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SAVE TOMORROW.



2021 / 22 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 2021/22 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 2021/22 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, in 2020/21 Efficiency Manitoba conducted an open public procurement process to select an independent assessor. The successful proponent, Econoler, is responsible for independently assessing program energy savings and cost effectiveness, providing expert third-party verification and evaluation.

The following tables summarizes the results from the evaluation process:

Table - 2021/22 Evaluated Results

2021/22 Annual results	Planned	Evaluated (minus interactive effects) ¹		Net evaluated results as a % of Plan
		Gross	Net ²	
Electric savings (GW.h)	343.0	276.3	265.3	77%
Evaluated electricity savings as a percentage of load	1.53%	1.27%	1.22%	-
Electric acquisition costs (¢/kW.h)	\$0.15	\$0.08	\$0.09	60%
Natural gas savings (million m ³)	12.75	12.55	11.85	93%
Evaluated natural gas savings as a percentage of volume	0.79%	0.79%	0.74%	-
Natural gas acquisition cost (¢/ m ³)	\$1.71	\$1.33	\$1.41	82%
Greenhouse gas emission reductions (CO ₂ eq tonnes)	24,200	23,823	22,495	93%

Table Notes:

- Net electric savings as a percentage of load is based on 2020/21 weather adjusted actual consumption.
- Net natural gas savings as a percentage of load is based on actual 2020/21 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 definition 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. Efficiency Manitoba's third-party evaluator determines the influence that programs have had on customer participation as well as the Manitoba market.

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 second 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 2021/22 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.

While we've been actively making modifications to programs and offers in response to the pandemic and its associated impacts, it's important to note that project life cycles will impact the timing of when spend and energy savings materialize. For large customer projects, the time from the customer decision to participate to customer project completion can range from 6 to 24 months. Recognizing this and the ongoing real impacts associated with the pandemic, there will be a lag in when spend and energy savings are realized in financial and energy savings metrics.


The table above shows that the total verified net electricity savings of the portfolio, accounting for all sectors, reached 77% of our target while portfolio net natural gas savings were 93% of our target. This level of energy savings was achieved while expending 55% of the overall budget for 2021/22. Energy savings are being achieved more cost-effectively than planned, demonstrated by the electric acquisition cost of 60% of the planned value (40% better than planned) and the natural gas acquisition cost of 82% of the planned value (18% better than planned).

While pandemic impacts continued through 2021/22, electric energy savings were approximately 17% higher than in 2020/21, while natural gas energy savings nearly reached the energy savings target for 2021/22 and significantly increased (by 69%) over savings achieved in 2020/21. The natural gas energy savings achieved in 2021/22 also contributed to achieving 93% of planned greenhouse gas emissions reductions. The results for 2021/22 have been tabulated by the independent evaluator using a rigorous definition of net savings focused on the assessment of Efficiency Manitoba's specific influence on the customers' decision to participate. Otherwise known as attribution, this results in a conservative determination of the reduction in energy consumption, less than the total real impact on energy consumption in Manitoba.

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 2021/22.



IV. Operational Adjustments

In 2021/22 we adjusted operations including the implementation of program modifications to align with evolving and changing public health orders, introduced specific changes to drive customer participation including increased customer incentives and supplier sales-focused incentives, and expanded customer eligibility criteria to increase customer participation in programs and offers. Our intent with these operational adjustments and program modifications was to continue having programs available for Manitobans during the pandemic where appropriate and permitted, increase the likelihood of customers investing in energy efficiency, and safely drive customer participation along with associated energy reductions, bill savings, environmental benefits (including greenhouse gas reductions) and other benefits.

Recognizing provincial restrictions, 2021/22 was not a 'business as usual' year. Nevertheless, our efforts and work with Manitobans are producing results. Year over year spend and specifically customer incentives increased 1.5-fold and energy savings increased relative to our first year of operations allowing us to importantly come within less than 10% of our natural gas savings target and associated GHG reductions. These increases in achievements provide positive indicators in response to our program modifications and significant new launches, along with early indications of pandemic and economic recovery.

We're continuing to plan and implement launches of new offers and programs, modifications in response to the pandemic and economic realities including those faced by our customers and suppliers, and significantly increasing public communication and awareness campaigns to drive program participation. Efficiency Manitoba continues to strive for maximized customer participation and energy savings. Achievement of 2022/23 projections prepared pre-pandemic will be dependent on market realities, the speed of provincial economic recovery, customer participation, and the specifics of the pandemic situation.