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2022/23
ANNUAL REPORT SUPPLEMENT

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INTRODUCTION

In addition to the Crown Corporations Governance and Accountability Act requirements, Section 32(1) of The Efficiency Manitoba Act specifies annual reporting requirements for activities and operations within a fiscal year. Our 2022/23 Annual Report Supplement provides results and analysis related to these reporting requirements.

RESULTS

I Efficiency Manitoba's audited financial statements

Audited financial statements are included in Efficiency Manitoba's 2022/23 Annual Report.

II 2022/23 Energy savings summary results

2022/23 Annual results	Savings	Legislated target	% of Legislated target
Electric savings a percentage of load	1.25%	1.5%	83%
Natural gas savings a percentage of volume	0.68%	0.75%	91%

DISCUSSION

The table on page 1 shows that the total electricity savings of the portfolio, accounting for all sectors, reached 83% of our legislated target of 1.5% while portfolio natural gas savings were 91% of our legislated target of 0.75%. Energy savings in 2022/23 were achieved while expending 63% of the overall budget meaning that energy savings are being achieved cost effectively. The Efficiency Manitoba Act provides that annual shortfalls or surpluses in energy savings carry forward in accordance with the cumulative 15-year energy savings targets.

While the pandemic significantly impacted customer participation relative to the approved three-year (2020-23) Efficiency Plan, we've been increasingly successful in reaching Manitobans by providing a diverse portfolio of over 40 programs and offers across the residential, income-based, Indigenous, commercial, industrial, and agricultural customer segments. Adaptations and modifications to programs and offers have been continuously implemented to respond to economic and other market factors. Communications and advertising have been significantly enhanced translating into year-over-year increases in brand awareness necessary to drive customer consideration of and action related to energy efficiency program participation.

A Market Potential Study was completed for Efficiency Manitoba in 2022, examining the levels of energy savings opportunities available in the Manitoba market along with an assessment of costs. The study determined that electric savings opportunities from non-residential lighting are declining as more Manitoba businesses adopt this technology. In combination with the pandemic and its lingering impacts, this reality in electric energy savings has been reflected in energy savings results to date.

Our work across all customer segments to drive participation and energy savings is continuous while understanding that broader economic conditions are external factors that can be monitored and mitigated, but are not within the direct control of Efficiency Manitoba. These conditions have in fact been recognized as having impacts in the pursuit of energy efficiency in jurisdictions throughout North America. As reported by the American Council for an Energy-Efficient Economy (ACEEE) in their recent 2023 Utility Energy Efficiency Scorecard[1], the leading market factors that are impeding the achievement of energy savings include inflation increasing the cost of both labour and materials, supply chain issues leading to lack of availability of energy-efficient products, lack of skilled contractors to scale energy efficiency, and low customer willingness to engage with energy efficiency compared to other priorities taking their time and attention.

The results of the Market Potential Study, including opportunities to fill in gaps left by decreasing energy savings in the non-residential lighting market, along with pandemic-induced energy savings shortfalls, are being thoroughly reviewed and assessed as we prepare the next (2025-28) Efficiency Plan. The 2025-28 Efficiency Plan is also anticipated to address our role relative to the recently released Manitoba Energy Roadmap and Manitoba Hydro's Integrated Resource Plan. Longer-term energy savings achievement will be influenced by multiple factors including (but not limited to) external Manitoba economic conditions, future iterations of the legislative framework enabling Efficiency Manitoba, and the remaining market opportunities for energy-efficient technologies within Manitoba.

[1] Specian, M., Berg, W., Subramanian, S., and Campbell, K. 2023 Utility Energy Efficiency Scorecard. ACEEE Report August 2023.

III Contingency fund

There were no contingency fund expenditures in 2022/23.

IV Operational adjustments

In 2022/23 we continued to introduce changes to drive customer participation including increased customer incentives and supplier sales-focused incentives, and expanded customer eligibility criteria to increase customer participation in programs and offers (see pages 20 to 22 of our Annual Report for additional details). Our intent with these operational adjustments and program modifications was to increase the likelihood of customers investing in energy efficiency. Efficiency Manitoba's work to drive customer participation results in energy use reduction, bill savings, environmental benefits (including greenhouse gas emissions reductions), along with other social and economic benefits. These benefits include but are not limited to increased home comfort, reduced energy poverty, increased business competitiveness, and local employment directly related to energy efficiency through nearly 1,400 suppliers across the province registered to deliver Efficiency Manitoba programs, along with numerous other contracted services providing third-party support to implementing the work of the organization.

2022/23 DETAILED RESULTS

The table below, along with the notes and explanations that follow, provides additional detail on the results from the evaluation process. Note that planned energy savings in 2022/23 were higher than the legislated targets. This results in a difference in savings as a percentage of Plan when compared to the legislated targets (summary table on page 1).

2022/23 Energy savings detailed results

2022/23 Annual results	Planned	Net savings		Gross (real) savings	
		Net	% of Plan	Gross	% of Plan
Electric					
Electric savings (GWh)	335.2	272.6	81%	276.6	83%
Evaluated electricity savings as a percentage of load	1.51%	1.23%		1.25%	
Electric acquisition cost ($/kWh)	$0.15	$0.10		$0.10	
Natural gas					
Natural gas savings (million m^3)	13.23	9.78	74%	11.04	83%
Evaluated natural gas savings as a percentage of volume	0.82%	0.60%		0.68%	
Natural gas acquisition cost ($/$m^3$)	$1.8	$2.1		$1.8	
Greenhouse gas emission reductions (CO_2 eq tonnes)	25,200	18,600	74%	21,000	83%

Notes & explanations:

- In accordance with the Efficiency Manitoba Act Section 16(1) and to ensure independent review and assessment of our performance, in 2020/21 Efficiency Manitoba conducted an open public procurement process to select an independent assessor. The successful proponent, Econoler, is responsible for independently assessing program energy savings and cost effectiveness, providing third-party verification and evaluation.
- Savings include the calculation of interactive effects whereby an energy-efficient product or system results in an increase or decrease in energy use in other areas. For example, installing more efficient lighting results in an increase in heating requirements and a decrease in cooling requirements.
- The Efficiency Manitoba Act defines net savings to be counted towards the respective target as:

  > *"...in respect of a change in the consumption of electrical energy or natural gas in Manitoba, the savings that occur after taking into account any other adjustments in consumption that are attributable to, or influenced by, the change."*

  This definition implies interactive effects are removed from the total (gross) savings and therefore represents the real impact to domestic load consistent with Efficiency Manitoba's legislated mandate (gross (real) savings as presented in the table on page 4).
- Energy savings relative to planned in-year (2022/23) savings were 83% electric and 83% natural gas. In-year electric savings were planned to be 1.51% of load essentially mirroring the legislated target of 1.5%. In the case of natural gas, planned in-year savings were 0.82% of volume (greater than the legislated target of 0.75%).
- The demand-side management (DSM) industry definition of net savings includes gross savings with adjustments for attribution — changes in energy use that are attributable to a particular energy efficiency program. These changes may include the effects of free ridership (participants who are assessed as likely to have installed the same energy efficiency measures without a program/incentive), spillover (those who adopt energy efficiency measures but don't participate in a program), and induced market effects (impacts on the market such as increased product availability or reduced product prices that extend beyond changing program participants' behaviours). The evaluator determines the influence that programs have had on customer participation as well as the Manitoba market. Based on this definition, which is different than the definition implied in the Efficiency Manitoba Act, energy savings relative to planned in-year (2022/23) savings were 81% electric and 74% natural gas.
- The electric and natural gas savings utilize Efficiency Manitoba's approach for estimating savings from equipment standards which considers the difference between the equipment being replaced and the current minimum energy performance standards (MEPS).
- Electric savings as a percentage of load is based on 2021/22 weather-adjusted actual consumption.
- Natural gas savings as a percentage of volume is based on actual 2021/22 volumes. To protect Manitoba Hydro confidential information, savings as a percent of actual volume (not weather-adjusted) was used.

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energyteam@efficiencyMB.ca
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