



ANNUAL BUSINESS PLAN  
2022-2023

Statement from the Board Chair:

We are pleased to submit Efficiency Manitoba's Annual Business Plan (ABP) for 2022-2023. This ABP reflects Efficiency Manitoba's third year delivering on the organizations' mandate of providing programs and services to achieve significant electric and natural gas savings in the Province of Manitoba.

This ABP has been prepared in accordance with the Crown Corporations Governance and Accountability Act.

Dr. Jeannette Montufar  
Board Chair, Efficiency Manitoba

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# Annual Business Plan 2022/23

## 1. Mandate and strategic direction

### 1.1 Mandate as set out in The Efficiency Manitoba Act

The Efficiency Manitoba Act (the Act) came into force on January 25, 2018. The Act outlines Efficiency Manitoba's (EM) mandate which is to

- a) Implement and support demand-side management initiatives to meet the savings targets and achieve any resulting reductions in greenhouse gas emissions in Manitoba;
- b) Achieve additional reduction in the consumption of electrical energy or natural gas – including resulting reductions in the demand for electrical power – if the reductions can be achieved in a cost-effective manner;
- c) Mitigate the impact of rate increases and delay the point at which capital investments in major new generation and transmission projects will be required by Manitoba Hydro to serve the needs of Manitobans;
- d) If any of the following are prescribed as being subject to demand-side management under this Act, carry out the prescribed duties in respect of them:
  - Demand for electrical power in Manitoba,
  - Potable water consumed in Manitoba,
  - Fossil fuels consumed in the transportation sector in Manitoba; and
- e) Promote and encourage the involvement of the private sector and other non-government entities in the delivery of its demand-side management initiatives.

In its two years of operations, in the context of a global pandemic, Efficiency Manitoba rolled out energy efficiency programs and offers across the residential, income qualified, Indigenous, commercial, agricultural, and industrial customer segments with over 35 programs and offers being available to Manitobans. While the pandemic significantly impacted customer participation relative to the Efficiency Plan, through solid program offerings, along with adaptations and modifications to offers, and significantly enhanced communication and advertising, Efficiency Manitoba has been increasingly successful in reaching Manitobans during the pandemic.

As the organization continues implementing the approved three-year (2020-2023) Plan for energy efficiency (the Efficiency Plan), programs will continue to be added, enhanced, and improved on an ongoing basis recognizing feedback from customers, suppliers, and delivery partners. Efficiency Manitoba is fully committed to actively leveraging and partnering with the private sector and non-governmental organizations in the implementation and delivery of programs.

Through implementing the Efficiency Plan, Efficiency Manitoba is building a foundation for long term achievement of energy savings of an annual average of 1.5 per cent of electric load and 0.75 per cent of natural gas load. The ultimate goal of EM is to achieve a cumulative total of 22.5 per cent electrical energy savings and 11.25 percent natural gas savings in Manitoba over a 15-year period.

## 1.2 Ministerial mandate and direction

In accordance with the Efficiency Manitoba Act and with Ministerial approval received on March 31, 2020, implementation of the Efficiency Plan commenced on April 1, 2020.

The Efficiency Plan outlines details on electric and natural gas energy efficiency programs and offers for residential, income qualified, Indigenous, commercial, agricultural and industrial customers across the province; helping customers manage their energy needs while providing bill reduction benefits.

Efficiency Manitoba's Efficiency Plan and ongoing operations are consistent with the mandate letter issued to the Efficiency Manitoba Board of Directors by the Minister of Crown Services. The mandate letter articulated four key priorities for Efficiency Manitoba:

- a) establish the structure of the new corporation ensuring a leaner, more streamlined organization to deliver energy efficiency programs;
- b) develop and submit for review and approval an initial three-year Plan for demand-side management initiatives to meet mandated savings targets, while optimizing value for money;
- c) work with the Public Utilities Board to develop streamlined processes, to reduce overall costs to ratepayers of regulatory hearings; and
- d) find ways to obtain the same or better outcomes as formerly obtained under the "Power Smart" program, but at a significantly smaller percentage of the cost and materially lower labour costs.

Efficiency Manitoba focused on these key priorities during the process of developing the Efficiency Plan. Articulation of Efficiency Manitoba's progress on these items is publicly available through Efficiency Manitoba's three-year Plan filed with the [Public Utilities Board \(pages 50-53\)](#).

In addition to focusing on these key priorities, Efficiency Manitoba has also aligned with and made progress on other priorities communicated through the mandate letter including integration with Government's summary budgeting process, organizational structure and fiscal management, reducing red-tape, mandate-focused advertising, reconciliation with Indigenous Manitobans, transparent procurement, and providing a respectful workplace. Efficiency Manitoba's 2020/2021 Annual Report provided a status update on key aspects of these articulated priorities.

## 1.3 Strategic direction

### Vision, Mission, Strategic Goals

The Efficiency Manitoba Board of Directors and Executive developed a strategic plan which contains the vision, mission, and strategic goals for the organization. In addition to the legislation and Ministerial direction, the strategic plan served as a compass throughout the development of the Efficiency Plan. The Vision and Mission statements summarize why Efficiency Manitoba exists and how Efficiency Manitoba will realize its mandate.

#### VISION

We serve as a catalyst for an energy efficient Manitoba. We are valued by Manitobans for our leadership in energy efficiency and for the partnerships we create.

#### MISSION

Efficiency Manitoba reduces energy consumption using innovative approaches that respect the environment and lead to economic benefits for Manitobans.

#### STRATEGIC GOALS

- Achieving excellence in our programs and services
- Building a solid foundation for a successful organization
- Building and sustaining meaningful partnerships with a customer focus
- Transforming attitudes towards energy efficiency

## Guiding Principles

Efficiency Manitoba's Guiding Principles describe the behaviours and culture cascaded throughout the organization to guide business operations and every day decision making.

Employees	We believe our employees are key to our success; therefore, we will foster a work culture of positive engagement, creativity and diversity.
Equity and access	We believe in equity and access; therefore, we will provide programs and services that benefit all Manitobans.
Investing in Manitoba	We believe in investing in Manitoba; therefore, we will prioritize collaborating with and providing opportunities to local experts creating a stronger economic benefit for our province.
Keeping things simple	We believe in keeping things simple; therefore, we take a straightforward approach to communication and keep business processes easy to understand and implement.
Sustainable practices	We believe in sustainable practices; therefore, we will source suppliers and service providers that follow environmentally sound practices.
Transparency	We believe in transparency; therefore, we are open and accountable.
Reconciliation	We believe in being respectful allies on our reconciliation journey; therefore, we will incorporate Truth & Reconciliation principles in our business process and how we deliver our programs.

## **1.4 Strategic priorities**

Efficiency Manitoba's strategic goals provide the priorities for the organization. Each goal is further described as follows:

### **1.4.1 Achieving excellence in our programs and services**

Excellent energy efficiency programming will benefit all customer sectors in Manitoba: residential, commercial, industrial, rural and remote, Indigenous, agricultural, municipal and government. Having equitable access to offers and robust participation are paramount to achieving mandated savings targets. Through research, innovation, outstanding customer service and technical support, Efficiency Manitoba can continue to provide a wide variety of timely offers and services that positively engage with all Manitobans.

### **1.4.2 Building a solid foundation for a successful organization**

An Efficiency Manitoba team that is aligned, empowered, and creative creates excellent results. Organizational policies and processes serve to support our success by creating the requirements and systems to monitor and track our outcomes. The Efficiency Manitoba Act and the Crown Corporations Governance and Accountability Act outline the mandate and compliance requirements to provide for alignment with Government.

### **1.4.3 Building and sustaining meaningful partnerships with a customer focus**

Engaged and diverse partners provide opportunities to learn, support private sector industry, contribute to energy efficiency considerations within all levels of Government and Manitoba Hydro, and support reconciliation with our Indigenous partners. The Energy Efficiency Advisory Group continues to represent a diverse mix of social, economic, environmental organizations, and representation from Indigenous Communities. Engagement with the private sector supports the delivery of efficiency programs while spurring post pandemic recovery and economic growth. Federal, Provincial, municipal and utility engagement ensures energy policies; future codes, standards, regulations; and utility resources are supported and informed on the current or future potential contributions of energy efficiency. Indigenous partners are of particular importance to identify and reduce barriers to participation in Efficiency Manitoba programs.

### **1.4.4 Transforming attitudes towards energy efficiency**

Awareness is a fundamental requirement. Through this strategic goal, Efficiency Manitoba looks strengthen recognition of the Efficiency Manitoba brand; develop a broad understanding of the benefits of energy efficiency; and establish a reputation as being trusted energy efficiency experts.

### **1.4.5 Key Initiatives**

Within all of the corporate activities and Efficiency Plan deliverables that support the above Strategic Goals, there are several key initiatives for 2022/23 that are essential for both the immediate and long-term success of the organization.

#### **Program Planning Beyond the Current Efficiency Plan**

Looking beyond 2022/23, Efficiency Manitoba will take both a retrospective and forward-looking approach to identifying the suite of efficiency programs, offers, and enabling strategies that should persist or be explored beyond the current Efficiency Plan. Developing the energy savings, budget, and associated cost-effectiveness targets beginning in Year 4 requires a situational analysis both internal and external to Efficiency Manitoba.

Internally, the status and coincident timing of other key initiatives, most notably the Independent Assessment results for 2021/22 and the Integrated Demand Side Management Market Potential Study (“iDSM Study”), are expected to provide important considerations to inform the design of long-term electric and natural gas portfolios while also providing useful, near-term insights. Further, the ongoing impacts of the COVID-19 pandemic which have persisted since commencement, present a unique and challenging situation from which Efficiency Manitoba will be required to project future participation.

Externally, Efficiency Manitoba will continue to engage with multiple parties representing energy efficiency interests across Manitoba to understand other intersecting priorities or potential challenges associated with Year 4 and beyond. This includes: working with the Public Utilities Board towards an appropriate Efficiency Plan review process respecting the cost, time and resources required; supporting Manitoba Hydro integrated resource planning efforts; potential outcomes resulting from Provincial energy strategy framework development; impacts of overlapping programming such as the Federal Greener Homes program; perspectives and suggestions resulting from Energy Efficiency Advisory Group (EEAG) and the Indigenous Energy Efficiency Working Group (IEEWG) engagement; and finally, ongoing feedback received through program participants, industry engagement and through the extensive Efficiency Manitoba contractor network.

This key initiative supports the planning towards achievement of all corporate goals and Ministerial mandates.

#### **Independent Assessment**

The independent assessment provides a third-party evaluation of Efficiency Manitoba's achievements relative to the Efficiency Plan. A third-party evaluator is a legislated requirement in accordance with Section 16 of the Efficiency Manitoba Act and provides value via an independent and objective perspective of Efficiency Manitoba's results, along with recommendations to deliver world-class programs. The findings and recommendations are used to inform continuous improvement on the operation of programs as well as for developing future key initiatives.

Econoler was contracted to perform an independent assessment of the three years of activity in the Efficiency Plan. The independent assessment is conducted after the year to be evaluated is completed therefore the majority of program evaluation work for a fiscal year is undertaken in the following fiscal year. The 2020/21 efficiency activity that was evaluated by Econoler in 2021/22 was modified from the work initially planned to account for various operational implications resulting from COVID-19 pandemic on Efficiency Manitoba's operations. Programs were assessed using savings verifications that reviewed saving assumptions and methodologies to ensure reasonability.

The evaluation of 2021/22 efficiency activity will take place in 2022/23, and the work has been expanded to include full impact evaluations of most programs. This work includes undertaking in-depth analysis of various savings parameters to validate savings achieved. In addition to full impact evaluations, process and market evaluations will also be performed on select programs. Process evaluations assess the program's effectiveness in program delivery and implementation while market evaluations assess the program's influence on changes to the market. Econoler's work will focus on completing the assessment of program activity from year two of the Efficiency Plan and reporting on the findings in accordance with legislated timelines.

The assessment of the third year of the Efficiency Plan will begin following the completion of program activity in 2022/23. Third year assessment activities will be similar to the activities completed in year two with a mix of full impact, process and market evaluations of program activities in the year. In addition to an assessment of year three, Econoler will assess and report on program activity for the entire three-year period of Efficiency Manitoba's Plan and produce a final report in accordance with Section 16 of the Efficiency Manitoba Act.

The independent assessment is a key initiative for achieving two of Efficiency Manitoba's corporate goals; ***Achieving excellence in our programs and services*** and ***Building a solid foundation for a successful organization***. The results of the assessment will also inform the cost-effectiveness of Efficiency Manitoba's programs that will support the corporate goal of ***Building and sustaining meaningful partnerships with a customer focus*** by verifying the cost-effectiveness of resources provided to Manitoba Hydro for resource planning purposes.

## **Customer Relationship Management/Demand Side Management System**

Foundational to the success of Efficiency Manitoba is the implementation of a comprehensive Customer Relationship Management and Demand Side Management (CRM/DSM) tracking system. Throughout 2021/22, Efficiency Manitoba implemented 15 Efficiency Programs in the CRM/DSM system as well as functionality to support online supplier registration and integration with the Efficiency Manitoba contact centre functions. In Q3 of 2021/22, this represented 82% of Efficiency Manitoba customer incentive applications being processed through the CRM/DSM system.

The CRM/DSM System has proven integral to streamlining and enhancing operations of Efficiency Manitoba from both customer-facing and internal operations perspectives. The CRM/DSM system serves as an all-inclusive database of program participation and projects across all customer segments; program data and statistics are centralized and readily available for reporting purposes. This reduces time, labour, red tape, and paper

waste associated with reporting, leading to internal efficiencies and contributing to the lower cost of operations reflected in Efficiency Manitoba's approved Efficiency Plan.

The CRM/DSM system has also improved the customer experience through enabling digital participation efficiencies and transparency. The system provides tools such as the ability to view and update project status, summarize conversations, and track email correspondence to Efficiency Manitoba business development representatives, who provide direct support to commercial, industrial, and agricultural customers, as well as to the contact centre team that assists all Manitobans. In addition, Efficiency Manitoba's vast network of registered suppliers who deliver programs can see project status and outstanding tasks in their online dashboard, which reduces time spent on project follow up.

Additional benefits of the implementation of the CRM/DSM System include:

- improved overall customer experience;
- shorter application cycles;
- organized customer contact data;
- increased details available for each customer segment;
- enhanced marketing opportunities;
- business process and communication automation;
- increased participation conversion ratio;
- increased brand loyalty and engagement; and
- more cost-effective administration, delivery, and evaluation of programs.

Implementation of the CRM/DSM System continues to be a key initiative for achieving two of Efficiency Manitoba's corporate goals; ***Achieving excellence in our programs and services*** and ***Building a solid foundation for a successful organization*** as well as ensuring lower delivered costs for energy efficiency programming in Manitoba which is consistent with the Minister's mandate letter.

### **Integrated Demand Side Management Market Potential Study (iDSM Study)**

To aid the development of Efficiency Manitoba's future Efficiency Plans, Efficiency Manitoba will be completing an iDSM Study which was initiated in 2021/22. The iDSM Study will provide estimates of technical, economic, and market achievable savings potential for both electricity and natural gas. A range of achievable energy savings estimates for each year over the 15 years of the study period are required for all Efficiency Manitoba customer segments: residential, income qualified, Indigenous, commercial, agricultural, and industrial. Based upon the introduction of new and emerging technologies, the study will also include an examination of existing energy efficient technologies and those technologies that may be "on the horizon" and potentially viable for Manitoba when determining the maximum market achievable potential.

The integrated component of the study, which marks the first time an assessment has been conducted of this nature in Manitoba, includes options for market potentials outside of Efficiency Manitoba's mandate in the areas of electric vehicles and demand response. Efficiency Manitoba has partnered with Manitoba Hydro to fund these added components leveraging the base research being conducted for energy efficiency.

Completion of the study will be imperative for achieving Efficiency Manitoba's long-term energy savings targets and serves the corporate goal of ***Achieving excellence in our programs and services***. It is also anticipated to inform critical components of the Provincial Energy Strategy and the Manitoba Integrated Resource Plan contributing to the corporate goal of ***Building and sustaining meaningful partnerships with a customer focus***.

### **Indigenous Energy Efficiency Working Group**

Fiscal 2022/23 will see continuation of the Indigenous Energy Efficiency Working Group (IEEWG). The purpose of the IEEWG is to provide real-time, ongoing feedback to assist in the design, delivery, and implementation of Efficiency Manitoba's Indigenous energy efficiency programs and Indigenous Engagement Roadmap. The working group will also be asked to provide insight into the accessibility of energy efficiency programs to ensure equity and access to all applicable Efficiency Manitoba programs and offers. The ongoing efforts of this working group is important on Efficiency Manitoba's Path to Reconciliation to ensure a mutually respectful and collaborative relationship with Indigenous Manitobans.

Successful continuation of the IEEWG will contribute towards achievement of the corporate goal of ***Building and sustaining meaningful partnerships with a customer focus***, is aligned with Efficiency Manitoba's newest guiding principle focused on Reconciliation, and will assist Efficiency Manitoba in implementing energy savings opportunities in a previously under-served market.

<b>Key Initiatives - Metrics for 2022/2023</b>		
	Current State	Target
<b>Program Planning Beyond the Current Efficiency Plan</b>		
<i>Measures of Success</i>		
Situational analysis and strategy completed	In process	By Q1 2022/23
Engagement with all external stakeholders	In process	By Q1 2022/23
New Efficiency Plan energy savings and budget targets in place	In review	In advance of April 1, 2023
<b>Independent Assessment</b>		
<i>Measures of Success</i>		
Accepted recommendations from 2020/21 Independent Assessment in process and/or fully implemented as applicable by recommendation	In process	100%
2021/22 Independent Assessment completed	In process	By September 30, 2022
2022/23 Independent Assessment in process	To begin in fiscal 2022/23	Completion by September 30, 2023 (fiscal 2023/24)
<b>CRM/DSM Database and Tracking System</b>		
<i>Measures of Success</i>		
% of applications paid through system	82%	95%
% of project budget	60%	<=100%
% of applications coming through the system	80%	95%
<b>Integrated DSM Market Potential Study</b>		
<i>Measure of Success</i>		
Completion of all project phases by Q2 2022/23	60%	100%
<b>Indigenous Energy Efficiency Working Group</b>		
<i>Measures of Success</i>		
Meetings on regular frequency	In process	Quarterly
Working group members see value in the meetings/engagement	Survey planned for Q2	80%

## 2. Operating Environment

### 2.1 Internal Operating Environment

With Ministerial approval, Efficiency Manitoba officially commenced delivering on the activities and programming outlined in the Efficiency Plan on April 1, 2020 - coincident with the arrival of COVID-19 in Manitoba and implementation of provincial restrictions.

The 2022/2023 fiscal period marks the delivery of activities outlined in year 3 of the Efficiency Plan. Efficiency Manitoba looks forward to post pandemic recovery including customer participation returning over time to conditions anticipated during the design of the Efficiency Plan.

During the organizations' first two years of operations, Efficiency Manitoba's experienced and dedicated employees had to adapt to a very new work reality entering a new organization during a pandemic. Their commitment and ability to quickly find innovative ways to serve customers and partners, while adapting programs and offers, was instrumental in ensuring continuity of program delivery during the extended duration of the health crisis. The process to build out the organization's human resources was completed in 2021/22.

On January 25, 2021, the Federal Government along with the Minister of Conservation and Climate announced that the Low Carbon Economy Leadership Fund (LCELF) had accepted Efficiency Manitoba's natural gas efficiency programming as an eligible project to receive funding. The LCELF will be providing \$32.3 million over the 2020-2023 period towards the cost of implementing natural gas energy efficiency improvements homes and business which, in turn, has a direct impact on reducing greenhouse gas emissions in Manitoba. Efficiency Manitoba is actively working with Federal and Provincial representatives to ensure dollars flow to Manitoba. Driven by lower than anticipated Efficiency Manitoba customer participation resulting from pandemic impacts, access to the full \$32.3 million will require an extension of LCELF beyond the 2023 period.

## **2.2 External Operating Environment**

### **2.2.1. Federal Energy Efficiency Programming**

In May 2021, the Federal government launched the Greener Homes Program offering residential customers a grant of up to \$5,000 to make energy efficient improvements to their homes. In addition, an EnerGuide energy assessment (pre- and post-retrofit audit) is provided free of charge provided the customer implements a minimum of one of the recommended upgrades. Although the program has the potential to increase the number of customers pursuing energy efficiency retrofits, the EnerGuide audits are mandatory and a pre-requisite for participation under the Federal Greener Homes Program. With limited capacity for qualified and certified auditors in Manitoba, the waiting period (several months) for a pre-retrofit audit has created challenges for customers seeking to begin retrofits as well as contractors whose work flows have been held up by the requirement to have a pre-audit completed.

Discussions have been initiated with the Federal Government, along with Manitoba Environment, Climate and Parks, and Efficiency Manitoba regarding integration of the two efficiency programs. These discussions will continue into fiscal year 2022/23 including assessment of the benefit to Manitobans associated with program delivery integration. In the absence of a formal agreement to co-deliver the Greener Homes Program, Efficiency Manitoba is focused on audit customers awareness and accessing of Efficiency Manitoba's programs to ensure that resulting retrofits and energy savings are able to be tracked and measured against the legislated savings targets.

## 2.2.2 Continued Pandemic Related Impacts

Manitobans have all been impacted by the COVID-19 pandemic over a two-year timeframe. The pandemic has had a significant impact on Efficiency Manitoba's customers' ability to undertake energy efficiency upgrades and on Efficiency Manitoba's ability to deliver programs to Manitoba homes and business (given in-home and in-business restrictions, provincial recommendations, and/or community decisions to protect the health and safety of their residents). There was a direct and detrimental impact to the energy savings realized in year 1 of the Efficiency Plan with ongoing impacts into year 2 of the Plan. The economic impacts of the ongoing pandemic will affect customer decision making on capital projects including energy efficiency well into the future.

Many business sectors have seen closures and/or significantly reduced business throughout the pandemic including restaurants and those in hospitality/entertainment industries. Other businesses have been focused on essential work only, including those in health care (personal care homes), education, and government sectors. Access to entire areas of the Province, specifically Northern Manitoba and First Nations in particular, have been extremely limited throughout the two years of the pandemic. Additionally, the pandemic has introduced uncertainty along with increased building vacancy which have led to a focus on cost constraints, following safety precautions, and deferral of building upgrades or capital projects.

Economic areas such as home renovation projects and new home construction have continued throughout the pandemic. These areas have continued to provide some opportunities for Efficiency Manitoba to leverage and capture energy savings however it's important to note that these activities alone do not offset energy savings projects not undertaken in customer segments/industries faced with greater impacts due to the pandemic.

Working with contractors and program delivery agents has resulted in the establishment of appropriate safety protocols based on Provincial pandemic levels. This has permitted safe continuation of contractor energy efficiency business activities, service to customers, and associated energy savings versus outright and indefinite pausing on these programs. In other instances, and where assessed as appropriate in light of pandemic levels and community restrictions (i.e. Northern Manitoba/First Nations communities), program delivery has been paused through 2020/21 and 2021/22. Similarly, Efficiency Manitoba's presence at customer and industry tradeshow and conferences has been shifted largely to on-line events with significantly reduced business development opportunities.

Energy efficiency can play a role in supporting economic recovery post pandemic. Economic development and energy efficiency can be complementary through the creation of green jobs; energy savings resulting in more money for Manitobans and Manitoba businesses to re-invest in the economy; and contributing to the transition to high-efficiency homes, buildings and industry which lowers GHG emissions.

## 2.3 Operational Risks and Mitigation

As discussed in Section 2.2.2, the pandemic is continuing to significantly impact Manitoba residents and business owners, creating challenges for Efficiency Manitoba's ability to meet legislated energy savings targets. Although Efficiency Manitoba has continued to adjust interactions and support for customers, primarily via virtual interfacing, many business development and customer outreach opportunities are more suited to on-site interaction. In addition, the economic impacts of the pandemic are distinctly different across all customer segments and customer recovery time and processes across those segments will vary.

Although the Efficiency Manitoba Act allows for the carryover of surpluses or shortfalls in achieved energy savings into future years, Efficiency Manitoba is driving new, unplanned activities in an effort to recover from lost savings opportunities due to the COVID-19 pandemic. Initiatives implemented to date include extending the in-market duration of the Spring and Fall retail rebate campaigns, increasing retail product rebate values on a time limited basis, expanding eligibility for the Small Business Program and Indigenous Small Business Program, time-limited increased incentives and a supplier bonus for Efficiency Manitoba's Business Lighting Program, advancement of mid-efficiency furnace upgrade offer through the Energy Efficiency Assistance Program and conducting research on areas of energy savings that have yet to be monitored and claimed by Efficiency Manitoba.

As outlined in section 2.2.1, a Federally delivered energy efficiency program that is not coordinated with existing energy efficiency programs delivered by Efficiency Manitoba has the potential to create customer confusion in Manitoba regarding where to access support for energy efficiency retrofits as well as challenge Efficiency Manitoba in establishing its brand as Manitoba's delivery agent for energy efficiency programming. Both of these objectives are of particular importance given that Efficiency Manitoba has recently commenced. The Federal program could also result in homeowners completely by-passing Efficiency Manitoba programs which could place achievement of legislated energy savings targets in the near term at risk.

To address this risk, Efficiency Manitoba worked to determine the optimal path for a Manitoba customer wishing to participate in all programs and incentives available and to ensure that the federal audit process will direct homeowners to Efficiency Manitoba offers. This work also included early discussions with and support for local partners including the Manitoba Environmental Industries Association (MEIA) and Red River College (RRC) Polytechnic to facilitate and enable the training of certified Energy Advisors in order to meet the demand for home audits created by the launch of the federal program.

### 3. Performance Measures and Targets

The Key Performance Indicator (KPI) Dashboard represents those metrics that are monitoring core mandate, government directives and Board priorities for the organization and therefore form a component of the Efficiency Manitoba Board's regular quarterly monitoring and oversight of the organization.

INTERNAL BUSINESS - To satisfy our stakeholders and customers, what business processes must we excel at?	2022/23 Target	FINANCIAL - To succeed financially how should we appear to stakeholders?	2022/23 Target
Savings (Gwh)	335	Total Expenditures (million \$)	\$76.01
Savings (million m3)	13.2	% of Annual Budget	100.0%
% of load (Gwh)	1.51%	% of expenditures with private sector	19.7%
% of load (m3)	0.82%	% of expenditures internal labour	13.4%
Electric Acquisition Cost (\$/kWh)	\$0.15	% of expenditures overhead	2.1%
Natural Gas Acquisition Cost (\$/m3)	\$1.79	% of expenditures incentives	64.8%
LEARNING & GROWTH - To achieve our vision, how will we sustain our ability to change and improve?	2022/23 Target	CUSTOMER - To achieve our vision, how should we appear to our customers?	2022/23 Target
% of planned expenditures on Innovation	80%	Brand awareness	50%
% of employee development budget spent	80%	Customer satisfaction	90%
% of employees with completed annual evaluations	100%	% Customer Participation (Actual/Forecast)	100%
Employee satisfaction with opportunities to learn, grow and develop	80%		

To supplement Efficiency Manitoba's Strategic Plan, a Demand Side Management (DSM) Scorecard to benchmark both portfolio performance and corporate performance against other energy efficiency program administrators has also been developed. Integrating regular benchmarking will establish baseline data and measures in critical performance areas and help identify program and operational improvement opportunities for adoption by Efficiency Manitoba. The scorecard will be used to report on actual performance to ensure Efficiency Manitoba is able to identify gaps and then prioritize resources and strategies for improvement.

Each scorecard category consists of five metrics worth 20 points that are scored through detailed sub metrics. They are designed to represent achievable stretch targets for Canadian DSM program administrators.

**Operations** focuses on performance in areas that are critical to effective program delivery, such as stakeholder engagement, customer participation and satisfaction; end-to-end DSM design; employee satisfaction and positive engagement; and leadership and culture.

**Planning** focuses on DSM planning and future-oriented performance. Metrics include program equity, data use and sharing, future energy savings targets, emerging programs and strategic planning.

**Delivered Value** focuses on quantitative performance metrics. In this category, depth of energy savings (annual incremental energy savings and lifetime energy savings), DSM investments, peak demand reduction, achievement of energy savings targets, and customer benefits are measured.

This comprehensive approach to benchmarking will provide Efficiency Manitoba with critical feedback not only in the programs and services that are offered, but also in the operation of the business overall thereby maximizing value for money with Efficiency Manitoba's budget while enabling a culture of continuous improvement. Fiscal 2022/23 will see the metrics populated to reflect Efficiency Manitoba's operations once Efficiency Plan activities are able to proceed without pandemic considerations.

#### **4. Financial budgets and forecasts**

As described in section 2.2.2 the pandemic has had a significant impact on Efficiency Manitoba's customers' ability to undertake energy efficiency upgrades and on Efficiency Manitoba's ability to deliver programs to Manitoba homes and businesses. As a result of reduced customer participation in programs, Efficiency Manitoba's expenses, 65% of which are customer incentives, have been reduced during Efficiency Manitoba's first two years of operations. At the conclusion of fiscal 2020/21, Efficiency Manitoba's overall expenses were \$26.5M which represented approximately 43% of the budgeted expenses for the fiscal year.

At the conclusion of Q3 2021/22 (December 31, 2021), Efficiency Manitoba's overall expenses were \$24.4M which represented approximately 33% of the budgeted expenses for the fiscal year. With each quarter seeing progressively more customer participation and therefore more incentives paid, Efficiency Manitoba is projecting that expenditures will reach approximately 50% of those budgeted by the end of fiscal 2021/2022 while achieving energy savings that are very close to target.

Efficiency Manitoba only requests funding from Manitoba Hydro to cover expenses, therefore revenue is similarly reduced for Efficiency Manitoba's operations.

The impacts of the global pandemic spanning through 2020, 2021 and into 2022 will affect customer decision making on capital projects including energy efficiency well into the future given the economic turmoil created by business closures, job losses, and inflationary pressures.

The state of the pandemic and speed of economic recovery are uncertain. While recognizing the strong role that Efficiency Manitoba can play in economic recovery and providing bill savings to customers through program participation, Efficiency Manitoba's 2022/23 budget has remained largely as planned in the approved Efficiency Plan. Efficiency Manitoba's budgeted expenses for 2022/23 are \$76M.

## Financial summary and budget

(\$000s)	2020/21 Actual	2021/22 Budget	2021/22 Nine months ended Dec 31, 2021	2022/23 Budget
<b>Revenue:</b>				
Manitoba Hydro Contributions	\$ 27,350	\$ 74,020	\$ 24,576	\$ 75,681
Federal Contributions	\$ -	\$ -	\$ 32	\$ -
Interest Income	\$ 11	\$ -	\$ 18	\$ -
	<u>\$ 27,361</u>	<u>\$ 74,020</u>	<u>\$ 24,627</u>	<u>\$ 75,681</u>
<b>Expenses</b>				
Customer Incentives	\$ 17,000	\$ 48,702	\$ 15,099	\$ 49,932
Salaries & Benefits	\$ 6,443	\$ 9,147	\$ 5,299	\$ 9,576
Communication & Advertising	\$ 487	\$ 2,451	\$ 705	\$ 2,384
Other Expenditures	\$ 2,539	\$ 12,616	\$ 3,155	\$ 13,729
Amortization	\$ 42	\$ 115	\$ 107	\$ 390
	<u>\$ 26,511</u>	<u>\$ 73,031</u>	<u>\$ 24,365</u>	<u>\$ 76,011</u>
<b>Surplus (Deficit) <sup>1</sup></b>	<b>\$ 850</b>	<b>\$ 989</b>	<b>\$ 262</b>	<b>\$ (330)</b>

<sup>1</sup> The surplus (deficit) line represents the difference between capital asset purchases and annual depreciation of capital assets and not a change in cash position.

## 5. Human resources

### 5.1 Staffing summary

Implementing Efficiency Manitoba's first Efficiency Plan including legislated energy saving targets which are materially higher than past energy savings in Manitoba (additional electric energy savings of 30% and additional gas energy savings of 42%), with a staffing complement targeted to be 30% lower when compared to the Power Smart program, necessitated qualified, and expert resources. Efficiency Manitoba recognized this requirement and transitioned select energy efficiency experts from Manitoba Hydro, in addition to hiring qualified external resources positioned to quickly contribute to the organizations' start up and ongoing operations. On a full-time equivalent (FTE) employee basis and recognizing hiring that took place throughout fiscal 2021/22 (which then translates to partial year FTEs), Efficiency Manitoba's FTE count at December 31, 2021 was 67.8.<sup>2</sup> Recruitment activities are ongoing to build the organization towards the full-time equivalent budget and is anticipated to be complete prior to the end of fiscal 2021/2022.

#### Full-time equivalent employees

	Actuals as at December 31, 2021	2021/22 Budget
Executive/Mgmt <sup>1</sup>	8.00	7.0
Employees	59.9	68.0
Efficiency Manitoba Total	67.8	75.0

Notes:

<sup>1</sup> Executive/Mgmt includes CEO, VPs and Managers. Actuals anticipated to return to 7.0 in 2022/2023.

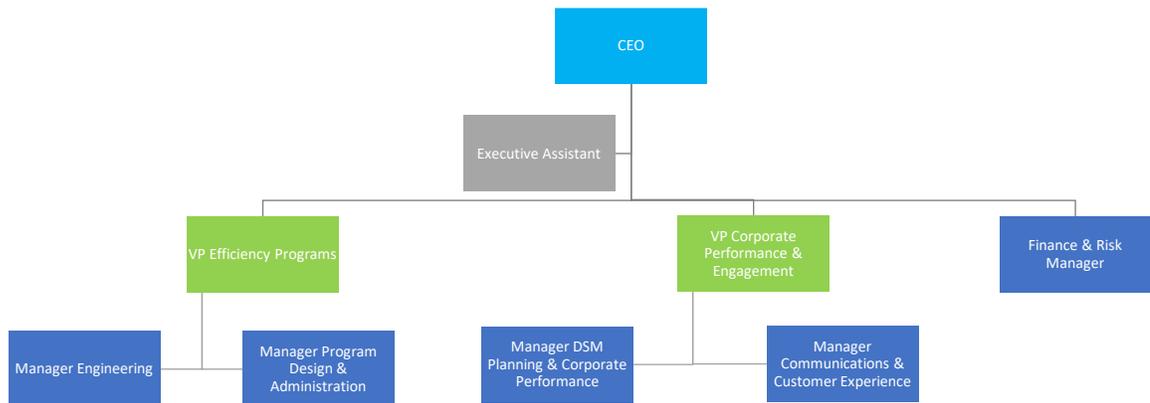
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<sup>2</sup> Actual hiring through 2021/22 resulted in over 90% of full-time equivalent planned positions filled at Q3 2021/22 with the balance of hiring taking place through the remainder of fiscal 2021/22.

## 5.2 Organization chart (at December 31, 2021)

At December 31, 2021, Efficiency Manitoba had 67.8 Full-time equivalent employees recognizing timing of hires through the year. The majority of these roles are concentrated in energy efficiency programs, engineering and technical support, while the balance of roles are in key corporate support functions of accounting, procurement, human resources, communications, corporate performance, and reporting.

Consistent with the mandate letter, Efficiency Manitoba leverages the private sector to secure additional corporate support for requirements in legal, contact centre, regulatory, IT managed services, and creative design services.



## 5.3 Contract Negotiations

Concluding collective Bargaining during fiscal 2022/23 is a focus area recognizing two collective agreements (CUPE Local 998 and AMHSSE), that Efficiency Manitoba inherited through the application of successor rights under the Labour Relations Act of Manitoba, had end dates of December 31, 2020. Efficiency Manitoba has been actively negotiating with these bargaining groups towards renewed contracts recognizing Efficiency Manitoba as a separate employer.

## 6. Capital plan

Recognizing the organization's commencement and staffing to deliver on the three-year Efficiency Plan, in 2022/23 Efficiency Manitoba plans include the organization's move into leased office space. This requires the acquisition of furniture, audio-visual equipment, and leasehold improvements. EM budgeted approximately \$1.1 million for these acquisitions. Via a prudent focus on costs and project management, Efficiency Manitoba has maintained construction costs within the tenant improvement allowance for the leased space and anticipate being lower than forecast of \$300,000 for Leasehold improvement capital additions. Related to supply chain delays, a portion (25% or \$100,000) of the capital furniture additions forecasted for 2021/22 will be deferred to 2022/23, thereby increasing the revised 2022/23 furniture capital additions to \$130,000.

Specialized demand side management software expenditures of \$232,700 were budgeted as an expense item, however; following Public Sector Accounting Standards and the Financial Administration Manual (FAM), these expenditures have been considered and accounted for (capitalized) as tangible capital assets (TCA) as the asset description criteria meets or exceeds the capitalization threshold dollar amount outlined in the FAM TCA Class.

Capital expenditures beyond 2021/22 will be nominal and will include replacement or acquisition of furniture and/or technology equipment.

(\$000s)	2021/22 Budget	2021/22 Revised Budget	2021/22 Forecast	2022/23 Budget
Computers	\$ 30	\$ 74	\$ 74	\$ 30
Furniture	\$ 30	\$ 430	\$ 430	\$ 30
Leasehold Improvements	\$ -	\$ 600	\$ 300	\$ -
Software	\$ -	\$ -	\$ -	\$ -
Specialized demand side management software	\$ -	\$ -	\$ 233	\$ -
<b>Total Capital Asset Acquisitions</b>	<b>\$ 60</b>	<b>\$ 1,104</b>	<b>\$ 1,037</b>	<b>\$ 60</b>