EFFICIENCY MANITOBA

ANNUAL BUSINESS PLAN

2023/24

Statement from the Board Chair

We are pleased to submit Efficiency Manitoba's Annual Business Plan (ABP) for 2023/24.

Two of the first three years of Efficiency Manitoba's first three-year (2020-23) Efficiency Plan saw significantly reduced customer participation due to the COVID-19 pandemic. Given customer incentives comprised over 60% of Efficiency Manitoba's three-year Plan annual budget, reduced customer participation in programs translated directly into reduced spend by the organization relative to budget. While pandemic restrictions were lifted at the start of the 2022/23 fiscal year and signs of economic recovery are emerging, impacts of the pandemic persist and it will take some time for customer participation to reach levels projected in the 2020-23 Efficiency Plan.

On January 29, 2021, $32.3 million of federal Low Carbon Economy Leadership Funding (LCELF) was announced to support Efficiency Manitoba's natural gas efficiency programs. Recognizing pandemic impacts on customer participation in programs, the Government of Manitoba worked with the federal government to maintain access to the full allocation of approved LCELF funding for Efficiency Manitoba. To enable this, a one-year extension to the 2020-23 Efficiency Plan is required (through 2023/24). This ABP has been prepared in accordance with the Crown Corporations Governance and Accountability Act and fulfills Plan Update requirements outlined in the Efficiency Manitoba Act (Section 13) associated with an extended Efficiency Plan.

This ABP reflects Efficiency Manitoba's fourth year delivering on the mandate to achieve significant electric and natural gas savings in the Province of Manitoba. We look forward seeing the work of the organization continue to grow and flourish to the benefit of Manitobans.

Dr. Jeannette Montufar
Board Chair, Efficiency Manitoba

TABLE OF CONTENTS

1. MANDATE & 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 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 first two and a half years of operations, Efficiency Manitoba rolled out energy efficiency programs and offers across the residential, income-based, Indigenous, commercial, agricultural, and industrial customer segments with over 40 programs and offers being available to Manitobans. While the pandemic significantly impacted customer participation relative to the approved three-year (2020-23) Efficiency Plan, Efficiency Manitoba has been increasingly successful in reaching Manitobans by providing solid and diverse programs, adapting and modifying existing offers, and enhancing communications and advertising.

As the organization continues implementing the approved three-year (2020-23) Efficiency 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% of electric load and 0.75% of natural gas load. The goal of Efficiency Manitoba is to achieve a cumulative total of 22.5% electrical energy savings and 11.25% natural gas savings in Manitoba over a 15-year period.

1.2 Strategic direction

1.2.1 Vision, mission & strategic goals

In addition to the legislation and Ministerial direction, the strategic plan served as a compass throughout the development of the Efficiency Plan. Efficiency Manitoba's vision and mission statements summarize why the organization exists and how it will realize its mandate.

FIGURE 1: VISION, MISSION & STRATEGIC GOALS

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

1.2.2 Guiding principles

Efficiency Manitoba's guiding principles describe the behaviours and culture of the organization to direct business operations and everyday decision making.

FIGURE 2: GUIDING PRINCIPLES

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 processes and how we deliver our programs.

1.3 Strategic priorities

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

1.3.1 Achieving excellence in our programs and services

Excellent energy efficiency programming will benefit all customer sectors in Manitoba: residential, income-based, 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 will continue to provide a variety of timely offers and services that positively engage with all Manitobans.

With over 40 offers in the market, Efficiency Manitoba's suite of programs serve all Manitobans. Exceptional customer experiences are delivered through providing unbiased technical expertise and ensuring accessible ways to participate.

Energy efficiency is a long-term strategy, and Efficiency Manitoba is motivated to work with entrepreneurial Manitobans to determine the future of electricity and natural gas savings. The organization's Innovation Fund has already provided over $1 million in funding to nine unique projects that are exploring new technologies or market strategies to drive energy savings in the province.

To measure success and identify opportunities for improvement, Efficiency Manitoba tracks standardized customer experience metrics through post-call and post-participation surveys. Customer satisfaction data is collected as both an overall score and as individual program elements, including the application process, the time it took the customer to receive approval and their rebate, their chosen contractor or retailer, and their rebate amount. Customer effort scores and net promoter scores are also tabulated to gain insight on the ease of participating in Efficiency Manitoba programs and the likelihood customers will recommend these programs to others.

Qualitative post-participation survey comments and Customer Contact Centre (CCC) feedback is also reviewed to better understand areas of success and opportunities for improvement. In addition, Efficiency Manitoba monitors the CCC contracted service provider through quantifiable service level expectations, including call/email wait and response times, to ensure inquiries are answered in a timely manner.

1.3.2 Building a solid foundation for a successful organization

Organizational policies and processes create the requirements and systems to monitor and track outcomes and drive success. The Efficiency Manitoba Act and the Crown Corporations Governance and Accountability Act outline the mandate and compliance requirements to provide alignment with Government.

Through Efficiency Manitoba's establishment, all foundational aspects of the organization including policies, processes, systems, and collective agreements have been given careful and strategic consideration to ensure the organization's strategic priorities and guiding principles are at the forefront. Guiding this development have been the important principles of keeping things simple for both operational efficiency purposes and for ease of customers and suppliers to engage with Efficiency Manitoba and recognizing Efficiency Manitoba's employees are key to the organization's success.

1.3.3 Building and sustaining meaningful partnerships with a customer focus

Strong partnerships provide opportunities to support private sector industry, contribute to energy efficiency considerations within all levels of Government, and support reconciliation with Indigenous partners.

The Energy Efficiency Advisory Group, Efficiency Manitoba's legislated stakeholder advisory group, continues to represent a diverse mix of social, economic, and environmental organizations, and includes representation from Indigenous organizations and Manitoba communities. Engagement with the private sector supports the delivery of efficiency programs while stimulating pandemic recovery and economic growth. Federal, provincial, municipal, and utility engagement ensures energy policies, future codes, standards, and regulations, and utility resources are supported and informed on the current and potential future contributions of energy efficiency.

Strong relationships and partnerships provide valuable insight, identify barriers, and allow for real time reciprocal information sharing, all of which help inform programming decisions and serve as an important vehicle to promote Efficiency Manitoba programs to Manitobans. Indigenous partners are of particular importance to identify and reduce barriers to program participation. Through successful partnerships, Energy Efficiency Advocates have been established in 11 First Nation communities and with the Manitoba Métis Federation.

Partnerships have also been created with four rural communities, the Winnipeg Chamber of Commerce, and two Neighbourhood Renewal Corporations in Winnipeg to fund Energy Efficiency Advocates. These partnerships provide a direct resource to Manitobans to help remove participation barriers and make energy bills more affordable for those who need it most. Additionally, Efficiency Manitoba continues to actively grow its registered private sector supplier network, now encompassing over 1,300 companies province-wide.

1.3.4 Transforming attitudes towards energy efficiency

Awareness is fundamental to ensure Manitobans can access the opportunities available through program participation and contribute to Efficiency Manitoba's achievement of legislated energy savings targets. Through this strategic goal, Efficiency Manitoba looks to strengthen recognition of the Efficiency Manitoba brand, develop a broad understanding of the benefits of energy efficiency, and establish a reputation as a neutral, trusted source of information and advice on energy efficiency.

Brand marketing includes broad messaging to gain recognition using TV, billboard, and digital and online advertising. The percentage of Manitobans who are aware of Efficiency Manitoba has increased from a baseline of 33% in 2020 to approximately 53% in 2022. This measurement will continue to be analyzed regularly with the long-term goal to achieve 80% brand awareness by 2030. Overall brand communications will continue in 2023/24 with increased frequency across paid media sources.

Efficiency Manitoba's grassroots education program, Generation E, aims to empower and inspire Manitoba youth to engage in energy efficiency. The goal through this program is to make sure young people are aware of how using energy has financial and environmental impacts, which will help them make energy-efficient decisions throughout their life.

1.3.5 Key initiatives

Within the corporate activities and Efficiency Plan deliverables that support the above strategic goals, there are several key initiatives for 2023/24 specifically that are essential for both the immediate and long-term success of the organization. Most of these key initiatives relate directly to Efficiency Manitoba's next three-year (2024-27) Efficiency Plan.

Looking beyond 2023/24, Efficiency Manitoba will take both a retrospective and forward-looking approach to identifying programs, offers, and enabling strategies that should persist or be explored beyond the current Efficiency Plan including the one-year Plan extension. Execution of three inter-related key initiatives primarily inside of 2023/24 are associated with the development, engagement, and review of the 2024-27 Efficiency Plan.

2024-27 Efficiency Plan development

With a Public Utilities Board (PUB) filing date required by legislation of November 1, 2023 for a 2024-27 Efficiency Plan, development work on the next 3-year plan will commence in 2022/23 and continue through 2023/24. The development of the 2024-27 Efficiency Plan includes:

- retrospective analysis of Efficiency Manitoba's operating environment and evaluated results to date including development of strategies to address any shortfalls in cumulative energy savings that are expected as a result of the Efficiency Plan inclusive of the 2023/24 one-year extension and update included within this Annual Business Plan in Section 4;
- consideration and incorporation of the results of the long-term (15-year) Integrated Demand Side Management (DSM) Market Potential Study completed within 2022/23;
- understanding of the broader landscape within Manitoba with regards to status of the Provincial Energy Strategy Framework as well as the Manitoba Hydro Integrated Resource Plan;

- detailed program reviews, analysis, and design or re-design activities to further optimize offers and increase customer participation;
- comprehensive quantitative analysis of program and technology energy savings, costs, and cost effectiveness;
- incorporation of accepted recommendations from the independent assessment of programs and offers over the last two years;
- the development of detailed analysis and budgeting models; and
- the drafting and consolidation of all materials into a comprehensive filing document for submission to the PUB for review.

2024-27 Efficiency Plan engagement

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 the 2024-27 timeframe of the next efficiency plan and beyond. This includes:

- working with the PUB towards an appropriate Plan review process respecting the cost, time, and resources required;
- providing inputs into Manitoba Hydro Integrated Resource Planning efforts;
- considering and addressing Efficiency Manitoba mandate-related potential outcomes resulting from Provincial Energy Strategy Framework development;
- addressing impacts of overlapping programming such as the Canada Greener Homes Initiative;
- ensuring an understanding of and incorporating perspectives and suggestions resulting from the legislated Energy Efficiency Advisory Group (EEAG), and also the Indigenous Energy Efficiency Working Group (IEEWG) engagement and the Manitoba Indigenous Housing Capacity Enhancement and Mobilization Initiative (MIHCEMI) participation; and
- soliciting and addressing ongoing feedback received through program participants, industry engagement, and Efficiency Manitoba's extensive contractor network.

2024-27 Efficiency Plan regulatory review process

In addition to 2024-27 Efficiency Plan development and engagement activities, the formal PUB review process is identified as a separate key initiative due to the significant internal and financial resources required to successfully complete the entire process. Specific dedicated activities surrounding the 2024-27 Efficiency Plan public review process include:

- identifying an appropriate scope of the review process in collaboration with the PUB and intervening parties to ensure a streamlined, focused, and effective review process;
- responding to associated written interrogatories in a comprehensive manner within the timelines prescribed by the PUB;

- providing thorough reviews and requesting supplemental information associated with the independent expert consultant reports procured by intervening parties and the PUB associated with their respective reviews of the 2024-27 Efficiency Plan;
- participating within the associated public hearing to afford opportunities for interested parties to pose additional questions and seek further clarification on issues of importance to each party; and
- successfully navigating and implementing any subsequent PUB recommendations that are accepted by the Minister responsible for Efficiency Manitoba.

Independent assessment

The independent assessment provides a third-party evaluation of Efficiency Manitoba's achievements relative to the Efficiency Plan. A third-party evaluation is a legislated requirement in accordance with Section 16 of the Efficiency Manitoba Act and provides an objective perspective of Efficiency Manitoba's results, and recommendations to deliver excellent programs. The findings and recommendations of the independent evaluator are used to continuously improve program operations and develop future key initiatives.

Econoler was contracted in 2020/21 to perform an independent assessment of the activity in the initial Efficiency Plan. The independent assessment is conducted after the fiscal 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 evaluation of 2022/23 Efficiency Plan activity will take place in 2023/24, and the work will include full impact evaluations of programs that didn't receive an impact evaluation for 2021/22. Impact evaluations include undertaking in-depth analysis of various savings parameters to validate achieved savings. In addition to full impact evaluations, process and market evaluations will also be performed on select programs. Process evaluations assess a program's effectiveness in program delivery and implementation, while market evaluations assess a program's influence on changes to the market. Econoler's work will focus on completing the assessment of program activity from year three of the Efficiency Plan and reporting on the findings in accordance with legislated timelines.

Following the conclusion of the 2023/24 fiscal year, Econoler will assess and report on program activity for the entire four-year period of Efficiency Manitoba's initial Efficiency Plan (including the one-year extension) and produce a final report aligned with Section 16 of the Efficiency Manitoba Act.

TABLE 1: KEY INITIATIVES | METRICS FOR 2023/24

	Current state	Target
2024-2027 Efficiency Plan | Measures of success		
Efficiency Plan development	Planning activities underway	By Q2 2023/24
Efficiency Plan engagement	Engagement activities underway	By Q2 2023/24
Efficiency Plan submission to the PUB	Regulatory process under active consideration	By Q2 2023/24
Efficiency Plan regulatory process	Regulatory process under active consideration	By Q3 2023/24 (subject to external scheduling confirmation)
2024-2027 Efficiency Plan confirmation via Government: energy savings and budget targets in place		Before April 1, 2024
Independent assessment | Measures of success		
Accepted recommendations from 2020/21 and 2021/22 independent assessment in progress and/or fully implemented as applicable	In progress	By Q2 2023/24
2022/23 Independent assessment	In progress	By September 30, 2023
2023/24 Independent assessment	To begin in 2023/24	By September 30, 2024 (fiscal 2024/25)

2. OPERATING ENVIRONMENT

2.1 Internal operating environment

The 2023/24 fiscal period will mark the fourth year of delivering energy efficiency programs and supporting activities since the commencement of Efficiency Manitoba on April 1, 2020. Internal operations throughout this fiscal period will be focused on balancing multiple competing commitments while continuing to navigate and adapt to the external conditions outlined in Section 2.2.

With a comprehensive suite of programs and offers, Efficiency Manitoba will continue to seek out innovative ways to adapt to increase customer participation through program modifications, increased engagement strategies, and the expansion or formation of partnerships. These adaptations are pursued with the intended outcome of satisfying annual energy savings targets and addressing savings shortfalls realized within initial years. Coincident with these activities is the forward-looking focus required to deliver on the key initiatives identified in Section 1.3.5, particularly the efforts associated with conceptualizing, designing, and modelling programs, initiatives, and strategies to support the 2024-27 Efficiency Plan development, engagement, and regulatory review initiatives. All of these will also be considered within the broader evolving energy policy landscape within Manitoba specifically related to the Provincial Energy Strategy Framework and Manitoba Hydro Integrated Resourcing Planning.

In consideration of these operational requirements along with the broader federal and economic landscape discussed in the following section, navigating these multiple internal priorities will require assessment and optimization of both internal and external resources. Efficiency Manitoba also has numerous avenues to engage with contracted service providers. Through a completed public tender to solicit experience and expertise across a broad spectrum of specialized DSM services, Efficiency Manitoba will be expanding its use of pre-qualified service providers to maintain a balanced approach to operations and supplement the expertise of existing Efficiency Manitoba employees throughout 2023/24.

2.2 External operating environment

2.2.1. Federal energy efficiency programming

In May 2021, the federal government launched the Canada Greener Homes Initiative, offering residential customers a grant of up to $5,000 to make energy efficiency improvements to their homes. In addition, a $600 credit towards an EnerGuide energy assessment (a pre- and post-retrofit audit) is offered provided the customer implements at least one of the recommended upgrades. Although the initiative has the potential to increase the number of customers pursuing energy efficiency retrofits, the EnerGuide audits are a mandatory pre-requisite for participation. In addition, limited capacity for qualified and certified energy auditors in Manitoba has resulted in waiting periods of up to several months for a pre-retrofit audit. This has created challenges for both customers seeking to begin retrofits and contractors whose workflows have been held up by the pre-audit requirement.

Discussions have been initiated with the federal government, along with Manitoba Environment, Climate and Parks, and Efficiency Manitoba regarding the two energy efficiency initiatives. These discussions will continue into the 2023/24 fiscal year, and benefits to Manitobans associated with potential program delivery integration will be assessed. In the absence of a formal agreement to co-deliver the Canada Greener Homes Initiative, Efficiency Manitoba is focused on building awareness of and access to Efficiency Manitoba's programs to ensure that energy savings resulting from retrofits can be tracked and measured against the legislated savings targets.

2.2.2 Continued challenges in the Manitoba economy

While most pandemic health orders and restrictions were lifted in the province at the start of 2022/23, there are significant pandemic-induced implications that continue to persist and impact decision making of customers, both residential and business, and decisions to invest in energy efficiency improvements. During the first two years of the pandemic, job security and business viability were real concerns for many Manitobans. The implications associated with reduced or completely depleted income (despite aid provided by government partial income offsetting programs) and the time necessary to recover from that loss will vary by individual, business, and industry.

Expert opinion indicates that a recession is in its early stages and/or anticipated in 2023. This information alongside inflationary pressures, rising interest rates, effects on consumer and business confidence, reduced spending activity, and an overall contraction of the economy (and potential further business impacts and/or job losses) all weigh on home and business owners. Supply chain issues and labour shortages brought on by the pandemic and associated conditions further exacerbate the economic challenges.

These challenges present an opportunity for Efficiency Manitoba to be a real and important source of assistance to many Manitobans in lowering energy bills, reducing energy burden, and assisting in business competitiveness through the reduction of energy expenses. Efficiency Manitoba will continue to extensively communicate its

available programs and services while also reviewing incentive levels and ensuring supplier compensation is fair and appropriate (recognizing cost-effectiveness requirements of the organization). This said, broad external conditions are not within the control of Efficiency Manitoba and despite the organization taking all available opportunities and actions, participation in programs is driven by the actions and decision making by Manitobans which similarly have high likelihood to be impacted by conditions beyond their immediate control.

2.3 Operational risks & mitigation

While Efficiency Manitoba has made modifications to programs and offers in response to the pandemic and its associated impacts, project life cycles will impact the timing of when spend and energy savings materialize. For large customer projects, the time from a customer's decision to participate to the completion of their project can range from six to 24 months. Recognizing this and the ongoing impacts associated with the pandemic, there will be a delay in when spend and energy savings are realized in financial and energy savings metrics.

Although the Efficiency Manitoba Act allows for the carryover of surpluses and shortfalls in achieved energy savings into future years, Efficiency Manitoba is driving new, unplanned activities to recover from lost savings opportunities. Initiatives implemented to date have included (but are not limited to):

- extending the duration of retail rebate campaigns;
- increasing retail product rebate amounts on a time-limited basis;
- expanding eligibility for the Small Business Program and Indigenous Small Business Program;
- increasing incentives and offering a supplier bonus for a limited time for the Business Lighting Program;
- introducing a mid-efficiency furnace upgrade offer through the Energy Efficiency Assistance Program;
- adding an individual upgrades path to the New Homes Program;
- increasing the number of funded Community Energy Efficiency Advocates and Indigenous Community Energy Efficiency Advocates; and
- conducting research on areas of energy savings that have yet to be monitored and claimed by Efficiency Manitoba.

See Section 4.2.1 for details regarding enhancements and program optimization opportunities that are under consideration or have already been implemented.

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. Manitobans may not understand where to access support for energy efficiency upgrades, presenting a challenge to Efficiency Manitoba as it works to establish its brand as Manitoba's delivery agent for energy efficiency programming. Both objectives are of particular importance given that Efficiency Manitoba is a relatively new organization. The federal program could also result in

homeowners completely by-passing Efficiency Manitoba programs, placing the achievement of near-term legislated energy savings targets at further risk.

To address this risk, Efficiency Manitoba worked to determine the optimal path for a customer wishing to participate in all available programs and incentives and 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 to meet the demand for home audits created by the launch of the federal program.

3. PERFORMANCE MEASURES & TARGETS

The Key Performance Indicator (KPI) Dashboard represents metrics that monitor core mandate and priorities for the organization. Therefore, these metrics form a component of the Efficiency Manitoba Board of Directors' regular quarterly monitoring and oversight of the organization, along with annual public reporting.

TABLE 2: KPI DASHBOARD

INTERNAL BUSINESS	2023/24 target	FINANCIAL	2023/24 target
% of load (electric)	1.51%	Total expenditures (million $)	$76.01
% of volume (natural gas)	0.83%	% of annual budget	100.0%
Electric acquisition cost ($/kWh)	$0.15	% of expenditures with private sector	22.1%
Natural gas acquisition cost ($/$m^3$)	$1.91	% of expenditures incentives	59.5%
LEARNING & GROWTH	**2023/24 target**	**CUSTOMER**	**2023/24 target**
% of planned expenditures on Innovation	80%	Brand awareness	50%
Employee satisfaction with opportunities to learn, grow, and develop	80%	Customer satisfaction	90%
% of employees with completed annual evaluations	100%	Customer participation (actual/forecast)	100%

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 Efficiency Manitoba to adopt. The scorecard will be used to report on actual performance to ensure Efficiency Manitoba is able to identify gaps and prioritize resources and strategies for improvement.

Each category is scored through detailed sub-metrics 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 on its programs and services, but also for the organization's overall operations, thereby maximizing value for money while enabling a culture of continuous improvement. The 2022/23 fiscal year will see the metrics populated for Efficiency Manitoba's operations.

4. 2023/24 EFFICIENCY PLAN EXTENSION (PLAN UPDATE)

The 2020-23 Efficiency Plan was prepared before the arrival of the COVID-19 pandemic, meaning program participation forecasts were devised based on pre-pandemic conditions. As a result of reduced customer participation during the pandemic, Efficiency Manitoba is projecting that a minimum of $12 million of approved Low Carbon Economy Leadership Fund (LCELF) dollars will not be accessed within the existing 2020-23 Efficiency Plan. With intent to maximize access to LCELF dollars flowing to Manitoba via The Budget Implementation and Tax Statutes Amendment Act, 2022, the Province enabled the opportunity for an extension to Efficiency Manitoba's current three-year Plan. Extending the existing Plan allowed the Province to request an extension to the current LCELF funding agreement, which would maximize opportunities to access the full $32.3 million commitment.

This section addresses the requirements for an extended Efficiency Plan, or Plan Update, as outlined in Section 13 of The Efficiency Manitoba Act. This Efficiency Plan extension and update ("2023/24 Plan Update") addresses components a) through f) required by legislation of a Plan Update triggered by an extension.

The 2020-23 Efficiency Plan was accepted by the responsible Minister in March 2020, with minor amendments implemented resulting from specific recommendations from the PUB in 2020. This enabled the official commencement of Efficiency Manitoba on April 1, 2020. The Plan served as the foundation for the organization as Efficiency Manitoba established itself as a new Crown corporation. The outcomes articulated in the Plan – namely, achievement of electric and natural gas savings targets, private sector-focused spending, facilitating customer utility bill savings, providing subsequent GHG emission reductions, and designing and maintaining a cost-effective portfolio of programs and offers – persists. The 2023/24 Plan Update affords the opportunity to continue to deliver on the activities and initiatives identified within the Efficiency Plan. Although at current, the 2023/24 fiscal year is expected to provide economic conditions closer to those anticipated during Plan development, a looming recession, interest rates, housing market conditions, supply chain issues, inflationary pressures, and other factors could produce economic conditions which may impact Efficiency Manitoba's operations and outcomes for some time.

Through this 2023/2024 Plan Update, Efficiency Manitoba will continue efforts towards achievement of the requirements of Efficiency Manitoba's mandate and the regulatory framework; achievement of the savings targets through new approaches to customer segment programming and comprehensive engagement; operate within a budget that benefits Manitobans and the Manitoba economy; achieve outcomes in a cost effective manner with low near-term rate impacts; continue to deliver an inclusive and diverse portfolio that is accessible and provides additional non-energy benefits to Manitobans; and comprehensively evaluate performance to drive continuous improvement.

4.1 Cumulative net savings & plans for addressing shortfall: Efficiency Manitoba Act Section 13.3 (1) (b) & (c)

As stated above, the initiatives, savings targets, and benefits associated with and articulated within the 2020-23 Efficiency Plan will continue to guide Efficiency Manitoba's activities through 2023/24. Based on final evaluated results achieved throughout the pandemic, Efficiency Manitoba's achieved energy savings outcomes were less than targeted in both 2020/21 and 2021/22. This was due to decreased customer participation across the portfolio of offers available to Manitobans including businesses in Manitoba. With the planned annual budget predominantly focused on customer incentives – over 60% of annual budget is allocated to incentives – the shortfall in savings corresponded to lower annual financial expenditures. In 2020/21 and 2021/22, the savings achieved in both the electric and natural gas portfolio were done so more cost effectively than planned as demonstrated through the achieved acquisition costs. The Annual Report Supplement for 2021/22 provides summary information in this regard.

As per the definition outlined in the Efficiency Manitoba Act, the annual electric and natural gas savings targets are based on the consumption of electricity or natural gas in the immediately preceding year. Based on timing, annual projections will always need to set energy saving targets based on a projected baseline consumption. The approach taken by Efficiency Manitoba was documented in *Section A2.2.2 Program Net Energy Savings Methodologies* of the 2020-23 Efficiency Plan and within the *Plan Amendments – 2020-23 Efficiency Plan* approved in March 2020.

The Efficiency Manitoba Act Section 7 (2) also provides for surpluses and shortfalls in energy savings achievements carrying forward such that the cumulative total of the annual percentage savings equates to 22.5% and 11.25% of electric and natural gas savings respectively over a 15-year period.

4.1.1 Electric annual energy savings

Figure 3 below shows the cumulative results in electric energy savings achieved during the first two plan years and the extent to which shortfalls will be subsequently achieved in the 2023/2024 fiscal year. Table 3 provides the underlying annual actual and projected electric energy savings values along with actual and anticipated cumulative shortfalls. The planned activities, inclusive of the enhancements identified in Section 4.2, are intended to continually optimize the electric portfolio of programs. It is anticipated that these actions will begin to reduce the cumulative electric energy savings shortfall resulting predominantly from the outcomes achieved during the pandemic in 2020/21 and 2021/22. The 2024-27 Efficiency Plan development and engagement process will seek to further action and optimize those enhancements and identify potential new programs and offers within the electric portfolio to continue reducing those shortfalls within the respective 15-year performance period.

FIGURE 3: CUMULATIVE ELECTRIC ENERGY SAVINGS | TARGETS VS. ACHIEVED & PLANNED RESULTS

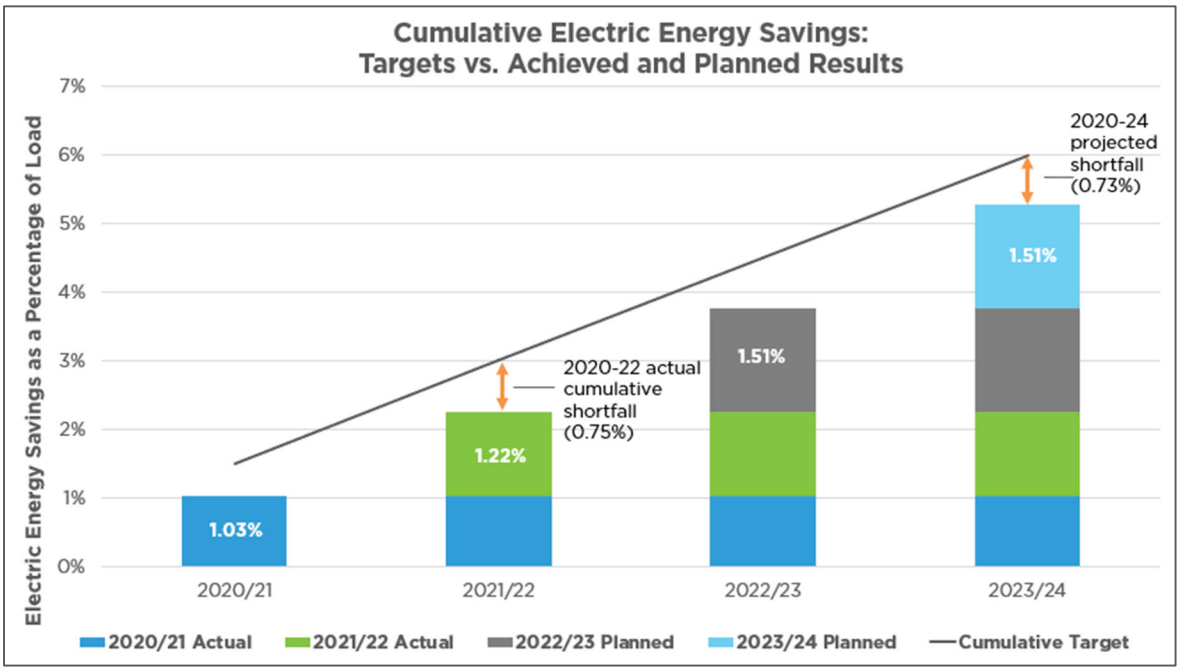


TABLE 3: ACTUAL & PLANNED ELECTRIC PORTFOLIO SAVINGS

	2020/21	2021/22	2022/23	2023/24
Annual actual electric savings (GWh)	227	265	-	-
Annual planned electric savings (GWh)	-	-	335	338
Annual electric savings to meet 1.5% of load target (GWh)	331	325	334	333
Cumulative electric savings shortfall (GWh)	103	163	162	157

Note: Table values may not add or subtract exactly due to rounding. Reference electric load and energy savings are at meter. Cumulative electric savings shortfalls are represented by actual results achieved within 2020/21 through 2021/22 and planned results within 2022/23 through 2023/24.

4.1.2 Natural gas annual savings

Figure 4 below shows the cumulative results in natural gas savings achieved during the first two plan years and the extent to which any shortfalls will be subsequently achieved in the 2023/2024 fiscal year. Table 4 provides the underlying annual actual and projected natural gas savings values along with actual and anticipated cumulative shortfalls. The planned activities, inclusive of the enhancements identified in Section 4.2, are intended to continually optimize the natural gas portfolio of programs. It is anticipated that these actions will significantly reduce the cumulative natural gas savings shortfall as shown. The 2024-27 Efficiency Plan development and engagement process will seek to further action and optimize those enhancements and identify potential new programs and offers within the natural gas portfolio to continue to minimize those shortfalls.

FIGURE 4: CUMULATIVE NATURAL GAS SAVINGS | TARGETS VS. ACHIEVED & PLANNED RESULTS

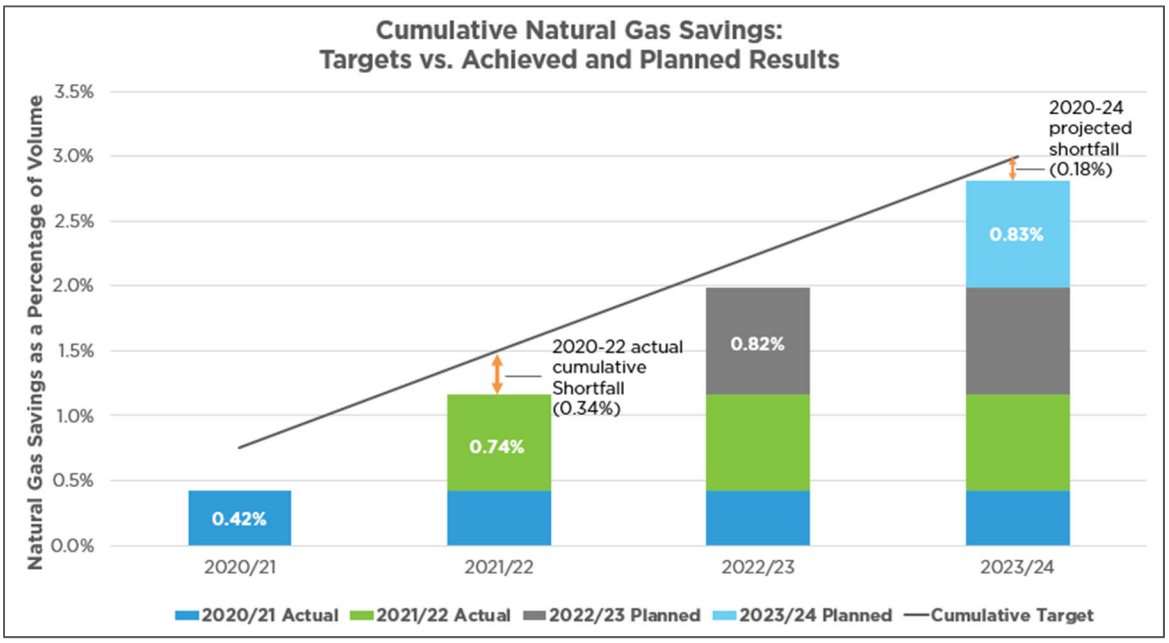


TABLE 4: ACTUAL & PLANNED NATURAL GAS PORTFOLIO SAVINGS

	2020/21	2021/22	2022/23	2023/24
Annual actual natural gas savings (million m^3)	7.0	11.9	-	-
Annual planned natural gas savings (million m^3)	-	-	13.2	13.5
Annual natural gas savings to meet 0.75% of volume target (million m^3)	12.5	12.0	12.1	12.0
Cumulative natural gas savings shortfall (million m^3)	5.5	5.6	4.4	2.9

Note: Table values may not add or subtract exactly due to rounding. After accounting for electric programming interactive effects. Cumulative natural gas savings shortfalls are represented by actual results achieved within 2020/21 through 2021/22 and planned results within 2022/23 through 2023/24.

4.1.3 Longer-term savings outlook and further addressing savings shortfalls

Efficiency Manitoba's longer-term savings achievement will be influenced by multiple factors including (but not limited to) external Manitoba economic conditions, continuous improvement within and enabled for Efficiency Manitoba, and the remaining market opportunities for energy-efficient technologies within Manitoba. Broader economic conditions such as the pandemic, the likelihood of a recession, supply chain issues, and/or inflationary pressures on Manitobans are external factors that can be monitored by but are not within the control of Efficiency Manitoba. The impact of these external factors can be mitigated to a degree through actions such as those outlined in the program and enabling strategy optimization strategies as provided in Section 4.2.

The assessment of market opportunities for energy efficiency was completed in 2021/22 through conclusion of work with Dunsky Energy + Climate Advisors (“Dunsky”) in the production of a comprehensive Market Potential Study (“MPS”). The MPS provides an evaluation of DSM potential with a focus on current and emerging commercially viable measures over the next 15 years and at varying levels of investment and support through Efficiency Manitoba. With regards to the electric portfolio, the MPS identified several themes that will impact future achievable electric savings. With a decades-long history of electric DSM programming in the province and a quickly transforming residential and non-residential lighting market, the MPS has reinforced that the legislated electric energy savings targets are aggressive and will require multiple new strategies, technologies alongside higher incentive levels, and additional enabling strategies in order to not only achieve targets but, going forward, further reduce the shortfall in electric energy savings identified above from the 2020/21 and 2021/22 fiscal years. With non-residential LED savings further diminishing over time, the MPS has identified that a ramp-up in industrial custom projects, the replacement of electric resistance heating with heat pumps (during shoulder seasons), increased incentive levels, and the introduction of a Home Energy Report offer can contribute to Efficiency Manitoba’s achieved energy savings. This information is provided within the MPS with the context that increasing incentives does not correlate to a proportional increase in electric energy savings; considerable ramp-up time is required to design, plan, and transform the market in areas of additional opportunities; and significantly more market barriers exist within the electric portfolio as compared to the natural gas portfolio that cannot be addressed through customer financial incentives alone. Some of those market barriers may be associated with market transformation approaches, energy policy, excess energy rates for solar photovoltaic generated electricity sold back to Manitoba Hydro, and/or regulations to drive additional electric energy savings. In summary, the independent research conducted by Dunsky has suggested that the shortfall in electric energy savings cannot be made up within 2023/24 alone; but with steps taken in 2023/24 and via the formulation of the 2024-27 Efficiency Plan, Efficiency Manitoba will identify means and the path to address the long-term savings targets recognizing the surpluses and deficits provision 7(2) in the Efficiency Manitoba Act.

With regards to the natural gas portfolio, the MPS identified several unique themes that will impact future achievable savings. With a lower level of market transformation and benefits of reduced interactive effect penalties associated with lower non-residential electrical lighting savings, the MPS has indicated that ongoing achievement of natural gas savings is likely without the introduction of significant new strategies, programs or offers for natural gas-saving technologies. As a result, the shortfall in natural gas savings is likely to be made up in the nearer term. Similar to the electric portfolio conclusions, the MPS has identified that increasing incentives does not correlate to a proportional increase in natural gas savings.

4.2 Material changes: Efficiency Manitoba Act Section 13.3 (1) (a) & (e)

As discussed in Section 4.1, the savings that were claimed by Efficiency Manitoba in the first two years of the Plan were achieved at significantly lower costs, resulting in a lower acquisition cost per unit of energy for both electricity and natural gas. This trend of effectively utilizing funding, moving quickly within a nimble organizational structure to implement changes to respond to market conditions, alongside the expansive portfolio of over 40 programs and offers available through Efficiency Manitoba, indicates that material improvements in participation, savings, and subsequent incentive dollars spent will be realized through further optimizing the existing portfolio and focusing on enabling strategies to further reduce barriers to participation. This status affords Efficiency Manitoba the opportunity to potentially achieve higher savings outcomes within the 2023/24 budget, should the strategies outlined herein, alongside broader economic conditions, align to further improve customer participation in existing offers and programs.

The strategies discussed below would be considered minor changes and adjustments from what was originally contemplated in the portfolio design for the first three-year Plan and are necessary to achieve deeper savings in future years and address savings shortfalls from the pandemic-impacted years.

4.2.1 Portfolio optimization

Since the first fiscal year of operations, Efficiency Manitoba has implemented program pivots to respond initially to Provincial health mandates and subsequently to increase participation through additional incentives and through exercising eligibility expansions and flexibilities. This optimization process will continue with already implemented and planned changes as follows:

Residential programs

Optimization activities implemented and for continued investigation within 2023/24 include:

- shifting of the Appliance Rebates offer (in-store year-round retail rebates) to In-Suite Appliance rebates only for cost effectiveness and efficiency reasons while pursuing and investigating additional alternatives for subsequent Efficiency Plans;
- extending the Instant Rebates (time-limited in-store retail rebates) fall campaign to include additional weeks of in-store rebates while increasing rebates and simplifying the offers and associated marketing strategies;
- initializing the design of a Home Energy Report offer, which was identified as a high-potential future offer within the completed Efficiency Manitoba Market Potential Study;
- initialization of Variable-Speed Pool Pump Program supplier bonuses to improve promotion and participation;

- reviewing eligibility criteria and incentive levels for various programs while leveraging the increased community participation realized under the Community Energy Efficiency Program; and
- investigating program delivery models and alternatives for select offers.

Residential income-based programs

Optimization activities implemented and for continued investigation within 2023/24 include:

- extending eligibility criteria flexibility for the Energy Efficiency Assistance Program including multiple income verification options and automatic qualification based on location and door-to-door canvassing;
- expanding partnerships with additional Neighbourhood Renewal Corporations to support the Energy Efficiency Assistance Program's Neighbourhood Project;
- reviewing the decluttering service pilot results; and
- leveraging the increased community participation realized under the Community Energy Efficiency Program.

Indigenous programs

Optimization activities implemented and for continued investigation within 2023/24 include:

- expanding eligibility criteria for the Indigenous Small Business Program while leveraging the increased community participation realized under the Indigenous Community Energy Efficiency Program including a total of 11 First Nations and the Manitoba Métis Federation;
- continuing work with First Nation communities and Indigenous organizations for off reserve participation in energy efficiency programs;
- expanding energy-saving items in the First Nation Direct Install Program offer based on feedback from the Indigenous Community Energy Efficiency Advocates and the Indigenous Energy Efficiency Working Group; and
- investigating delivery models for the First Nation Insulation Program to assist with enhancing capacity in communities.

Commercial, industrial & agricultural programs

Optimization activities implemented and for continued investigation within 2023/24 include:

- expanding eligibility criteria for the Small Business Program;
- uncluding municipally-owned buildings within the Small Business Program;
- Implementing increased lighting and controls incentives as well as introducing a supplier bonus for the Business Lighting Program;
- investigating continued incentive increases;
- investigating program delivery models and alternatives for select offers; and

- leveraging the increased community participation realized under the Community Energy Efficiency Program.

Loan program

Given Efficiency Manitoba's comprehensive portfolio of programs and offers that cover an expansive number of energy-efficient technologies, the savings resulting from retrofit activity that homeowners choose to finance through the on-bill Home Energy Efficiency Loan (HEEL) will in nearly all cases be captured in Efficiency Manitoba's claimable savings through an incentive based-program. Efficiency Manitoba has not made, and does not anticipate making, any recommendations to implement any material changes to offerings under HEEL (HEEL is administered by Manitoba Hydro given their role in approving financing and offering credit to qualifying individuals through this financing program).

4.2.2 Enabling strategies focus

Since the first fiscal year of operations, Efficiency Manitoba has implemented additional enabling strategies to increase awareness, increase visibility, and reduce market barriers to Efficiency Manitoba programs. This optimization process will continue with already implemented and planned changes as follows:

Partnerships

Additional activities implemented and for continuation within 2023/24 include:

- continuing engagement with the Energy Efficiency Advisory Group to review program and offer updates as well as actively participate in and inform the 2024-27 Efficiency Plan development process;
- Continuing to expand enrollment beyond initially planned within the Community Energy Efficiency Program;
- continuing to expand enrollment beyond initially planned within the Indigenous Community Energy Efficiency Program; and
- continuing to engage with Manitobans and leverage the re-opening of the economy and the opportunity for in-person activities, meetings, and tradeshow attendance through the Indigenous Energy Efficiency Working Group, industry groups, associations, business groups, social enterprises, neighbourhood renewal corporations, design professionals, contractors, builders, and installers.

Communication & advertising

The 2023/24 Plan Update includes increased expenditures in communication and advertising to drive Efficiency Manitoba awareness, increase program awareness, and ultimately increase participation. This material change includes an additional $1 million budget being shifted towards this initiative for 2023/24 to allow for increased brand and program-specific advertising campaigns via traditional and digital media.

DSM tracking system optimization

With the implementation of the Efficiency Manitoba DSM tracking system, there are additional opportunities and strategies being explored to optimize and inform existing program activities as well as the 2024-27 Efficiency Plan including:

- improved resolution, insights, and tracking on program activities through various centralized reporting mechanisms to inform future program pivots and enabling strategies;
- continuous improvement and refinement of customer and contractor intake through online portal optimization;
- improved tracking of customer opportunities and potential projects to drive program pipelines (i.e. actively following up with in-process customer applications to provide assistance towards project completion (and claiming of energy savings), future project identification, tracking, and follow up); and
- leveraging post-participation customer survey functionality to engage with program participants directly to identify potential process and program improvements.

4.3 Benefits of 2023/2024 Plan Update: Efficiency Manitoba Act 13.3 (1) (d)

4.3.1 Benefits | Customer bill reductions/savings

Customers that choose to participate in Efficiency Manitoba programs will realize annual bill reductions based on their respective energy savings. The table below provides the anticipated total customer annual average electric and natural gas bill savings. The resulting magnitude of bill savings are directly related to both customer participation and the average energy usage per customer within that segment. In addition to the annual natural gas bill reduction based on the energy savings associated with participating in Efficiency Manitoba's programs and offers, participating customers will further reduce their payment amounts associated with the federal carbon charge (included on a customer's Manitoba Hydro bill). Those additional customer bill savings are reflected in Table 7.

TABLE 7: EFFICIENCY PLAN SUMMARY | ANNUAL CUSTOMER BILL SAVINGS

	2023/24
Electric portfolio	$14 million
Natural gas portfolio	$3.8 million

4.3.2 Benefits | Reduction in greenhouse gas emissions (GHGs)

Table 8 provides the annual greenhouse gas (GHG) emission reductions resulting from natural gas energy savings realized within the first fiscal years of operation as well as the projected GHG reductions forecasted in the 2022/23 and 2023/24 fiscal years. Also shown in this table are the cumulative annual GHG savings as well as the persisting cumulative GHG savings, the latter of which are provided as these utilize the quantification methodology utilized for tracking ongoing provincial and federal GHG emissions reductions, specifically as applied within the LCELF discussed in Section 4.3.4.

TABLE 8: EFFICIENCY PLAN SUMMARY | GREENHOUSE GAS EMISSION SAVINGS

	2020/21	2021/22	2022/23	2023/24
Annual GHG savings (tonnes CO_2e)	13,730	22,500	25,200	25,200
Cumulative GHG savings (tonnes CO_2e)	13,730	36,200	61,400	86,600
Persisting cumulative GHG savings (tonnes CO_2e)	13,730	49,900	111,300	197,900

Note: 2020/21 and 2021/22 are based on actual net values, while remaining fiscal year values are based on planned savings values. All GHG savings values are determined after accounting for electric programming interactive effects.

4.3.3 Benefits | Accessing committed Low Carbon Economy Leadership Funds

As identified above, this 2023/24 Plan Update enables an extra year to access the $32.3 million federal LCELF funds announced in 2021 to support Efficiency Manitoba's natural gas efficiency programs. Table 9 provides the planned annual LCELF funds including the projected amounts for 2022/23 and 2023/24 to satisfy the full allocation.

These dollars are aimed at assisting residential, commercial and industrial customers with implementing natural gas energy efficiency measures resulting in savings on energy bills and reduced GHG emissions in Manitoba.

TABLE 9: PLANNED LOW CARBON ECONOMY LEADERSHIP FUNDS (LCELF)

	2020/21	2021/22	2022/23	2023/24	2020-24 total
Planned funding via LCELF for natural gas portfolio activities	$3.3 million	$7.8 million	$9.0 million (projected)	$12.2 million (projected)	$32.3 million

Note: Actual timing of receipt of LCELF will vary based on date of reporting to the federal government along with any associated federal reviews, analyses, and processes.

4.3.4 Benefits | Additional/supplemental non-energy benefits

Beyond the.2023/24 Plan Update providing significant benefit in terms of cost effectiveness, bill savings opportunities for customers, GHG reductions via the natural gas portfolio, and the ability to access up to the full $32.3 million in federal LCELF funding, energy efficiency provides additional social, environmental, and economic benefits that do not appear in cost-effectiveness tests or bill and rate impacts. These non-energy benefits include but are not limited to:

- the social benefits of energy efficiency realized within the home, business, or community, with participating customers enjoying reduced energy bills and associated energy burden which may lead to reduced stress and improved quality of life, improved occupant comfort, improved indoor air quality, improved lighting quality, increased property value, and reduced maintenance costs;
- increased energy efficiency employment as well as direct and indirect benefits through external delivery and installation of energy-efficient technologies and private sector support services provided to Efficiency Manitoba, particularly relevant during economy stabilization efforts;
- increased business competitiveness through reduced energy bills, which can make up a significant portion of business costs; and
- reduced water consumption and waste reduction. For example, 95% of refrigerators and freezers picked up through the Appliance Recycling Program can be recycled.

4.3.5 Benefits | Cost effective

Cost effectiveness is an indicator of the relative performance or economic attractiveness of any investment or practice. In the energy efficiency field, the present value of the estimated stream of benefits produced by an energy efficiency measure or program is compared to the present value of the stream of costs of that measure or program.

With regards to planned cost-effectiveness metrics for 2023/24, the approach for allocating Enabling Strategies and Corporate Overhead budgets and the impacts of interactive is aligned with the process documented within *Section 5* of the 2020-23 Efficiency Plan and the *Plan Amendments – 2020-23 Efficiency Plan*. Specifically, interactive effects from electric programs that increase natural gas consumption, and thus decrease natural gas benefits, have been allocated to the electric portfolio as shown below. This appropriately allocates the impacts of the interactive effects to the electric portfolio and avoids burdening the natural gas portfolio with impacts created by electric programs.

As the cost-effectiveness metrics are based on the impacts of Efficiency Plan activities throughout the Plan time horizon, the addition of 2023/24 has been incorporated into the following tables for both the electricity and natural gas portfolios. As such, and due to the savings and cost approaches taken, the shown cost-effectiveness metrics are nearly identical to those put forward in the *Plan Amendments – 2020-23 Efficiency Plan*.

The Program Administrator Cost Test (PACT) determines the cost effectiveness of a program or the portfolio to Efficiency Manitoba by including all of Efficiency Manitoba's benefits and costs. The electric and natural gas benefits are Manitoba Hydro's electrical and natural gas marginal values, respectively. The costs include Efficiency Manitoba's cost of program design, delivery, administration, incentives, support, and overhead. It can be presented as a ratio, a net present value (NPV), or a levelized cost.

- The PACT ratio presents the cost effectiveness as a ratio of the benefits (avoided supply costs achieved by the net energy and peak demand savings generated) over the costs (sum of the program administration and incentive costs). A ratio of one or higher indicates that benefits outweigh costs.

- The net present value (NPV) of the PACT presents the cost effectiveness as the difference between the present value of the benefits and present value of the costs. A positive value indicates that benefits outweigh the costs, and the size of the NPV indicates the magnitude of the net benefits.

- The levelized cost (LC) of the PACT provides an economic cost value for the energy saved by the program (in ¢/kWh for electricity and in ¢/m³ for natural gas).

It's important to note that the PACT metrics as outlined by legislation achieve a PACT of greater than one, demonstrating that for every dollar spent on energy efficiency, more than $1 of financial benefits to the utility are derived. The PACT ratio for the electric portfolio continues to be very positive, indicating that the financial benefits for the utility

associated with investing in energy efficiency, generate more than three times that in value. Beyond this, and not specifically measured by the legislated PACT tests, are additional customer benefits associated with reduced energy bills and energy burden, increased home comfort, increased business competitiveness, economic benefits associated with dollars available for Manitobans to spend elsewhere in the economy, job creation, and local economic benefits associated with energy efficiency for suppliers and installers of energy efficiency products and technologies (see Section 4.3.5).

Note that similar to the budget treatment, these cost-effectiveness metrics are determined independent of the source of funding. In other words, the planned metrics include all costs of Efficiency Manitoba's portfolio, irrespective of specifics of revenue contributions to Efficiency Manitoba from either Manitoba Hydro or through the LCELF funds (for the natural gas portfolio). There is an absolute benefit to Manitoba ratepayers associated with the pursuit of and access to federal LCELF dollars as these dollars directly reduce contributions required through utility rates that would otherwise be required to fund the natural gas energy efficiency portfolio, amounts of which are outlined in Section 4.3.4 below.

TABLE 5: EFFICIENCY PLAN SUMMARY | ELECTRIC PROGRAMMING & PORTFOLIO COST EFFECTIVENESS METRICS THROUGH 2023/24

	PACT ratio	PACT NPV	PACT levelized cost
Overall portfolio metrics	3.14	$410 million	2.29 ¢/kWh

Note. Overall portfolio metrics include the impact of interactive effects, enabling strategies, and corporate overhead. The value of natural gas interactive effects (in negative natural gas benefits) resulting from electric programming are allocated to the electric portfolio.

TABLE 6: EFFICIENCY PLAN SUMMARY | NATURAL GAS PROGRAMMING & PORTFOLIO COST EFFECTIVENESS METRICS THROUGH 2023/24

	PACT ratio	PACT NPV	PACT levelized cost
Overall portfolio metrics	1.24	$20 million	14.97 ¢/m^3

Note. Overall portfolio metrics include the impact of enabling strategies and corporate overhead. The value of natural gas interactive effects (in negative natural gas benefits) resulting from electric programming are allocated to the electric portfolio.

4.4 2023/24 Plan Update budget: Efficiency Manitoba Act Section 13.3 (1) (f)

With regards to planned expenditures associated with 2023/24, the approach taken by Efficiency Manitoba is aligned with the process documented within *Section 4.4.2 Portfolio Programming Budget* within the 2020-23 Efficiency Plan and within the *Plan Amendments – 2020-23 Efficiency Plan* specifically related to the allocation of costs within the Enabling Strategies and Corporate Overhead budget categories. Namely, a cost driver approach was used for those categories to allocate 70% of those costs to the electric portfolio and 30% allocated to the natural gas portfolio.

Within the 2023/2024 Plan Update, the budget was extrapolated into Year 4 for both the electricity and natural gas portfolios as shown in Table 10. Table 11 further delineates the budgets to the customer sector and program bundle level.

It's important to note that with actual expenditures under the budgeted expenditures during the initial Plan years recognizing customer participation, should customer participation increase such that additional budget dollars are required in 2023/24 beyond those budgeted, Efficiency Manitoba would intend to transfer unspent dollars from the initial Plan years to enable customer participation which could positively contribute to the surpluses and deficits provision 7(2) in the Efficiency Manitoba Act.

TABLE 10: EFFICIENCY PLAN SUMMARY | ANNUAL EXPENSE BUDGET (000'S $)

	2022/23	2023/24
Annual electric budget	$51,782	$50,677
Annual natural gas budget	$24,229	$25,334
Total budget	**$76,011**	**$76,011**

Note. Currency is expressed in nominal dollars. Totals may not add up due to rounding.

TABLE 11: EFFICIENCY PLAN SUMMARY | ANNUAL EXPENSE BUDGET (000'S $)

	Electric 2023/24	Natural Gas 2023/24	Total 2023/24
Residential Programs	$8,445	$5,360	$13,805
Income Qualified Programs	$1,637	$6,606	$8,243
Indigenous Programs	$1,398	$362	$1,760
Commercial, Industrial & Agricultural Programs	$25,256	$7,615	$32,871
Emerging Technology Programs	$1,463	$168	$1,631
Program Totals	$38,199	$20,110	$58,310
Enabling Strategies	$8,192	$3,387	$11,579
Corporate Overhead	$4,286	$1,837	$6,122
Total Annual Costs (000's $)	**$50,677**	**$25,334**	**$76,011**

Note: Totals may not add up due to rounding. Enabling Strategies include program support and education, innovation, codes & standards, and evaluation.

TABLE 12: SAVINGS AND PARTICIPATION BY PROGRAM

	2023/24 Electric savings (GWh)	2023/24 Natural gas savings (m^3)	2023/24 Total participation	Units
RESIDENTIAL PROGRAMS				
Instant Rebates	2.5	0.16	205,400	No. of products/appliances
Appliance Recycling Program	3.8	-	5,440	No. of products/appliances
Home Insulation Program	1.8	0.35	1,500	No. of projects
Windows & Doors Program	1.3	0.85	7,900	No. of projects
Advanced HRV Controls Offer	0.4	0.05	900	No. of projects
Pool Pumps Offer	1.1	-	650	No. of projects
Ground Source Heat Pump Program	0.7	0.00	80	No. of projects
Air Source Heat Pump Program	0.0	-	6	No. of projects
New Homes Program	3.0	0.10	400	No. of houses
Home Energy Retrofit Program	0.2	0.08	300	No. of houses
Subtotal	14.9	1.58		
RESIDENTIAL SUPPORTING OFFERS				
Generation E (Education Program)				
Virtual Energy Review				
INCOME BASED PROGRAMS				
Energy Efficiency Assistance Program	2.3	1.09	1,760	Completed Homes (includes In-Suite)
Subtotal	2.3	1.09		
COMMUNITY SUPPORTING OFFERS				
Community Energy Efficiency Program				
Neighbourhood Renewal Partnerships				
INDIGENOUS PROGRAMS				
First Nation Insulation and Direct Install Offers	0.3	-	180	No. of houses
Indigenous Small Business Offers	0.4	-	40	No. of businesses
Community Ground Source Heat Pumps	1.1	-	90	No. of systems
Métis Energy Efficiency Offers	0.2	0.05	180	No. of retrofits
Subtotal	1.9	0.05		
INDIGENOUS COMMUNITY SUPPORTING OFFERS				
Indigenous Community Energy Efficiency Program				
COMMERCIAL, INDUSTRIAL & AGRICULTURAL PROGRAMS				
Commercial Kitchen Appliance Program	1.9	0.15	500	No. of applications
Commercial Refrigeration Program	7.6	-	200	No. of applications
Small Business Program	4.2	0.17	1,700	No. of applications
In-Suite Efficiency	1.2	0.15	3,200	No. of suites
In-Suite - Appliance Program	1.3	0.03	7,160	No. of products/appliances
Business Lighting Program	80.2	-	1,420	No. of projects
Building Envelope Program	3.5	1.25	380	No. of projects
Ground Source Heat Pump Program	0.2	0.02	8	No. of buildings
HVAC & Controls	2.9	1.20	1,000	No. of buildings
New Buildings Program	3.5	1.50	20	No. of buildings
Commercial Deep Energy Retrofit Program	1.6	0.24	7	No. of buildings
Custom Energy Solutions	23.3	5.20	120	No. of projects
Energy Manager Initiative	1.1	0.07	< 10	No. of projects
Strategic Energy Management Cohorts	1.6	0.26	< 10	No. of projects
Load Displacement	93.0	-	< 10	No. of projects
Subtotal	227.1	10.24		
COMMERCIAL, INDUSTRIAL & AGRICULTURAL SUPPORTING OFFERS				
Commercial Energy Audits				
Energy Efficiency Assessments				
Feasibiliity Studies				
Benchmarking Studiies				
EMERGING TECHNOLOGY PROGRAMS				
Solar Energy Program	4.3	-	220	No. of customers
Subtotal	4.3	-		
EMERGING TECHNOLOGY SUPPORTING OFFERS				
Innovation Fund				
Interactive Effects		(1.62)		
Program Impact Totals	251	11.35		
Codes, Standards & Regulations	88	2.14		
Total	**338**	**13.50**		

5. FINANCIAL BUDGETS & FORECASTS

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 planned expenses, 65% of which being customer incentives in the 2020-23 Efficiency Plan, have been reduced during the first two years of operations. At the conclusion of the 2021/22 fiscal year, Efficiency Manitoba's overall expenses were $40.1 million, which represented approximately 53% of the budgeted expenses for the fiscal year.

At the conclusion of Quarter 2 of 2022/23 (September 30, 2022), Efficiency Manitoba's overall expenses were $19.3 million which represented approximately 25% of the total budgeted expenses for the fiscal year (51% of budgeted expenses for the six months fiscal year to date). With each quarter seeing progressively more customer participation and therefore more incentives paid, Efficiency Manitoba is projecting that expenditures will reach approximately 79% of those budgeted by the end of the 2022/23 fiscal year while achieving energy savings that are very close to target. A revised forecast for 2022/23 will be prepared as at Quarter 3 with an outlook for the balance of the fiscal year.

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

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 2023/24 are $76 million as highlighted in Section 4.4.

TABLE 13: FINANCIAL SUMMARY & BUDGET

($000s)	2021/22 Actual	2022/23 Budget	2022/23 Six months ended September 30, 2022	2023/24 Budget
Revenue:				
Manitoba Hydro Contributions	$ 40,355	$ 75,681	$ 19,351	$ 75,743
Federal Contributions	$ 30	$ -	$ -	$ -
Interest Income	$ 25	$ -	$ 31	$ -
	$ 40,410	$ 75,681	$ 19,382	$ 75,743
Expenses				
Customer Incentives	$ 25,840	$ 49,932	$ 11,431	$ 45,247
Salaries & Benefits	$ 7,223	$ 9,576	$ 3,870	$ 9,576
Communication & Advertising	$ 1,627	$ 2,384	$ 467	$ 3,359
Other Expenditures	$ 5,212	$ 13,729	$ 3,326	$ 17,502
Amortization	$ 176	$ 390	$ 159	$ 328
Loss on disposal of tangible cap	$ 1	$ -	$ -	$ -
	$ 40,078	$ 76,011	$ 19,254	$ 76,011
Surpus (Deficit) [1]	$ 331	$ (330)	$ 128	$ (268)

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

6. HUMAN RESOURCES

6.1 Staffing & employee/labour relations summary

Building Efficiency Manitoba as a stand-alone organization focused on energy efficiency has been a very significant and involved undertaking, not only relative to building the foundation for the organization including policies, processes, and systems, launching over 40 programs and offers into the market and implementing significant pivots, but also simultaneously staffing the organization. During the operational commencement phase of the organization, two collective agreements that were inherited in the transition of energy efficiency were also renegotiated with Efficiency Manitoba as a separate employer. The contracts between Efficiency Manitoba and CUPE Local 998 and AMHSSE respectively have been ratified and are in place for a five-year duration from January 1, 2021 to December 31, 2025.

TABLE 13: FULL-TIME EQUIVALENT EMPLOYEES

Full-time equivalent employees

	Actuals as at September 30, 2022	2022/23 Budget
Executive/Mgmt [1]	7.0	7.0
Employees	66.0	68.0
Efficiency Manitoba total	73.0	75.0

Notes:

[1] Executive/Mgmt includes CEO, VPs and Managers

The current staffing complement does not account for the pursuit of energy savings opportunities identified in the enhanced and maximized scenarios modelled in the MPS nor changes in Efficiency Manitoba's mandate and/or direction resulting from outcomes of the Provincial Government's Energy Policy Framework or Manitoba Hydro's Integrated Resource Planning process.

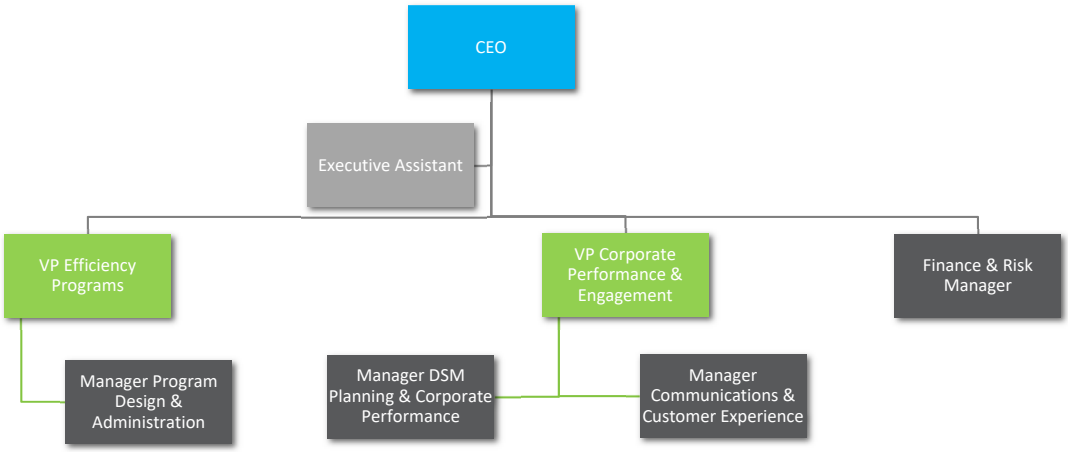
Given the critical role of energy efficiency in achieving net zero by 2050 goals, along with real and significant benefits to customers including energy and bills savings as a result of implementing energy efficiency, sufficient Efficiency Manitoba resourcing to support the needs of the organization and these broader objectives is required. An assessment by Efficiency Manitoba of resources required for meeting both current and future mandates will be conducted in advance of 2023/24.

6.2 Organization chart (at September 30, 2022)

At September 30, 2022, Efficiency Manitoba had 73.0 full-time equivalent employees. 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 Efficiency Manitoba's legislated mandate, the private sector is leveraged to secure additional corporate support for requirements in legal, contact centre, regulatory, IT managed services, and creative design services. In addition, private sector suppliers and delivery partners separate and apart from Efficiency Manitoba's workforce are critical in providing "boots on the ground" services related to programs created by the organization.

FIGURE 5: ORGANIZATIONAL CHART



7. CAPITAL PLAN

Related to supply chain delays, a portion (60% or $200,000) of the capital furniture additions and (77% or $57,000) of the capital computer additions forecasted for 2021/22 were deferred to 2022/23, thereby increasing the revised 2022/23 furniture capital additions to approximately $230,000 and the computer capital additions to $87,000. Capital expenditures beyond 2022/23 will be nominal and will include replacement or acquisition of furniture and/or technology equipment.

Specialized DSM software application development stage spanned over two fiscal years and was completed and placed into service in September 2021. The project was originally budgeted as an operating expense.

TABLE 14: CAPITAL EXPENDITURES

($000's)	2021/22 Actual	2022/23 Budget	2022/23 Six months ended September 30, 2022	2023/24 Budget
Computers	$ 17	$ 30	$ 83	$ 30
Furniture	$ 136	$ 30	$ 203	$ 30
Software	$ -	$ -	$ -	$ -
Specialized demand side management software	$ 356	$ -	$ -	$ -
Total Capital Asset Acquisitions	$ 509	$ 60	$ 287	$ 60