

 **The Chamber**  
The Winnipeg Chamber of Commerce



*The Winnipeg Chamber of Commerce  
&  
Manitoba Chambers of Commerce*

*Presentation to the*

*Manitoba Clean Environment Commission  
Wuskwatim Generation and Transmission Project*

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The Winnipeg Chamber of Commerce and Manitoba Chambers of Commerce are pleased to be given the opportunity to voice our opinion at the Clean Environment Commission hearings into the proposed Wuskwatim Dam.

First I would like to provide some background so the Commission has an understanding of the mandate of the Chambers of Commerce.

The mission of the Chambers of Commerce is to foster an environment in which Manitoba business can prosper.

Our vision for Manitoba is that this province become a cost-competitive, technologically innovative province with a skilled labour force and modern infrastructure to support existing and emerging industries

Looking solely at this project and how it fits both our mandate and our vision, The Chambers of Commerce make the following comments.

### **Economic Impact**

The Chambers of Commerce's main rationale in determining the value of the Wuskwatim project is the economic impact it will have on both the province and the City of Winnipeg.

We have used the following criteria in an effort to determine the economic impact:

- Educating skilled labour
- Export market development
- Spin-offs
- Stimulating economic development throughout province

### **Educating Skilled Labour**

The Chambers of Commerce see economic benefits in the construction of the Wuskwatim Dam when it comes to employment opportunities as well as the training and business opportunities that would exist with a project of this scope.

A key component of the Wuskwatim project is the opportunities that exist for education and job training. Ensuring we have a skilled labour force is a key for growing the province of Manitoba.

According to Manitoba Hydro, 800 or more people are expected to participate in a \$10 million pre-project training initiative.

Manitoba Hydro has indicated that the funding for this training initiative will focus on high skilled areas such as preparing qualified trades people to fill a required

need in Manitoba Hydro's development plans. It is of our opinion that this training will have benefits long after the project has been completed.

The Provincial Government has indicated that they will work closely with Manitoba Hydro to ensure that training efforts effectively match the job opportunities that will be generated by the proposed hydro developments and that training plans will be developed in consultation with Manitoba Hydro and First Nations.

***Increasing the skills of our labour force meets the vision of the Chambers of Commerce.***

**Export Market Development**

The Chambers of Commerce also see benefits of the construction of the Wuskwatim Dam as it relates to increasing export markets for Manitoba Hydro.

Currently, Manitoba Hydro has nine formal long-term export trade agreements with six electric utilities and numerous short-term agreements with more than 30 electric utilities and marketers in the Midwestern United States, Ontario and Saskatchewan.

Manitoba and Minnesota have developed a long-term relationship, as they have been energy trading partners since 1970.

Manitoba Hydro has electricity-trading partnerships with several significant Minnesota utilities, including Xcel Energy (Northern States Power), Minnesota Power, Great River Energy, Otter Tail Power Company and Minnkota Power Cooperative.

The benefits of increased hydro-electric exports include:

**rate reduction:** electric utilities are able to use export revenues to reduce their revenue requirements, which, in turn, reduces rate increases;

**surplus energy sales from a renewable energy source:** to utilize energy from renewable resources such as hydro power that would otherwise be wasted.

**economy interchange:** the interchange of electricity between utilities which results in a reduction of production costs;

**seasonal diversity exchange:** the ability for utilities with different seasonal demands for energy to share generation and realize economic benefits;

**reserve sharing:** agreements for mutual generation support so that the need for new power plant are decreased or deferred, and

**coordination of planning and operation:** cooperation between utilities, mainly in generation facility planning, operation , and maintenance, to reduce investment requirements and distribute maintenance outages so that system operations are optimized.

Export power aids neighbouring utilities in times of emergency to the extent such exports will not jeopardize service to customers in Manitoba, and import power from neighbouring utilities in times of emergency to maintain necessary service to consumers in Manitoba.

The Chambers of Commerce believe it's a positive sign that a long-term agreement with Minnesota is already in place.

The Chambers of Commerce are also optimistic that Manitoba and Ontario, which are in negotiations for a multi-billion dollar power sale, will be able to come to an agreement.

According to recent media reports Manitoba Energy Minister Tim Sale expects Ontario to announce the creation of a new power-planning agency in the near future. The new agency would take the lead in finding new sources of energy for Canada's largest economy.

Minister Sale has said that once the new Ontario agency is fully functional, Manitoba Hydro officials have estimated it could take up to nine months to complete a power sale between the two provinces.

A recent report on Ontario's future energy needs, completed early this year, shows that Canada's largest province will need to find between 17,000 and 25,000 megawatts of electricity by 2016.

This estimate is based on a number of challenges Ontario will face in the next few years, including losses of 15,000 megawatts of generating capacity from the retirement of Ontario's aging coal and nuclear generating stations. In addition, Ontario is experiencing growth in peak demand of more than 500 megawatts each year.

***In a perfect world The Chambers of Commerce would like to see signed contracts already in place for the additional power generated by Manitoba Hydro but also understands that you have to look at the positive track record of Manitoba Hydro when it comes to export opportunities.***

## **Spin-offs**

The Chambers of Commerce are confident that a project the scale of the Wuskwatim Dam will have the ability to create opportunities for new and existing businesses to develop contracts to supply products and services needed for the project.

This will provide entrepreneurs with the added incentive to meet those demands and in the process expand their business and create new jobs.

Several Manitoba environmental and engineering companies have benefited from past projects, as they are now recognized as experts in major dam construction.

With a project of this size and the length of time it will take to complete, the spin-offs are endless for a number of northern communities such as Nelson House and Thompson.

Spin-offs will be realized in the hospitality industry, the retail industry and the tourism industry.

***The Chambers view this as a positive factor that will have a long-term economic benefit on a number of businesses, industries and communities.***

## **Stimulate Economic Development throughout Province**

Manitoba Hydro currently employs more than 4,000 people throughout the province.

Approximately 565 employees are located in northern Manitoba where the large majority of hydroelectric energy is produced. Hydro developments have played a major role in the development of northern and overall provincial economies.

With the Wuskwatim project expected to take six years to complete and approximately 7,700 person years of direct and indirect construction employment to be created, there are huge benefits to be realized.

A project of this size will create years of employment for trades people and construction companies throughout the province.

The taxes that are paid by these employees and companies will help in providing Manitobans with the services they desire.

A project of this scope will inject billions of dollars into the local economy and have an impact on the entire province.

***The Chambers of Commerce are confident that a project such as Wuskwatim will have a positive economic impact and help businesses to prosper in Manitoba.***

### **Competitive Rates**

Another advantage that Manitoba Hydro is able to provide to Manitobans is the low cost of electricity rates. The Chambers of Commerce view this as a positive advantage.

In fact, Manitoba Hydro's financial objective is to provide Manitobans with electricity at the lowest possible cost.

When compared with residents in other provinces and jurisdictions, Manitoba Hydro has consistently been able to provide residents and businesses with some of the lowest electricity rates in North America.

We anticipate that the construction of the Wuskwatim Generating Dam would have no adverse effects on the low electricity rates that Manitobans currently enjoy.

The Chambers of Commerce believe that the low cost of electricity should be used as an incentive to attract high power using companies to the province.

***Ensuring that Manitoba continues to enjoy low rates is one way that an environment can be created that will allow businesses to prosper in Manitoba.***

### **Concerns**

The Chambers of Commerce does have some concerns with Manitoba Hydro.

Those concerns however deal more with the public policy surrounding Manitoba Hydro and not the circumstances surrounding the Wuskwatim Dam.

We would, however, like to ensure that those concerns are on the record at this time.

The Chambers of Commerce believe that Manitoba Hydro should not be the sole economic driver in this province; it should be a bit player as part of a larger plan.

There is a need for the current government to outline an economic plan for the future of the province of Manitoba.

An overall plan that includes Manitoba Hydro is much preferred to a plan that relies solely on Manitoba Hydro to stimulate the economy

We also have some concerns about the long-term financial situation at Manitoba Hydro.

Over the last couple of years we have seen the debt-equity ratio head in the wrong direction. We also have concerns regarding the fact that the debt of Manitoba Hydro has continued to grow since the Doer government took office.

Manitoba Hydro was placed in a difficult position two years ago when the Doer government decided to take a \$200 million dividend to balance their books.

Low water levels have also had a drastic impact on the bottom line of Manitoba Hydro as recent projections estimate the Crown Corporation will lose close to \$400 million this year.

### **Conclusion**

The Chambers of Commerce believes there are great economic benefits to the province of Manitoba with the construction of the Wuskwatim Dam.

We have judged this project solely on how whether it fulfils the mandate of the Chambers of Commerce.

We will leave others more qualified to address the commission on environmental impacts of the project.

***Following the criteria that we have set out and the details and understanding we currently have of the project The Chambers of Commerce are supportive of the project moving forward.***

Thank you for your time.