

**First Session – Forty-Third Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Crown Corporations**

*Chairperson*  
*Mr. Tyler Blashko*  
*Constituency of Lagimodière*

**Vol. LXXVIII No. 3 - 10 a.m., Thursday, February 22, 2024**

ISSN 1708-6604

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

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

**Thursday, February 22, 2024**

**TIME – 10 a.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Mr. Tyler Blashko  
(Lagimodière)**

**VICE-CHAIRPERSON – MLA Mike Moyes (Riel)**

**ATTENDANCE – 6 QUORUM – 4**

*Members of the committee present:*

*Hon. Min. Sala*

*Messrs. Blashko, Jackson, MLAs Khan, Moroz,  
Moyes*

**APPEARING:**

*Mr. Hal Turner, Interim President and Chief  
Executive Officer, Manitoba Hydro*

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

*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, 2023*

\* \* \*

**Clerk Assistant (Ms. Katerina Tefft):** Good morning. 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? *[interjection]*

Oh, sorry. MLA Moroz.

**MLA Mike Moroz (River Heights):** Oh. I'd like to nominate MLA Blashko.

**Clerk Assistant:** Mr. Blashko has been nominated.

Are there any other nominations?

Hearing no other nominations, Mr. Blashko, will you please take the Chair.

**The Chairperson:** Our next item of business is the election of a vice-president.

Are there any nominations?

**MLA Moroz:** I'd like to nominate MLA Moyes.

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

Are there any other nominations?

Hearing no other nominations, MLA Moyes is elected Vice-Chairperson.

The meeting—this meeting has been called to consider the Annual Report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31, 2023.

Before we begin, I would like to remind everyone that questions and comments must be put through the Chair.

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

**MLA Obby Khan (Fort Whyte):** Up to four hours, if needed.

**The Chairperson:** Four hours has been put to the committee.

Are there any—sorry, is it approved?

**Hon. Adrien Sala (Minister responsible for Manitoba Hydro):** I would suggest we stick to the previously scheduled time allocated. My understanding is this was scheduled from 10 'til—until 1, so three hours.

**The Chairperson:** It has been proposed that we sit for three hours.

Is it the will—

Mr. Khan.

**MLA Khan:** I was unaware of a previously agreed upon three hours. That's news to me.

I'm requesting that we go up to four hours. We might not need the full hours, I don't imagine it would be the full hours, but I do believe, with such an important committee today, that we do allow ourselves the flexibility to go up to four hours, if

needed. Of course, we can adjourn before that, no problem.

**The Chairperson:** It has been proposed that we sit for up to four hours, or until the business of the committee is completed.

Is that the will of the committee?

**Some Honourable Members:** Agreed.

**Some Honourable Members:** No.

**The Chairperson:** I hear a no.

Are there any other propositions?

**MLA Mike Moyes (Riel):** I would propose that we do stick to the three hours.

**The Chairperson:** Three hours has been proposed.

**MLA Khan:** Yes, in reference to the member's comment, there was—we were unaware of three hours. This is news to us. We were always under the impression this would be four hours. Again, I think that with such an important file, we can all agree a Hydro committee is one of utmost importance for this province.

I'm simply requesting to go up to four hours. We may only need two hours. We might be done in half an hour. I don't know, but I imagine we will probably go closer to the three. A simple leave to go up to four hours, if we need, I don't think is unreasonable. I don't think Manitobans would agree that that's an unreasonable request, to add an additional hour onto that. That is what we're paid here to do as legislators and people here on the chair and the board.

So, I don't see—

**The Chairperson:** Minister Sala.

**MLA Sala:** So, the proposed three hours was simply our understanding as to the length of the committee, but if we do need a little bit more time, I'm willing to accept the proposal.

**The Chairperson:** So I'd propose that we go for three and half hours and then re-evaluate at that point.

Is it agreed? [*Agreed*] Wonderful. Agreed and so ordered.

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

**MLA Sala:** Good morning, and welcome to everyone. As the Minister responsible for Hydro, I am here today, along with senior officials from Manitoba

Hydro, to present, for your approval, the annual report of the corporation for the fiscal year ended March 31, 2023.

I'd like to welcome the following members of the corporation's board and executive who are joining us here today. First of all, Ben Graham, the chair of the Manitoba Hydro-Electric Board; Hal Turner, our interim president and chief executive officer; and Alastair Fogg, our chief financial officer, who are joining us here today, along with other Hydro executives and team members, and I'd like to thank them all for being here today.

I am very grateful for their leadership, expertise and the assistance that they'll be providing today here in my first standing committee as the Minister responsible for Manitoba Hydro.

Manitoba Hydro is our province's Crown jewel, and we're here today to talk about, of course, Manitoba's annual report for the last fiscal year, a year where we were quite fortunate to have higher than average water levels.

Today, however, we know that Hydro released their third quarter update for the current fiscal year showing a loss of \$151 million in the first nine months of this year.

This year has been a more challenging one for Hydro. We saw this clearly in Q2 when, instead of the \$450-million net income projected by the previous government in their Budget 2023, Hydro showed a loss.

It was even clearer, back in Q1 of this year, that low water levels would pose a significant challenge for this upcoming year.

Unfortunately, the previous government pretended that this wasn't the case so they could put out a positive update in advance of last fall's election. We know that they should have accounted for this in their fiscal updates, and now, since the election, we are seeing this true picture again to be revealed.

We know there are challenges ahead and now, as our government sets the direction for Hydro, I'm really proud that we have such a strong team, including our board chair and our interim CEO, who I have every confidence will deliver on the mandate given to them.

So, again, I'm here—proud to be here today as the minister, as part of a long line of NDP governments who built up the utility and generated so much benefit for Manitobans, and that's something our team is

incredibly proud of, is the history of our party and its role in growing Hydro in this province.

\* (10:10)

Not only have NDP governments physically built the infrastructure that powers our province's energy generation, but we've also spent decades championing the benefits we all gain from the utility's success.

Manitoba Hydro belongs to all the people of Manitoba. We have all, as Manitobans, spent decades paying into it as an investment into our collective future. Manitobans deserve to see payback for that investment, and that is why our government will always keep Hydro publicly owned.

It's easy to remember a time, not long ago, when Manitobans had a provincial government who didn't believe that, and for seven years the former PC government made many efforts to break up and sell off profitable parts of Hydro. There is no telling where this would have gone had they been re-elected, and we know that they commissioned reports from some of their friends which wanted them to break off and privatize even more parts of Hydro.

Fortunately for Manitobans those dark days are over, and now we can look ahead to the future with some excitement.

Manitoba Hydro is the source of our Manitoba advantage of affordable low-carbon energy. And the world around us is changing; it's decarbonizing and electrifying. Thanks to decades of work and investment in Manitoba Hydro, our province has the opportunity to be at the forefront of a low-carbon energy future. We can see all around us how the energy landscape is shifting, and there are incredible opportunities for growth in hydro and other renewables.

In fact, that growth will be necessary to achieve our goals for emissions reduction and electrification. Manitoba Hydro provides reliable, safe, clean, low-cost energy that Manitoba families can rely on, and our government's top goal is to keep hydro rates low to make life more affordable for Manitobans.

It wasn't long ago that Manitobans had a government that hiked up rates by 20 per cent during their seven years in office. They disregarded the Public Utilities Board and set rates at the Cabinet table, hiking them up whenever they wanted, even over the holidays as Manitobans will remember. Our government will take a different approach, one that puts Manitobans first and focuses on affordability.

Manitoba Hydro provides thousands of good, family-supporting jobs for people across our province, and I remember in 2019, as others will, when we had that massive snow storm on Thanksgiving weekend, not after—not long after that 2019 election, how Hydro workers worked night and day to get the lights back on for Manitobans.

They showed an incredible dedication and perseverance to helping their fellow Manitobans, but how did the former government repay them? They picked fights, caused multiple strikes and fired hundreds of workers. Our government is committed to treating Manitobans with respect, and we have the same expectation of our Crown corporations.

One of our top priorities as government has been resetting the relationships that were, unfortunately, so badly damaged over these past seven years, and that includes our relationship with Indigenous communities. Our government has a responsibility to advance reconciliation in our province, and we include Manitoba Hydro in that responsibility.

I'm proud that our government has appointed Indigenous members to the board, putting in action our expectations that Manitoba Hydro will not only consult with Indigenous communities, but also partner with them to advance economic reconciliation.

I'm also proud that our government removed the prohibition that the previous government had put in place that prevented Manitoba Hydro from dealing directly with Indigenous governments. It is our government's vision that all Manitobans can benefit from our Crown corporation.

Manitobans are proud of Manitoba Hydro, and they're proud of our low-carbon energy advantage. They're proud of the good jobs that we have and that our energy is affordable, and they're proud that Manitoba Hydro is owned by the people of our province.

Our government is committed to building on our Manitoba advantage, powering a low-carbon energy economy, keeping energy costs affordable for families and providing thousands of good jobs across our province. We recognize, though, that the road ahead will present unique challenges. We have full confidence in our board and its chair to provide oversight, vision and sound fiscal stewardship of our corporation, and we are excited for what the future will bring as Hydro searches for a new CEO.

I would now like to welcome Hal Turner to make his opening remarks. I'm also going to take this opportunity to recognize his leadership and his commitment to the corporation in assuming the position of interim president and CEO. And I know that Mr. Turner is supported by a strong and professional leadership team, and I'm confident that with the oversight of the new Manitoba Hydro-Electric Board, led by our chair, Ben Graham, that Manitoba Hydro will reach its full potential, keep rates low for families, support our province's economic development potential, advance Indigenous reconciliation and move Manitoba into a clean energy future.

Mr. Turner and Mr. Fogg, along with the chair of Manitoba Hydro-Electric Board, Mr. Graham, will respond to questions relative to the corporation's operations, and I'll be pleased to respond to any questions that involve government policy.

So we're really looking forward to the discussions this morning.

Thank you, and with that, I'll like to pass it to Mr. Turner.

**The Chairperson:** Thank you, honourable Minister. We will go to the critic first, but we will come back to Mr. Turner.

So, does the critic for the official opposition have an opening statement?

**MLA Khan:** Thank you all for attendance today. The minister was remissed without a land acknowledgement, so if I could take a couple seconds to do a land acknowledgement. And this land acknowledgement I actually got from Manitoba Hydro annual reports. Being that we—as the Hydro committee today, I thought would be appropriate.

So, today we join from Treaty 1 territory on the homeland of the Métis nation, where Manitoba Hydro has a presence across the province on Treaty 1, Treaty 2, Treaty 3, Treaty 4 and Treaty 5 lands, the original territories of the Anishinaabe, Cree, Oji-Cree, Dakota and Dene people and the homeland of the Métis nation. We acknowledge these lands and pay our respect to the ancestors of these territories.

With that, thank you, Mr. Chair. I also want to thank everyone in attendance today. I won't go through all the names—the minister did a good job of that—but all the senior officials, everyone from Manitoba Hydro, the board, all those viewing and in attendance, thank you all for participating today. It's a very important committee.

I also would be remissed if I didn't call to the minister's opening remarks and his blatant disregard for the work of the Public Utilities Board. His opening comments, I believe, were not just for the hard work that the PUB does. On this side of the House, we value the work they do, and I want to acknowledge that and get that on the record.

I'd also in my opening remarks like to acknowledge a person that is not in attendance, but someone—I want to thank her, and I think we should all thank her in this province of Manitoba, for her invaluable work in this province in the past five and a half years and long-serving CEO of Manitoba Hydro during some of the most challenging times. Her tenure was cut short for reasons unknown, but today, hopefully, everyone in this room and Manitoba will get some answers and transparency as to why, so Manitobans can rest assured that Manitoba is in good hands. I want to thank Ms. Jay Grewal for her dedication, service, passion, vision, leadership to get Manitoba Hydro to where it was today.

And we will talk about those financials, as well, along with dealing with the crippling debt left by the previous NDP government, the energy needs of this province and the need to look outside the box for solutions.

Sadly, she was terminated by this NDP government and this minister for her comments. Well, today, hopefully we'll get some answers as to why.

Lastly, I'd like to state for the record: What we are doing here today is—very important part of the legislative process. Although it may seem we are combatting and we are going to war and we are attacking each other, that is not the intent. The intent is for a clear process and understanding of what is happening in Manitoba Hydro, the Crown jewel corporation of this province, so all Manitobans can rest assured.

I want that to be on the record, that this is of vital importance for the people of Manitoba and that these annual reports and this committee are a vital part of that process; the process of Manitobans having faith that the Crown corporation is being run properly, that it's being managed properly and that it will be here for future generations to come.

With those opening remarks, there is a lot to get to today, since we only have three and a half hours instead of four, I will leave my opening remarks there.

Thank you very much, Mr. Chair.

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

Does the representative from the Manitoba Hydro-Electric Board wish to make an opening statement?

**Mr. Hal Turner (Interim President and Chief Executive Officer, Manitoba Hydro):** I'm honoured to appear here today before the Standing Committee on Crown Corporations to answer your questions about our most recent annual report and provide a brief update on the past fiscal year at Manitoba Hydro.

I'm going to ask for a little bit of understanding on the part of those taking part in committee today, given I have been in this position as interim president and CEO for just a little over a week. While I've been around Manitoba Hydro in a variety of roles since 1995, there may be areas of the business you ask about that were not in my purview until last week.

This is also my first standing committee, so I'll do my best to make sure I respect the processes, and I'll do my best to answer your questions as accurately and efficiently as possible, but I may have to take some advisement—some under advisement to ensure we are able to provide you with correct information and make sure my answers that I provide are not wide right. I thank you in advance for your understanding on that.

Before as I—before I continue, as our practice at Manitoba Hydro, I'd like to do a land acknowledgement and—sorry, a land and territorial acknowledgement.

\* (10:20)

So, we join you today from Treaty 1 territory and the homeland of the Red River Métis. Manitoba Hydro operates throughout Manitoba on the original territories of the Anishinaabe, Anishinew, Cree, Dakota and Dene peoples and on the homeland of the Red River Métis. We are committed to respecting and supporting Indigenous peoples in all aspects of our business. Indigenous peoples have a strong cultural and spiritual connection to the lands and waters dating back in time immemorial.

We acknowledge the impacts of our projects and operations, and we are committed to working collaboratively to strengthen, improve our relationships with Indigenous communities. We support the advancements of reconciliation with Indigenous peoples in Manitoba, and we will work to contribute to reconciliation efforts in our interactions with Indigenous peoples and communities.

Before I answer your questions on our annual report, I would like to acknowledge the great work being done each and every day by Manitoba Hydro employees across our province. Whether it is maintaining our power lines, generating stations, the natural gas system or supporting our province by planning the energy world of tomorrow, our employees are at the heart of everything we do. In times of change, such as we are experiencing now, I want them to know they are trusted and valued by me, our board, our board of directors and most importantly, our customers.

I want to share just one example of the dedication of our employees in serving Manitobans. In October 2023, our crews responded to an outage in St. Theresa Point and Wasagamack caused by a pole fire due to wildlife contact. Our crews had a—had to barge heavy machinery and materials from St. Theresa Point and build a road through tough terrain to get access to where they could replace the damaged pole, with the aid of a helicopter, and restore power to the community. It took detailed planning and teamwork to marshal all the equipment to the work site. It's only one example of the commitment our employees make to Manitobans each and every day. This is our job, one I know the board and me personally take very seriously.

With that said, I would like to give you a brief overview of the past year at Manitoba Hydro. We began the 2022-23 fiscal year coming off one of the worst droughts on record in the 2021-22 fiscal year. Water inflows from the southern portions of the watershed supplying Manitoba Hydro's generating stations were well below normal, the lowest in over 40 years at some locations.

In '21-22—the '21-22 drought situation changed dramatically just days into the new fiscal year when a series of Colorado lows brought heavy snow and rainfall to southern Manitoba and northwestern Ontario and Minnesota. Together with snowmelt from above-average winter across the watershed feeding our system, it created record inflows on the Winnipeg, Red and Assiniboine rivers, Lake Winnipeg and the Nelson River, where our largest generating stations are located.

To give you an idea of how much precipitation we received, Lake Winnipeg rose five feet in just four months between March 2022 and the July 2022 peak. That's the fastest rise since records began in the early 1900s.

While the drought in '21-22 had a significant effect on our financial performance, the above-average precipitation in '22-23 buoyed our financial position with increased generation and surplus export sales. As a result of those higher water levels, increased generation and approved surplus energy sales, we experienced a total consolidated net income of \$638 million for the fiscal year, which ended March 31, 2023, compared to a net loss—excuse me—of \$248 million in the previous fiscal year.

Unfortunately, we are in another drought. These periods of low water flows drive home how vulnerable Manitoba Hydro's generation and financial outlook are on the weather and how important it is we strive to maximize the value of our product to ensure we continually meet our customers' energy needs.

It's also important to point out that our service to domestic customers is never in danger, thanks to the design of our system, including our transmission interconnections to neighbouring wholesale markets, which allows us to import energy as needed and how we operate our system during periods of low water flows.

On August 25, the Public Utilities Board approved an average electricity rate increase of 1 per cent effective September 1, 2022, and a further 1 per cent increase effective April 1, 2024. The PUB order also confirmed a 3.6 interim rate increase awarded in 2021 to help counter the effects of the 2021-22 drought.

We know no one wants to pay more in this time of high inflation. However, these rate increases do help us reduce the risk we face from increasing interest rates and fluctuating export market prices while also protecting our customers from the chance of higher rate increases if we experience a multi-year drought. They also allow Manitoba Hydro to continue making valuable investments in our system so our customers get the service they deserve and expect.

The announcement on November 9 of joint funding of \$475.6 million from the Province of Manitoba and Government of Canada help us continue to meet Manitobans' energy needs. The funding is going to two projects.

We're installing eight new hydroelectric turbines at the Pointe du Bois Generating Station, which is about 110 years old, to increase the supply of renewable, dependable electricity and enhance our transmission capacity and reliability in the area so we

can get the most value out of this energy asset to at least the mid century.

The funding will also go to a new 230-kilovolt transmission line we're building in the Portage la Prairie area to strengthen Manitoba's clean electricity grid, support economic growth and ensure Manitobans continue to receive affordable and reliable low carbon energy.

We have also increased our trades training/recruitment efforts to meet the challenges of attrition, so we have the proper employee complement to not only meet the demands of maintaining our system, but to meet the needs of our customers who require our service without unnecessary delay and so we can swiftly respond to outages and emergencies, protecting public safety. Our service levels have declined in recent years, and we intend to fix that.

In closing, let me just reiterate that we are here to ensure Manitobans enjoy safe, reliable and affordable energy to power their daily lives and help drive economic growth. Our clean energy can help Manitoba and Canada in the battle against climate change, and we also look forward to continuing our reconciliation efforts with Indigenous communities affected by our developments.

I am enormously proud of our employees, and I thank each and every one of them for the work they do every day and the support they have given me over the last few days. And I thank the members of the committee for their time, and I look forward to your questions on our 2022-23 annual report.

Thank you.

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

The floor is now open for questions.

**MLA Khan:** Do I need to put my hand up every time, or is it understood that I'll get the questions?

**The Chairperson:** If you'd like. We just also have a member on Zoom that we have to consider, but if all questions are coming through you, that's okay.

**An Honourable Member:** From what I understand, the member on the screen isn't able to speak until I'm done my time speaking.

**The Chairperson:** So, Mr. Jackson can ask questions at any time. He would have to put up his hand visually to let us know, but I would default to you as the likely question asker.



**MLA Khan:** Thank you, everyone, again, and thank you, interim CEO—or, I'll just refer to you as the CEO for now, to cut out a word.

So, you've been here for a week, congratulations. And, it's a lot to take on, so we will bear in mind that you have been here for a week and you might not know all the, you know, detailed answers of what we're looking for. I've only been here for less than two years, as well, so this is—I'm relatively new to the committee process as well.

So, I'll start with a very simple one: Can the CEO outline in his words what the mission statement is for Manitoba Hydro?

**Mr. Turner:** Yes, our mission is to help provide Manitobans with energy for life. So, we want to make sure they have safe, affordable and reliable energy to power their lives and businesses and help them navigate the evolving energy future.

**MLA Khan:** Yes, and, I mean, that's a good summary of pretty much what the mission statement is for Manitoba Hydro: help all Manitobans efficiently navigate the evolving energy landscape, leveraging their clean energy advantage, while ensuring safe, clean and reliable energy at the lowest possible cost.

I believe I'm correct. I just want to make sure that that is aligned with what the CEO is saying.

**Mr. Turner:** That is correct.

**MLA Khan:** I told you, Mr. Chair, I'll start off with some really easy ones. We're going to get into some easy ones. We got to loosen it all up for everyone; it's still early in the morning.

Now, how does Manitoba adhere to this mission statement? What processes do you have in place? What systems? And again, this a high-level conversation; I'm not looking for a 10-minute answer here. But just, in generally, your time at Manitoba Hydro and as the CEO, what are—documents are you using to adhere to this mission statement?

**The Chairperson:** Just one second, just a slight reminder to bring questions through the Chair.

**Mr. Turner:** Sure, thank you.

\* (10:30)

So, of course, we have Strategy 2040, which would be our north star. We would also have things such as our integrated resource plan, which we would have—which we have completed our first integrated resource plan this past year, which was an extensive

engagement with the people of Manitoba to get a better understanding of how their energy needs may evolve over time.

We have—of course, we have thousands of staff who maintain our existing assets, and we would have maintenance programs to allow us to do that. We have our capital forecast where we outline all the investments we need to make in our existing assets to make sure that they remain safe and reliable for Manitobans.

So, those would be some of the documents that would—we would use to help us along this journey.

**MLA Khan:** When was the—when was strategy 24 started and when was it completed? And I understand from the CEO's comments that the IRP was just completed this past summer, correct?

**Mr. Turner:** Mr. Chair, the Strategy 2040 was started in 2019, and I was—believe is completed in late 2020 or early 2021. Of course, we continue to monitor our strategy so it is a bit of a living document. The—our first integrated resource plan was published in, I believe, August of 2023.

**MLA Khan:** So, just to confirm that, Mr. Chair; if you can confirm that Strategy 2040 and the IRP were both started and completed under the previous CEO.

**Mr. Turner:** Mr. Chair, that is correct.

**MLA Khan:** And, Mr. Chair, is there a rough cost associated with creating these two documents?

**Mr. Turner:** Mr. Chair, I don't have those figures with me, so we'll have to take that under advisement.

**MLA Khan:** And just for clarity again, on committee process, if the member says it's taken under advisement, do I have to repeat—can we get—confirm that the CEO will take this under advisement and report back and then can we have a timeline on when that will be reported back to us as well?

**The Chairperson:** So, we track items taken under advisement during committee of supply, but not during committee meetings—or, sorry—standing committee meetings.

**MLA Khan:** Mr. Chair, so, again, just to clarify then, can we, for today, that the CEO says he'll take it under advisement and report back. Can we have a timeline on when the Chair will report back with the previous question?

**The Chairperson:** Just for clarity, are you asking for a timeline from me as Chair, or the CEO?

**An Honourable Member:** The CEO.

**Mr. Turner:** Yes, Mr. Chair, we'll have that information within three or four weeks.

**MLA Khan:** And I did look at the IRP document, and that is one living document, 108 pages, very well done, and Strategy 2040 as well. That is a very comprehensive document, so well done on that front to you and all the people working at Manitoba Hydro and he said at the north star, I believe you said, or the gold star of standards.

Now, wasn't there ever a strategy in place for this province prior to Strategy 2040?

**Mr. Turner:** I just want to make sure I understand the question. I believe the member asked was—did Manitoba Hydro have a strategy, part of Strategy 2040?

**MLA Khan:** Yes, That's the question—oh, sorry, Mr. Chairman. The answer is yes.

And along with the previous strategy that you say was in place, Strategy 2040 has now taken that over. Was there ever an IRP created by Manitoba Hydro for working alongside with the strategy?

**Mr. Turner:** The IRP that we published in August was our very first IRP, so we never had an integrated resource plan prior to that.

**MLA Khan:** Just a clarification: Is it normally best practice, or industry standard, with an organization such—as large as Manitoba Hydro to have an IRP along with a comprehensive strategy, and if so, why was the first one created—or has begun—sorry, I'll repeat the question. If there wasn't an IRP prior to this, as the CEO says, why—who started and commissioned this IRP report?

**Mr. Turner:** So, I can confirm, yes, that an integrated resource plan is an industry standard practice, and then the IRP was started in—when the member was asking his question—I'm going to do my best to answer it; if I get it wrong, I'm sure the member will rephrase the question.

So we have a director of Integrated Resource Planning. So that director at the time was a Mr. Terry Miles, and he started that in 2020, and then was completed by Mr. Dave Bowen and Ms. Lindsay Melvin, who are also directors of Integrated Resource Planning.

All of those—that plan was created under my former portfolio as the vice-president of Asset Planning and Delivery.

**MLA Khan:** So both of these documents, along with, I understand, there is an environmental and social issues governance that has been conducted. Can the CEO speak a little bit about the environmental and social issues—social governance document they have.

**Mr. Turner:** Yes, the corporation annually produces a ESG report—this was actually our third ESG report—and the report would summarize some of our activities to try and minimize the impacts on the environment that we'd have, as well as any of the—our impacts from our operations on the communities and stakeholders within Manitoba.

**MLA Khan:** So, just in clarifying, so this is the third report. So is one report done every year? When was the first report done? And from reading this it looks like the last report was done in this annual report. So if the CEO can maybe say when was the first report commissioned.

**Mr. Turner:** So our first corporate social responsibility report—so that's what we referred to it at the time—was published in 2020. Prior to that, a lot of that information would have been in our annual report.

**MLA Khan:** So from what I've heard here from the CEO is that the Strategy 2040, which is the north star for Manitoba Hydro, the guiding star, gold star—one of those words, sorry, I apologize—was started in 2019 and done in 2021.

The IRP, which is the first of its kind for Manitoba Hydro, which is an industry standard document, was also just completed this past year. And also the environmental and social issues report, the first one was commissioned in 2020.

All three of these very important, monumental, industry standard reports and processes and documents that organizers have were all commissioned under the previous—under the time and tenure of the previous CEO. Sounds like this is a pretty good start for Manitoba Hydro and the CEO got off to a good start by creating these documents that are industry standard.

So my question is for now the board chair. If these came under the CEO, the former CEO, and never been done before, why was there a need to remove the CEO?

**Mr. Ben Graham (Chair, Manitoba Hydro-Electric Board):** As I've mentioned in the past, the new board is appointed. Obviously, they assessed the leadership of the executive team and, despite these documents,

we often feel that sometimes a different perspective is always good.

\* (10:40)

I'm sure we've all looked at reports and read them a hundred times. Then a fresh set of eyes comes in and has a different perspective and picks up things that maybe you've missed.

So the board felt that it was time for a change, and we feel that sometimes change is good.

**MLA Khan:** That's a valid point. You always want to assess leadership and look at things from a fresh perspective. But these documents are pretty fresh, if not, I would say, very, very fresh. The IRP just came out this summer, strategy 2021 was just completed two years ago; environmental social issues has only run three reports, starting in 2020. So that's three years of reports, all very fresh perspective, and all of these are the guiding direction of where Manitoba Hydro is to go in the future. So these are fresh perspectives, unless the board disagrees and says—disagrees that these are not fresh perspectives for Manitoba Hydro.

Maybe the board chair can clarify that a little bit on fresh perspective.

**Mr. Graham:** Mr. Chair, I think it would be remiss to say that despite the title of the integrated resource plan, for a number of decades, Hydro often assesses future power needs and what needs to happen in the future. The fact that its titled under something new called integrated resource plan, which is the new industry standard; that type of work has been going on for decades.

As I've mentioned, the board came in and we, after discussing, you know, the next steps of where we need to go, delivering on the mandate letter, we felt that that fresh perspective was required. Again, we thank Jay for her five and a half, almost six years of service with Manitoba Hydro. But, again, with those in camera discussions we felt that it was simply time for a change in perspective. I've been part of those conversations in the past in previous roles as well, so I know sometimes those conversations are difficult, but I can see that the need for an organization to have a different leadership model or a change of term.

**MLA Khan:** Again, I don't disagree with the board chair's, you know, comments on a fresh perspective, but the documents that were created under Manitoba Hydro are the perspective of where Hydro is going. So, you know, the board chair wants to mention that there was previous work, not called an IRP.

Will the board chair take an undertaking and provide what those previous works were before they were called IRP, if those documents do exist?

**Mr. Graham:** Yes, I will. I'll take that undertaking. Yes.

**MLA Khan:** So, just for the record, I guess, repeat that: The board chair has agreed to take an undertaking, providing this committee with previous works of an IRP framework that he claims were in place before this IRP was officially labelled an IRP.

**Mr. Graham:** Mr. Chair, I think if you go back to the records, I said that similar work had been done. So it's not going to be titled the 1983 integrated resource plan but there'll be similar types of discussions and works that were in place in relation to try to meet those future energy needs.

**MLA Khan:** That's correct, Mr. Chair, apologize. Mr. Board Chair, similar works, it will suffice. So undertaking will be—undertake. Timeline on when that undertaking will be completed by, roughly?

**Mr. Graham:** Mr. Chair, I'd like to take the issue—the documents from that undertaking at the same time when Mr. Turner submits the other documents under his undertaking; so, three to four weeks.

**MLA Khan:** Thank you, Mr. Board Chair, for your answers on that.

To the minister, now, Mr. Chair. You know, I'd like to get the minister's opinion on his thoughts and an opinion on the integrated resource plan.

**MLA Sala:** I appreciate the question from the critic, and he is the new critic for Hydro. I think the IRP that's been developed is a great starting point, and we know that a lot of work went into it from the corporation. The IRP is effectively, as it's been said, it's a planning document. It's about outlining a path from A to B and showing how the corporation can get to an energy future based on whatever our needs are.

An IRP should be informed by energy policy. That's something that we are, of course, looking at as a new government and developing. And so we expect that their people will be at work in development, as has been alluded to. This is the type of work that Hydro has always done for years. This is the business that they're in, needing to look very far ahead into the future to plan for—to plan ahead. And we expect that that work will be ongoing as it relates to the IRP.

**MLA Khan:** Thank you, Minister, for your answer. And, sorry, I believe the minister said it was a great

document, fantastic, just to go back on what his adjective was for explaining this document.

**MLA Sala:** This is a good start. That's how I would describe it. And it's a work in progress and it's a document that will continue to change. And this is, again, this is a part of Hydro's continuous planning and preparing for the future.

**MLA Khan:** And now to the board chair: Considering that the IRP was commissioned under the previous CEO, and the minister says it's a good start, industry standard, it's going to guide Strategy 2040 for this province, why fire the previous CEO before she's able to present to this committee on this good starting document?

**Mr. Graham:** Mr. Chair, as I've said before, a large number of those conversations are held in camera, as members of the board. I will say that, back to Mr. Turner's point earlier, the work was done by a number of members of Mr. Turner's team, and they remain with Hydro. They will be contributing to the continuous evolution of that document, especially once we get the energy policy in place.

And as that document evolves, under the future CEO's leadership combined with the expertise of those staff members, I think that will be the right team to deliver on that IRP.

**MLA Khan:** But the timing, I believe the board chair has to, you know—and everyone in this room and everyone in the province of Manitoba and anyone paying attention to Manitoba Hydro would have to say that the timing is suspicious, being that, again, the CEO today, the minister has said it's a good start, you yourself have talked highly of these documents—was all commissioned under the former CEO, all three of these fantastic documents going forward. They're going to shape Manitoba Hydro for the future, and yet she's fired two weeks before she can present to committee today.

So, one would beg to ask that the timing looks suspicious as to her termination today when there was, what it seemed like in the media, was direct interference from this NDP government. Can the board chair please comment on those?

**Mr. Graham:** Mr. Chair, I don't know what their definition of suspicious is. I don't think it was suspicious. It was part of the evolution of a new board coming in, assessing the CEO and making a change. There was nothing suspicious about the timing.

**MLA Khan:** Mr. Chair, suspicious—you know, I don't have a Webster's Dictionary, I'm sure I could look it up on my laptop right here, but suspicious would be something that, you know, makes your hair stand up on your back, something that doesn't look right, something that feels a little off. And I think the board chair can recognize that it did look a little off when the former CEO spoke in front of a room at the Manitoba Chamber event about the needs for Hydro, the needs for looking for energy, our capacity, innovation, where she talked about the IRP and Strategy 2040, that within a week of that, that she was fired.

And when she was fired, the minister is standing there, when the minister has no, I guess, insight into this or no interference, is from what we've read, and from what you're saying, that she was fired a week after making those comments.

\* (10:50)

So, I think suspicious is just—does it look suspicious that she made these comments, these documents came out under her, fantastic documents to see how Manitoba Hydro's going to move forward, and comes out with comments—a week later, she's fired. And the minister responsible for that is the one standing there making the announcement when I—it should be the board chair.

**Mr. Graham:** Again, I don't want to speak on behalf of others and their suspicious thoughts. But, again, throughout my professional career, to see a change in leadership after a new board is appointed is nothing new. It's happened many times before, and it will happen many times in the future. So, if timing is coincidental, fine. But there is nothing suspicious here. It was a board decision. We made it, and we're happy and we're living with it.

**MLA Khan:** So, not at all—this doesn't look suspicious to you at all, and the people that are watching this and paying attention, that the CEO is fired one week after making comments publicly that the minister came out and spoke against, and then she is fired. That doesn't look suspicious at all to you—Mr. Chair, through the Chair?

**The Chairperson:** I appreciate you putting that question through the Chair.

**Mr. Graham:** Again, I don't know how many times I need to say this. We've been assessing the leadership team over a number of months since we took over. For others to say it's suspicious, that's up to them. Because I was involved in the inner workings of that decision, I didn't see it as suspicious. I'll leave it at that.

**MLA Khan:** Now—and I'll get back to the assessment and—of the suspiciousness of that. And Manitobans have a right to know. I think everyone has a right to know. It looks a little odd to me reading it, and many other people—I have constituents I speak to. They—raising some questions, and it's my job to bring those questions forward.

Now, with the importance of this committee coming up a week after the CEO's—two weeks—shortly after the CEO was terminated, and the importance of this committee and the CEO, you know, God bless him for doing his best, and being in the role for a week, admits that he might not have all the answers. He's only been there for a week. Why not allow the former CEO or the CEO to come to committee and to present at committee for all of Manitoba to know what's happening as opposed to putting someone who's very well experienced, has a great resume, knows what he's doing but has only been there for a week?

**Mr. Graham:** Well, the topic of today's meeting, I believe, is the '22-23 annual report, not the events of the last two weeks. And we have the great CFO Alastair Fogg here to present your questions on the annual report. So we do have the expert here to answer those questions based on the topic of today's meeting.

**MLA Khan:** Thank you very much, Mr. Chair, and I think you'll also appreciate that, you're right; we are here to talk about the '22-23 reports. But the '23-22 reports were commissioned under the previous CEO. The '22-23 reports and reports to come in the future are all going to be within the framework of Strategy 2040, within the framework of the IRP and other documents that were done under the previous CEO.

So, although we are here to talk about the '22-23—and we will get to that in the remaining three hours and eight minutes we have—but it is important for Manitobans. And I believe Manitobans are—have the right to know. With this timing, with this suspicious firing, it looks like it's political interference when the CEO is to present at committee at a very important committee so Manitobans can be rest assured that the Province is headed in the right direction, and she's fired right before it, then to have an interim CEO who's been in the position for one week.

So, with all due respect to the board chair, these questions are relevant. They are about the '22-23, as it was commissioned under her.

So, I will ask the board chair yet again: Does he believe that the timing of the termination of the former

CEO was done correctly, was done appropriately and properly, one week before—or two weeks prior to committee, or would it have been in best interests of Manitobans to actually hear what the CEO of five and a half years had to say about the future of Manitoba Hydro?

**Mr. Graham:** Mr. Chair, I believe Ms. Grewal has spoken in a number of forums and a number of meetings, about her vision, or, you know, the issues facing Hydro, and I think you're all very aware of those.

But again, I would go back to the point of, you know, here, with the matter under consideration, which can be spoken to at a very specialized level by Mr. Fogg, so I believe that Ms. Grewal's messages have been made public in the past. She's had many forums to speak. So I don't think anything would have changed by Ms. Grewal being here, and I also will continue to say, as someone involved in the inner workings, I did not think that it was suspicious whatsoever.

I don't know if there's ever a good time to have those conversations with a leader. I'm sure you would understand that.

**MLA Khan:** The former CEO has spoken numerous times publicly. She was not—she was stopped, she was muzzled from speaking here today. She was terminated two weeks before speaking here today on this report. And when she did speak out, she was fired. She spoke out, she was fired two weeks later, or a week later. That's the message that this board chair is getting across now; that when she spoke out, she was fired.

The CEO had an opportunity, the former CEO had an opportunity to come here and speak to committee on the future of Manitoba Hydro, and she was muzzled. She was stopped. That's what the CEO is saying, so we'll move forward with that.

And when it comes to assessing timing now, can the board chair please comment and give a timeline on when this assessment of executive leadership was started.

**Mr. Graham:** First of all, I'd like to correct the comments made by Mr. Khan. I never said she was removed from her post because she spoke out. I said she had a number of ways to communicate those issues that you want to hear about today in other forums. So I think that that comment was obviously very misrepresented.

Can you please repeat the other part of the question?

**MLA Khan:** I apologize, board chair, if I misquoted there. I was simply stating that she was fired, what seemed like for making comments publicly; a week after she made those comments is what I had said, but the board chair denies any suspicious behaviour there.

So, the question was in regards to the assessing of timing of executives. So, can the board chair, for the committee today, enlighten us on when the assessment, when the leadership—of executive leadership assessment had started; as he said that was part of the process.

**Mr. Graham:** I believe from day one, when we were appointed as a board.

**MLA Khan:** Can the board chair clarify, was this a mandate given to the board from the minister to start an assessment process of executive leadership, was that what I'm understanding from day one: the minister had directed the board to start assessment of effective leadership?

**Mr. Graham:** There was no mandate given to assess the leadership of Manitoba Hydro. It's simply best practice of every new board that is appointed.

**MLA Khan:** So there was—so, just to clarify, Mr. Chair, there was no formal process of starting an assessment of the executive leadership of Manitoba Hydro. This is something the board just does every single day throughout its time as a board, is what I'm understanding? That there's always constant executive leadership assessments and reviews happening?

**Mr. Graham:** Not reviewing—I reviewed the performance of Hal over the last two weeks, and despite some dubious fashion choices, I think he's doing a great job. Every board continues to assess the performance of the executive team, whether it's informally, formally, in whatever means. And then it's our duty to make sure that the right executive team is there to deliver on the mandate letter that was given to the board.

**MLA Khan:** So to be clear, Mr. Chair, there's no formal process was conducted in the evaluation of the executive leadership at Hydro since this new government took place.

**Mr. Graham:** There is no written document. There were very strong in camera discussions.

**MLA Khan:** So, to be clear, just what I'm understanding from the board chair, it just—it kind of

surprises me, I'm taken aback by this, that there—there was no formal process for removing the CEO of Manitoba Hydro.

\* (11:00)

Is that what I'm—there was no formal review process done for the termination of the CEO—former CEO of Manitoba Hydro?

**Mr. Graham:** As is common practice, boards will discuss the performance of the executive in camera. It is not for public disclosure for us to be writing here are strengths, weaknesses, et cetera of those executive members.

Was a review done by the board of Ms. Grewal and her ability to deliver on the mandate letter? Yes.

Was that done in camera? Absolutely, as it should've been.

**MLA Khan:** I mean, I'm—Mr. Chair, I'm dumbfounded. I'm sitting here—the CEO making \$515,000 a year, who's been here for a very long time—serving CEO of Manitoba Hydro, who came up with these three fantastic living documents, which are going to govern this province or guide this province forward. Came up with three of them under her leadership, is terminated with no formal review process, but there's very strong in camera discussions with government.

This is odd. This is—Manitobans—I mean, I guess we'll leave it there, that there was no formal—just to be clear, this was a very strong in camera discussion that led to the termination of the CEO. There was no formal executive assessment of her leadership.

**Mr. Graham:** Yes. When it comes to a particular process or standard, we would assess that leadership and discuss it at an in camera meeting at the end of every board meeting, as you should know. And we decided that it was time for that fresh perspective.

Let me rephrase—can I just rephrase that?

**The Chairperson:** Yes.

**Mr. Graham:** Again, those discussions take place, notes are taken, we discuss it, we make a decision as the board of directors, as they should—that's their role, I'm sure you understand—and we made that decision, absolutely.

**MLA Khan:** So, from day one—the board chair says, Mr. Chair, that this review started on day one of this assessment of executive leadership at Hydro, and then

a week after she came out and made her public comments, she was fired.

Does the timing of that not seem suspicious? I'll use that word once again to the board chair. If this review process was started day one, why wasn't it done earlier? Why wasn't the termination done earlier or why wasn't the termination done after committee to allow the CEO to present today?

**Mr. Graham:** Again, I'll answer on the basis of the suspiciousness. I don't see the suspiciousness.

Again, I guess I would be remiss to ask—with another question, I'll answer the question with a question—is, should we have gone in there completely blind, started the assessment and then removed her after one or two weeks? Of course you have to take time to assess their leadership ability to move forward. We did that over a couple of months, or three or four months, and we decided to make a change.

That is the proper process to make that change.

**MLA Khan:** I'll go back to a comment made by the board chair earlier, was that the board chair was reviewed—review was assessed on her ability to deliver on the mandate letter. So, I'm glad you brought up the mandate letter, because we're going to dive into that a little bit here.

Which part of the mandate letter was the former CEO not able to deliver on?

**Mr. Graham:** Mr. Chair, again, the mandate letter is very multi-faceted. You're looking at a number of changes here. And again, I don't know how many times I have to repeat the point that we felt that a fresh set of eyes or a new perspective on the delivery of this mandate letter would be good for the organization.

**MLA Khan:** It seems that the board chair doesn't want to dive into, you know, the specifics of this mandate letter, but, you know, from reading this mandate letter, and all Manitobans can read this mandate letter, looking at it from the annual report and what's been, you know, discussed that the CEO—former CEO was well on her way to achieving a lot of the mandates within this letter. But we'll table this letter for later, and we'll come back to that one at another discussion. Can—sorry—we'll move on to another formal question. We'll come back to that mandate letter a little bit there.

These questions I'm going to pivot to the CEO now for a little bit. And they're in regards to debt, income, expenses when it comes to Manitoba Hydro. So we'll start off with some easy questions. I know

you've been there for a week, so we'll start off with some easier ones.

What was Hydro's net income last year?

**Mr. Turner:** Mr. Chair, I believe I spoke to that in my opening remarks. Our net income in fiscal '22-23 was \$638 million.

**MLA Khan:** I mean, that's a fantastic net income. Would the CEO, Mr. Chair, would the CEO agree that that was—that's a great performance year for Manitoba Hydro?

**Mr. Turner:** I would suggest that Manitoba Hydro benefitted from some great weather and some favourable pricing in the export market.

**MLA Khan:** So, Mr. Chair, yes. The answer is the—that's—the—it was a great year for Manitoba Hydro. Of course, given factors out of our control, but it was a great year for Manitoba Hydro.

**Mr. Turner:** I would say it was a fortunate year, given the weather that we experienced and the high export prices.

**MLA Khan:** Can the CEO just quickly go through maybe the top five avenues of revenue coming in to Manitoba Hydro in this annual report?

**Mr. Turner:** Mr. Chair, I'm going to ask Mr. Fogg to speak to that.

**Mr. Alastair Fogg (Vice-President and Chief Financial Officer, Manitoba Hydro):** I think if you turn to page 41 of the annual report you can see the primary services on the electric revenue. Between residential, extraprovincial revenue, there was also from our commercial, industrial customers. Those would be the primary sources of revenue.

**MLA Khan:** Thank you very much, Mr. Chair and Mr. Fogg. Maybe I'll direct the questions to Mr. Fogg directly then, instead of going to Mr.—interim CEO—sorry.

So, Mr. Fogg, maybe if he can highlight the cost of operations and expenses. Have they gone up or down in the—this annual report?

**Mr. Fogg:** The—every year as part of our annual report, you'll see in our financial statements we produce a consolidated statement of income or loss, page 63 of the annual report. And you'd see the primary expenses. Those expenses vary every year. You would see finance expense decreasing slightly, operating and administrative expenses increasing and then a series of other expenses that are in regular

course; the expenses we see every year. And they'll vary depending on situations on a year-by-year basis.

**MLA Khan:** Mr. Fogg, what was the revenue generated from exporting energy?

**Mr. Fogg:** Yes, so the extraprovincial revenue for that year was \$1.13 billion in 2023.

**MLA Khan:** Maybe this is—thank you, Mr. Chair. Maybe it's back to the CEO. Can the CEO maybe comment on—that sounds like a very large number. Well, it's a 93.3 per cent increase over '21-22.

What were some of the factors that led to that large number?

**Mr. Fogg:** Thank you for the opportunity to answer that question. Certainly, as our CEO mentioned, in the '22-23 year, we had quite a high water year, lots of opportunity for what we term opportunity sales into the export market.

So, after we serve our domestic customers with the dependable energy and meet our dependable contracts, we then have an opportunity to use any excess water to sell into the marketplace. And in the '22-23 fiscal year, that aspect of our revenue, our opportunity sales, was significantly higher than any other year directly as a result of our water conditions.

**Floor Comment:** Mr. Chair, may I add something?

**The Chairperson:** Yes, Mr. Turner.

\* (11:10)

**Mr. Turner:** We also benefitted from Keeyask Generating Station coming online that fiscal year, or the previous fiscal year, so it allowed us to take greater advantage of the favourable water conditions.

**MLA Khan:** And can the CEO or Mr. Fogg comment on—can Manitoba Hydro rely on that sort of export revenue every year with even Keeyask generation coming online?

**Mr. Turner:** I think the—so, the short answer is no, and I think the last three years demonstrate that.

So, we started with a drought in '21-22, and we had a loss of—excuse me—of \$248 million in '21-22. And then we made \$638 million last year. And we are, as of our Q3 results, I think we've suffered a hundred and—forecasting \$190-million loss at the end of this year.

So, Manitoba Hydro's finances are heavily influenced by, of course, weather, as well as the markets that—the export markets that we export to.

**MLA Khan:** And I know this is a very silly question, but I have to ask it anyways for the record, and does Manitoba Hydro or the provincial government of Manitoba in any way control the weather?

**Mr. Turner:** Mr. Chair, I can't speak for the provincial government, but Manitoba Hydro does not.

**MLA Khan:** I said it was a silly question, but I had to ask it. Thank you.

And I'll ask the minister the same question: Does the minister, although new in his role, believe that the provincial government controls the weather here in the province of Manitoba?

**MLA Sala:** Unfortunately, no, we don't, but I can say that, when we do observe weather patterns and see the direction that things are heading, that we should be ensuring that we accommodate and adjust for that in the way that we communicate the financial position of our Crown corporations.

**MLA Khan:** All right, thank you. Okay, good, we agree on that, then. That's a good start, or a good hour point.

I'll now, Mr. Chair, like to get into the Keeyask coming online.

How much energy is generated from Keeyask, Bipole III completion this year—or, last year? Coming online.

**Mr. Turner:** So, Keeyask Generating Station—Mr. Chair, Keeyask Generating Station has a nameplate rating of 695 megawatts, so that's how much capacity, and on an average water year will generate 4,400 gigawatts of electricity.

**MLA Khan:** So, 4,400 gigawatts in a year, so, by percentagewise, for the entire energy production in the province, how much does Keeyask account for?

**Mr. Turner:** So, if the member would like to refer to the back page of our annual report, Keeyask contributed 11.71 per cent of the energy generated in Manitoba in fiscal year 2023.

Now, I would like to add that number will change depending on weather. So, a year like this year or in 2022, if Keeyask had been fully online, it would generate less energy than it would in a year like 2023, for example—or, excuse me, 2022-23.

**MLA Khan:** Thank you very much, interim CEO—sorry, there's a lot of different titles now—thank you very much for that answer and great news Keeyask is



online and getting some energy going for this province.

I want to get back into the weather question here, and we all agree that no one controls the weather that we know of—the Province of Manitoba, Manitoba Hydro, opposition—none of us control the weather.

So, you know, the question is for the minister then. If he acknowledges today that he doesn't control the weather, we don't control the weather, why did the minister purposely mislead Manitobans on the financial situation of Hydro due to uncontrollable—Mr. Chair, can the minister clarify why he would mislead Manitobans on the financial situation of Hydro due to uncontrollable weather events, which he simply stated for the record today that no one controls?

**The Chairperson:** A gentle reminder that we aren't in a position to speak to people's intention of deliberately misleading.

**MLA Sala:** Yes, I'd just like to ask for clarity on what instance of misleading the critic is referring to.

**MLA Khan:** I apologize for the comment, of the wording there, and I'll circle back to that one. It's somewhere in this pile and, when I have a second, I will find that document and bring it back up for question, and the minister can clarify the thoughts on that.

Moving on to contracts now, I believe Mr. Fogg did mention that there are existing contracts, dependable contracts, and then there's the spot market.

Has Manitoba Hydro signed on to any new, or extended any existing contracts for export of energy outside of Manitoba since the start of this annual report, March–April of 2022?

**Mr. Turner:** So the short answer is no. Manitoba Hydro has not entered any long-term export contracts since—and I believe the member's question was, since the start of this fiscal, this annual report. We do have agreements where we will exchange capacity with other utilities, and we did enter an agreement this past fall. It was not an export agreement.

**MLA Khan:** So thank you, Mr. CEO, for clarifying that there are no new—sorry, are there any contracts under negotiations with current export agreements?

**Mr. Turner:** So, at any given time, Manitoba Hydro would be exploring agreements that would benefit Manitobans with utilities that we would interact with.

So we are in conversation with utilities on potential agreements that could be beneficial to our customers.

**MLA Khan:** And for those of you that don't know, can the CEO maybe clarify what a dependable contract or an existing contract is, and what that means for Manitoba Hydro if we have excessive—excess in energy, or if we are in the opposite and it's a drought year and we don't have enough energy for our own needs. What does that mean to these contracts?

**Mr. Turner:** So I think there's a number of parts to the question. I'll do my best to remember them all, and I'm sure the member will remind me if I miss one.

There are a number of ways that we interact with the export market. So, one of the ways would be long-term dependable contracts; so where we've agreed with a counter party to provide them a certain amount of energy for a certain period of time. Those are referred to as dependable energy type sales.

And then we would have spot market sales. So historically, as we've brought new hydroelectric generating stations online, the amount of capacity you'd bring on is more than you need in Manitoba, so we will sell that extra capacity and energy for some period of time.

Depending on whether—or—sorry, I'll step back for one second. So we plan our system to make sure that we can keep energy available to Manitobans under all situations. So we plan for the worst possible drought, and so—and when we consider the obligations we have to meet, we consider these long-term export contracts. So they have no bearing on our ability to meet Manitobans' load—or, meet the energy needs of Manitobans.

In times of drought we will import energy, because we are trying to protect that we can meet Manitoba's energy needs both today and tomorrow. There could be a drought again next year. So we will rely on that export market to bring in energy in times of low flows like we're experiencing now to make sure that the lights will come on and the gas is flowing in the coming years, should we happen to see a drought again.

I apologize to the member if I missed part of your question.

**MLA Khan:** No, thank you very much, Mr. Chair, and for your first committee, it's great.

So would the long-term dependable contract, just so I understand, those are what the title says, long-term dependable contracts that are inked, that

Manitoba Hydro has to sell energy to out-of-province purchasers. In a time of drought, for example we're facing now, or in excess, as was reported—but there was a drought in the previous year, what happens if Manitoba Hydro doesn't have sufficient energy to export to those?

\* (11:20)

**Mr. Turner:** So, this is a great—thank you for the question, and it's a great opportunity for me to talk about some of the amazing employees at Manitoba Hydro.

So, we have dedicated professionals that plan our system, and we plan for drought. So, we have planning criteria to make sure the energy is available when Manitobans need it. So we've planned for the worst drought on record, which was approximately 1940-41. Knock on wood, we have never experienced a drought like that since, so there is zero danger of us not being able to supply Manitobans' energy needs or meet our long-term firm export obligations.

**MLA Khan:** So, sorry, just to be clear, so we always have enough energy to fulfill our export obligations, no matter what?

**Mr. Turner:** So, we plan, we consider our long-term dependable export obligations as part of our planning for our system, and so we—assuming we don't have a drought worse than 1941, the worst drought on record, we are able to meet those obligations.

**MLA Khan:** So, again, just to clarify—sorry, I know we're going back, and this is relatively new for some of us, myself included, and this process, as well, so I ask for leniency on this question again. So just to be clear, Manitoba Hydro has a long-term dependable contracts that we have to fulfill, which are exporting energy out of the province. And from what I understand from—the CEO has said, is that they have great people at Manitoba Hydro that work and forecast this and project this and that we can fulfill those obligations.

But if there's a drought and there's a time where Manitoba is low on energy, then we are then importing energy, from what I understand, because we have to fulfill those long-term dependable contracts while Manitoba's going—drought we have to import energy from—we have to purchase energy. Is it, just to be clear, is that how the process works? Maybe, Mr. Chair, if the CEO can clarify that for me.

**Mr. Turner:** Mr. Chairman, so, we will import electricity in off-peak hours to be able to conserve

water to protect against future droughts. So we will—our long-term dependable export contracts are typically during day—during the day, approximately 16 hours a day. So we will meet those obligations, and then in periods where we don't have export obligations, we will, if it makes economic sense and it helps us protect against drought, we will import energy in those off-peak hours to save water and make sure we can supply Manitobans' energy needs into the future.

**MLA Khan:** So, and the CEO can maybe clarify this: Would it benefit Manitobans—as the mission statement for Manitoba Hydro says, sustainable, reliable, low-priced energy—would it make sense for Manitoba Hydro to just keep all energy in Manitoba and not export it so that we can make sure Manitobans are taken care of first?

**Mr. Turner:** So, again, we plan the system to make sure we meet Manitobans' energy needs today and into the future. Those long-term dependable export contracts we have in place help pay for those assets that Manitobans have invested in, and it's one of the reasons why our rates are among the lowest in Canada. So I would suggest to the member that it's been beneficial to Manitobans that Manitoba Hydro has these dependable export contracts.

**MLA Khan:** I think that's great, the way you're planning, the people you have at Manitoba Hydro sound like they're doing a fantastic job. So, again, to summarize before I move on, that the net offset—or there is a financial gain for these long-term dependable contracts, even in a drought year, for Manitoba Hydro is what I'm understanding.

**Mr. Turner:** So, there is export revenue associated with these long-term dependable contracts in drought years or in years of high water. So, I think, correct.

**MLA Khan:** I mean, I guess just last clarifying—sorry, you added one word in there. So in drought years, when we are exporting, though, would there still be a net gain, financial gain, for Manitobans, if it is a drought year of, I mean, maybe not to the 1941 status; I guess that would be the question, what defines a drought year. But I guess, historically, if we're looking back at the past, you know, 50 years, would there be a net financial plus to exporting energy even factoring in those drought years, of having to import energy?

**Mr. Turner:** Mr. Chairman, there is a financial benefit to Manitobans in drought years by having these long-term export contracts in place.

**MLA Khan:** And this is going to make me—in the units of which we—Mr. Chair—maybe we can get a clearer—in the units in which we purchase and sell energy, is the unit price of purchasing energy into the province greater or lower than the selling price of what we export our long-term dependable contracts for?

**Mr. Turner:** Mr. Chairman, this is going to sound like a politician's answer, so I'll apologize in advance, but it depends. So there will be times when we can import energy at very low prices. There's, in fact, times when—where utilities will pay us to take energy, and there will be times when we have to pay more than our long-term export contracts. So it—market conditions can change and can vary. So there's no one answer to that question.

**MLA Khan:** That was a very good answer. It wasn't politician at all. The—then would maybe the CEO could—have an undertaking of providing this committee with a historical reference of what the selling and purchasing price index or price unit would be over the past two decades for this province?

**Mr. Turner:** Mr. Chair, so we cannot provide the specific prices that we receive as part of those contracts. That would be commercially sensitive information. I would direct the member to the Public Utilities Board. There will be lots of publicly available information at a more general level on the export revenue that we receive at Manitoba Hydro.

**MLA Khan:** All right. Thank you very much, Mr. Chair. So we'll get back to the success of Manitoba Hydro for this annual report here: \$638 million, I believe, is what was reported.

Given the numbers, given the export numbers—\$1.13 billion of export revenue, and Keeyask has come online, more energy, spot market was higher than anticipated, would the CEO say that he was—if he had to describe—he was unhappy, happy, very happy, over-the-moon happy with the performance of Manitoba Hydro in the '22-23 annual report?

**Mr. Turner:** There's a lot of options there. Unhappy, happy, over-the-moon happy—

**An Honourable Member:** Angry.

**Mr. Turner:** Angry? Okay. I think I would say I was happy.

**MLA Khan:** I—like I said in my opening remarks, I know at times it seems like we're confrontational in here, but we are here for the same purpose, and that's to make sure we move Manitoba Hydro forward for

the best of all Manitobans. So I will throw in some nice, light questions then.

So, happy is a good term for describing the financial reports. As a CEO, would you be happy with a report under your leadership—if this report was to come under—be under your leadership, would you be happy with that?

**Mr. Turner:** Sure, yes.

**MLA Khan:** This question goes to the board chair, then. We have an interim CEO who says he's very happy with the reports—or happy—sorry, not very happy; he said he was happy with the reports and that he would be happy with this report if he was the CEO and this was done under his tenure. You would have to assume that former CEO was also happy with the success under this report.

Does this at all create any thought or reassessment of the termination of the former CEO by this board chair?

**Mr. Graham:** Mr. Chair, as previously discussed, as the majority of these outcomes are hydrology driven and water based, unless Ms. Grewal can predict the weather or create rain, we're still very happy with our decision.

\* (11:30)

**MLA Khan:** Thank you, board chair. And I think we all agreed earlier that none of us here can control the weather—politician, Manitoba Hydro, former CEO. But what the former CEO can control in this annual report, which is highlighted, was Strategy 2040, was the IRP that was created underneath her and many other commissioned reports that led to the success of Manitoba Hydro.

So would—is the board chair, although we agree he cannot control the weather, there is more than just controlling weather that affects operations around the success of an organization. So the question to the board chair is, does the board chair—what are his comments towards the foundation or the systems that the former CEO had put in place for the success of this annual report?

**Mr. Graham:** Again, I can go on the record, just say thanks to Ms. Grewal for the work that she did while she was the CEO of Manitoba Hydro.

Back to the question about the annual report, again, we were very much focussed on the impact of water levels on the income that was generated in that

annual report, and as we all agree, no one in this room can predict the—or create different weather patterns.

So again, we thank Ms. Grewal for her work, and we look forward to the next chapter in the organization's history.

**MLA Khan:** Speaking—this question will go to the CEO now—speaking of debt loads for Manitoba Hydro, can the current CEO tell us what the current debt load of Manitoba Hydro is?

**Mr. Turner:** Mr. Chair, I'm going to let Mr. Fogg speak to that.

But just before I do, I just want to clarify. So, the member asked if I would have been happy if I was the CEO when this annual report was produced. And so what I want to be clear is—and I said I was happy—it's not because of the \$638-million net revenue. It's because of—because our net revenue is very much dependent on weather in the markets that we work in, and because of the great work that our Manitoba Hydro employees did for Manitobans, which is why I would be very happy if this report had been done under my purview.

And now I'll turn it over to Mr. Fogg to speak to the debt levels.

**Mr. Fogg:** And so, certainly, as outlined in the annual report and you can see on page 116, we look at this from a net debt perspective. And in the fiscal year 2023, once you look at our long-term debt, the current portion of that, any amounts of cash on hand at that time, net debt was just around \$23.5 billion. The net debt as it would be today would be around approximately \$24 billion.

**MLA Khan:** Thank you very much, Mr. Fogg, for that.

And I'm going to go back and touch on the comment that the CEO made, and I couldn't agree with him any more. I want to thank the hard-working employees of Manitoba Hydro for all the work they do, in and out, on the success of that annual report.

And we all agree we can't control the weather. I think we've said that, and everyone's well aware we can't. For such a silly question, I didn't know it was going to be such a main focal point. But what—but we are responsible for in leadership and executive roles is the employees, the team, the management, the structure that we have in place.

So to your comments, Mr. Chair, to the CEO's—interim CEO's comments on the hard work of

employees and the groundwork and the foundation that was laid, couldn't agree more. That was laid due to leadership and systems that were in place by the former CEO and executive management, which this board chair has made very clear that felt needed a review.

So now we have a board chair sitting here saying that they had a review, day one, that led to an informal review process, which led to the termination of the CEO a week after making public comments on the Manitoba Hydro, and you have an interim CEO saying that the hard work and the employees and the foundation in this annual report are great. So, I mean, and they're two sitting side-by-side, so maybe, you know, those two need to get their ducks in a row here on what the minister actually wants them to say.

It's clear that the minister and this NDP government has interfered in the—oh, I thought you were going to call him—it's clear that there is suspicious behaviour here and that there is reason for concern of Manitobans that a week after the CEO comes out with a happy report that they would be happy with, that the interim CEO would be happy with based on numerous factors, one that we can't control the weather, but the hard work of employees and groundwork and foundations in the system of Manitoba Hydro.

And you have the board chair saying well, we started a review on day one to get rid of her. Or we started a review on day one, and we got rid of her.

So, it's very concerning. Manitobans need to be concerned about what's happening on that side, and they need to be concerned with the minister's direction on where we want to take this Crown corporation.

To Mr. Fogg's comment on the debt that we have in this province: \$24.61 billion approximately. How much on each dollar of Manitoba Hydro goes to servicing the debt paid by its customers?

**The Chairperson:** Minister Sala would like to respond.

**MLA Sala:** I just want to make a comment broadly, because I know that the critic continues to repeat the same line, hoping that it will make things true. Unfortunately, that's not the way that things work. He just pointed to concern that Manitobans might have about what he's suggesting happened here, which he's heard repeatedly is not the case. And I just want to take a second here to highlight what I think Manitobans were really genuinely concerned about

and had good reasons to be concerned about under the leadership of the last government.

Manitobans, under the leadership of the critic's former government, saw multiple strikes under their leadership: with IBEW; with Unifor; those folks that do the hard work of ensuring our homes are heated, make sure our gas networks are properly taken care of. That created a huge amount of instability. And, frankly, in an environment like Manitoba, where you have—of course, we all know what our winters are like and how challenging those can be—we need to ensure that we protect reliability. The last government created a huge amount of labour instability that, frankly, threatened the ability of IBEW workers to do that important work and threatened the ability of Unifor gas workers to do their important work.

Again, we want to talk about concerning. We know that the critic was a member of a government that worked very hard to sell off valuable Manitoba Hydro-owned assets; for example, Teshmont. Recently, in October 2022, they sold off Real Time Digital Solutions from MHI for \$68 million. They're in the business of privatizing. Manitobans know how important it is to keep Manitoba Hydro public. So, again, we want to talk about what's concerning to Manitobans; I would encourage the critic to reflect on the record of his former government.

Hiding the financial reality at Manitoba Hydro. He was alluding earlier when he suggested that I was somehow involved in, you know, in his words, in misdirecting, and he couldn't remember what that instance was, but I'll remind him of what I think he was trying to allude to, which is when we spoke to the fact that his previous government released in Q1, July 28, a financial update for Manitobans. This was, of course, just a couple months before the election, which in no way reflected the drought year and the challenges that they knew Hydro were going to experience financially.

And, of course, a Hydro Q1 was released just days before the election which showed that direction, but his government, as they did for seven years, failed to be transparent with Manitobans. That's something that people are genuinely concerned about.

So, again, I ask that he reflect on some of the things that we saw happen under his government. Those are the kind of things that Manitobans are worried about: their lack of transparency; their lack of commitment to a public hydro; their willingness to undermine the workers that provide the important services that keep our lights on and keep our homes

warm. That's their record. So I really want to highlight their past and the decisions that they made.

This, you know, trying to create some sense that there was some kind of inappropriate actions taken here, he can continue to repeat that. You'll continue to hear that that's simply not the case. Let's talk about the real challenges that his past government created. I think it's important that he reflect on those.

Thank you.

**The Chairperson:** I'll let Mr. Fogg respond to your question, and then we can come back.

**Mr. Fogg:** I believe the question was related to the amount of our revenue or percentage of our revenue that goes to service our debt on an annual basis. Maybe I'll ask the member if he could just confirm that.

**The Chairperson:** Sure—MLA Khan.

**MLA Khan:** Sorry, I was making another note on one of the minister's comments. So could you repeat that—sorry, the question was: how much of each dollar paid by Manitobans goes to servicing the current Hydro debt?

**Mr. Fogg:** So, when we look at that, we would look at it from the perspective of how much of our—the revenue we bring in from our domestic customers may go to service our debt on an annual basis. And I believe that amount's been discussed recently. That's approximately 33 per cent of that dollar, if you will, would cover our annual interest costs on our current level of debt. But that will vary.

As you would see in the '22-23 annual report, between the twenty-two—2022 fiscal year to 2023 fiscal year, debt levels will change; debt-servicing level will change. But, as it stands today, it's the 33 per cent.

\* (11:40)

**MLA Khan:** I apologize I had to repeat the question, then we got lost there a little bit because, you know, the minister had to interfere in the committee here today and interject with partisan politics. I'm simply asking questions on the—to the interim CEO and the board chair on, you know, the finances and the health of this annual report, and he wants to interject again. It's clear that this minister wants to interject—interfere in the committee and interject some partisan politics.

Was asking about debt ratio. I think that's what we're here to talk about, and it is important that we have a lack—that we have transparency in this process,

that we can ask these open-ended questions and get answers on what's happening, because Manitobans have the right to know.

So, I'll move on to the 33 cents now. I remember reading or hearing somewhere that it was 40 cents, Mr. Chair. I remember reading that it was 40 cents. I may be getting my numbers mixed up here, so maybe Mr. Fogg can clarify where the 40 cents—if it was 40 cents and then it went to 33, or am I misreading that number somewhere?

**Mr. Fogg:** You know, I can't specifically recall whether it was 40 cents or not that may have been mentioned previously versus the 33 cents that we have today. But I think that goes back to what I was mentioning earlier, is that that debt level and the cost to service that debt will change over time. It may have been 40 cents at one point. Certainly in a high water year such as this where a higher net income is generated, we were able to, as you'll—as you see in the long—in the annual report, we were able to retire a certain portion of debt and that will change that percentage, and that—but that will vary over time.

When we think about debt, we think about it over a long term and things do change, so you will that number change as well.

**MLA Khan:** Thank you, Mr. Fogg, and while you were speaking, I did recall. It was the '21-22 annual report where the debt was 40 cents, and then this report, '22-23, it's gone down to 33 cents is the servicing debt on each dollar.

So can Mr. Fogg comment—and I know he said that weather conditions were favourable. Anything else that led to the drop in servicing debt in this annual report?

**Mr. Fogg:** So, Mr. Chair, on page 36 of the annual report, it does note that long-term debt decreased by \$520 million, and that was primarily due to an increase in debt maturities in the current year. During that year, the corporation was able to retire \$1.148 billion in debt while receiving proceeds from new debt.

That is the direct result of why that percentage amount would change in terms of servicing costs on our debt. As debt can be retired, there's a lower servicing cost that goes with it.

As you will see in this annual report, as well, we've—we went from a drought year to a significantly high-water year with a large swing in revenue, and

that would cause that type of swing in the inter-servicing costs because we were able to retire debt.

**MLA Khan:** Any other factors that may have contributed to the debt being reduced in this annual report, Mr. Chair, to Mr. Fogg?

**Mr. Fogg:** Certainly we've noted the high net income, I believe, as you'll note in the report as well, and I'll just find the exact page.

There was other items of revenue in that year, and there were some reduced expenses in relation to water rentals and our provincial guarantee fee that we pay that would have had an increase in that year and will impact subsequent years of revenue for Manitoba Hydro.

**The Chairperson:** So we've had a request for a quick break, so I'd like to propose we take a 10-minute break.

Is there agreement?

**MLA Khan:** I would just—unless it's an urgent break, which I also have a bowel disease, so I understand how urgent breaks are, but unless it's an urgent break, I would just ask if I could spend another maybe eight minutes in just finishing this line of questions on debt/equity—eight to 10 minutes, and then take a break, just so we can switch gears afterwards?

**The Chairperson:** Is there agreement? *[Agreed]*

**MLA Khan:** Mr. Chair, there was a comment made about something about servicing debt and water rental fees.

Can Mr. Fogg comment on how much an impact that made to the overall debt owed?

**Mr. Fogg:** So those reductions and some of those fees that, for the particular fiscal year '22-23, did result in approximately a savings of \$190 million. In Manitoba Hydro's overall expenses, that would have factored into the debt reduction. I can't say that it's a one-to-one relationship, but that would've been the change that we experienced.

**MLA Khan:** Thank you, Mr. Fogg.

And that, just to be clear, that was on the previous provincial government reducing the water rental in half and also reducing the debt servicing by 50 per cent as well. Is that correct?

**Mr. Fogg:** Mr. Chair, the \$190 million that I referenced was specific to a reduction in the provincial guarantee fee, charges to Manitoba Hydro and the water rental fee as well.

**MLA Khan:** Thank you.

So—thank you, Mr. Chair—so the previous government enacted something that saved Manitoba Hydro \$190 million. That contributed, amongst many other factors, to reducing the debt; and then reducing the debt servicing per dollar to—from 40 cents to 33 cents.

How would it help or benefit Manitoba Hydro if the fee for water rental was completely eliminated?

**Mr. Fogg:** To try and answer the MLA's questions, the member's questions, I—it's—trying to give a comparison of what might be saved if that fee were reduced would cause me to have to forecast what water flows may be in the future. That would be a little difficult—certainly I can't give you a perspective on, we think it would have been a certain amount so we'd save that because we don't have the fee.

I think it's a fair statement to say that if a fee is brought to zero there's a reduction in expenses. What is—the exact savings are, I wouldn't be able to speculate.

**MLA Khan:** Of course, you know, Mr. Fogg, I'm not looking for the number, exactly what it could be, but does Mr. Fogg or maybe the CEO could comment on, if that fee was to be completely eliminated, then this would result in ongoing savings for hydro and ratepayers?

**Mr. Turner:** If our expenses were reduced, then it would reduce the cost for our—we'd have to pass on to our customers. So the answer is yes.

**MLA Khan:** So the debt would be decreased further from 40 to 33 and then potentially more, thus passing the savings on potentially to ratepayers.

When we look at the debt/equity of Hydro, largely reported on, the large debt that Manitoba Hydro has, can Mr. Fogg or maybe the CEO comment on, what is the debt-equity ratio for Manitoba Hydro and what does this debt-equity ratio mean for the health and operations for Manitoba Hydro?

**Mr. Fogg:** The—as reported in the '22-23 annual report, the debt-to-capitalization ratio for Manitoba Hydro for the year ended March 31, 2023 was 84 per cent.

I believe the other part of the question was, what does a debt-to-equity or debt-to-capitalization ratio represent? Really, that's a ratio that speaks to how much of our investments or funding we are making using debt versus equity for our own generated funds. And so that's a long-term financial measure that says

how we've used those different forms of investment to invest in our assets over the long term.

\* (11:50)

**MLA Sala:** I'd just like to follow up on this question just to highlight something really concerning that I know a lot of Manitobans were worried about when this previous government moved forward with the financial target that they set at the Cabinet table for Manitoba Hydro and outlined in bill 36.

Those targets were exceptionally stretch-type targets which really forced Hydro to pursue a much more aggressive path of rate increases. We know that was the previous government's goal with that bill. And that was genuinely concerning, of course. We spoke a lot about that in the House, in the media. And that's something that we know ultimately has created a situation where Hydro, under the rules outlined in that bill and the financial targets that it outlines, it forces Hydro to pursue a very aggressive path of rate increases. And so that's something that we do want to highlight here, that the last government's interference in Hydro in this way. And certainly, that's something that we know we've heard a lot about from Manitobans.

So, just wanted to use this opportunity to highlight, you know, this discussion about debt to equity. And just to remind Mr. Khan that his government last time around not only interfered but they basically sought to set hydro rates at the Cabinet table, and that's something that was very worrisome, given their record of, like, an extreme focus on rate increases and their willingness to go to all types of new wild and creative measures to try to make hydro more expensive for Manitobans.

**MLA Khan:** You know, yet once again, I'm asking questions of the chair—well, not the chair in this instance, but the CEO and Mr. Fogg on debt/equity. And, you know, the minister feels that he needs to interject with partisan politics again.

And I'm simply asking about debt-equity ratios, and the minister wants to go on tangents and interfere and sideline the conversation when Manitobans have a right to know of what the debt-equity ratio is and what the financial health of this is. When we want to talk about rates, we'll get to that after our break as well and what that means for Manitobans.

And in the interests—I know we said a couple more minutes we'll take a break. So, quickly, does Mr. Chair, maybe Mr. Fogg can just—can simply comment yes or no or higher or lower is better, is a

lower debt ratio better or worse for operations of an organization?

**Mr. Fogg:** I would say that a debt ratio is a very—the measure is relatable to the industry and the company we're talking about. So to—context of that is—is it better if it's higher or lower is a little bit difficult to answer specifically. I think what I would say is Manitoba Hydro has always identified debt to equity as a ratio amongst many others that it considers from a financial health perspective. And it's a long-term financial measure.

Debt to equity isn't something that changes dramatically one year to the next year. It's something that we look at over a long term. And we seek to get not to the lowest level possible but to the appropriate balance around debt-funded assets versus equity-funded assets.

And that's an area we work very closely with: with the PUB and as an area of discussion. And all of our rate hearings are on what is that target appropriately set at, how long should we take to get there and what's the right balance between achieving that target and affordability for Manitoba Hydro's customers.

**MLA Khan:** I'll point to page 50 and 51 of the strategy 2024 where it talks about assets and debt. And maybe Mr. Fogg could take a read on this and, you know, give me another answer on a lower debt ratio. But it clearly states here that Manitoba Hydro's debt is the highest—debt-to-equity ratio is amongst the highest of all Crown or Canadian electric utilities. And with—utilities with lower debt ratios have room and flexibility in their response to the changing energy landscape and it can accommodate to lower rate increases.

So, Mr. Chair, maybe after reading that last line on page 52—sorry, 51—Mr. Fogg can comment on what a lower debt ratio means to rate increases for Manitobans.

**Mr. Fogg:** There's a—there's likely a number of aspects in response to that question. I think what I would say is a debt-to-equity ratio today represents investments that an organization has made today, and that ratio will change as they need to make investments in the future. Our comparison with other utilities, that will change as well as they need to make investments as they see their grids electrify and they need to potentially make more investments in assets that Manitoba Hydro has, as we're already about 99 per cent green in this case.

In regards to the question around affordability, I would say that there is a balance there. Certainly a pursuit of a target that is considered too aggressive or to have it too fast will have an impact on rates, and really what I believe that statement in the report was related to is once you get to a certain level of debt/equity it does provide you a degree of flexibility around how you fund your assets using debt that may be available versus equity.

However, there's different aspects to that: the pace at which you get to that target, how fast that should be, how you balance the trade-offs of that. That's a critical consideration that we go through in the regulatory process. And I would also add that the appropriate debt-to-equity ratio for Manitoba Hydro is not the same appropriate 'debt-to-equity'—debt-to-equity ratio for a different utility necessarily. So it needs to be considered in context with Manitoba Hydro as well.

**MLA Khan:** This will be the last question because I know we're—the break, and I want to stay true to my word here.

So thank you again, Mr. Fogg, and maybe this question will go to the CEO and we can get a, you know, a more clearer, concise answer on that.

So, it's clearer in this report, strategy 2024, and in the annual report, that debt-equity ratio is an important factor for accommodating lower rates increases for Manitobans. We've said the mission statement is in regards to rates, affordability, reliability for Manitobans, a lower debt-to-equity ratio. I mean, in your own document produced by Manitoba Hydro, would allow for that. With a heavy resilience on borrowing to fund the major capital projects, Manitoba's Hydro debt-to-equity ratio is among the highest of all Crown-owned Canadian electric utilities. Hydro's focus is to minimize further debt growth and strengthen the financial health of the utility. All other Canadian Crown utilities currently have better debt ratios than Manitoba Hydro.

I'll repeat again: Utilities with lower debt ratios have room and flexibility in their responses to the changing energy landscape and can accommodate to lower rate increases. So the question to the CEO—I mean, reading their own document it's clearly written out here that a lower debt-to-equity ratio is one that is sought after to have flexibility and accommodate lower rates, and given Manitoba Hydro's massive debt they have now, does this, Mr. Chair, does the CEO believe it is in the best interest of ratepayers and Manitoba Hydro to take on more debt?



**Mr. Turner:** So, as everybody's aware, we have a brand new board at Manitoba Hydro. Strategy 2040 was, as I mentioned earlier, was created a number of years ago and Manitoba Hydro is looking forward to working with the board to try and understand what is that right debt/equity target, given today's—where we are today, and to find the best ratio for Manitobans.

So I think that was a perspective when we wrote Strategy 2040. I think we need some time to work with the new board on what is an appropriate debt/equity target today. But one thing I will say is, and as it always has been, the Public Utilities Board sets rates for Manitobans, so this isn't something that we do in isolation.

**The Chairperson:** As previously agreed, the committee will recess for 10 minutes.

*The committee recessed at 11:59 a.m.*

*The committee resumed at 12:11 p.m.*

**The Chairperson:** Will the committee please come back to order? MLA Khan?

Oh, sorry. Mr. Jackson.

**Mr. Grant Jackson (Spruce Woods):** I appreciate it. To Mr. Graham and Mr. Turner and Mr. Fogg and the other Hydro officials in the room, apologies. I couldn't be there today to meet you in person, but certainly hope to do so at some point in the near future.

Minister, always a pleasure to see you. Before I get to the other officials there, I just have to ask this question because the minister made a comment in his comments earlier regarding the previous government, and how deplorable he thought it was about setting hydro rates at the Cabinet table, and yet that comment is just rife with hypocrisy from a minister who not only intends to set hydro rates at the Cabinet table, but wrote it into a mandate letter and campaigned on freezing hydro rates, which is in fact setting the hydro rate, not at the Public Utilities Board, but by his political pen.

And so I'd just like the minister to comment on how he feels that's different, or how he plans to get the Public Utilities Board to approve a zero per cent hydro rate increase.

**MLA Sala:** I appreciate the question from the critic, and want to welcome him here.

I'll just say there's a lot of assumptions in his commentary there about our proposed hydro rate freeze, so I won't comment further there. What I will

say is that what we know is that his government, and the work that they did to try to create these very aggressive targets and put them in legislation is—threatens to be one of the biggest drivers of energy rate increases on Manitobans for the distant future. That's a huge concern; that certainly is top of mind for us, and that is something that we are certainly looking to work through to rectify.

**Mr. Jackson:** Well, simply trying to pay for the overpromised and overbudget projects of a previous NDP government, but I digress. I will revert to the CEO through you, Mr. Chair.

Mr. CEO, you noted that you were just put in this role last week. The government controls the timing of these committees, and we've seen them move dates as recently as this year, with this same committee to consider Efficiency Manitoba's annual report. Given the importance to the democratic process of this committee and it—the hearing dates, do you think it's a responsible decision for the government to have put you in the difficult position to answer detailed questions at this committee in that short period of time?

**The Chairperson:** We're just having issues with the volume on our end, Mr. Jackson. We might ask that you repeat the question; and if I could also just ask that you direct questions through the Chair. So rather than asking the CEO directly a question, you are asking the question through me, as Chair.

So, Mr. Jackson.

**Mr. Jackson:** Apologies. I'll try to speak up. I hope you can hear me a little better.

The question is through you, Mr. Chair, to the CEO: Does the CEO feel, given the short period of time that he's had to prepare, that it was a responsible decision of the government to continue with this committee hearing on this date rather than extending it as they have done for other committees such as the Crown corporations standing committee hearing for Efficiency Manitoba's annual report?

**Mr. Turner:** I can't comment and I won't comment on what happened on Efficiency Manitoba. What I can say is, you know, the things that went into this annual report and the performance of Manitoba Hydro is a result of all of our employees, not a result of just the CEO. So, I've been here at Manitoba Hydro for a little over 28 years, and I'm happy to be in the interim CEO role and happy to be here representing Manitoba Hydro.

**Mr. Jackson:** I thank the CEO for the question. I think it was alluded to earlier by Mr. Fogg, but through you, Mr. Chair, just wondering if they could reiterate what the current debt load of Manitoba Hydro is and how much progress was made in paying down that debt in the fiscal year under consideration.

**Mr. Fogg:** So, I would just refer everyone to the annual report for '22-23. And I think page 116 does an accurate job under note 31, capital management, outlining some of the background around our long-term debt and how that debt changed from the '21-22 fiscal year to the '22-23 fiscal year. And there's a—several items that make up what we would call our net debt. That's long-term debt, current portion of that long-term debt, notes payable and then adjustments for any cash and cash equivalents.

What you can see there is the—a change from a \$23.7-billion net debt to \$23.5-billion net debt between those two fiscal years, as reported in the annual report.

**Mr. Jackson:** So, a slight decrease in the net debts, then. The annual report notes that the PUB allowed a lower than expected rate increase. Can you please explain to the public or Manitobans what impact that, you know, slight lower than expected increase would have had on the ability to pay down some of the debt?

**Mr. Fogg:** Mr. Chair, I believe what the member is referring to is that when we went to the Public Utilities Board in the previous year for a general rate application, we submitted rate requests for a 2 per cent increase on September 1, 2023 and a 2 per cent increase for April 1, 2024. Through a very thorough, comprehensive process, about seven and a half months, I think, in full, the PUB reached a decision to award a 1 per cent increase in both years—in both cases, for the September 1, 2023 date and for the April 1, 2024 date.

Approximately, you know, a 1 per cent difference in rates may be around an \$18-million difference in domestic revenue. I think it would be difficult for me to specifically say how that impacted further reduction in debt. As we've talked about already today and as is in our third-quarter as well as our second-quarter report, Manitoba Hydro is currently facing drought conditions again. And the reduced revenue as a result of the water conditions far outweighs any impact of that difference in those rate increases.

**Mr. Jackson:** So, just to confirm, as the financial officer just noted there, the rate application went through a significant and robust conversation at the

Public Utilities Board, unlike the accusations with the—which the minister leveled of rates being set around the Public Utilities Board at the Cabinet table. Just to confirm that that was the process that actually took place.

\* (12:20)

**Mr. Fogg:** Mr. Chair, we always go to the Public Utilities Board to set our rates and go through that process. So I can confirm the rates that we have for September that were—just came in place in September and that would happen in April were based on the process with the Public Utilities Board.

**Mr. Jackson:** Thank you very much for that confirmation, Mr. Fogg.

Could you clarify, with the financial situation that's covered in this fiscal year, would you recommend a path forward where hydro rates are frozen?

**Mr. Fogg:** Mr. Chair, it would be difficult for me to comment specifically around aspects around a policy such as that. What we do at Manitoba Hydro is we look at rates from a long-term perspective and we consider a balance of our financial targets, of which that could be as one, but there are others. And we consider impacts that have come before, whether it was a year such as '22-23 in high water conditions or the drought that we're currently in, and consider what an appropriate long-term rate path would look like and as we've submitted to the PUB. But what's important is, as a trajectory of rates, not a single rate in any one year, but how rates may change over time so that's it's appropriate and affordable for Manitobans and so that it's stable and predictable, as well, for all Manitobans, for our customers.

**MLA Sala:** I appreciate the commentary from the CFO, but just want to add to that. I mean, when we got in government and we were able to see the degree to which the previous government had been hiding the realities at Hydro and the direction of this year and their net income—and, of course, we know—we just released this morning the Q3 report showing that we continue to see a worsening of our projected net income.

Once that became clear, we did state, and this is not news here, that we were going to delay the proposed rate freeze in light of those financial challenges that we're seeing right now with our drought year in place. So, you know, just seeing clearly where the critic's going, but just to be clear, we recognized the drought year and the financial challenges that's creating. And this is why we've

proposed to delay that rate freeze commitment, which we are still committed to, but obviously, given the current situation, this is not the time.

**Mr. Jackson:** I respect the minister's comments. I would argue that, you know, he probably noticed last summer when he was out knocking on doors that it didn't rain a lot, and so it was likely still irresponsible to campaign on that platform commitment given the fact that there was no water falling and he didn't need an umbrella while he was on the doorsteps, and yet he and the other NDP colleagues in the room decided to proceed with that commitment anyway.

And so my question to the CEO, through you, Mr. Chair, would be: Is Hydro in a place that it could be financially sustainable with zero per cent—with a zero per cent rate increase, and what factors, in your opinion, would contribute to the Public Utilities Board approving a zero per cent rate increase?

**Mr. Turner:** Mr. Chair, I believe it would be premature to speculate under those conditions right now. We, as I mentioned earlier, we have a brand new board, and we need to sit down and have conversations with the board around the kind of decisions we need to make, to make sure we continue to serve Manitobans with safe and reliable electricity. And it's not appropriate for me to speculate on what the PUB would consider with respect to rate increases.

Thanks.

**Mr. Jackson:** My question to the CEO is, can he, the CEO, outline for us who creates Hydro revenue projections that would be published in quarterly reports?

**Mr. Turner:** Mr. Chair, yes, I can. So there would be a number of employees at Manitoba Hydro that would generate the revenue projections. So it's—as I'm sure the member can appreciate, it's a multi-step process. So the first thing we would need to do would be to forecast domestic revenue requirements—or, sorry, domestic load, which would then allow us to calculate our domestic revenue. And then we would have to forecast water, what do we think the water's going to be like. And, in fact, we look at a number of different potential scenarios and calculate how much energy would be available for the export market.

And then, using our export price 'forecasses'—forecasts, excuse me, we would then calculate the non-firm export revenue. Of course, the firm export revenue associated with our domestic contracts is known, and we would just add that on.

So it's a large number of people within Manitoba Hydro that make that calculation.

**Mr. Jackson:** I thank the CEO, and it certainly sounds like he has a great deal of respect for these individuals.

But I'd just like it for the record, would the CEO consider these individuals who make these forecasts and projections, would he consider them experts in their field?

**Mr. Turner:** So the short answer is yes, as far as the people that work at Manitoba Hydro.

For things like export revenue, we rely on third parties, a number of third parties, to give us price forecasts. I'm not—I would assume they are experts, but I can't say that I know, in fact, that they are experts, having not interacted with those folks and met them.

But the people that work at Manitoba Hydro, absolutely.

**Mr. Jackson:** And would the CEO consider those experts who work at Manitoba Hydro to be non-partisan?

**Mr. Turner:** Yes.

**Mr. Jackson:** And so, with that on the record now, earlier this year, the minister, barely a month into his role, came out and made accusations about the credibility of previously published quarterly projections in terms of Hydro and the overall Province's general revenue.

In the opinion of the CEO, does he believe that, you know, the forecasters got it wrong, or should they have simply done a better job projecting or predicting revenues and potential losses like the brand-new minister claimed?

**MLA Sala:** I'd just like to offer some comments, then I'm happy to pass it to the team to fill out things here.

So what's being referenced, again, is what was referenced earlier by Mr. Khan, which is this notion that somehow we'd made misleading comments shortly after coming into government regarding what we learned about in terms of the last government's decision making. And so I'll say it again clearly, and this gives me a good opportunity to do this, and I'll share this for the critic so he can have a better understanding here of what we observe.

We know that on July 28, his government released a Q1 report that showed no change from their projected deficit levels that they reported they were

going to see in Budget 2023. So they suggested that the deficit was going to remain somewhere close to, I think, \$363 million was their projected deficit in their budget. Q1 they reported July 28—this is deep into Q2—no change from that projected deficit level.

And, of course, we know that they had a strong interest in not creating any concern for Manitobans shortly before an election that their budgeting skills, that their management prowess was to be put in question.

Deep into the second quarter there, it was clear that we were facing a drought year here, and yet we know when they released their first quarter report on July 28—again, deep into Q2—which showed no changes from their projected deficit level, that they would have already known unquestionably about the direction of Hydro's net income for this year.

And then, of course, they did release the Hydro Q1 data on September 29, only days before the election, when it was much harder for Manitobans to begin questioning them about why they, frankly, put forward a report at the end of July that wasn't quite transparent or honest.

\* (12:30)

So, hopefully, that helps the critic to understand why that's a deep concern for Manitobans, that they, frankly, weren't given an honest assessment of where our deficit was headed this year. We know why they wanted to do that. We know that they wanted to stay in government and, unfortunately, you know, it was made clear that that game that they tried to play was revealed to all.

So, happy to answer any further questions on the timeline there and how that transpired. And I think it's a good example of why government should always seek to be transparent with their citizens.

**Mr. Jackson:** Thanks to the minister for that commentary. The Quarter 1 report filed at the end of July would have also laid bare those facts for his party to still be able to adjust their irresponsible campaign promise for the next two months, which they decided to run on anyway. But, alas, they chose to continue to double down on a fake freeze which they knew, or should have known, that Manitoba Hydro couldn't afford.

But I digress. The question at hand is for the CEO: They—the new government has come out shortly after your predecessor made comments at the Manitoba Chamber of Commerce with highlighting the need to

build strategic partnerships across the province to increase our generating capacity.

We know this isn't new. British Columbia has over 13 per cent of their generating capacity generated by private partnerships, some owned by First Nations. And we have wind farms here in Manitoba which a previous NDP government created.

Yet, this new minister came out less than 24 hours later and said the new NDP government has no interest in partnering with First Nations or anyone else to build generating capacity in this province.

So the question is: Do—does Manitoba Hydro or the new CEO think that the government should have the power to veto or stop initiatives outlined in Strategy 2040 to build more generating capacity in this province?

**MLA Sala:** I'll take a first response, and again happy for the team to follow up on that.

Just in terms of the comments, we said, very clearly, and this won't surprise Manitobans, the Manitoba NDP supports Manitoba Hydro remaining public forever and always. That's not news; that's something that we fight for every day and we have fought for forever in this building and in Manitoba to keep Manitoba Hydro public.

We know that the previous government and the party that the critic belongs to is strongly in support of privatization at Hydro. And we saw that over the seven years that they were in government, that they continuously worked to try to chip away. They in fact had, again, a number of ex-Conservative premiers lead a report process that recommended that Manitoba Hydro sell off non-core assets. They'd sold off Teshmont; they worked to break up Manitoba Hydro Telecom. They sold off Real Time Digital Solutions in October 2022.

So we know—again, it's not a surprise that the critic is here fighting for more privatization, that that's really the destination that he wants and his party wants to go here with Hydro. They showed that to Manitobans over seven years.

We want to protect Hydro. We want Hydro to remain public. We're proud of that, and that's something that we know Manitobans support. They're on our side. We know that Manitobans understand that a public Manitoba Hydro is the best way to ensure that rates remain as affordable as possible.

So, you know, this—again, this isn't news. We support a public Manitoba Hydro. We know that the

previous government didn't, and they want to see more privatization.

As it relates to meeting our future energy needs, again we've been clear: we want those resources to be publicly generated. We have total confidence in the incredible team at Hydro and our new board to ensure that we deliver that new generation and meet those needs in a good way and in a way that aligns to the mandate that we've given to them. And I have full confidence in the board and their ability to do that work.

**Mr. Turner:** What I can say is that we have made no definitive resource decisions at Manitoba Hydro. We are looking forward to working with the board and doing the work that's required in order to make those kinds of decisions.

**Mr. Jackson:** Yes, thank you for the detailed, efficient response from the CEO. To the CEO, you know, you've been with the utility a long time, and you'll know well that Manitoba already has these partnerships to generate electrical capacity via wind.

So I guess my question specifically is, thank you for, you know, confirming that you haven't ruled anything out, but government has ruled out that option, and so how do you move forward as the interim CEO to navigate that complicated and, so it appears, somewhat conflicting situation and mandate moving forward?

**The Chairperson:** Gentle reminder to push all questions through the Chair.

**MLA Sala:** Again, I just want to provide a response, and happy to have the CEO follow up—interim CEO to follow up.

You know, again, we're hearing more questions about why can't we do more to privatize, why can't we do more to look at, you know, looking at privatizing aspects of Hydro, why can't we do more private generation. This is something that we know is important, that we protect Hydro, that we keep it public. We do expect that future generation will be delivered in a way that ensures those resources are publicly owned.

You know, there are, just to be clear, a number of different approaches in there, within a public approach, that can be considered. We have confidence in the board and our executive to deliver on that, and there's no question that we have energy needs that we need to meet. Well, we know we have the energy needed to meet the power requirements of Manitobans.

We also know that there are a lot of businesses that have been waiting for years and years and years to invest in Manitoba. We have thousands of megawatts of energy requests from businesses that want to set up shop here, but we don't have that energy to go beyond meeting our domestic commitments and our export contract commitments to really ensure we can support those needs.

And so the previous government really just sort of allowed this opportunity to sit on the table, frankly, for seven years. They didn't take actions to meet, to look to the future, to help our economy grow, to help grow our clean energy economy. So it is interesting to hear the critic, you know, come forward with, you know, questions about energy generation and approaches to how we should meet those capacity requirements when his government, frankly, with all due respect, just sat on their hands for seven years.

And frankly, you know, I can't even recall the number of times I stood in the House and heard his party talk about how Keeyask was a disastrous idea; that it was, you know, overbuilding in the worst way, that we were doing this unnecessarily. And here we are with significant opportunities sitting on the table, and a need for generation, to look at growing that because of their failure to act.

So, you know, to this question, again, that the member is inquiring about, and I'll pass it to the interim CEO to provide follow-up here, we know we need new generation. We want that new generation to be publicly owned, and we have confidence in the board and their ability to help deliver on that and to help us deliver on Manitobans' priorities, and help us to grow our economy here in the province.

**Mr. Turner:** I would just reiterate my previous answer. There is a lot of work to do. There's a number of options that we need to explore with our new board, and we're looking forward to getting down to doing that work with them and finding that right path forward for Manitobans.

**Mr. Jackson:** I appreciate the minister's comments, but it highlights a significant challenge that we've seen over again with this new government. We had the former CEO say they needed more generating capacity. The minister has reiterated that comment today. And yet the new Premier (Mr. Kinew) was in a CBC article just this morning stating that we have tons of additional megawatts lying around, ready to meet the needs of all these businesses who want to come to this province to set up shop, which is largely due to

the favourable economic conditions that the previous government set up.

So I don't understand the disconnect here. We've got the Premier (Mr. Kinew) saying there's tons of megawatts just lying around, got the board chair saying in the press release when they fired the CEO that this is the, you know, Manitoba Hydro is in a wonderful position, and yet we've got the interim CEO and the minister saying we need to generate more capacity.

So if we could just get some clarification on what—where are we? Do we need to generate—have more generating capacity in this province or not?

\* (12:40)

**MLA Sala:** Yes, we can say clearly we will always have the power we need to serve Manitobans. We do need to look at new ways of generating energy. That's not a surprise; that's something we've said publicly. And that's, again, that's not news here today. We have what we need to serve the needs of Manitobans and we always will.

My commentary was around significant buildup of asks for service in the province to the tune of thousands of megawatts. Those are just big opportunities that we have before us that we have to find ways of making good on because, again, the previous government didn't do that work. Instead, they sat on their hands while they complained about Keeyask being a bad idea, and suddenly we all, you know, we all—it's become quite clear here that Keeyask was, in fact, a needed investment and that at this point we do need to find new ways of generating energy.

But we will always have the power we need to serve Manitobans. And, again, we look forward to developing future energy and seeing the board lead that work, along with the Hydro executive, in a good way.

**Mr. Turner:** I would just add, we have the safe, reliable energy that Manitobans need today and we will continue to have that in the future. There are a number of options to meet future demand. That can be increasing the capacity of our existing system; it could be adding new resources; it could be doing things on the demand side to reduce the consumption of electricity of our existing customers. And we're committed and looking forward to working with the board to explore these various options to find that right path forward for Manitobans.

**Mr. Jackson:** Thanks to the minister for highlighting his difference of opinion with the Premier, that we don't have tons of extra megawatts just lying around.

I'd like to ask the minister, through you, Mr. Chair, does he believe that the previous NDP government partnering with private sector entities to build wind farms in this province was a mistake, yes or no?

**MLA Sala:** I appreciate the question from the critic. I'll say this again, and I'll repeat it for him and for folks in his party: we want Manitoba Hydro to remain public.

We expect future energy generation to be developed publicly. Again, there are a number of ways that that can be done. There are also, as the interim CEO pointed out, a lot of really great opportunities we have with demand-side management and other approaches that can help us to increase the capacity we have in the province. There are also long-term fixed contracts which, in the coming years, will be coming up for expiry, which we'll be in a position to decide, you know, how we proceed when that energy comes online.

So there's a lot of approaches here before us to ensure that we can not only continue to meet the needs of Manitobans, but we can continue to take advantage of this opportunity for economic growth that we have here in Manitoba.

**Mr. Jackson:** I'd just like to switch gears a little bit, here. We know that in the Environment Minister's mandate letter there is a commitment to reach net zero by 2035. That's something that's also in the mandate letter to the new Hydro board.

With the status of Manitoba Hydro's finances in this annual report, can the CEO outline how much—or the minister—outline how much it will cost to convert all the homes that are heated with natural gas into the electricity grid by 2035?

**MLA Sala:** Appreciate the question. The question is fundamentally, I think, about the electrification of home heating in Manitoba and what that looks like and how that would impact, you know, our capacity requirements and the amount of energy we need to serve the potential future loads.

As it relates to the electrification of home heating and the use of specifically geo-exchange or geothermal-type heating systems, there are significant opportunities there before us. And one of those big opportunities is that one third—approximately one third of homes in Manitoba are currently heated

through electric resistance heat, which is a very—has a very high level—or, sorry—rather, a very low co-efficient of performance, which means that the amount of heat you get out of that—those systems, those baseboards, is relatively low compared to the amount of energy that you have to put in. Whereas geo-exchange systems can create significant opportunities to increase the efficiency of those—of heating in those houses, to the extent that, we have a big opportunity as it relates to the expansion of geo-exchange in those homes to actually create a lot of net-new supply that can then be used to help power those homes that are heated by natural gas.

So there's a great opportunity that we have there to look at leveraging that opportunity to create saved megawatts, to apply those to meet the energy needs which would be required to electrify those homes that are currently heated with natural gas. So there's a lot of opportunity there.

I think what you're getting at is ultimately the kind of question that will be rooted in energy policy, that would later manifest into some future updates or changes to an IRP. That would obviously result in further analysis that might help to answer the question you're asking. I think it's a good one. It's one we need to be eyes wide open about, but I do think that it's important for us to highlight that there's a significant opportunity for us to save a lot of electricity, which can—by converting those homes that are currently baseboard heated, as a large demand side management opportunity that can then be used to apply to reduce the energy requirements needed to electrify home heating where it's currently served by natural gas.

**The Chairperson:** Mr. Jackson. Oh, sorry Mr. Jackson, Mr. Turner had something to add.

**Mr. Turner:** I was just going to say it is a great question. It's not a question that we currently have the answer to. We haven't done that work yet.

**Mr. Jackson:** So, thank you to the CEO for that efficient response.

I guess my question for the minister to clarify for him was not necessarily rooted in geothermal versus baseboard heat and saving electrical capacity, but getting rid of the natural gas furnaces and the cost to onboarding those houses or changing them away from how they're heated with natural gas into another form of heating, and whether—I mean, these documents have been signed by the Premier (Mr. Kinew) and the minister. They wrote it into the mandate letters. The CEO has just confirmed that they haven't done any

projections as to what the cost of these conversions will be to the Crown corporation.

Has the minister or his department done any projections as to what the cost of these conversions will be, or did they write this into the mandate letter and have no idea what the cost of fulfilling those mandates would be to Manitobans?

**MLA Sala:** I'm a little confused about the focus of the question, but I'll say this: the member seems to be concerned about our party's commitment to a net-zero future and seems to be concerned about our desire to decarbonize and ultimately create a cleaner environment for our kids and our grandkids and is questioning what I think is, at this point, a widely accepted technology, which is geo-exchange or geothermal heating and heat pump systems, ground source heat pumps and air source heat pumps.

Appreciate his concern for ensuring that that's done in a financially—in a good way and in a way that doesn't create more challenges for Hydro or for Manitobans.

I'm happy to tell him that, you know, as I've said, this is a widely accepted technology. Geo—or, ground source heat pumps are used widely around the world, and the reason they're used widely around the world is because they save people a lot of money. And it's a very efficient way to heat a home and to cool it, as well. There's a significant opportunity there.

Our government made a very modest commitment in the election to pursue 5,000 homes, to convert 5,000 homes. That's a starting point. But again, this is the kind of thing that we are currently in the process of fleshing out as we work to stand up energy policy and move forward in helping Manitobans to save money and ultimately reduce their energy costs.

I'd also say, you know, as it relates to the use of geo-exchange heating, there's a significant economic development opportunity for us here. Right now, Manitoba is a net importer of energy. We have over \$3 billion of energy imports that we bring in in terms of natural gas and liquid fuels, and we're sending Manitobans' dollars out of the province to meet our energy needs when we have the ability to pay ourselves.

\* (12:50)

So there's a really exciting opportunity here to take advantage of. All of that has to be built off rock-solid business cases, so ensuring we do this in a good way.

And, again, we have amazing people working at Efficiency Manitoba and Manitoba Hydro, and I'm confident that we're going to be able to move this forward in a way that is mindful of the finances while ensuring we help Manitobans to save money and move towards a cleaner environment.

**Mr. Jackson:** And I appreciate the minister attempting to make me sound like a dinosaur and that I don't believe in the science of geothermal heat pumps.

That's not at all what my question was related to. They campaigned on converting 5,000 homes and they campaigned on net zero by 2035, which is approximately 260,000 homes getting off of natural gas.

My question was, does the minister have any idea what it will cost to convert those homes?

**MLA Sala:** So, just to clarify, the member seems confused about our commitment. We committed to a net zero energy grid by 2035, not a net zero Manitoba. That larger commitment, that longer term 2050 commitment which we are on the record as having made, is an important one, and that's something that we're certainly committed to getting us on that road.

And the member's right to be concerned about ensuring that, as a province, that we do that in a way that is, first and foremost, mindful of the financial impacts on Manitobans. And we know that if that's not managed well, that that will result in rate increases that can be challenging. We want to make sure that, as we do this work, that we do it in a way that focuses on keeping rates as low as possible and ensuring that we do that in a way that's, first and foremost, mindful of the financial impacts on the Province.

So, again, I think the member is asking good questions about costs—the big, big picture costs. He's asking, like, what's the bill in 2050. Those aren't answers that we have for him today, but we can say that we do know that, moving forward with the approach that we've proposed will create opportunities for Manitobans to save a lot of money on their heating bills and will be able to be done in a very responsible way.

So, thank the member for the question, but again I hope that he recognizes that geo-exchange heating is a significant opportunity for Manitoban families.

**Mr. Jackson:** And I guess the question then is, I understand that the 2050 cost may be out of reach. Does the minister have any idea what his 5,000 home

conversion costs may be, as a shorter term commitment?

**MLA Sala:** That's a question that I think would be better suited for my colleague who's the Minister responsible for Efficiency Manitoba (MLA Schmidt), which is the department—or, rather—sorry—the organization through which we proposed to deliver on that commitment. There, of course, is work that's been done, to analyze these—the costs associated with that and, you know, we do look forward to seeing the network advance.

I know my colleague, the Minister responsible for Efficiency Manitoba, Minister Schmidt, is really excited about that commitment as well. It's a great opportunity to save Manitobans money. It's a great opportunity to create saved energy that we can reapply for its other purposes. And it's a great opportunity to repatriate dollars that we're currently sending out of province and to keep those dollars here. That's what we should be seeking to do to ultimately help to use these—this opportunity we have with our clean energy grid, to grow our economy here in the province.

So this is another great example of how we're proposing to do that, and I know my colleague, who's going to be ultimately driving forward on that commitment, would be happy to talk about those—that commitment further, once we get to a point when we're able to do that.

**Mr. Jackson:** Well, Mr. Chair, it's nice that the Finance Minister put it on the record that he has no idea what that election commitment will cost. We hope we can get that answer from the Efficiency Manitoba minister next week, and if not, we will know that the NDP has a hole in government—writes mandates into mandate letters and have no idea what the cost of fulfilling those mandates will be.

The Premier (Mr. Kinew) liked to take credit earlier in January for the Manitoba Hydro coming to the rescue of Alberta, how when they were in an energy shortage I know that throughout this drought-condition year, the natural gas plant in Brandon comes online to supplement hydro or power supplies.

Can the Hydro CEO explain what would happen or how Hydro would get surplus or additional power to our grid if that plant were taken permanently off-line?

**Mr. Turner:** Mr. Chairman, I want to seek a clarification. I think the question is, how would we meet the electricity demand in Manitoba if Brandon was taken off-line? Is that the member's question?



**Mr. Jackson:** Correct, yes. Permanently taken off-line.

**Mr. Turner:** I'm going to sound a little bit like a broken record, but there are—as I said, there's a number of options that we can do—look at to meet the future energy needs of Manitobans, and what we would do is we would work with our new board and find that right path for Manitobans. It's—we have made no resource decisions at this point in time.

**MLA Khan:** I guess we'll pivot back to live in the room here, and I want to thank MLA Jackson for his questions. We'll continue on the energy channel, here.

Now, I know this is a very—this is going to be a very big question, Mr. Chair, and there's lots of factors, as we've said, there's lots of extenuating circumstances—we can't control the weather, we can't control markets, volatilities, et cetera—but, there must be forecast that Manitoba Hydro does.

And this question is for the CEO: Based on these projections, forecasted numbers, does the CEO have a number for how much energy is needed to provide energy for Manitoba in the next five years?

**Mr. Turner:** Mr. Chairman, so I believe the—I'm going to make an assumption and then the member can correct me if I'm wrong—so I think what he's asking for is Manitoba Hydro's opinion on what the demand for electricity to be in the next five years.

We can't predict the weather, and we can't predict with certainty what electricity demand's going to be. So we can take that under advisement and provide that, but one thing I will say is, there are a number of 'factors'—factors, excuse me, that impact customer behaviour, so policy—federal, provincial energy policy—developments in technology, you know, availability of EV, so there's lots of factors—weather—that can impact how Manitobans use energy.

But we can absolutely provide our forecast of how much energy Manitobans are going to need in the five years, and we should be able to provide that within three or four weeks, with the other information that we've taken under advisement.

**MLA Khan:** I look forward to that commitment to get us that information the next three or four weeks and what the energy usage is going to be for the electrical usage for the province of Manitoba in the next five years.

I do find it hard to believe that you don't have that number handily available. I mean, projections should be Manitoba Hydro's—in their wheelhouse. How much

energy will get used, how much energy we need, how much energy we're exporting, how much energy we're projecting, drought, no drought, lots of variables have to go into play in forecasting. I find that very difficult to believe that there's no number currently projected.

Does the CEO have a number based on—for this year's usage—energy usage in this province is going to be?

**Mr. Turner:** Mr. Chair, the number does exist, I just don't happen to have it with me. I, perhaps being that this is my first standing committee meeting, assumed we were here to talk about the annual report.

**MLA Khan:** And we will get back to that annual report. I know we divulge off of it here and there, but that's important for the purpose of talking about what's in the report and what's in for the future of the province here.

Now, energy production capability. What is—and, again, there's a lot of factors, we can't control the weather, we don't know what's going to happen, but there has to be a range of what the—Manitoba Hydro believes is a—energy production level within this province currently, in this annual report this year, and going forward five years.

Can the CEO please provide us with that number, Mr. Chair, those numbers?

\* (13:00)

**Mr. Turner:** Again, I'm making some assumptions, and I'm sure the member will correct me if I make assumptions incorrect.

So the existing system capacity would be in our annual report. So if he's curious about what our current capacity is, I'll point him there. With respect to how much energy we will generate in the next five years, yes, we have a forecast of that. I don't have that number in front of me. We can get him that. But I've—and as he's aware, that is going to be very much dependent on the weather.

**MLA Khan:** You know, and I'm well aware it's in the annual report. But, you know, and this is a question to talk about the annual report, like the CEO wanted and everyone else wanted on that side. We have at least well over half a dozen members on that side, or people from that side from the Hydro board.

So I'm asking the question to the CEO, maybe Mr.—sorry, maybe Mr. Fogg has that answer: What is the current capacity for energy production in this province?

**Mr. Turner:** Our current installed capacity is 6,054 megawatts.

**MLA Khan:** So, to be clear, that's the capacity of what we have in this province.

And can the CEO tell me, what was the electrical consumption in Manitoba last—in this annual report?

**Mr. Turner:** Yes, the residential domestic consumption was 8,203 million kilowatt hours; the commercial consumption was 7,126 million kilowatt hours; and the industrial consumption was 7,338 million kilowatt hours, for a total domestic consumption of 22,667 million kilowatt hours. And that can be found on page 40 of the annual report.

**MLA Khan:** Correct. And that's—and I'm well aware of that. And, further to that, the CEO continues to read, 94 million kilowatt hours higher than the previous year. So we've got the consumption now, we know it's 94 million kilowatt hours more.

So the question, Mr. Chair, to the CEO is, and I look forward to getting these numbers if he doesn't have them on him, is what is going to be the consumption of energy in the province of Manitoba every year over the next five years?

**Mr. Turner:** As I previously agreed, we will provide our forecast for energy consumption for the next five years.

**MLA Khan:** I look forward to getting that along with the other requests that we made earlier today in the next two to three weeks.

So, based on the numbers of current capacity, based on the numbers of projection of what we're using, of what we're using currently projection-wise, does the CEO, Mr. Chair, believe that, with Manitoba Hydro's current infrastructure, that they have the ability to provide energy to Manitobans into 2030?

**Mr. Turner:** I—it depends. So, what is going to happen with weather? What is going to happen with load growth? What is going to happen with customer behaviour? So we have a forecast of electrical demand. Our current forecast suggests that we'll need to do something in the—around the '29-30 time frame, but there are uncertainties with that forecast.

**MLA Khan:** I want to thank the CEO. And again, I understand, and anyone listening understands, there's a million factors that we can't even probably count for today. And I'm trying to be respectful of understanding that, but there still must be projections and targets and—of what we're at.

And so, you know, '29-30, the current CEO says that, and if you go back a few weeks ago, the former CEO actually said that by 2029, this Province is going to have to look for more energy—more ways to produce energy or have energy because we're going to run out here in the province.

So, question to the CEO is: What are the plans to produce more energy for Manitobans by 2029?

**Mr. Turner:** So, as I had previously mentioned, there are a number of options available to us: we can increase the capacity of our existing system, we could look to add new resources or we can do things on the demand side that will reduce the demand for electricity.

So the plan is to work with our new board, explore all those options, understand what energy policy tells us when the energy policy is available and find that right path forward for Manitobans.

**MLA Khan:** So, sorry, I'm a little confused. Were these not plans or discussions already outlined in Strategy 2040 and along with the IRP for how this Province will go forward? Have these discussions not already happened or are we just having them—or I guess we, according to the CEO, we haven't had those conversations yet with this board, even.

So are Manitobans to believe that we have no plan as of right now on production for energy needs in 2029?

**Mr. Turner:** Manitoba Hydro has a long history of meeting Manitobans' energy needs. We've always met their needs and we will always meet their needs. There are many variables that can impact how the future unfolds.

Our IRP studied scenarios. It made no resource decisions. We have made no resource decisions. I'm confident that when we work with this new board, we will find the appropriate path forward that will allow us to meet Manitobans' energy needs safely and affordably, today and into the future.

**MLA Sala:** I just want to take an opportunity to highlight the—it's curious that the critic is asking questions about plans and so forth at Hydro, when they were in government for seven years and, you know, clearly did not attend to this opportunity that we have to grow our energy supplies. They sat on their hands while we, frankly, had these opportunities build up.

This is, again, it's not something that is a surprise to anyone here that we stated very clearly we do need to look at new ways of generating energy, but again,

the, you know, right now, there are a significant number of opportunities that have been sitting on the table because of the inaction of the last government. And instead of focusing on ensuring that they did that important work of making sure that Manitobans could make good on those opportunities, they instead just sat on their hands for seven years.

The result is ultimately we've got a lot of opportunities that we're not able to take advantage of. That's a concern, I know, for a lot of Manitobans who want to see our economy grow here in this province.

**MLA Khan:** You know, Mr. Chair, again, this is probably the sixth or seventh time the minister feels he has to interject himself into a conversation when I'm asking the CEO or the board chair a question. It wasn't related to the minister. The minister is—seems like he's trying to lead people in a way of answering the question that the minister wants. We've seen some discourse on the side earlier today. We've seen that when the suspiciously, or lack of transparency, looks like when someone speaks against this minister that he will terminate them.

So, you know, again I ask the minister to, you know, not interject when the question's not to him and if he is going to, then kindly keep his answer short because we are running out of time on the four-hour limit here of what we were requested.

So, getting back to the energy question. So, after the minister interjected, I've lost my train of thought, but if I stand—if I understand what the CEO is saying, Mr. Chair, is that they have not met with the board yet to discuss how they're going to—energy needs for Manitoba. He does—he did say that by 2029, and I don't want to put words—well, I mean, he said it, that 2029, 2030, that he agrees with Ms. Grewal that that's what she had said, as well, that we'll be in a position where we'll need to have more energy.

The IRP and Strategy 2040 that was designed under the previous CEO wore the gold star, wore the industry standard on how to go forward in energy production in this province. And so—and my understanding that there is no plan right now in place to tackle how we're going to get—and 2029 is only, you know, a few years away—for energy needs in this province.

Mr. Chair, to the CEO.

\* (13:10)

**MLA Sala:** I don't know if the member will recall, but we are—we've been here for four months now. We are

a new government. We are just getting started in developing the plans that need to be put forward to help ensure that we meet our energy needs and that we continue to create opportunities for our economy to grow.

That good work is happening. I know that we've got this, again, this incredible new board led by Mr. Graham. We've got a new interim CEO, and this important work of ensuring we can continue to meet the needs of Manitobans is ongoing.

We are a new government. You know, I would respectfully remind the critic of the fact that we've been here for four months now. His government was in power for seven years, and we don't really have much to show for that in the way of new energy or generation. We're just getting started, and it's an exciting day, it's a new day. We're going to see a lot of great things happen at Manitoba Hydro. We're going to see a lot of exciting growth within our clean energy economy here in the province, and we're just getting out the door, here.

So, you know, this is a great opportunity for me to highlight how exciting it is for all of us that we've got a new board, new leadership at Hydro, and endless opportunities in front of us here that we're looking forward to making good on.

**Mr. Turner:** As I've mentioned a number of times, the IRP made no resource decisions. We started that IRP in 2021. It took us two years of work to engage with Manitobans. At the time we went through the IRP, we did not have the benefit of energy policy.

The plan all along was to finish the IRP. We've done a ton of great work; I think the minister said it was a great start, and it's—the plan all along was to see where we are at the completion of the IRP, take a look at what energy policy is going to be, work with our board to explore the different levers available that make sure that we meet Manitobans' energy needs today and into the future, like we always have.

**The Chairperson:** And so just a reminder that we agreed to re-evaluate at the three-and-a-half-hour mark, and so we have about 17, 18 minutes left to that point.

**MLA Khan:** You know, I'll comment to the minister's interjection yet once again. Minister wants to keep saying he's been here for four months, four months, but yet we heard for seven years that they're a government in waiting. Well, what were they doing in waiting? Were they just twiddling their thumbs and

waiting and not meeting with stakeholders and coming up with a plan?

I mean, the conversation comes to now, they are in government and they need to answer tough questions. If the minister doesn't want to answer tough questions, Mr. Chair, I'm more than happy to take over his role there, but doesn't seem like they have any answers. They have no plan. There is no plan here. I'm hearing from the CEO that they have to meet with the board still to come up with a plan for energy production in this province.

So, and that by 2029, we're probably going to run out of our energy capacity of what we can produce. So, you know, I'll ask the CEO, Mr. Chair—the CEO—does the CEO believe, based on projections, that we might need to double or potentially even triple our capacity by 2040?

**Mr. Turner:** I think the member is referring to one of the scenarios that was studied in the IRP. So that scenario was a potential future based on a number of assumptions, and that so those assumptions come to fruition, then yes, we would need to double or triple our capacity by that date.

There is a lot of uncertainty as to—in this evolving energy landscape. There's all kind of technologies that are evolving; there's things that can be done on—there's a lot of uncertainty around the energy policy. So if all the things that needed to be true for the assumptions in that particular scenario were to happen, then yes, we may need to double or triple our capacity by that date.

But it is not a—to be clear, we cannot predict the weather, we cannot predict the future.

**MLA Khan:** Of course, there's lots of assumptions. We've said this over and over again. And we understand that Manitoba Hydro will always meet the needs of Manitobans—of course. Whether that means we—if we don't have energy here, we'll buy it from somewhere, we will get Manitobans energy. I don't doubt that.

The question becomes, in the mission statement for Manitoba Hydro, it doesn't sound like we're on track to follow that mission statement. I asked you that earlier in the conversation; we led off our today's conversation about reliable, safe, low-cost energy for Manitobans. If we have to potentially double or triple the existing capacity by 2040, how is that going to be done if we don't have any plans to do that, and the former CEO was muzzled, so she couldn't present at today's committee?

Now, if we look at projections based on what you're saying here, so the Keeyask dam, the minister has touted this numerous times, talked about how great it is for Manitoba, and it is fantastic, but what was the cost on the development of the Keeyask and Bipole III projects? I'll ask the CEO on that.

**Mr. Turner:** So, the Keeyask project is tracking to be completed at \$8.2 billion. As I mentioned previously, all of the units are in service. There is some cleanup work around restoration of the site, et cetera; removing the camp, et cetera, et cetera. And the Bipole III actual cost was \$4.6 billion.

**MLA Khan:** This minister has gone on the record and said that they want to keep Manitoba Hydro public—all of it public and that would entail building capital projects with capital assets.

Does the CEO have any capital projects or projects that are on the radar to start to meet this energy need that's coming up in less than five years?

**Mr. Turner:** So, as I mentioned in my opening remarks, we are currently investing in our Pointe du Bois Generating Station, adding eight new units, which I believe will add 52 megawatts of clean renewable energy to our system.

We also have, I believe—I'm going by memory and—that we have at least three 'rerunners' at the Long Spruce Generating Station that will increase the capacity of our system.

So, yes, we do have projects that are going to increase the capacity of our existing system.

**MLA Khan:** I appreciate those numbers and I know they might not be 100 per cent accurate but they are in the annual report, so I can reference that. But we're talking about a, you know, a doubling of needs potentially in 15 years, maybe even tripling. And 52 megawatts at a station isn't necessarily going to do that.

Can the CEO comment on Conawapa project and where they are with that in discussions within Manitoba Hydro?

**The Chairperson:** Sorry, Mr. Turner?

**Mr. Turner:** It's okay. So, the member's question, are we currently working on Conawapa, I believe? The short answer is no.

We have and—sorry, as I've said previously—

**The Chairperson:** Sorry, Mr. Turner.

**Mr. Turner:** My apologies. We have made no resource decisions.

**MLA Khan:** Are there any other large capital projects being discussed. My—I guess you haven't met with the board yet but when you meet with the board, are there any large-scale projects, capital projects where there's plans?

**Mr. Turner:** Mr. Chair, I'm seeking a clarification from the member. Manitoba Hydro has hundreds, if not thousands of projects on the go at any given time, as we reinvest in our existing assets.

So if he could be a little bit more specific; large is somewhat relative. So I don't know what large is in his mind. So if he could tell me the large, I will foreshadow. I may not have the list of all the topics here, so that might be something we have to take as an—takeaway, but if he could provide some clarification on what large is.

\* (13:20)

**MLA Khan:** Yes, that's fair. Yes, thank you, Mr. Chair, that's a—the—fair reply to that. So does the CEO believe—irresponsible to build another hydro-generating dam given the current debt situation?

**Mr. Turner:** Mr. Chair, so as part of our first IRP, we looked at any and all resource options. And as I mentioned earlier, we're going to be working with the board to find that right path forward for Manitobans, and in that conversation, we will look at all options available to us.

**MLA Khan:** So, just to be clear, Mr. Chair, from what I'm hearing is that, no, there has not been any decisions on any projects to be built yet, the dam, hydro-generating dam, stations, still have to meet with the chair. Can the 'bair'—can—sorry, can the, I guess, the board chair comment on if the former CEO had any conversations in regards to generating a dam, a new hydro dam?

**Mr. Graham:** We had the same conversations that I've had with Mr. Turner in relation to when we look at financial modelling, what this looks like to meet our future energy needs, we will look at every option available.

**MLA Khan:** So, Mr. Chair, if I understand that correctly, then the board chair is saying that they have looked at financial modelling for generation of another dam?

**Mr. Graham:** What I said was that when we start to build the financial model, all of those potential options that are outlined in the IRP will be part of that financial model. It would be remiss of us to not look at every available option to make an informed decision.

**MLA Khan:** Got you. So, to clarify, Mr. Chair, that the board chair is saying that they have not looked at those models yet and when they look at those financial models, they will look at all of them. Is that what the chair—board chair is saying?

**Mr. Graham:** You are correct.

**MLA Khan:** Okay. Thank you, Mr. Chair, and in regards to energy production and looking at the modelling, you know, it would be great to have the former CEO and ask her the questions on how we're going to go forward with the Province, but we're under the timeline here of five years and Keeyask took much longer than anticipated and far over budget. But let's look at some basic numbers here, and I'll lay them out very simply and I'll round up and round down, but we can do this all together.

Keeyask roughly cost, I think you said \$8.4 billion, \$8.2 billion to make, and if rough energy production is at 11.71 per cent into this year's total energy capacity, so that's variable on a lot of factors, 11.7; let's round down to 10 for simplicity of math, 10 per cent going forward.

So if we need to double our energy capacity, and currently this year it only produced 11.7, you're looking at a tenfold increase of the—of volume that Keeyask needs to pump out. Now, at \$8.2 billion, that's \$82 billion from capital asset projects in this province, at yesterday's dollar, at yesterday's rate of what it cost to build Keeyask to meet double the energy needs for Manitobans. And I know, and I can appreciate these numbers are ballpark, these numbers are rounded up and down a little bit, but for simplicity, we are looking at a massive, massive debt load here for the Province. Can the CEO comment a little bit on that?

**Mr. Graham:** I just wanted to mention before Mr. Turner responds to your question, I think if you round up to 12 and a half per cent, it's probably closer to 11.7, but I believe that when that project was initiated, technologies today are completely different. So you're not really comparing apples to apples. But I understand the broad math projected there, and it makes sense, but with evolving technology and

evolving systems, obviously that cost could change significantly.

**The Chairperson:** I'll let Mr. Turner go.

**Mr. Turner:** So, if that—with the assumptions that the member made, if, in fact, you could build 10 more Keeyasks, which you—physically is impossible in this province, then his numbers make sense. But that's a scenario—it's—with all due respect, it's not a realistic scenario, because you can't actually build 10 Keeyasks, because there isn't that much hydraulic capacity left in this province.

So, again, we will look at all the resource options available to us. Adding capacity to the system is not the only way to meet future needs of Manitobans. We can increase the capacity of the existing units we have. We can also look at things like energy efficiency and using our energy more efficiently.

So, in—his math in this very simple scenario is correct, but it's not a realistic scenario. I would—I'm going to go out on a limb and suggest this is not a scenario we're going to land on with this board as a path forward with Manitobans.

**The Chairperson:** So, recognizing that we're getting close to the agreed-upon length of our meeting, we agreed to reassess.

What is the will of the committee?

**MLA Khan:** The will of the committee with the—sorry, Mr. Chair—my suggestion on this side is that, what, 10-minute break and there were some pleasantries and some long-winded speeches, that we do extend to the extra half an hour. No more than half an hour—actually 29 minutes—and call the question right before the four o'clock time so we can make sure we get this done, is what I would request.

This is a very important committee. Manitobans need to know, and we still have a lot of questions to get out there.

**The Chairperson:** It has been suggested that we extend our meeting by a half an hour. Agreed?

**Some Honourable Members:** No.

**The Chairperson:** Are there any other suggestions?

**An Honourable Member:** I missed what was said there.

**The Chairperson:** The committee didn't agree to a half-hour extension.

**An Honourable Member:** Oh, okay.

**The Chairperson:** Minister Sala.

**MLA Sala:** Yes, appreciating my colleagues and their thoughts around the length of the committee, I think, having spoken with our board chair—I mean, we did come in here under the impression that it would be a three-hour session, but I do understand that we do have a little bit more flexibility here.

So I think in recognition of the critic's request, we can find more time. But if we could limit it to an additional half hour and perhaps focus on the reason why we're here, which is the annual report, that would be appreciated very much.

**The Chairperson:** So I'll ask the question again: Is it the will of the committee to extend our meeting until 2:03?

**An Honourable Member:** Yes.

**An Honourable Member:** No.

**The Chairperson:** I hear a no.

Any other suggestions?

**MLA Moyes:** I'm more than happy—this is a really important committee. I think that—I appreciate the minister and I appreciate the executives and the chair of the board giving really fulsome answers.

We've been here for three and a half hours. It was my understanding that this committee was going to be sitting for three. We extended it for three and half hours. I'm pleased with that. We do have other scheduling constraints.

I would be happy to sit for another 15 minutes to give you a line of questioning so that you can get the answers that you require. However, I think we are coming to the end of what we need to get done here, so. I think that's splitting the difference between what you're requesting.

**The Chairperson:** It has been suggested that we sit until 1:48 p.m. Agreed? [*Agreed*]

Thank you for that.

**MLA Khan:** I'm going to gather my thoughts here to speak rationally and calmly. I appreciate the minister willing to go for the extra half an hour for the province of Manitoba. You can see on that side it's divided—divided caucus. Minister says he wants to go half an hour; I was generally, oh, thank you. I mean, we are here, we started off the conversation very friendly. We ended it very friendly. And his caucus wants to—his colleagues want to go 15 minutes—15 minutes for hundreds of millions of dollars—billions of dollars, and

the member opposite doesn't want to sit for an extra 15 minutes. It's—I am appalled. I am disgusted by this, but we have to continue forward.

So I hope that the commitment that member has is of utmost importance; one that he could not have a further discussion on Manitoba Hydro. And, you know, I want Manitobans will also see that this is the government that has been elected by them. Fifteen minutes. Wow.

\* (13:30)

In the previous question, you're right, technology, Mr. Chair, the board chair is correct. Technology needs to advance and it will advance in time. Actually, the former CEO is on record of saying that at the event where she said that pushing these targets of net zero by 2030 and 2035 and 2050 weren't realistic, that they need to push them out farther, technology was going to advance. So it's nice to see that the board chair and the former CEO actually were aligned when it comes to technology improvements and how that would make the province better.

And the CEO is correct, that wasn't a realistic scenario. But the scale and scope of Keeyask and Bipole III, if you want to add that in there as well, and the time and the money and the investment it took of this Province to get that done, to meet the energy needs of just 11.71 per cent of the current capacity, and we have to double that within the next decade, based on projections. And yet this government has no plan.

The CEO says he has to meet with the board to discuss what's next, and then they'll get their shovels in the ground and decide, look at all the financial modellings, because they haven't done that yet. That doesn't sound like a government in waiting, that sounds like a government that's doing nothing other than meddling with affairs and terminating a CEO's contracts ahead of time.

Now, since our time is cut short, I'll have to jump forward to another line of questioning. And that is in regards to the CEO, which did commission this report—which was on this, so it is relevant to this annual report since the CEO's name and signature is on it and her comments are on it.

We've addressed earlier on the decision to terminate her was not a formal one yet one that just happened, with the board chair and the new board that came in, will—given that the CEO predecessor put her final stamp on this report, can the current CEO today disclose when Ms. Grewal's term was up?

**Mr. Graham:** I must admit, when we were looking at the termination of Ms. Grewal's post, I don't recall through memory of an exact contract termination date, but it wouldn't have changed any of the decisions that were made.

**MLA Khan:** And that's a totally fair answer, Mr. Board Chair, I appreciate that. You're right, it wouldn't matter what the term end date was.

But the question would be—and to—will you take it under advisement to let this committee know when her term was up?

**Mr. Graham:** Yes, we can provide a copy of that from the contract, and I believe that—yes, okay, yes, no worries—under advisement.

**MLA Khan:** I appreciate the board chair agreeing to provide that under advisement, the contract for Ms. Grewal, when the term was up.

When—does the board chair, now that the decision's been made and there's been time to settle in, does the board chair have an idea of what the severance package looks like for Mrs. Grewal?

**Mr. Graham:** Yes, I do. And as I publicly stated the day of Ms. Grewal's termination, that is a personal conversation between myself and Ms. Grewal the morning of her termination.

**MLA Khan:** Well, I can—thank you, Mr. Chair—I can appreciate that it's a personal conversation. The former CEO's contract—or salary is public. So will the board chair make available to this committee what the severance package was for Ms. Grewal?

**Mr. Graham:** I just want to be clear. We honoured the contract in which Ms. Grewal signed and was signed by Manitoba Hydro. We have followed the terms of that agreement and that contract, so I don't know if you would—again, it's a little bit like the word suspicious—I don't know if you would call that a severance package. It was simply honouring the contract that was between herself and Manitoba Hydro.

**MLA Khan:** Thank you, Mr. Board Chair, for that question. We'll look forward to getting the document and reviewing from there.

Now, the next line of questioning is to go to the minister and ask the minister, in the interest of time, if we can please keep them short. I'll try to keep my answers short.

So, was there anything alarming in the report that Minister Sala saw that would raise some flags for him

when he read the annual report for '22-23? And, again, if we can keep the answers relatively short, be awesome.

**MLA Sala:** The question is simply was there anything alarming that I noticed in the report? Can I just get clarity as to the question?

**MLA Khan:** Thank you, Minister, sorry. Yes, alarming in the sense was there anything that set off some red flags for you, some alarm bells? Something that wasn't—that looked like the—Manitoba Hydro was either had their blinders on or wasn't aware of? Something that would have raised some serious concerns for you? I'm not talking about the good stuff.

**MLA Sala:** No.

**MLA Khan:** Thank you, Minister Sala.

Do you believe that the former CEO was qualified for her job?

**MLA Sala:** I believe that the former CEO acted professionally. I know that she was committed to the organization and that she ultimately did her best in that role. We wish her all success in the future, appreciated her commitment to the organization and, again, hoping that she finds the next great role that will help to—help her to advance her career.

That job is a very challenging job, as I'm sure the interim CEO is learning. I know that it's very demanding and can have a big impact on someone, so we know that she did a lot for Hydro, and again, we wish her well.

**MLA Khan:** We'll pivot in the interest of time here.

Does this minister believe that, given the conversation today and what's outlined in the annual report on debt-equity ratio, where the province was and currently is, Mr. Chair, does the minister believe that it is financially responsible for Manitoba Hydro to take on another major capital asset project similar to, but not exactly like, Keeyask—because we're not going to build another Keeyask—project for Manitoba Hydro, given the current financial state of where it's at?

**MLA Sala:** It's an important question, and we do, of course, want to ensure that as we move forward in meeting the energy needs of Manitobans, that we do that in a way that creates the greatest value possible, and that we keep Hydro public in the process and that we ensure that we keep rates as low as we can.

And so, that's a top focus for us. Again, that's not going to come as a surprise to anyone here. We want

to ensure that we are looking at doing what we can to keep energy prices as low as possible while meeting our capacity needs going forward.

**MLA Khan:** So, to be clear, the minister is not ruling out—I mean, I guess there is no other option, unless the minister can enlighten us that, in order to meet the energy needs of this province going forward, that there has to be more capital assets developed in this province that the minister wants to insist are publicly owned.

So, is the minister committing to doing that, and does he believe that that is the right thing to do for the best financial, fiscally responsible, financially responsible way to Manitoba Hydro future, given the current debt-equity ratio?

**MLA Sala:** A lot going on there.

I'll say that, again, we are committed to ensuring we meet the needs, the energy needs of Manitobans, in a way that creates the greatest value and ensures that rates remain as low as possible. That's what Manitobans can expect from us.

**MLA Khan:** So, does the minister believe that the debt-equity ratio for this province, of where it's at today, can allow to have another capital project come on board at the scale of Keeyask and still keep ratepayers—rates low for ratepayers?

\* (13:40)

**MLA Sala:** Just for clarity, the member said the debt to equity for the Province. Does the debt to—is he referring to the debt to equity for Hydro or for the Province?

**MLA Khan:** Apologize. Debt-equity for Hydro.

Thank you.

**MLA Sala:** Look, again, and just in terms of Hydro and our thinking about its fiscal health, for us it's key that Manitoba Hydro remain financially healthy. We know that's critical to ensuring that they can continue to deliver on the important energy services that they provide to Manitobans.

We do know that, again, as has been said earlier, we do need to look at new ways of generating energy. We need to look at all the options to do so and, again, we're confident that with our new board and new leadership we have, that we're going to do that in a good way that will keep energy prices as low as possible for Manitobans.



**MLA Khan:** Did we say 1:43 or 1:48? I forgot what the time was.

**The Chairperson:** 1:48.

**MLA Khan:** 1:48, okay, thank you. I got a couple more questions here, then. Thank you.

So, getting back to generating capacity. To the minister here, so, appreciate that the CEO and the board chair both said that no decisions were made and all options were on the table and then the minister—but they aren't because the minister says that he's taken some off. Has—he said, and apologize for saying this wrong—Conawapa? Conawapa—apologies—is back on the table.

As the CEO, would the CEO recommend that this project and most financially—is the most financially responsible to be built in this province?

**An Honourable Member:** Who is that for?

**MLA Khan:** Sorry, the CEO. Sorry, the question's to the CEO because the minister's—I'll rephrase that, sorry. It was—lots happening.

Mr. Chair, thank you. Question is to the CEO. The minister says that all options are on the table. Does that mean that the CEO would recommend or consider Conawapa project back on the table?

**Mr. Turner:** So, Conawapa, you got it. As I've said, as we look forward to what—to resource decisions in the future, we will consider each and every option that's available to us. All options are on the table.

**MLA Khan:** All right, thank you. I will pass it to my colleague if he has another question. I just got one last one here and I just want to get on the record, you were saying that—before the time is over—that this has nothing to do with public versus private. The minister has made it very clear as his driving point that he wants to wedge public and private. This isn't a conversation of public and private. This is a conversation about putting Manitobans first.

It's—the mission statement clearly states, and the CEO and I discussed this at the very first question, was that—help all Manitobans efficiently navigate the evolving energy landscape, leveraging their clean energy advantage while ensuring safe, clean, reliable energy at its lowest possible cost.

Nowhere in that mission statement for Hydro is the call for public-owned. This is about putting Manitobans first with clean, safe, reliable energy. This conversation is about what is best for Manitobans, what is going to fulfill Manitobans' energy needs.

We've seen clearly today that in a few years, we are going to max out our capacity, given a bunch of factors, that potentially in a decade, we're going to double or triple our capacity and we saw today clear that the CEO and the board chair will not commit to how we're going to address those needs going forward, that all options are on the table and they're going to address them coming up.

So this is about putting Manitobans first, not public versus private. We can recall that under the previous NDP government that there were private ventures done to meet the energy needs that are outlined in this annual report. They're there, they're working and Manitobans are benefiting from them. They're feeding into the Manitoba Hydro ecosystem of providing energy for Manitobans at a safe, clean, reliable energy.

It's not about public versus private. It's about putting Manitobans first. This is something that the NDP needs to consider doing: putting Manitobans ahead of their own ideology. Let's do this right for Manitobans so that we can benefit from this for generations to come.

In that, there's still four minutes left, I'll pass it to my colleague, MLA Jackson, for some remarks and then the question to move forward.

**The Chairperson:** I'll remind folks that we have four minutes left and we will have to leave one minute to pass the resolution if we so wish.

And we now have the Minister Sala.

**MLA Sala:** I just want to use this as an opportunity to respond. You know, the member's referencing the idea of putting Manitobans first and I just want to remind him here: his party didn't put Manitobans first when they caused a number of strikes at Manitoba Hydro, at IBEW, at Unifor when they put those energy services at risk. They didn't put Manitobans first when they sold off a number of important Hydro-owned assets for profit in their bid for further privatization.

They didn't put Manitobans first when they hid the reality of Hydro's net income destination when they were trying to get re-elected. They didn't put Manitobans first when they failed to generate any new power resources for Manitobans to help grow our clean energy economy.

They didn't put Manitobans first when they gutted the role of the PUB, when they brought forward legislation that did away with the role of the Public Utilities Board in being an independent reviewer of rates. And they certainly didn't put Manitobans first when one of the first times in our provincial history, they legislated a hydro rate increase over the holidays.

So I think it's really important for the member to recognize that the work of his party, and what they did as it relates to Manitoba Hydro over the last seven years. Those are not examples of a party putting Manitobans first. We are going to do that. We're going to focus on ensuring we meet our energy needs in a way that will maximize affordability while we grow our clean energy economy.

**Mr. Jackson:** Well, thank you, and the minister did a nice little run-down there. He neglected to mention that his party is the party that saddled Manitoba Hydro with additional billion dollars in debts with a badly managed capital project, doubling the debt of Hydro. That's not a party that's responsible for doing responsible 'managent' for Manitoba Hydro.

His party also raided Manitoba Hydro like a piggy bank during their 17 years in office. That's not responsible management of Manitoba Hydro. And they also campaigned on a rate freeze which would kneecap Hydro's revenue source at a time when it needs all of the revenue it possibly can in order to upgrade and manage our aging electric grid and our energy

generating capacity. So that's not a very responsible management of Manitoba—this Crown corporation as well.

My question is to the CEO, the minister—this board chair and the CEO referenced that all options are still on the table. The minister has clearly taken some options off the table, and so with the options that remain, does the CEO, or would the CEO recommend the building of Conawapa as the most financially responsible way to build more generating capacity in this province, yes or no?

**Mr. Turner:** As I previously mentioned, we need to do that work with the board. We need to explore all the options before we can make a recommendation or decision on which resources to build.

**MLA Khan:** Mr. Chair, I bring the question to the committee today.

**The Chairperson:** So, seeing as the question's been called—

Annual report of the Manitoba Hydro-Electric Board for the fiscal year ending March 31, 2023—pass.

The hour being 1:48, what is the will of the committee?

**Some Honourable Members:** Rise.

**The Chairperson:** The committee will rise.

**COMMITTEE ROSE AT:** 1:48 p.m.

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