Wilson who is also the vice-chair of the board. The HR committee is chaired by Nicole Chabot and the governance committee is chaired by Leslie Turnbull.

Thank you.

**Mrs. Stone:** Yes, thank you. Seeing as how the audit mandate requires the chair of the audit committee to have a deep knowledge or high level of competence in finance and accounting, does the CEO believe that they are in breach of the committee mandate?

**Mr. Graham:** Again, I'll take that question. I think questions in relation to board structure and the role of the board are probably best served by myself instead of the CEO.

Not only is Jamie qualified in finance, we also have another very strong finance member of our board who's been appointed, Mala Sachdeva, who was appointed as an advisor to the board, and through the unfortunate resignation of Joy Cramer, she was appointed as a full member of the board of directors. In addition to my background in running, not only Crown corporations and in the insurance industry, I think we have a fairly strong finance mix combined with excellent finance leadership within the executive team of Manitoba Hydro.

**Mrs. Stone:** Thank you for that answer. Can the CEO please explain what would make the board composition stronger, based on the skills matrix and the mandates? Are there any skills gaps or expertise that the CEO believes that would make the organization stronger?

**Mr. Graham:** I can have first crack at this one, Mrs. Stone.

I look at the board and I think about the things that we have been mandated to deliver by the government. If you have a look at the mix that we have across a lot of sectors of the community, and I'm talking around Crown corporations, finance and insurance, labour

relations, hydro experience, strong Indigenous representation and leadership on the board, small business, as well as engineering and construction, I really think that we have a very strong mix of representation.

I would also say to that that there's no perfect board mix. I'm sure there's always one or two things that could potentially be missing, but with the board that was appointed by the government, I'm very happy with the skillsets that are presented by that board.

**Mrs. Stone:** If the CEO could answer if Manitoba Hydro has a multi-year goal measured by reliability, productivity, customer service, investments and revenue?

\* (13:50)

**Mr. Danroth:** Manitoba Hydro has a number of key targets that have been published in both our annual report on page 25 as well as in our ESG report. In addition to that, Manitoba Hydro is working actively with the PUB and a number of intervenors to develop a set of financial metrics and also a set of operating key performance indicators, or KPIs as they're commonly known.

**Mrs. Stone:** Last year at this committee, Mr. Graham committed to getting multiple documents to my colleague, the member for Fort Whyte (Mr. Khan) who was critic of Hydro at this time. He took this as an undertaking. A year later, we're still waiting for those files.

And it was also committed that a five-year energy use projection would be provided within a couple weeks; yet here we are a year later, and nothing has been provided.

So I'd like to ask the CEO if they are prepared to comment on that now, and if they have the material they produced last year, that they could table that today.

**MLA Sala:** Hi there.

Appreciate the request from the critic, and I just want to state clearly that in relation to the undertakings from last year's committee, Manitoba Hydro and our chair did provide us with all of the information as requested, and to my knowledge, all of those undertakings had been tabled for the critic and for the opposition.

If that is not the case or there are specific documents that were not tabled, we are absolutely happy to follow up on that, and I can commit to us doing that. Obviously, today we're going to be going to the end of

the business day, but that's something that we can follow up on early next week.

So again, to repeat, all undertakings were provided by Hydro and by the chair to us, and my understanding was that those were all delivered. So looking forward to further clarity on this, and we'll be happy to follow up further as needed.

**Mrs. Stone:** Thank the minister for that, and as my—as far as my knowledge goes, we haven't received any of that information that was requested. So I will follow up with the minister, certainly, next week to get that information.

Last year—just kind of switching gears here a little bit—last year Manitoba Hydro requested a rate increase of 2 per cent. PUB approved a 1 per cent rate increase. Knowing that Manitoba Hydro looks at rate increases in multi-years, can the CEO please confirm that the rate increase for 2025 they were anticipating to be just shy—or, around the 2 per cent mark?

**Mr. Alastair Fogg (Vice-President and Chief Financial Officer, Manitoba Hydro):** I think the 2 per cent that's been referenced for 2025 would relate to the last electric general rate application filing that we made, which was filed in December of 2022. In that filing we were confirming an existing rate and seeking two other rate increases. But, as with every filing that Manitoba Hydro makes with the Manitoba—oh, with the Manitoba Public Utilities Board, we would include projections of future rates, which likely would've projected at that time 2 per cent.

\* (14:00)

However, as with any of those projections, it's a point-in-time projection, assuming many variables that may have changed by now and require—any time we go to prepare a new filing, we would re-look at all of those projections again.

But perhaps I will pass it to the minister.

**MLA Sala:** Thanks to the CFO for that.

I'd just build on that. You know, the question is fundamentally, of course, tied to rates and the directionality of rates.

It's a good opportunity for us to talk about the importance of rate affordability and, you know, a great opportunity, I think, for me and for our government to reiterate our commitment to ensuring that rates remain affordable for Manitobans.

I think that's obviously highlighted with the hydro rate freeze for 2025, and we will continue beyond that

to do everything possible to make sure that energy, electricity is affordable for Manitobans.

That is in stark contrast to what we saw under the previous government under the leadership of Premier Stefanson. And I think that was enshrined in bill 36; their approach towards trying to, again, do everything possible to have rates go up as quickly as they could.

For those that aren't familiar with bill 36, bill 36 was legislation that created financial targets for Manitoba Hydro that were detached and disconnected from any formula or any real relationship to what we could say would constitute Hydro's actual financial needs. Those financial targets that were set out in that bill were not set out in response to meeting costs of business for Hydro. They were not set out in response to some type of a strategy. We know the last government didn't have any strategy or vision when it came to Hydro; it was just simply a focus on trying to jack up rates as quickly as they could.

And so, when we look at the risk that that bill created, what we saw was a runaway train of rate increases that, again, had no relationship to Hydro's financial needs.

Hydro needs to be funded properly. There's no question about it. They need to be able to meet their costs of service. That's critical.

That's why that bill was so worrisome, which is, again, when we think about the importance of rate affordability, when you have a government that decides to set hydro rates at the Cabinet table instead of setting hydro rates through the traditional approach, which is a cost-of-service approach focused on ensuring the Public Utilities Board plays their role as a reviewer of those rates, you're setting up a recipe for disaster. And that's because, ultimately, you're creating a significant risk of that rate burden—that cost burden—being shouldered by folks right now when that rate burden or those costs should be spread out perhaps over a longer period of time.

And so we shouldn't be setting rates at the Cabinet table. We should be allowing the Public Utilities Board to set rates. And that bill, I think, was probably the example No. 1 of why the last government's approach to Hydro was not the right one. It highlights their failure to focus on ensuring rate affordability. And frankly, the—had we not done the work, which we—I'm very proud that we did after coming into government, which was to amend the—that bill, we would have a 5 per cent rate hike on April 1 of this year. That was coming down the pike.

And so that attempt at undermining a Public Utilities Board, their goal—their focus on, again, creating these very aggressive financial targets for Hydro that were disconnected from Hydro's financial needs, that created significant risks for Manitobans. We would've seen that 5 per cent rate hike on April 1. That is not how you ensure rate affordability. You don't set rates at the Cabinet table. Politicians are not there to be setting financial targets for Manitoba Hydro. That work should not be done there.

And so I'm very proud of the work that we did to again focus on rate affordability. We as a government respect the role of the Public Utilities Board and their incredibly important role in keeping rates low and ensuring that Manitobans don't pay more than they need to for energy or, of course, other services. And that's something that Manitobans can count on, that we're going to continue to respect the important role that the PUB plays, and they can count on that going forward.

So, again, you know, when it comes to rates, just to recap, we will continue to focus on ensuring rate affordability for Manitobans. We're going to continue to do that work of finding ways of keeping energy affordable. Not only of course did we keep Hydro rates affordable, we're very proud of our work with the gas tax holiday. That brought in a full year of savings for Manitobans, an estimated \$500, \$600 for the average family. And now we've returned that, ultimately, that tax to 12 and a half cents, which is about 10 per cent lower than it was previous, and so that's a permanent 10 per cent cut to that energy cost for Manitobans in addition to that Hydro rate freeze.

So again, in us, a government fighting for affordability each and every day. We're showing that through various things we've done. What did we see under the last government? We saw a government that didn't take that seriously. They charged Manitobans that fuel tax each and every day that they were in government for seven and a half years. They never contemplated taking that type of action to reduce costs for Manitobans. Instead we saw sort of frivolous lawsuits with Ottawa and otherwise that didn't get us very far, wasting dollars, very important, you know, dollars that we could be using for other purposes.

What are we doing? We're taking action. And I think that's shown in so many ways. We're proud of that, and Manitobans can expect more of the same going forward.

**Mrs. Stone:** Perhaps the minister should take his own advice, because not only did he announce a rate

freeze, interfering and bypassing the Manitoba Hydro board and corporation, he also gave himself the ability to increase and set rates at the Cabinet table. So I thank the previous person for confirming that the projected rate increase for 2025 was looking at around that 2 per cent.

We've recently heard from the Public Utilities Board that MPI's requested rate increase was lower than actuarial reports would have dictated, so in other words MPI set—sought a rate increase that would negatively impact their financial position.

So knowing now that Hydro was anticipating or projecting a 2 per cent rate increase for 2025, what has Hydro's own internal analysis determined, given the large expenditures that are necessary in the near future? So if the CEO could answer, would Hydro be in a similar position to MPI if an artificial rate increase is imposed? And if the PUB overrules the rate application, what is Hydro's plan if the PUB ends up saying that a rate freeze, or zero per cent rate increase is inappropriate and unreasonable given Manitoba Hydro's debt?

**Mr. Graham:** I'll take this one, Mrs. Stone.

So first of all, I'd like to mention, you know, I've had a good working relationship with the Public Utilities Board during my time at Manitoba Public Insurance, and also now as the board chair of Manitoba Hydro—2025 will be a very busy year for Manitoba Hydro. They'll be working on the IRP.

\* (14:10)

We do not envisage any form of interim filing for an increase in rates in 2025. We will continue to follow our mandated regulatory timeline. We expect that—well, I expect that the executive team will be filing. We don't know what that number is yet, but the team will be looking at applying for any potential rate increases by the end of Q1 2025. Based on the hearing timelines for such hearing, any rate increase—and if that's what it is—will not be applied to customers of Manitoba Hydro anytime before January 1, 2026. So in the absence of an interim filing and all the other work that has to happen in developing a plan that aligns with the energy policy, there will be no rate increase in 2025.

Minister, do you want to say anything?

**MLA Sala:** Thanks so much. Appreciate those words from the chair, and I do want to take the opportunity just to respond to what the critic mentioned, and

I think it's in keeping with what the chair just stated there.

We have deep respect for the role of the Public Utilities Board, and their role will be honoured going forward. So there's absolutely a distinction here between what we're doing and how we're moving forward as a government in terms of our relationship to the PUB and this rate freeze, and what we saw before as behaviour from the former government.

Again, it's worthwhile just putting these things in contrast. We're moving forward with this rate freeze over 2025, which is enabled by the fact that we repealed those financial targets that the last government put into bill 36, which, again, would've resulted in a 5 per cent rate hike on April 1. This has been timed in a way that we can bring those savings to Manitobans. At the end of the day, the Public Utilities Board has the final say, end of story.

Let's contrast that with what the former government did. Instead, we can reference two really important examples, which we've discussed briefly here today already. One is the fact that they legislated a hydro rate increase in a BITSAs bill—I believe was in 2020 or 2021—which was the first time that had ever happened in this province's history. So, to repeat, the first time in our entire province's history a government has ever directly legislated a hydro rate increase without Manitobans having the benefit of that rate increase, that proposed increase, going to the Public Utilities Board. That is a historic undermining of public—of the Public Utilities Board.

Again, building on that contrast, their bill, bill 36, effectively completely kneecaps—kneecapped, rather—fortunately, our government has done away with it—it kneecapped the PUB in their role as a rate setter because instead of Manitoba Hydro proposing a rate increase to the Public Utilities Board that would be based on their cost-of-service requirements, instead that bill, again, undermined the PUB and instead had the PUB simply review whether or not Manitoba Hydro was going to be meeting these targets that were set around a Cabinet table. If we want to talk about interference in Manitoba Hydro, it doesn't get any worse than that.

So we have that as an example of them undermining the PUB. We have them legislating hydro rate increases undermining the PUB. Our approach respects the PUB. We honour their role. We know why they're there. It's to keep costs as low as possible for Manitobans, and we're going to make sure we continue to respect the PUB going forward.

**Mrs. Stone:** If the CEO could just clarify from some of the previous comments. It was mentioned that in the absence of a interim rate application—now, we've heard the minister said that the PUB will rule on it—so can you just clarify that Manitoba Hydro will be going to the PUB with a rate freeze in an application? The PUB will rule on it. And then second, if the PUB—further to my previous question, if the PUB rules no as a result of Manitoba Hydro's 'jebt,' similar to what we saw with MPI, then what is Manitoba Hydro's plan?

**MLA Sala:** I'm just going to take that question, just to be clear, because it sounds like the critic is maybe a little confused about what we put forward, and I'm happy to provide clarity to that to support her understanding the path forward.

So April 1—by April 1, rather, Manitoba Hydro will file a multi-year rate application. That will, of course, inform their rates going forward.

The rate freeze is to occur between January 1, which has already passed, and next January, so for the fiscal year—sorry, for the year 2025. That rate freeze has been enabled, again, by good planning, timing, the fact that we have done away with the financial targets that the last government brought forward in bill 36.

And ultimately, the path forward is multi-year rate submission by April 1, and that rate will come into effect January 1 of the following year, which will support us having a full year of Manitobans not having to deal with a rate increase during a time where they're facing affordability challenges.

**Mrs. Stone:** If the CEO can answer, had they moved forward with a 2 per cent rate increase as initially predicted and forecasted over the past couple years, now that there is a rate freeze, what is the cost to Manitoba Hydro's bottom line? How much of a loss is it to Manitoba Hydro?

**Mr. Danroth:** It's generally understood that a 1 per cent increase in rates is equal to about \$18 million in revenue. But in terms of the bottom line, you know, there's a number of things that go into that variable, such as load growth, water conditions, interest rates, et cetera, that all have an impact on Manitoba Hydro's finances.

As it's been said both by the chair and by the minister, Manitoba Hydro will continue to operate within current regulatory and legislative frameworks, including implementing any rate increases or freezes and adhering to the published timeline for general rate application filings with the PUB.

**Mrs. Stone:** Yes, thank you. So, you know, generally we know that an obligation you don't make today is an obligation that you have to make in the future.

\* (14:20)

So knowing that Hydro does look at multiple years in the future as to what their rate increases are going to look like, can the CEO please provide the committee what rate increase they are looking at for 2026 and 2027?

**Mr. Danroth:** Mr. Chair, it's too early to speculate on those details. However, when considering a future rate increase pathway, it's important to consider balancing the financial health of Manitoba Hydro with the interest of customers. The Public Utilities Board will ultimately make the decision on Manitoba Hydro's rates, as is customary.

**Mrs. Stone:** Thank you for that answer.

So based on that and kind of, as you had mentioned, too early in some cases to predict, as we know, we're looking at a 25 per cent tariff threat from the incoming Trump administration, so has Hydro done a forecast on what tariff impacts will be to the corporation?

So essentially, how much is 25 per cent tariffs going to cost Manitoba Hydro? I know that we export a significant amount. We also import a lot. And will there be a public report from Manitoba Hydro on what that economic impact is?

**The Chairperson:** So the question is not relevant to the report. The tariffs are not a part of the report. So if the member could rephrase her questions or bring her questions more in focus to the report itself, I'll let the member ask a question.

**Mrs. Stone:** How will the 'pertential' 25 per cent threats impact Hydro's bottom line year over year?

**The Chairperson:** Could the member please refer to a specific section in the report in her question.

**Mrs. Stone:** I'll find a page for you. One minute here.

**The Chairperson:** Sorry, Mrs. Stone, your mic is on mute.

**Mrs. Stone:** Can you hear me now?

**The Chairperson:** I can hear you now. Go ahead.

**Mrs. Stone:** Okay, thank you.

Page 112 talks about market risk in the report. I would suggest that 25 per cent tariffs is a significant market risk to the province of Manitoba and possibly

to Manitoba Hydro; I would assume to Manitoba Hydro.

So if the CEO please could identify what the economic, a.k.a. market, risk is to Manitoba Hydro year-over-year, if these tariffs are imposed by the incoming Trump administration.

**Mr. Danroth:** Mr. Chair, as it relates to page 112 of the annual report—actually go back to page 109—that entire section is related to financial instruments that we use from time to time, and the risks associated with those instruments. That's what that part of the report is specific to.

With respect to the threat of tariffs, which occurred after the publishing of this report, at this time and without any specific details on the tariff, it's too soon to say how a potential policy change might affect Manitoba Hydro in any way. It's just frankly too early to speculate at this time.

**MLA Sala:** Appreciating those comments from the CEO. Just building on that, and the, you know, the prospective impacts of tariffs, one thing it would be, I think, important for me to highlight here today is the really good work that's being done by our Premier in building relationships with governors in the US, doing everything possible to make sure that our presence is felt in the United States and that we're working closely with our partners in the US to ensure that trade is maintained, that we protect jobs in Manitoba and we protect prosperity here in our province.

I'm incredibly proud of that work that our Premier's been doing and the way he's been representing us, not only here in Manitoba but on a national stage and beyond. And what I've been so encouraged by, as it relates to this potential risk, is the work that he's doing in collaboration with his colleagues across the country. We saw that yesterday—or sorry, rather, two days ago, when he met with the Prime Minister and his colleagues, first ministers, across the country. They are working together to protect our interests as a country, and I believe that Premier Kinew is doing everything possible to make sure Manitobans' interests are represented, protected and that he is fighting for jobs here in our province.

You know, we have already made some really important moves to help ensure that we protect jobs and protect our provincial economy. One great example of that is our investment in a Washington trade office that we announced. That will help to ensure that Manitobans' interests are front and centre for decision makers in Washington, and will ensure that we have

that really important presence, fighting for our key sectors here in Manitoba. Whether that be ag, manufacturing, energy, those interests will be represented now.

\* (14:30)

And it is important to note that when it comes to, you know, threats of tariffs and working in partnership or in collaboration with our neighbour to the south, one thing we know is that the former government under the leadership of premier Pallister cut a Washington trade office. They removed our presence in the United States, which I think elevated the level of risk we face as a province because we didn't have that important presence there any longer after they made that decision to remove that trade office.

So we're doing that work of, again, working to ensure the interests, the economic interests of Manitobans are well represented. Look, the United States is our greatest partner; it's one of the, I think—the most economically beneficial relationship between two countries on planet Earth. We want to work in partnership and we're going to do everything we can, going forward.

We do see, of course, some risks on the horizon, but that's why we're working so hard to be prepared for those eventualities. That's why our Premier is working so hard with his colleagues, spending enormous amounts of time looking at these concerns.

So as it relates to the question, you know, we can't engage in hypotheticals today, but what we can say is that as, a government, we will be ready and that extends to Manitoba Hydro.

**Mrs. Stone:** Yes, thank you.

So yesterday, British Columbia released their figures for what tariffs impacts are forecasted on their economy. You know, this is going to be very significant to Manitoba.

And as this Manitoba Hydro report that we're speaking out today outlines the plan for the next year and what the outlook will be, it's disappointing that there isn't a fulsome plan in place. And I certainly hope that Manitoba Hydro and the Manitoba government releases what that forecast with 25 per cent tariffs looks like and what that impact will be to Manitoba.

As we look at export contracts, I am curious of how many export contracts are expiring to the US through Manitoba Hydro, and if there is the



25 per cent tariffs on Manitoba, what that will mean to Hydro's revenue and bottom line.

**Mr. Danroth:** Mr. Chair, the—our export contracts are available on our website. As we mentioned previously, it's too early to tell about any potential impacts of tariffs on those contracts.

Furthermore, the details of those contracts are commercially sensitive in nature and we're not prepared to discuss the specifics of those contracts at this time.

**MLA Sala:** Thank you to the CEO for that.

I just want to build—I know that the critic did reference some information coming from BC, and, again, I do want to just speak clearly to the important work that is happening, that's being led by our Premier (Mr. Kinew), to ready our province for what's to come and also just working—he's working proactively with colleagues across the country to make sure that the Manitoban economy is protected to the greatest extent possible for many eventualities, and, frankly, again, focusing on building those relationships in the US to make sure that those partnerships are strong, that our partners in the US, whether it's governors or otherwise, are clear on the mutual benefits that we receive from the trade that we have going between our countries and between our states and our provinces. And Manitobans, I think, have an incredible champion in our Premier and in our government that is looking out for their best interests and will ensure that we are ready for what comes.

And I think, you know, we can be proud of the work that's happened so far. We can be proud of that investment in that Washington trade office; we're reversing that cut that we saw from the last government in representing our interests in the United States at a critical time; and we're going to keep ensuring that we do everything possible to be ready for what comes, and that extends to Manitoba Hydro.

**Mrs. Stone:** My colleague, the MLA for Steinbach, has a couple of questions, and so I will pass the floor to him.

**Mr. Kelvin Goertzen (Steinbach):** To the CEO, the consolidated financial statements refer to inter-provincial revenue. I imagine that that revenue comes from exports to other provinces but, of course, also to the United States. Can the CEO tell the committee which states do we currently have contracts with to export energy to through Manitoba Hydro?

**Mr. Danroth:** Mr. Chair, details such as this are available on our website, but I can say that we have export contracts in Wisconsin, Minnesota and North Dakota.

**Mr. Goertzen:** Yes, and I thank the CEO for that response, and I recognize that some of the information regarding the contracts will be proprietary and won't be open for disclosure, I understand that.

But, generally speaking, because it relates to what's in the consolidated financial statements and the revenue for Manitoba Hydro, are those contracts to provide a set level of power to the three states that were referenced? Are they to provide spot energy when necessary? Can you give a general description of the type of services provided?

\* (14:40)

**Mr. Danroth:** Yes. Mr. Chair, in answer to the question, there are two major types of energy exports: fixed price and spot, or what we call opportunity sales. Fixed price sales are governed by long-term set contracts that usually involve a level of capacity at prices better than what would be equivalent here in Manitoba in terms of what Manitobans pay for their energy.

Opportunity sales are sales Manitoba Hydro can make whenever water flows in our system are at average or above average. These sales are made at market prices at the time of sale which can vary. They can be interrupted or curtailed prior to the fixed price sales.

**Mr. Goertzen:** Thanks for that response.

So that, you know, corresponds with my understanding that we have export contracts to Minnesota, Wisconsin and North Dakota—fairly significant, I think. If I recall, they would be made up of both spot market opportunities and committed contracts in terms of energy coming from Manitoba to those states.

As relates to potential responses to potential tariffs from the incoming Trump administration, and the minister spoke of the work of the Premier in this regard, but the consolidated financial statements rely heavily on interprovincial export revenue, or at least to a significant degree.

Premier Doug Ford, last year when he mused about impacting I think Michigan and maybe New York state with a reduction of supply from power from Ontario, Hydro One and others, I think, were providing information to Premier Doug Ford on that potential. Not suggesting it's a good idea or a bad

idea, but there was information provided in terms of briefings and that.

Has Manitoba Hydro provided the government—and this is to the CEO—provided the government on what options may be available regarding those contracts, if they were seen as a Canada approach to retaliate when it comes to energy on potential US tariffs?

**MLA Sala:** Appreciate the question. I'll say this is a question really of international relations, inter-governmental relations. We're not going to engage in hypotheticals today about, you know, what might happen or what we're preparing for.

What we can, again, repeat here, and I can say it with confidence, is that Manitobans can expect us to be ready. So, of course, there is ongoing dialogue between Hydro and our government, but as it relates to, you know, any specific responses or what we might do, this is not the table where we will be engaging in hypothetical, you know, proposals about our response.

I would say the—you know, the—we saw with the Premier's (Mr. Kinew) meeting with his colleagues and the Prime Minister a couple of days ago, I think at that table it was stated very clearly that they also stated they would not be engaging in hypothetical discussions about responses until we have greater clarity over what actions the incoming administration may take.

And so until we have that clarity and we're able to, you know, respond to a direct impact, a direct threat of some kind, we are not going to be in any way looking at engaging in hypothetical responses to those types of questions.

Again, a great opportunity for me to reiterate just how well our Premier is representing us, how hard he's fighting for our interests as a province, and frankly the great team Canada approach that we're seeing being taken by himself and his colleagues, who are genuinely working together as leaders of each of our respective provinces to make sure we come together as an entire country, something we can all be really proud of, to be ready for what comes.

And so, you know, the core of the question I understand from the MLA for Steinbach is, you know, what is it possibly that we're looking at doing in response, I would say no hypothetical answers to that today, but I do want to assure him that we will be ready for what comes.

**Mr. Goertzen:** With respect to the minister, he indicated that he wouldn't be responding to something that wasn't a direct threat. I would argue that there's been a direct threat made specifically when it comes to tariffs. He indicates this isn't the table to have that discussion. I think it's the exact table to have the discussion, because premiers such as Doug Ford yesterday, or the day before Quebec Premier François Legault, indicated that a response using the leverage of Quebec hydro was not off the table.

But to go back to the minister's words, then, he indicated that the Premier, in his words, was doing a fine job at this table, and I'm not arguing one way or the other in terms of the qualitative response of our Premier at the COF table, at the first ministers' meeting. However, all premiers except one indicated that there was nothing off of the table.

So if that's the case, will he confirm? And this isn't a hypothetical, because this was coming out of the COF meeting, where our Premier, along with all others except for one, said that everything was on the table. Can he confirm that the potential of using hydro as a response to tariffs is on the table, since our Premier said nothing was off the table?

\* (14:50)

**The Chairperson:** So we've strayed a little—strayed away from the questions regarding the report. I will allow the response to the question that was put forward, but I would ask the members to come back to the report in their subsequent questions.

**MLA Sala:** Yes, again, appreciating the question from the MLA for Steinbach. What we can say is what I've said here repeatedly today is that Manitobans can expect that we are fighting for their interests, we're fighting for our provincial economy, we're fighting for jobs, and our Premier is going to continue doing that work each and every day. We will be ready for what comes. At this point we do not know. We know there are risks on the horizon, but we do know—not know exactly how those will take shape, but there can be total confidence on the part of Manitobans that our government is ready for what comes.

**Mr. Goertzen:** Well, and with respect, Mr. Chair, it was the minister who opened the door to issues regarding trade offices and trade relationships and the work of the Premier at the COF table. So I'm somewhat responding to his comments that he's put on the record here at committee, but more specifically, I am talking about revenue risk and potentials when it comes to Manitoba Hydro, which is contained within

their consolidated statements regarding extraprovincial revenue, which we all know is not unimportant to Manitoba Hydro.

So the minister has talked about a rate freeze this year, not directed by the PUB, and so not giving deference to the PUB, as he talked about earlier, but regardless, a rate freeze this year and potential rate increases next year are directly related to what we might expect from revenue when it comes to United States exports.

So if we're exporting to Wisconsin and we're exporting to North Dakota and we're exporting to Minnesota, and some of those are fixed contracts when it comes to how much energy's exported to United States, and some of those are on the spot market, if the Premier has said that everything is on the table when it comes to—and agreeing with the other premiers, all except one, that means Manitoba Hydro's on the table, which means that revenue exports is on the table, and I think that Manitobans deserve to have some understanding of what those impacts could be.

It's been established that Ontario has provided their premier and Hydro One with what that impact could be. I believe Quebec has, as well, under equivalency of their PUB; they've engaged in those discussions. I'm simply asking because it's specific to this report in terms of extraprovincial revenues.

Is it on the table in terms of response to tariffs, as the Premier indicated it would be, and what would be the implication of it if we were to apply some sort of a punitive penalty or to move away from spot market or other contracts to the United States?

**The Chairperson:** Mr. Goertzen, would you mind referencing the specific part of the report in your question?

Thank you.

**Mr. Goertzen:** Yes, Mr. Chair, the consolidated statements refer to interprovincial revenue. I'm asking questions about the risk of that interprovincial revenue.

If the minister simply doesn't want to answer the questions here at committee, well, I guess I can't force him to. But I think it's going to be interesting for Manitobans to wonder why every other jurisdiction is talking about this and Manitoba, you know, refuses to respond in terms of what the impact would be and whether or not there's actually been discussions between Manitoba Hydro and the Premier and the impact of a retaliatory strike on tariffs against United States, which the Premier has said at the

COF meetings is on the table because he said nothing was off the table.

So, yes, there's—the report is littered with examples of our reliance on, to some degree, of interprovincial revenues, so I fail to see how a potential impact on those interprovincial revenues and the subsequent impact on rates to Manitobans isn't relative.

So I would ask the minister again, what preparation, in terms of economic analysis, has been done by Hydro and specifically, if he will answer and confirm what the Premier has said, that using the leverage of Manitoba Hydro, is on the table?

**MLA Sala:** Again, appreciate the question from the MLA for Steinbach. I know he continues to want us to make pronouncements here at this committee table that tie to intergovernmental questions—big questions that really don't have immediate relationship to this annual report that we're here to discuss today.

But I am happy to talk about, you know, just, again, the broader work that's happening and just to remind Manitobans that we are ready for any eventuality. We will see, of course, what happens next week, and we'll have much more to say once we have that greater clarity over the direction that things go. But we will be ready.

You know, building on our readiness and our work in partnership with other provinces, I think it's worthwhile to read out a joint communiqué that was released by the premiers and the Prime Minister after their meeting. I think it does speak to, you know, our—the work that we're doing to prepare for what's coming, and ultimately, this statement was signed off on, of course, by Premier Kinew.

So I'm going to take a moment here to read this statement end to end: Canada and the United States have the closest and most successful partnership in the world. At their meeting today, Canada's first ministers reiterated that the two countries are stronger, more prosperous and safer when they work together.

First ministers discussed ways to protect Canadian families, workers and employers from the consequences of possible US tariffs which would cause economic harm to Canadians and Americans alike. Trade and investment between Canada and the US supports millions of jobs on both sides of the border and helps ensure the secure flow of goods and people between countries. They will continue to work together, standing up for Canadians in the face of unjustified and unreasonable US tariffs.

Collaborative efforts will continue to try to prevent US tariffs including actions taken by the federal government to strengthen border security and curb the flow of illicit drugs such as fentanyl into the Canadian and American communities. The federal plan announced in December invests in cutting-edge technology, empowering law enforcement and ensuring that only those eligible to remain in Canada do so.

First ministers agreed that the federal government, in collaboration with all orders of government, local police and authorities, will continue to bolster security at the border and strengthen the immigration system. The plan must also include measures to tighten the visa issuance policy to prevent arrivals to Canada under false pretenses. Law enforcement across the country will work together to build trust and confidence among US decision makers that Canada takes its border responsibility seriously and is taking action.

First ministers agreed that enhancing security must be undertaken by authorities on both sides of the Canada-US border to stop the flow of illegal firearms.

First ministers agreed to continue united advocacy efforts with key US administration, congressional and business leaders to emphasize the negative impacts of US tariffs on American national interests and the US economy.

Co-operation with Canada offers significant complementary benefits to US priorities.

While they are making every effort to prevent US tariffs, first ministers are committed to continuing to work together on a full range of measures to ensure a robust response to possible US tariffs including supports for sectors, businesses and individuals.

If the federal government implements retaliatory measures, it will ensure the rapid availability of substantial resources that effectively mitigate economic impacts to workers and businesses. This includes but is not limited to the distribution of revenues from potential retaliatory tariffs as quickly as possible. They agree to take a collaborative approach to US engagement that recognizes the unique economic needs of all provinces and territories.

\* (15:00)

First ministers acknowledge the importance of increasing defence spending and meeting the NATO 2 per cent target as quickly as possible, recognizing its critical connection to strategic infrastructure and

Canada's economic and security partnership with the US and other allies. They further agreed that collective action must be taken to safeguard Arctic security and sovereignty.

First ministers agreed to advance the development of high economic impact projects, including transportation and infrastructure projects, working in partnership with Indigenous peoples toward economic reconciliation. These projects support Canada's economic growth and allow Canada to provide the US with more of the energy, critical minerals and other goods and services it needs to fuel shared economic growth.

First ministers will continue working closely together on Canada-US relations and agreed to meet weekly following President-elect Donald Trump's inauguration on January 20, 2025.

First ministers agreed that Canada is a proud and sovereign nation committed to upholding its values and responsibilities on the global stage. As a strong independent country, we make decisions that reflect the best interests of our citizens while actively contributing to global peace and stability. We stand firm in our resolve to protect our borders, support our communities and collaborate with international partners to address common challenges.

And so that was, again, the joint communiqué that was released by first ministers and our Prime Minister here in Canada. Our Premier, Premier Kinew, was a signatory to that, signed off, and I think that reflects, again, our current position as a government. And, again, couldn't be prouder of the work that our Premier is doing to fight for our interests here in Manitoba.

**The Chairperson:** Thank you, Minister Sala.

Seeing as we've been sitting for a few hours now, I'm—is it the will of the committee to take a five-minute refreshment break? *[Agreed]*

The committee will now recess for five minutes.

*The committee recessed at 3:02 p.m.*

*The committee resumed at 3:09 p.m.*

**The Chairperson:** The committee will now come back to order.

The floor is open to questions.

**Mrs. Stone:** My colleague, the MLA for Steinbach, summed up well the concerns of revenue impacts to

Manitoba Hydro and the Manitoba government with a potential tariff threat. Unfortunately, the minister either hasn't done his homework or is suppressing the true economic cost and the lack of their plan. So perhaps this is a good time to segue into Manitoba Hydro's future energy needs, as referred to in the report.

The Province released their Affordable Energy Plan in the fall. This is energy road map with no forecast. It lacks any depth on costs or forecasts.

\* (15:10)

The former IRP that was commissioned by the previous PC government was mathematic. There was deep knowledge on the industry and showed the least cost-prohibitive approach for wind with natural gas backup, in addition to creating scenarios—scenarios of forecast megawatts increased for Manitoba, depending on what degree of electrification Manitoba would need. It had significant consultation with community, and it forecasted additional needs for the province, not just today, but in the next five years and 10 years.

So can the CEO please explain why there is an RFP out for a new IRP consultant that was put out in November, and what gaps he saw in the previous IRP that he believes a new IRP consultant will accomplish?

**Mr. Danroth:** Mr. Chair, as mentioned in my opening remarks, the use of an IRP is the way to take policy that is given to various utilities and convert it into a plan.

The first IRP plan detailed our electric demand. The second plan will include a full development plan that will outline potential new sources of generation and energy efficiency programs.

The use of a consultant is in line with best practices, just to make sure that we're consistent with what is the best practice across all jurisdictions in North America and to make sure that we have a very fulsome plan.

The IRP process is a continual process. No sooner is the IRP finished, then work will begin in earnest on a new IRP, and it—that work will just be ongoing and evergreen.

I can tell you that this iteration of the IRP is using the latest and greatest software related to IRP development. It's used in over 70 countries around the world, and this iteration of the IRP will consist of eight future potential scenarios combined with

20 to 60 sensitivities and over 30 least regrets analysis runs. It's highly technical work, and the output, as I mentioned, will be a development plan that will outline potential new sources of generation and energy efficiency programs that will allow us to meet the growing demand for electricity.

The efficiency part of the plan is something we will, as always, work closely with Efficiency Manitoba to put in place.

**MLA Sala:** I think the question is an important one, which is sort of where is this IRP going, and I think it is interesting because it highlights the core distinction between our government and the last government. The entire purpose of the IRP is to spell out the lowest cost resource development plan to meeting our province's energy needs, and the IRP that the critic referenced, which was—began to be developed under her government, was not a complete IRP. And I say that because it did not contain a development plan, and so, to be clear, the last government did not have any development plan for meeting our province's energy needs, for keeping our lights on in our homes and keeping our businesses powered. That's after seven and a half years of governing.

And so what's the difference with us? We came in; within, you know, very short order we have an energy policy that is showing the path forward for making sure we meet the needs of Manitobans and respond to their energy needs, and we do that while keeping energy affordable, and it directs Hydro to complete an IRP. And what we're seeing now is Hydro is moving forward with that work, that very important work, which, again, will not only—will take what had been done previously, but actually finish the job, which is to say that it will develop a full development plan that will spell out our proposed approach to meeting the province's energy needs going forward.

It's very concerning, and I know it was for so many Manitobans, to have seen that after seven and a half years in government, that they did not develop one single megawatt. They did not have any vision of any kind for how to meet the province's energy needs, and as a result they put us in a position where we have likely lost out on a significant number of economic development opportunities because of that lack of vision and that lack of focus on ensuring that Manitoba Hydro was generating the capacity we needed.

And, again, so, you know, the IRP that we're working on right now will develop a low-cost resource path to ensuring that we keep affordability

front and centre while we work towards developing the energy we need to meet our business and domestic needs going forward. What a contrast that is from what we had for seven and a half years where there was no plan, there was no vision, there was no real IRP. None of that work was done.

And so, you know, we're proud to have done that work in short order after getting in. We're proud to actually be moving that work forward in support with our fantastic executive at Manitoba Hydro and our board, and we are going to be ready to meet the energy needs of Manitobans. And that's inclusive of the 600-megawatt wind announcement that we were very proud to include within our energy policy.

That wind announcement is going to see us develop 600 megawatts in partnership with First Nations and the Métis Nation here in Manitoba, and that is our first, you know, first effort out of the gate to start developing that new energy we need. That was driven through Hydro identifying that that is—that energy is energy that we know without question we will need and will help to support meeting our requirements as a province. And that's what we did: we came in, and, again, within a year, suddenly Manitobans can have confidence again that we are going to have the energy we need to meet our—the needs of our businesses and our—and for folks across the province.

So, excited about the work that's happening. I'm personally really inspired by all the great work that I know is going into the IRP.

\* (15:20)

The CEO has alluded to some great approaches that are being deployed, some great software that's going to help ensure, ultimately, we generate energy, meet our needs, in a way that will create the greatest value possible for Manitobans.

And appreciate the opportunity to speak to this.

**Mrs. Stone:** Further to the CEO's comments, the energy plan failed to discuss Hydro's capacity needs in the future. The former CEO spoke at length about the need to expand capacity.

The Premier (Mr. Kinew) did mention that more details were going to be worked out when Hydro develops a long-awaited plan to build up its generating capacity—this was ported—reported by the CBC, I believe, in the fall.

So can the CEO please provide an update as to where this plan is to build up generating capacity and when Manitobans can expect the report?

**Mr. Danroth:** Mr. Chair, just adding to what I mentioned earlier, so we are given an energy plan and that plan provides the guardrails, and then from there, we begin work on our integrated resource plan.

As I mentioned, this is an evergreen process. It no sooner completes than it starts again. It's continual. It's updated constantly. We run a number of different scenarios. One fact that I would like to share is that a simple model run typically takes from five to 30 hours, depending on the scenario. So this is very scientific, very detailed, very heavy computing exercise.

We are working hard on IRP 2025 to build on—build upon the work that was done in IRP 2023. It will include, as I mentioned, a development plan, and it will be available as soon as we can get it done. We're targeting right now towards the end of 2025, but again, it's a heavy modelling exercise, a heavy computing exercise. And we're running, as I mentioned, eight different scenarios, 20 to 60 sensitivities and over 30 least regrets analysis.

**MLA Sala:** Again, just building on what the CEO just shared. You know, thinking about the future and what we're doing, there's all this great work happening that's going into the development of this IRP that will help us to ensure we meet our energy needs in the greatest value way possible.

We've also got this wind announcement, which, again, is responding to the challenge that the last government left us in that we had a very serious need to begin moving quickly to start developing new energy. So that's what we did and we're proud of that, and I'm proud of the work that Hydro's doing to advance that to make sure we're ready and we have the energy capacity required.

Also, you know, looking forward and just in terms of what we're going to do, the critic mentioned the word what are we doing in the future, what does the future hold. It gives me a great opportunity to talk a bit about something that we started talking a bit about today at the beginning of today's committee hearing in my speaking notes when I outlined that we are going to be rescinding the directive that the last government gave to Hydro which required them to hand over access to an incredible asset, which is our fibre optic lines that connect our hydro-electric development stations and, again, create this giant loop around the province.

This is an unbelievable asset that we as Manitobans are all owners of. We've invested in that

over the—over many years, bought and paid for by Manitobans.

The last government—it still boggles the mind. I cannot understand what their thinking was or where their focus in terms of, like, Manitoba first and understanding, you know, our needs and making sure that they were honouring the, again, those investments that we've made as a province. They decided to give that fibre away and locked us into a 20-year deal with an out-of-province company that is, again, not a Manitoban company—with an out-of-province company—and gave them exclusive access to that fibre optic cable.

As a result of that deal, which, again, no one can explain on what basis that deal was made or how it makes any sense for Manitoba, but they sold the farm, they gave that fibre away. And ultimately what happened was there was about 30 Internet service provider ISP companies, small Manitoban businesses, that used to do incredible work of expanding access to broadband for Manitobans in rural and northern communities and were steadily doing that work through the benefit of being able to access that fibre and then do last-mile work connecting homes to broadband.

And instead what's happened now is we as a province are in a position where they tried to tie our hands, and they gave this asset away to a private company for 20 years at almost no cost, and, again, mysterious; nobody can figure out why they offered such an unbelievably sweetheart deal.

And here we are now in a position where that asset, right now, because of those actions of that last government, right now Manitoba businesses can't connect into that fibre to expand access to broadband for Manitobans. They can't work to connect a First Nations community that might need Internet or broadband Internet, or they can't work to continue to expand that access to broadband, which everybody here knows is unbelievably important in today's modern context.

And we're seeing increasing needs for that access to broadband when we think about access to, perhaps, medical supports via—by video, access to any variety of educational opportunities. Those are the kinds of things that the former government effectively slowed down—they prevented and slowed down the opportunity for Manitobans in rural and northern communities to be able to access that. They—again, we saw losses of Manitoban businesses because they were not able to access that fibre anymore.

Suddenly, exclusive, sole access was available to this out-of-province company and no one else could touch it. That is absolutely bananas that they left us in that position.

And so I'm proud today that we've, you know, committed to rescinding that directive. That will start the process of positioning Manitoba to be able to unlock the opportunities that can come with ensuring businesses can access that fibre so they can extend access to broadband to rural, northern, First Nations, Métis communities around the province, which right now we're not able to do.

You know, and from that I'll say, building on that, I know there was a really proud—within MHI—a really proud subsidiary, Manitoba Hydro Telecom, that was widely respected across the province for their incredible work as an intermediary that supported the expansion of broadband by partnering with ISPs and helping to support their ability to access that fibre.

And the last government, again, in their efforts to shut down Manitoba Hydro International, among other efforts, they ultimately had a significantly negative impact on, again, on Manitoba Hydro International, on Manitoba Hydro Telecom, on those aspects of those—that subsidiary of Hydro that provided those supports to make sure that that broadband expansion could happen.

So just wanted to—again, the critic opened up the door there to talking about the future. I think, again, I was proud to reference that at the beginning of today's committee hearing. I'm proud to reiterate we will be rescinding the last government's directive to Hydro that prevented any other business or any entity to be able to access that fibre, because we know that's an important first step towards unlocking greater access to broadband, greater economic investments in Manitoba and ultimately ensuring that Manitobans can get access to those broadband services that they need.

\* (15:30)

**Mrs. Stone:** The minister, in his previous comments, brought up wind and wind power, and I do have a number of questions about the government's energy wind plan as it lacked depth, it lacked timelines and it lacked cost.

So can the CEO of Manitoba Hydro just walk me through the process of what the wind power projects and proposals, how that's going to look. Is it going to look like an opening for an expression of interest and

then a formal RFP process; what are the parameters around it; who is going to be 'determining' the criteria?

Thinking about locations; is Manitoba Hydro or is the government going to be looking at locations? Are independent power producers going to be coming to Manitoba Hydro with recommendations as to when—where wind power projects will be set up and displayed?

Just if you could just kind of walk me through the process of what that criteria and the parameters around it will look like.

**Mr. Danroth:** Mr. Chair, it's a bit too early to lay out specific details as it relates to the Indigenous wind announcement of 600 megawatts. We expect to be able to release more information in the spring, and the process at that time will be established and well communicated and publicized.

Again, I just want to emphasize that these projects will be majority Indigenous owned. Ownership will be pegged at at least 51 per cent.

And I also want to emphasize that these are not Manitoba Hydro projects. These are projects that will be developed by the various communities in partnership with other developers, and Manitoba Hydro's role will be to purchase the power once it is being produced.

**MLA Sala:** Yes, and just building on that—appreciate the info that the CEO just provided. Building on that, this is economic reconciliation in action. And we're really proud of the fact that we're creating this opportunity for First Nations and the Métis nation here in Manitoba. It is a significant economic development opportunity for communities across the province.

This is about working nation to nation, and in the spirit of that, First Nations and the Métis will be the first to learn about details associated with how we're going to be proceeding here.

There is just such a significant number of opportunities, I think, that will be created through this work. As the CEO said, these are—ultimately will be power purchase agreements where we will be purchasing this energy from First Nations or the Métis or whichever sort of partnerships form through this.

Again, as long as it's majority Indigenous owned, we will be looking at those opportunities to partner and, you know, acquiring that energy through PPAs. And ultimately, this is the important work that our government is doing to respond to our energy needs in the immediate.

We knew that the last government had set us back many, many years through their failure to respond to our growing energy needs. Again, they didn't develop a full IRP. There was no development plan; not a single megawatt developed in seven and a half years.

Here we go. This is our, you know—this is, I think, a sign of government working for Manitobans and also doing it in a way that frankly, I think, reflects our focus on affordability and that this type of arrangement will prevent further capital from being added to our books, which will help to ensure that we keep rates as low as possible in Manitoba.

**Mrs. Stone:** Yes, I thank the CEO for his comments, and it did lead into my next question with the plan requiring 51 per cent Indigenous ownership, nation-to-nation approach.

Those Indigenous nations will be partnering with independent power producers, so, in essence, private entities. So really, we're looking at private ownership kind of within Manitoba Hydro, if Manitoba Hydro is the one regulating them, and then Manitoba Hydro purchasing that power from private entities.

So just to clarify, it's not going to be owned by Manitoba Hydro; it'll be owned by the private entities in partnership with Indigenous nations. Is that accurate?

**MLA Sala:** Yes, I appreciate the question. One thing I really want to highlight in—for the critic is that First Nations are nations.

\* (15:40)

This is energy that will be developed, the majority Indigenous owned, and we view that when that's developed by an independent nation as energy that's being developed publicly. So we will, as Hydro, be acquiring that energy from those public entities, from those nations, through power purchase agreements.

But I really just do want to make clear for the critic that I think this very specific approach we're taking to partnering on a nation-to-nation basis, is different, it's distinct, and it's in keeping with our commitment to ensuring that energy remains public.

**Mrs. Stone:** Yes, and I hear the minister, but, realistically, the nations will be partnering with private entities and independent power producers in order to make these projects happen.

So I do want some clarification as to the regulation of it, not just the power purchasing agreements, but who's going to be regulating? Who's going to be



regulating these wind farms? Is there a plan for how rights are going to be protected, how agricultural land is going to be protected, land rights protected, either visually, intrusively, right to privacy? Is there a plan for disposal? We know that wind turbines have about a lifespan of around 20 years.

So what's the plan, the environmental plan, for how those wind turbines will be disposal once they reach that lifespan? And, as we've seen, across North America, there's a significant number of wind plants and wind projects that are shutting down across the United States. So is there a plan for decommissioning in the future and what will happen once it's decommissioned?

**The Chairperson:** Mrs. Stone, would you mind clarifying which part of the report you're referring to?

**Mrs. Stone:** Yes, well, the minister, in his comments, brought up wind power, and they're 600 megawatts. It also talks about future energy needs throughout the proposal as part of the integrated resource plan. And so this has to do with the future energy needs, and the minister did bring up the 600-megawatt wind project.

And so I'm just curious as to what that regulation is going to look like and what plans are in place for environmental considerations, land protection, decommissioning, things like that.

Thank you.

**Mr. Danroth:** Mr. Chair, in response to the question from the member, I just want to point out that the regulations that will be in place in governing these future wind farms are the same regulations that are already being used to govern the St. Leon and St. Joseph wind farms, which are, you know, not owned by Hydro, but which Hydro has PPAs in place to purchase the power.

It'll be the exact same process. It will be up to the proponents led by the different Indigenous nations which will hold at least a 51 per cent ownership interest, to apply and go through the regulatory process, and it will be all of the regulations that are currently used to govern the existing installations at St. Leon and St. Joseph.

**Mrs. Stone:** So seeing as how this announcement was 600 megawatts, I'm curious if the CEO for Manitoba can speak to future procurement opportunities. Is there a plan to expand beyond 600 megawatts?

We've already spoken about the need to generate more capacity for Manitoba, and companies and power producers need some certainty within the busi-

ness environment here in Manitoba if they're going to bring their investment dollars here, what is that future opportunity to expand. You know, if the project criteria, they're only looking at, you know, couple hundred megawatts per project, 300 megawatts, then what is the return on investment to those power producers when they could go to another province and, say, do 1,000 megawatts of power?

So just very curious if there is a future plan to procure beyond 600 megawatts and if Manitoba Hydro has looked at opportunities for small or micro wind projects for private land owners in Manitoba. Is Manitoba Hydro exploring this?

**Mr. Danroth:** Mr. Chair, in relation to the question asked by the member, the current 600 megawatts, I just want to be clear and restate again that, you know, this is about economic reconciliation and a clear, established need for generation.

\* (15:50)

In terms of future plans to procure more energy, that will be laid out in IRP 2025, and it will cover all scenarios as we've outlined before, and that will include, you know, microprojects and everything else.

You know, I just want to emphasize again that the work that's being done on IRP 2025 is a very scientific, heavy modelling exercise. We have over 130 engineers, economists, hydrologists, accountants, analysts and communications specialists dedicated to this project to produce a best-in-class IRP. And, again, that will be released later in 2025, and that will cover off the answers to the question.

**Mrs. Stone:** I certainly look forward to reading that IRP. I am curious on the wind projects, if—how Manitoba Hydro is going to fund the loan guarantee programs. Is this going to be supplemented by Manitoba Hydro? If so, how much debt is Manitoba Hydro going to take on for these loan guarantee programs?

**MLA Sala:** I'm going to just take this question because the loan guarantee will be delivered by the provincial government, not through Manitoba Hydro.

The loan guarantee, which we did announce in our energy policy is very important. And the reason why it's so important is because we know that if want to partner with First Nations and the Métis to deliver on economic reconciliation opportunities to help them access these opportunities, there are issues with access to capital. And so providing a loan guarantee through the provincial government will help to ensure that

these communities, as they work to put together partnerships, you know, put together their business cases, that they will be able to go get financing if they are successful in accessing a loan guarantee that will be at the lowest cost possible, because it's of course securitized through the provincial government.

So this is all focused on ensuring that the cost of energy can remain as low as possible, right? The better those business cases, ultimately, and the lower their cost of capital, the better the pricing we would expect, and then on down to Manitoban consumers of energy.

And so this loan guarantee, again, to reiterate, this will be delivered through the Province. There is ongoing work happening on this loan guarantee, which the critic can expect to hear more about in the upcoming budget.

And again, this, I think, is just something that I am incredibly proud of, because it signals, it shows our government's commitment to working in partnership and in collaboration on a nation-to-nation basis to support the ability of First Nations to participate in this—an incredible economic development opportunity that will create wealth-building opportunities for years to come and, again, will be an essential piece to helping to ensure we can meet our energy needs here as a province.

**Mrs. Stone:** I thank the minister for that answer.

My question to the CEO is what is their plan to supplement renewable energy or, in this case, wind power with natural gas backup? And is it in the CEO's opinion that Manitoba does not have enough natural gas to back up renewables like wind? And if so, what are the timelines for adding natural gas power here in Manitoba?

\* (16:00)

**Mr. Danroth:** Mr. Chair, when looking at wind projects of this size, you know, there is a requirement to backstop that with some form of dispatchable power.

The IRP will look at and evaluate all technology options, and as part of this, you know, we're watching other jurisdictions and developments around us to see what the latest and greatest technology can be and ways that others are meeting this need.

However, no decision has been made at this time with respect to what form of dispatchable power will be chosen. That will come out of the IRP 2025, which,

as I've mentioned before, is a highly technical modelling exercise.

The core team consists of five engineers and one technologist with a combined experience of over half a century. In addition we have other experts that we consult with regularly to help inform this plan and make sure it's the very best plan possible.

And again, that plan will inform us at that time, and no decision has been made at this time.

**Mrs. Stone:** I appreciate that, and that kind of segues into my next question as well.

I'm curious if Manitoba Hydro, and as part of the scope of the IRP and what Manitoba Hydro is looking at, is going to include nuclear. We're starting to see Alberta get very aggressive on nuclear in order to attract AI investment, and Premier Doug Ford just announced a location of a major nuclear plant and the site earlier this week.

So just wondering if nuclear is in scope, and also if the CEO could speak to any plans for the Pinawa site, the Pinawa nuclear site? It's federally licensed, you know, there are some companies poking around it over the past few years with some local buy-in.

So if the CEO could, yes, (1) explain if nuclear is part of the equation and the scope for the future plans of Manitoba Hydro, and (2) what their plan is for the existing Pinawa site.

**The Chairperson:** Mrs. Stone, could you reference a specific part of the report that mentions nuclear energy?

Thank you.

You're on mute.

**Mrs. Stone:** —strong energy future, and nuclear is a energy—sorry, what was that?

**The Chairperson:** Would you mind repeating that? The first end of your response was cut off.

**Mrs. Stone:** Yes. The front page of the report is titled: Planning for a strong energy future.

And my question has to do with are there plans for nuclear for Manitoba's strong energy future?

**The Chairperson:** Mrs. Stone, we're having trouble understanding what that has to do specifically with the annual report. Could you again clarify what your question has to do with the annual report, specifically?

Thank you.

**Mrs. Stone:** The annual talks about Manitoba's needs and planning for Manitoba's energy needs into the future. So my question is, is nuclear part of planning for those energy needs of Manitoba's future?

**Mr. Danroth:** Mr. Chair, in answer to the question put forth, the IRP looks at everything. Nothing is off the table. Every possibility is examined as in any other well-contemplated, well-run IRP project. As I've mentioned before, it's an extensive modelling exercise, highly scientific, and we look at any and all options.

**Mrs. Stone:** Okay. Thank you.

I'm going to shift gears here, and I have a few questions about—for the Manitoba Hydro CEO about Hydro International. I'm wondering what the head count is for Hydro International. What is its revenue? What is its expenses? And how many contracts Hydro International has landed.

**Mr. Danroth:** Mr. Chair, in response to the question, I'll refer to page 49 of our annual report where there's a table that discusses Manitoba Hydro and—excuse me—Manitoba Hydro International and Manitoba Hydro Utility Services. You can see that total revenue is \$46 million, expenses are \$34 million, for a net income of \$12 million.

\* (16:10)

In terms of employees, I don't have a specific number other than to say it's in the range of between—so, Mr. Chair, if I may continue—so that—those numbers I previously gave were the total of MHI and Manitoba Hydro Utility Services Ltd. Specific to Manitoba Hydro International, the revenues are \$38 million, expenses \$25 million and net income of \$13 million.

I don't have the specific head count other than to say it's in the range of 75 to 95 people, and as I mentioned previously, as a matter of protocol, we will not comment on specifics of contracts. Contracts are commercially sensitive in nature. They often have non-disclosure agreements attached to them, and so I do not want to comment here on the contract specifics.

**MLA Sala:** I was incredibly proud this summer to stand with our board chair and other colleagues and staff from MHI to relaunch MHI. It was, I believe, this past—about six months ago now. And that was a proud day. And one of the reasons I'm so proud of that is because we know the importance of MHI and the role that it's played in creating, I think, further exciting

opportunities for engineers and those who might, you know, think about making a career with Hydro or folks that want to, sort of, find those kinds of opportunities that can really take them afar.

What MHI provided is an opportunity for somebody to come work with Manitoba Hydro and perhaps spend a couple of years working at MHI, getting to do energy consulting around the world. And that's an incredible opportunity that allows Manitoba Hydro to be, I think, an attractive employer that continues to help us—or will, now, that we've relaunched it, help us to bring in the best talent possible to support the good work that's happening under the leadership of our CEO and our chair, and is just, I think, ultimately, going to also generate a number of new economic development opportunities that have been forgone as a result of the last government's decision to shut it down.

I can say with total confidence, there were an estimated 30 RFPs that couldn't be responded to in the year leading up MHI being shut down by the former government. And that represents some unknown number of, you know, economic losses for Manitoba.

That is not the way you govern. Our government is focused on making the most of opportunities like those. MHI has so clearly demonstrated a best-in-class approach to international energy consulting. I, myself, have been privileged to get to know a number of people who've spent time in Côte d'Ivoire or otherwise, working with MHI, bringing that Manitoba Hydro brand to far reaches of the world. And I've had really incredible conversations with folks that have told me when they travel and—to some of these locations that MHI had done work, the Manitoba—when folks in some of those countries see Manitoba, they think energy reliability. They think about, you know, their lights coming on. They think about having what they need to keep their family warm.

We just have this incredible history of doing great work. MHI, I think, was, as at this point, somewhere close to almost 25 years old, and that was just such a terrible decision that the last government made to cut off those opportunities for Manitoba Hydro workers to do that work, to join MHI, to cut off those economic development opportunities. Just an absolutely terrible approach that they took. We're lighting it up again. And I'm very excited about what's happening there and the leadership, again, of our team here.

We're going to start bringing in more investment into Manitoba, more dollars into Manitoba from abroad, as a result of MHI being relaunched, and,

again, with them now being put in place once more and being active and starting to pursue those opportunities, Hydro will become an even more attractive place where we can attract the best-in-class talent to do the important work that Manitoba Hydro needs to do in years to come.

**Mrs. Stone:** You know, just to clarify for the CEO, I'm not asking about price of contracts. I'm not even asking about terms. All I'm wondering is the number of contracts that Manitoba Hydro International has landed. Like, are we looking at five contracts, 50 contracts, 100 contracts? If the CEO could just provide a ballpark number, that would be great and appreciative.

Thank you.

**Mr. Danroth:** Mr. Chair, Manitoba Hydro, as currently configured, has a number of different lines of business.

Contracts and tenders in this line of work take a long time. As the name implies, it's international work and often involves complex counterparty arrangements and can even include agencies, whether it's the World Bank or some other sort of agency.

We're excited about the future prospects of Manitoba Hydro International and the launch that was announced in July. And we're looking forward to building a bigger, better Manitoba Hydro International with a solid book of business.

I'm not sure of the number of contracts—the exact number of contracts—that have been executed at this time since the restart, but I'm happy to take that under advisement and get back with that information.

\* (16:20)

**The Chairperson:** I would just like to remind the committee that we will be rising at 4:39 p.m., but we will also want to leave a minute at the end of the meeting to put the question on the report.

**Mrs. Stone:** Thank you to the CEO for agreeing to put that under advisement, and if he would be able to get that number to me, that would be greatly appreciated.

I am just curious about what the—what Manitoba Hydro has projected the revenue of Hydro International to be within the next five years. So, you know, say Hydro International, with a head count of, as the CEO has said, 75 to 95 people within the consulting practice, say it got, you know, every single—landed every single contract in its wildest

dreams. What is it going to be looking at making within the next five years?

**Mr. Danroth:** It's difficult at this time to speculate what a five-year outlook for Manitoba Hydro International looks like. There's a lot of things that go into a five-year outlook, you know, in terms of trying to figure out which jurisdictions are doing what and what weather events happen and who may need the services.

What I can tell you is, you know, Manitoba Hydro International has a great reputation, a great brand, and we're looking forward to building this book of business out now and in the future. You know, again, we are here to discuss the '23-24 annual report, which doesn't contemplate a five-year business plan for Manitoba Hydro at this time.

**Mrs. Stone:** In the essence of time, I'm just going to shift gears a little bit here, as I have a couple more questions before we close for the day.

In the annual report, it spoke about the reduction of the provincial debt guarantee and water rental fees and what a significant impact this had on Manitoba Hydro's overall net loss. And so I'm just curious if the CEO can speak to whether that debt guarantee fee has changed, whether the water rental rate has changed since this report was released.

**Mr. Danroth:** Mr. Chair, as I understood the question from the member, the question was: Has the water rental fee and the debt guarantee fee changed? And the answer is no.

**Mrs. Stone:** I would just like to take a moment just to thank the folks from Manitoba Hydro for attending today and answering my mass array of questions.

The last question I do have is: In absence of legislated financial targets for Manitoba Hydro, can the CEO of Manitoba Hydro speak to what Manitoba Hydro's plan is to pay down debt?

\* (16:30)

**Mr. Danroth:** Mr. Chair, fiscally prudent management of Manitoba Hydro's debt over the long term is part of being careful stewards of Manitoba Hydro's finances, and significant investments have been made over the last 30 years in Manitoba Hydro's system to make Manitoba among the top in Canada for non-emitting electricity systems.

Manitoba Hydro continues to balance the priority of keeping rates affordable for Manitobans while considering other aspects such as debt, cash flow, capital

investment requirements, revenue variability and inflationary pressures. Additionally, as part of any GRA process, there's a significant amount of discussion around balancing affordability with the financial health of the utility, as that is a key role of the PUB.

**MLA Sala:** Just want to—when we're speaking about financial targets, I think it's worthwhile repeating that, you know, the financial targets that were outlined in the last government's bill 36 were fundamentally a scheme for jacking up rates. And ultimately, what we saw was they'd set financial targets at the Cabinet table—again, this was not done in concert with Manitoba Hydro—that were intended to be unreachably high with the goal of trying to drive rate increases as quickly as possible.

Effectively, what that bill would have resulted in would've been 5 per cent hydro rate hikes out into the end of—to—as long as—as far as we could see. And that's because, again, those targets contained within that bill essentially set unreachable targets that would've required Hydro to just continue to raise rates to the maximum possible. So that was effectively a rate hike bill with financial targets set out by politicians for our most important Crown utility.

We need to ensure the ongoing health, fiscal health, of Manitoba Hydro. That, of course, requires the balance between affordability in ensuring that Manitoba Hydro has what it needs, and we're confident with our board and our leadership here that they're going to ensure Hydro's financial health going forward.

So, again, you know, on one hand, we have a government whose approach was focused on interference and really trying to ultimately do everything possible through the most creative means they could come up with to jack up hydro rates while appearing to try to make it look like they were on the sidelines. And that's really what that bill sought to do, right: No, it's not us,

it's the—it's this legislation over here; Hydro's just following the rules.

So they tried to set this up in a way that distanced themselves from creating those rate pressures. Manitobans saw through that. Again, we really need to be, you know, cautious about any type of direct interference as we saw with the last government there in trying to direct Hydro to specifically meet a financial target, again, that the last government happened to set and set arbitrarily.

So it's worthwhile, you know, we're coming to the close of committee here today, just to repeat: we are, I think, doing really important work. We're seeing Hydro finally starting to move towards developing energy capacity that will be required to keep our homes lit up and keep our businesses running strong. We're seeing incredible work happening developing an IRP that will help to ensure we have that energy way out into the distant future.

I think our energy policy, our government's energy policy, has positioned us in a very strong way to be ready for what comes and to make sure we can create the most out of this incredible opportunity we have here in Manitoba with this Crown jewel of an asset that, again, has what the world wants, which is that clean, baseload power. Our government's going to make good on that while we keep rates affordable.

**The Chairperson:** Seeing no further questions, I will now put the question on the report.

Annual Report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31, 2024—pass

**The Chairperson:** The hour being 4:38, what is the will of the committee?

**Some Honourable Members:** Rise.

**The Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 4:38 p.m.

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