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2020/21 ANNUAL REPORT SUPPLEMENT

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 2020/21 Annual Report Supplement provides results and analysis related to these reporting requirements.

I. Efficiency Manitoba's audited financial statements

Audited financial statements are included in Efficiency Manitoba's 2020/21 Annual Report.

II. Energy savings evaluation results and discussion

In accordance with the Efficiency Manitoba Act Section 16(1) and to ensure independent review and assessment of our performance, Efficiency Manitoba conducted an open public procurement process to select an independent assessor. The successful proponent, Econoler, was responsible for independently assessing program energy savings and cost effectiveness, providing expert third-party verification and evaluation.

The following tables summarizes the electric and natural gas energy savings results from the evaluation process:

Table - 2020/21 Verified Energy Savings Results

2020/21 Annual results	Planned	Verified (minus interactive effects) ¹		Net verified results as a % of Plan
		Gross	Net ²	
Electric savings (GW.h)	331.2	235.8	227.4	69%
Verified electricity savings as a percentage of load	1.48%	-	1.03%	-
Natural gas savings (m3)	11.70	8.18	7.01	60%
Verified natural gas savings as a percentage of volume	0.72%	-	0.42%	-

Table Notes:

- Net electric savings as a percentage of load is based on 2019/20 weather adjusted actual consumption.
- Net natural gas savings as a percentage of load is based on actual 2019/20 volumes.³
- Please see the discussion section below for additional explanations and details.

¹ 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 savings and therefore represents the real impact to domestic load consistent with Efficiency Manitoba's legislated mandate.

² Industry definitions of net savings refer to changes in energy use that are attributable to a particular energy efficiency program. These changes may implicitly or explicitly include the effects of free ridership, spillover, and induced market effects.

³ To protect Manitoba Hydro confidential information, net savings as a percent of actual volume (not weather-adjusted) was used.



Discussion

Participation in energy efficiency programs was lower than planned and modelled for the first year of our 2020/23 Efficiency Plan. This is due to the COVID-19 pandemic and its associated impacts on individuals, communities, and businesses through the entirety of the 2020/21 fiscal year. Many programs with in-home or in-business service components were paused or delayed due to the pandemic. Participation was impacted due to business shut-downs, stay at home orders, restrictions on entry to facilities and communities, province-wide restrictions, customer budget pressures, and inflationary or supply-chain pressures. Manitobans were understandably focused on health and safety, while personally and professionally navigating the pandemic.

The table above shows that the total verified net electricity savings of the portfolio, accounting for all sectors, reached 69% of our target while portfolio net natural gas savings were 60% of our target. This level of energy savings were achieved while expending 43% of the overall budget for 2020/21. The Efficiency Manitoba Act provides that annual shortfalls or surpluses in net savings carry forward in accordance with the cumulative 15-year energy savings targets.

III. Contingency Fund

There were no contingency fund expenditures in 2020/21.

IV. Operational Adjustments

We adjusted operations in 2020/21 beyond the types of adjustments outlined in Section 12(5) of the Efficiency Manitoba Act. Throughout the pandemic, we implemented program modifications to align with evolving and changing public health orders. Our intent with pandemic-related program modifications was to continue having programs available for Manitobans where appropriate and permitted, while safely driving customer participation along with associated energy reductions, bill savings, environmental benefits (including greenhouse gas reductions) and other benefits.

Recognizing provincial restrictions, 2020/21 was not a 'business as usual' year. Our public launch alongside our official commencement was deferred. This, along with expectations of expenditure reductions across the whole of Government including Crown corporations, reduced brand and consumer awareness of our organization during our first operational year.

As Manitoba looks forward to economic recovery, we're planning new programs and offer launches, along with increased public communication and awareness campaigns to drive program participation. Efficiency Manitoba's achievement of 2021/22 projections will be dependent on provincial economic recovery and the specifics of the pandemic situation.



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