

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON PUBLIC UTILITIES
AND NATURAL RESOURCES
Thursday, 9 April, 1987

TIME — 10:00 a.m.

LOCATION — Winnipeg, Manitoba

CHAIRMAN — Mr. S. Ashton (Thompson)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Cowan, Harapiak (Swan River),
Parasiuk

Messrs. Ashton, Baker, Birt, Dolin, Enns,
Manness, Scott

APPEARING: Mr. Marc Eliesen, Chairperson and
Executive Director, Manitoba Energy Authority

Mr. Peter Ferris, Executive Officer and
Chairperson, Employment Services, Limestone
Training and Employment Agency

MATTERS UNDER DISCUSSION:

1985-86 Annual Report of the Manitoba
Energy Authority

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MR. CHAIRMAN: The meeting of the Public Utilities
Committee will come to order.

First of all, I'd like to ask the Minister if he has any
statement?

The Honourable Minister.

HON. W. PARASIUK: Not really, Mr. Chairman, I just
have a comment about procedure. We will start with
the Manitoba Energy Authority, and I think the normal
way in which we've dealt with this is that we've just
had a general discussion and we've not gone page-
by-page. People have asked questions whenever they
want to ask questions about whatever aspects, and it
would be the intention to conclude the Manitoba Energy
Authority; and then after that we would move on to do
Hydro.

I'd just like to confirm with the critic whether in fact
that's agreeable.

MR. CHAIRMAN: Mr. Enns.

MR. H. ENNS: We don't take exception to that but,
to a greater degree, the two reporting agencies, the
Manitoba Energy Authority and the Manitoba Hydro,
are integrating their material. I find more of the material
in this year's Manitoba Energy Authority Report,
material that we might have, in other years, pursued
in Manitoba Hydro.

Now it makes no difference, and I accept that format
from the Minister. We'll deal with the Energy Authority

essentially now. There may be questions that we ask
that we'll be advised ought to be directed with
appropriate Hydro staff.

MR. CHAIRMAN: With that then, I'd like to ask the
chairperson of the Manitoba Energy Authority, Mr. Marc
Eliesen, to make a presentation.

MR. CHAIRMAN: Mr. Eliesen.

MR. M. ELIESEN: Thank you, Mr. Chairman.

I am pleased, again, to present to the Public Utilities
Committee of the Legislature a review of the Manitoba
Energy Authority's work over the past year.

Established by an act of the Legislature on July 2,
1980, the Manitoba Energy Authority has the following
responsibilities:

- 1) Negotiate the export and import of electrical
energy from and into the province;
- 2) Coordinate government policy related to the
construction of the Limestone generating
station in the areas of purchasing, industrial
offsets, training and employment, and
communications; and
- 3) Promote energy intensive industrial
development in Manitoba.

In addition, the Authority acts in energy-related fields
as directed by the Minister of Energy and Mines, or
the Lieutenant-Governor-in Council.

The Manitoba Energy Authority carries out its
responsibilities with its own small professional staff and,
is further assisted in its activities by staff of the
Departments of Energy and Mines, Industry, Trade and
Technology and Manitoba Hydro.

Export sales: During 1986-87, the Authority
continued to pursue electricity export negotiations with
a number of utilities in Canada and the United States.
In general, demand for Manitoba's hydro electricity from
other provinces and from the United States remains
very strong, now as well as into the future.

It should be noted again that any additional long-
term hydro sales contemplated by Manitoba has no
relationship to the Limestone Generating Station now
under construction. Manitoba Hydro has no current
long-term firm electricity available for export from
existing generating capacity, and the Limestone
Generating Station to be completed in 1990 and
scheduled to become fully operational in 1992 is
required mainly for Manitoba's own electrical needs.

Any new long-term hydro sales would have to come
from new additional generating capacity built after
Limestone - probably the 1,400 megawatt Conawapa
Station currently scheduled to be built for Manitoba's
own electricity requirements by 1997 and fully
operational in 1999.

In February of 1986, three new export arrangements
were signed and announced. The first was with the

Upper Mississippi Power Group, a group of six American utilities for 550 megawatts of firm power over 16 years starting in 1996.

The next was a two-part 500 megawatt diversity exchange taking place over 20 years starting in 1996; 200 megawatts of this exchange would be with Northern States Power and the remaining 300 megawatts would be with the six utilities of the Upper Mississippi Power Group. The third arrangement was a four-year 200 megawatt summer sale to Northern States Power starting in 1993.

Of the three export arrangements, the final contract formalizing the 200 megawatt summer sale has been signed. An application for an export licence related to this sale has recently been filed by Manitoba Hydro with the National Energy Board of Canada.

Final contracts on the other two export arrangements, that is the firm sale and the diversity arrangements have not yet been completed. Some difficulties have arisen, primarily internal to Upper Mississippi Power Group utilities, centering around the allocation of transmission costs among the U.S. utilities, that is the transmission costs in the United States, not in Canada. Further discussions are now taking place with the utilities associated with the Upper Mississippi Power Group to resolve some of these difficulties so that the final contracts can be signed. Both Manitoba and the U.S. utilities believe that there are long-term economic benefits associated with the construction of a new interconnection and an associated long-term power sale and diversity exchange.

Other discussions and negotiations continue with a number of Canadian and U.S. utilities regarding long-term export sales from Manitoba. Among them include: Wisnintoba and the Western Area Power Administration on long-term firm export sales for the late 1990's; Ontario Hydro - for a firm sale that would likely begin at 200 megawatts and could rise to 400 megawatts or 1,000 megawatts starting up in the late 1990's.

In addition, there is continuing discussion with a number of utilities, on shorter term export sale arrangements. For example, the Saskatchewan Power Corporation has indicated interest in electricity capacity sales from Manitoba Hydro of between 50 megawatts to 150 megawatts which would take place between 1987-88 to 1992-93.

And in the United States, we have just signed a final contract with Minnesota Power and Light Company of Duluth, Minnesota for a 50 megawatt diversity exchange.

Starting May through October of this year, Manitoba will sell energy to Minnesota Power and Light over existing transmission facilities. As part of the arrangement, Manitoba has an option of receiving 50 megawatts from Minnesota Power and Light during the winter of 1989-90. Under average waterflow conditions, Manitoba Hydro would not require any of this energy during that winter.

This contract will be submitted to the National Energy Board for approval this month.

Finally, both parties, that is, Manitoba and Minnesota Power and Light, have also initiated discussions on a multi-year firm power sale of from 50 to 100 megawatts from Manitoba commencing in the 1990's.

Limestone: The coordination of government policy related to the Limestone project remains a major part of the Energy Authority's activities.

With 80 percent to 85 percent of the value of all contracts already awarded on Limestone the project has maintained a record level of 90 percent Manitoba content. I should further explain the 90 percent includes the benefits associated with the Canadian General Electric offset arrangement, in which the turbines and generators, that is the value of the turbines and generators, and the related work which is basically done outside of Manitoba, but the offsets provide the kind of work as if the Limestone generators and turbines were made here in Manitoba and that gives us the 90 percent Manitoba content. Compared to the estimated 55 percent Manitoba content on Long Spruce, the last generating station built in Manitoba, the results represent a tremendous economic benefit for Manitoba business and labour.

The local content emphasis has shown that if historical institutional non-economic barriers are broken down, Manitobans, if given the opportunity, can compete successfully with other firms in Canada and elsewhere in the world.

In the last year, progress has been made in implementing Manitoba's Industrial Benefits agreement with the Canadian General Electric Company related to the purchase of turbines and generators for Limestone.

- (1) Research grants of \$100,000 each have been allocated to the High Voltage Direct Current Research Centre and the Manitoba Microelectronics Centre;
- (2) Steps have been taken toward meeting CGE's commitment to place a minimum of 15 percent of the turbine and generator work in Manitoba. In February of this year, the company placed a \$1.8 million contract with ACME Welding and Supply of Winnipeg for the supply of fabricated steel products. Discussions are ongoing with a number of other Manitoba firms to provide further purchase orders as part of the Limestone turbines and generators. I should add here that most of these purchase orders will take place this year and in 1988.
- (3) A number of Northern Native business projects are also being supported by Canadian General Electric. The company is providing a low interest loan as well as management assistance to a new commercial laundry and laundromat in Gillam established by the Fox Lake Band. Fly-in fishing camps at Big Sand Lake and Knee Lake near Oxford House will receive financing assistance. The Grand Rapids store will undertake a major expansion, in part as the result of a loan from CGE, while a rock-crushing plant at Berens River will be established with CGE financial assistance. A number of other business proposals from Northern Native companies are currently under consideration by CGE and Manitoba.
- (4) Discussions continue on major direct Manitoba investment obligations by CGE as part of the overall industrial offsets agreement.

Manitoba's training program, established to increase the employment participation of northern residents at

Limestone, has become a model for resource development projects throughout the continent. By the end of last year, more than 1,500 Northerners had gone through training at the Limestone Training and Employment agency's simulated training centre in Thompson, at the community level and at various educational institutions in the province. These women and men are being prepared for both construction work on the Limestone project and permanent jobs in the hydro-electric field.

A recent post-graduation survey indicates that 74 percent of LTEA graduates have found employment after completing their training.

In September, 1986, the Manitoba Legislature approved amendments to The Manitoba Energy Authority Act thus enhancing the Authority with more specific responsibility associated with the encouragement of locating energy intensive industries in the province. To this end, the Energy Authority has engaged in studies examining the potential of a number of such projects. The Authority has met with representatives of corporations from many parts of the world, who have expressed an interest in locating such enterprises here in Manitoba.

I would like to thank members for their attention and would be pleased now to answer whatever questions the committee members may have.

MR. CHAIRMAN: Are there any questions for Mr. Eliesen?

Mr. Enns.

MR. H. ENNS: Mr. Chairman, just to have it clear in the committee's mind, precisely what sales have been concluded? I want to indicate to you, Mr. Chairman, to the Minister and to the chairman that we do wish to pursue the question of potential sales as this thing from sales concluded. I've made remarks in the House with respect to language that has been employed by this Minister and by the government, indeed by the chairman of the Manitoba Energy Authority, when on his report, in his message with respect to this report, indicates that power export negotiations have progressed smoothly.

In February of 1986, Manitoba signed a detailed Memorandum of Understanding with the Upper Mississippi Power Group which, of course, is one of the major groups that we are talking about. Now it's public knowledge that that particular arrangement or that particular Memorandum of Understanding is not sailing smoothly, indeed, is being held up for, as the report indicates and as the Chairman indicates in his remarks just concluded, that perhaps principally, for internal reasons within the group, sharing pooling the transmission costs, and so forth.

But just so that we are absolutely clear, Mr. Chairman, through you to the Minister or to the Chairman of the Manitoba Energy Authority, what we have today concluded, in terms of export sales, is the by now well-known Northern States Power Agreement for 500 megawatts which has received a National Energy Board authority; and a seasonal 200 summer peaking diversity exchange with that same Great Northern States that is currently being applied for, for the necessary export licence to the National Energy Board. Is that correct? Are those the two sales that are now in place?

MR. M. ELIESEN: Mr. Chairman, that is correct. The two sales that are in place is the 500 megawatt sale to Northern States Power, which was concluded in 1984; and what is in place is not a diversity arrangement, but a summer sale for 1993 to 1996.

All the new sales that we are talking about, the Upper Mississippi Power Group, the Ontario, etc., relate to new possibility of sales unrelated to Limestone, which would relate to additional generating capacity that would have to be constructed to meet these obligations.

MR. H. ENNS: Well, Mr. Chairman, we haven't yet seen the kind of projected load growth that we would expect from the Manitoba Hydro. I would assume that the experience of this past winter, past year, probably has considerably reduced the projected load growth that was projected a year ago; however, I could be wrong. That would support that statement that was just made by the Chairman.

We have our first power coming on stream from Limestone in '90, '91? In late '90; and the total production of Limestone available to us by '92, late '92. Is the Chairman indicating that there would be no surplus power available from Limestone between '92 and '96 to cover some of the potential sales that he is pursuing at this time and has reported in his statement?

MR. M. ELIESEN: A few observations, Mr. Chairman.

First of all, I should add, another contract that has been signed is the one I referred to in my opening remarks this morning with Minnesota Power and Light, the 50 megawatt, and that has been signed and that goes before the National Energy Board in the next - at least the application will be forwarded to the National Energy Board.

With regard to the question of demand and supply, clearly we can get into considerable detail on this when Manitoba Hydro comes before, but there's nothing new in the context of our sequence development or our long-term demand forecasts internally.

We have been forecasting here in Manitoba a load of anywhere between 2.8 percent to 3 percent, and there have been no recent changes which would affect that long-term requirement for Manitoba's own need, and tables and charts which can be made available, either now or when Manitoba Hydro comes forward, clearly shows that we don't have any long-term capacity or energy of the kind that we are negotiating with, with Upper Mississippi Power Group or Ontario Hydro, out of either our existing system or Limestone.

All along, and we've been very explicit on this, I can refer to my remarks that I made before this committee last year, that those new sales relate to additional generating capacity that would have to be built in Manitoba in order to service those particular sales.

MR. H. ENNS: Mr. Chairman, it would be helpful to all of us if we could bring the various pricing agreements that we have entered into, with respect to our export of power, to a common denominator that could be understood by all of us, by the general public. Would it not be possible for us to have the authority give us a kilowatt per hour cost of what Manitoba is in fact selling this power for?

I know, for instance, on page 6 of your report, you list the number of current export agreements. The terms, certainly to a lay reader, are confusing, to say the least. It's perfectly understandable to those who have negotiated agreements. You talk about the first Northern States Power, the type, its interruptible, duration, and then the terms: the greater cost plus 10 percent or shared cost savings formula. It would be helpful to us for comparative purposes and for understanding, having some appreciation of whether or not we share the Minister's or share the chairman's point of view, that these are profitable sales.

We appreciate there are variations of terms necessary, certainly the question of firm and interruptible power, I think that is understood by all of us, but would it not be possible to have an easily understood common denominator pricing factor for the use of this committee?

I would ask by beginning with - and we want to pursue that - the sales that we have concluded, the Northern States Power, the 200 megawatt summer peaking sale, as well as the one just mentioned by the chairman, the 50 megawatt sale. What are we selling that power for, on a kilowatt-hour basis?

MR. M. ELIESEN: Mr. Chairman, if it's useful, we can put it down on one or two pieces of paper to provide that kind of information.

That information has already been provided, both to the committee and the Legislature, certainly the Northern States Power sale has been provided, to my recollection, at least half a dozen times or more on what we are getting for the power. This has been authenticated by an independent national agency called the National Energy Board, which has its own staff and its own analysis, which concluded that the sale would be very profitable to Manitoba, and that information, of the mill rates, of what we would receive from the sale, was included in the National Energy Board, so we can get that information again. With regard to the 200 summer sale, that information was made available in the House when the Minister made a statement on, I believe it was May 16, but again we can put that information on the same basis and put it on one piece of paper.

MR. H. ENNS: Mr. Chairman, I appreciate that formulas, and the like, have been made available to the committee and to the National Energy Board, but certainly some of those formulas contain a great deal of variables; some, I assume, have just been completed to be able to be part of that formula, the cost of the Sherco 3 plant that we're replacing with our own power, the cost of coal in the United States. What, for instance, then is today's - based on that formula which the chairman is quite correct is known to us, 80 percent of the whole pricing factor in there, the pricing factor with respect to capital costs, Sherco 3 - what today, run through your model, will the 500 megawatt power sales be worth to us in kilowatt terms, that we have concluded with Northern States Power?

MR. M. ELIESEN: Mr. Chairman, that information has been provided before. We can dig it out of the National Energy Board Report and give you their figures, which

was an average of 60- to 90-odd mills over the length of the sale, over the 12 years. In general, the sale is going to be profitable for Manitoba, and the only question is, how profitable, and the reasons are very clearly reported in the National Energy Board.

This is why we believe we are satisfied, because an outside agency, an agency which had responsibility for ensuring that there would be benefits not only to Manitoba, but to Canada, independently looked at our contract and agreed with us that it would be major profitable arrangements to Manitoba as a result of that sale taking place.

I have no new analysis. Last year we ran through - because there was a request by a member of the committee - we ran through the variables then, and there are really no changes, general changes, than what we forecasted. We forecasted then a benefit cost-ratio of two to one, that was at the time that we negotiated the sale, which was concluded in 1984, and every time we have a look at it again, it's still greater than a two-to-one benefit cost-ratio for Manitoba. The reasons are very, very clear; it relates to the formula of a capacity charge and an energy charge.

Now we know we will make money just on the capacity charge. Sherco is already built. The degree of our profit relates to the energy charge, which I agree, coal prices can go up, can go down, and the degree to which they go up, go down, is subject to all sorts of sensitivity analysis which we have done and we have shown what happens if coal prices go up 2 percent; if they go down 10 percent or 20 percent, what that means in terms of our net profit.

But solely on the capacity charge, we will make money, and we can make a lot of money, obviously much more money because we get both the capacity and energy charge. All that information has been documented by the National Energy Board, which has been approved by the Government of Canada, I may add.

MR. H. ENNS: Well, Mr. Chairman, I don't know why it should be so difficult. The pricing formula changes, it changes every year. I don't know, I'm not monitoring the price of coal in the United States, but I assume it's probably different today than it was a year ago when the Authority appeared before this committee, and it will be different two years from now, five years from now.

I'm not asking what the price will be when we actually start selling the power in the year 1993, I believe we start, but surely it has to be of concern to the Hydro officials, to the Energy Authority, to be able to say with some confidence, as you keep on saying that it's going to be profitable for us, to give us an idea what that power is going to cost, in terms that we can understand, on today's conditions; the price of coal, the Sherco capital cost plant is available to us, I assume, that's final and finite. Why is there this reluctance to tell us if, in fact, we began to deliver on the 500 megawatt sale to Northern States Power this year, what we'd be getting for that power, in terms that I can understand and the average Manitoban can understand, per kilowatt hour?

MR. M. ELIESEN: With respect, Mr. Chairman, we have given that information; there's no reluctance

whatsoever. We have been open in the massive volumes that we presented to the National Energy Board, in hearings which were in place over 14 days, and we have provided that information at past committees and we can provide it again. It's the same information which clearly shows over, and over, and over again, that the Northern States Power sale is a very profitable arrangement for Manitoba, and I feel gratified that an independent agency called the National Energy Board, which has these broad responsibilities, reviewed and analyzed it independently, and came to similar conclusions as we did.

Furthermore, the Government of Canada, because it required an approval by the Government of Canada on that sale, they came to similar conclusions. Ever since that time, the sale was concluded in 1984, as we've mentioned and as we've tabled last year and we can table again this year, similar kinds of scenarios - Sherco was already built, there are no changes - we'll give you that information. There's no reluctance to give you that information. We gave it to you last year, we'll give it to you again.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNESS: Mr. Chairman, continuing along this vein, Sherco is built. Obviously then, some of the factors that go into the formula are known with complete certainty. Mr. Enns is requesting then as to why that formula can't give us some specific profitability factor, using the terms of the chairman, that can be shared with the committee, and indeed, all Manitobans. Because, as time moves on, obviously there are greater uncertainties associated with the formula; and remember the National Energy Board endorsed the concept of the formula, which has many variables to it and, as time proceeds, the variables, of course, reduce in number. Hard numbers are able then to be directed toward that formula. We're asking the Manitoba Energy Authority to give to us, and indeed all Manitobans, specifics that the formula, as it stands now, with specific numbers in it, and the so-called profitability associated with the sale.

MR. M. ELIESEN: We'll arrange to do that this year as we did last year, and we will give you that information. There is no uncertainty in our minds, in the minds of the National Energy Board, in the minds of all the independent experts who have looked at this contract, that this sale is a very profitable sale for Manitoba. No evidence came forward at the National Energy Board to suggest otherwise, and the events since that time have further confirmed our view that this is a very profitable arrangement for Manitoba. But we will get that information and provide it to members of the committee.

MR. C. MANNESS: Mr. Chairman, I then would ask Mr. Eliesen when we can expect that information, because I was the member of this committee last year who requested it and, yes, I want to thank himself and whoever did run the Moses model that ultimately that information was provided to members of the House. But when can he provide that information to this committee this year?

MR. M. ELIESEN: Mr. Chairman, we will try to do it as soon as possible. We'll make it a high priority and we hope we can get that information to you within the next couple of weeks. But we have to run the model and I'll have to check with staff, etc., but that information can easily be put together and provided.

MR. C. MANNESS: Can it be provided before we sit again as a committee?

MR. M. ELIESEN: Well there is no reluctance, since I assume Manitoba Hydro will be coming here, we will attempt to certainly ensure that you have that information so that if there are any questions that arise out of the information that you've received that certainly can be addressed during the period of time that Manitoba Hydro is before the committee.

MR. CHAIRMAN: Mr. Scott.

MR. D. SCOTT: Thank you, Mr. Chairman.

I have a couple of questions on the energy forecast. You had mentioned your rate of growth for domestic consumption in Manitoba - keeping your forecast of 2.8 percent to 3 percent per year into the future.

MR. M. ELIESEN: For the next 10 years, yes.

MR. D. SCOTT: For the next 10 years. What sort of analysis do you do of that in comparison with other jurisdictions as to what the latest trends in your electricity demands?

MR. M. ELIESEN: Mr. Chairman, the basic analysis on load forecasting is undertaken by Manitoba Hydro and certainly questions can be raised when the corporation is before you. But, in general, let me simply say that it's a combination of econometric and extrapolation on the basis of existing trends, on the basis of knowledgeable detailed industry studies with the main customers here in Manitoba. The results, as I say, I may have the information handy with regard to the forecasts that are available not only in Manitoba, but in other provinces. I can give you the date of the forecast as well.

The Province of British Columbia, July 1986, their 10-year annual growth is 2.4 percent; Alberta, the date of forecast is September 1986, 10-year annual growth 4.1 percent; Saskatchewan - March 1986, 3.0 percent; Manitoba - May 1986, 3 percent; Ontario - December 1986, 2.6 percent; Quebec - February 1986, 2.4 percent; New Brunswick - April 1986, 3.4 percent; Nova Scotia - December 1986, 3.5 percent.

Now, in addition, the National Energy Board does forecasts for Canada and for the individual provinces, and again, their date of forecast is October, 1986, and they have a range of 2.3 percent to 2.5 percent; and for Manitoba they are forecasting a 3 percent increase. So Manitoba Hydro's forecast is consistent with the forecast that exists in other jurisdictions, and consistent with the kind of trend that the Federal Government, through the National Energy Board forecasts.

MR. D. SCOTT: A few weeks ago, several news reports on a new medium for transmission, it's not commercially

available yet, but at experimental stages it's proving, I understand, to be exceptionally efficient in comparison to the current technology. I'm wondering how much power is absorbed or lost on line transmission. We're dealing here with at least 1,500 miles, I guess, getting into lower Minnesota from the generating stations in the North. If that were to come in, has your Authority started to look at all at any potential savings to the utility as far as the construction of additional capacity with the additional capacity that would be added by virtue of the new technology, if it was purchased and replaced the existing transmission lines?

MR. M. ELIESEN: Mr. Chairman, when Manitoba Hydro is before the committee, some of the technical people obviously can go into some detail on that particular point. In general, we have losses of about 10 percent and clearly there would be certain benefits for us with super conduction taking place, the kind of research that apparently is becoming successful, but there are obviously conflicting scientific views as to when that could be practical, whether there could be a commercial application in 20 years, or in 40 years, or in 50 years, or more. But perhaps some of the details on that could be addressed to some of the technical people from Manitoba Hydro when they are here before the committee.

MR. D. SCOTT: If I could suggest from the reports that I've heard on it, they're not looking at 20 or 30 years down the road. They could be looking as little as seven or eight years down the road which is the time it takes us to put new capacity into place. Certainly when we're thinking about that capacity, we should also be trying to look at ways, looking at transmission, where the transmission costs or the losses of electricity are going to be substantially less because, if we would bring that technology in we could possibly save a major part of a new plant, or at least a comparison to a new plant's cost. If you're putting through a very large volume of electricity and, all of a sudden, you're saving 8 percent or 10 percent or whatever the latest technology starts to produce for us. It's the same thing as with cars, you don't design a car with bigger and bigger gas tanks if the car's getting that much more fuel efficiency in delivering to the road. I would just ask that be taken into consideration in your forecast, not only for your load, but also your capacity to meet export sales.

MR. H. ENNS: I just wanted to make sure, Mr. Chairman, that I understood the chairman right. You were reading those load quotes from what data? Was that Manitoba Hydro's data or was that a Canada Stats data of some kind?

MR. M. ELIESEN: That was a summary of the individual utilities in the respective provinces. What they are forecasting over the next 10 years, and what I gave was for the province, or at least for the utility . . .

MR. H. ENNS: For the next year.

MR. M. ELIESEN: . . . for the 10-year average, it's a 10-year average for each utility, but since the utilities,

most of them in Canada are provincial monopolies, only one utility, those are the forecasts related to their own provinces. I also gave what the Government of Canada, through the National Energy Board, was forecasting as well.

MR. H. ENNS: I heard that because I suppose it's somewhat surprising that I think most Canadians, with some envy, acknowledge that Ontario has run away expansion and boom on its way and they're projecting a lower load growth in Hydro than we are, it seems passingly strange.

Mr. Chairman, through you to the Authority, with respect to the request made by Mr. Manness, and once again running through the Moses model and bringing us an updated, upcurrent pricing for the export sales that he requested, could I repeat my question.

On page 6 of your report, is it for any reasons of confidentiality that precludes you from doing it, but would it not be possible to provide for us a more understandable method of showing the terms of the various current export agreements now in effect? I've used the example, per kilowatt hour, that we have one common denominator that we could, with ease, compare.

MR. M. ELIESEN: We can do that, Mr. Chairman. Obviously there's quite a distinction between a firm sale and an interruptible sale which is a kind of spot market where you make energy available for a half hour, for an hour, etc., and then cut it off, and therefore there are different pricing relationships there, but we can provide that.

MR. H. ENNS: I certainly accept those conditions. We, as individual members, are often asked, are we giving our power away to the Yanks, are we fire-selling it? Why can't we provide it to our own industrial users or residential users? It's the kind of information that I know would be helpful to me and I suspect to other members of the House.

MR. CHAIRMAN: The Minister of Energy and Mines.

HON. W. PARASIUK: Yes, I think that can be provided. I'd just like to add one other aspect to it as well, because occasionally when I get asked questions about this, some confusion arises when one gives a particular number as to what the export price is at the border.

In a sense, what you're talking about is a wholesale price because, in addition, the company that receives the power then has to tack on all of its distribution costs within, say, Minnesota or within North Dakota, and often it's confusing when one says, oh, this is the price and look what we have to pay in Manitoba.

If you added our distribution costs and the maintenance cost of all the rural lines and the costs of the storm and a whole set of things on to that price, then you start getting a better comparison. You start comparing apples to apples. Occasionally, what's happened is that there's been a comparison of apples to oranges with respect to an export price because one has to pack in all the distribution costs at the receiving end. I think in order to make sure that the people of Manitoba are getting a clear idea in terms

of apples to apples, it's important that be provided as well.

MR. H. ENNS: That's fair comment and I certainly would acknowledge that reasonable notes have to be attached to any pricing shown in that manner.

I wonder, Mr. Chairman, if I could turn briefly to the administration operations of the Authority itself for a moment, and perhaps get back to the bigger questions later on.

I note that a sizable increase in the administrative costs of the Authority, from \$873,000 to \$1,285,000.00. What is that, Mr. Chairman? You can add better than I. Is that about a 40 percent or 55 percent increase in the administration of this group, small and efficient and professional, as the Chairman points out they may well be? Perhaps we could have some explanation for that rise in the total expropriation. Page 18 of the report. I'm just taking the bottom line. You're asking in 19 . . .

MR. M. ELIESEN: Mr. Chairman, the fiscal year 1985-86 reflected really the first year that the Energy Authority became operational. Prior to that, it was part of the Department of Energy and Mines, of which there was an appropriation of about \$250,000.00. It reflected the full year costs of the five or six professionals and two or three support staff who are employed by the Authority.

We can go through line-by-line and I can provide for the member the information on some of the specific items, if that's of interest.

MR. H. ENNS: No, Mr. Chairman, that's not necessary, but I would be interested in a further explanation and some names, with respect to the Authority that has entered into employment contracts with five of its employees. They account for a substantial amount of your total expenditure, some \$304,000.00.

MR. M. ELIESEN: Yes, the individuals are Peter Ferris, who's the executive officer for the Employment Services.

MR. H. ENNS: Is Mr. Ferris with us?

MR. M. ELIESEN: Mr. Ferris is with us, yes, he is.

MR. H. ENNS: Thank you.

MR. M. ELIESEN: Mr. Garry Hastings, who is the executive officer of Management Service, and Mr. Hastings is with us; Mr. Gordon MacLean, who's the executive officer of Energy Policy, and he is with us; Miss Leslie Turnbull, who's the senior policy analyst, and she's with us; and Mr. Henryk Mordarski, who's our comptroller, and he's with us.

I can give the names of the secretarial support, if that's of interest.

MR. H. ENNS: I'm trying to keep track of these people now.

I take it, principally under your authorship, the principal negotiating for potential export sales, you have a negotiating team led by whom, comprised of whom?

MR. M. ELIESEN: Under The Manitoba Energy Authority Act, there is a section which calls for the

establishment of an electrical export committee, and the members of that committee, which really provides guidance to the specific negotiators. The members of that committee included myself, Mr. Saul Cheriack, Mr. John Arnason, Mr. Gary Beatty, Mr. Charles Kang, Mr. Tom Gunton, Mr. Art Derry. Those are the members of the committee and they reflect individuals who come from the Department of Energy and Mines, from Manitoba Hydro. And that committee meets quite actively and reviews are ongoing, discussions and negotiations, and then with specific negotiations there are various teams that are assigned on the priorities. I am actively involved in those negotiations as the executive director of the Energy Authority.

MR. H. ENNS: You are the quarterback.

MR. M. ELIESEN: That would be a fair comment.

MR. H. ENNS: The Authority has also entered into consulting contracts which have a potential future obligation totalling some \$158,700.00. Can the Chairman enlighten us as to who those obligations, what kind of consulting contracts those are? On Page 20 of your report.

MR. M. ELIESEN: Mr. Chairman, the obligations relate to the contract awarded to the Bank of Montreal, Merrill Lynch and Wood Gundy on the question of project financing for the Limestone Generating Station. That's where the specific reference is. Those three financial institutions were heavily involved with us and the Department of Finance, considering the whole question of project financing. And that's where the commitment is referred to.

MR. H. ENNS: Mr. Chairman, just to go back a little bit. We appreciate the Chairman informing committee of how our negotiating teams are structured, advisory councils of people drawn from Hydro and the department. Can the Chairman indicate to us some of the principals that he is negotiating with on the other side? I'm making specific references to the Upper Mississippi Group. We get news reports from time to time, a person within that group making statements. I'm referring just briefly to the statements that were made just a short while ago about several groups having some second thoughts about their participation in that group. Who are the principal players in the Upper Mississippi that you are negotiating with? And we would appreciate names being read into the record if possible.

MR. M. ELIESEN: Mr. Chairman, I'll be very brief.

Let me simply review again where we are with the Upper Mississippi Power Group, and the players who are involved. Following two years of discussions and negotiations, we formulated an agreement an February of '86 with the Upper Mississippi Power Group. We had every reason to believe that that agreement would be signed, sealed and delivered in about six months. In fact not only us, but the Upper Mississippi Power Group itself, who issued a press release on February 14, in which it states: The Upper Mississippi Power Group is expected to sign a power purchase agreement by the summer.

And so when we signed the deal, that was the business deal at that time. We made our announcements, they made their announcements on it and we anticipated what would take place would be similar to what took place with the Northern State Power agreement. If you recall, we signed a Memorandum of Understanding on March 8, 1984. A few months later, on June 14, 1984 we signed the actual contract. With Upper Mississippi it was very detailed, which I have in front of me, which was signed on February 12 and was signed, sealed, and delivered by the executive officers of those companies:

Mr. Bushwell, of Interstate Power Company; Mr. MacFarland of Otter Tail Power Company; Mr. Glass of Northern State Power Company; Mr. Taylor of Dairyland Power Cooperative; Mr. Heroux of the Southern Minnesota Municipal Power Agency and Mr. Martin of the United Power Association. And also included are the signatories of myself on behalf of the Manitoba Energy Authority and Mr. Arnason on behalf of the Manitoba Hydro Electric Board.

So we gave this over to our lawyers to finalize and what took place in the interim was an internal dispute among those six utilities on how they would allocate the transmission costs for this arrangement and that is what's caused the delay in the signing. Now, it is our expectation and our hope that this agreement can be finalized in a contract form in the next six months. And I note, for example, a spokesperson for Northern State Power which is the largest utility in the group, was quoted in the recent news stories that have been referred to, as indicating the deal could be signed this summer. Now it's our hope that that in fact will take place.

MR. H. ENNS: I thank the Chairman for that information.

Mr. Chairman, turning to page 13 of the report, you indicate the various training and employment programs instituted by the Authority around the Limestone project.

I'm wondering whether or not the Chairman can now, or perhaps provide us with some of the other more specific information requested, at a later time, a breakdown of the federal involvement with respect to what we refer to as the Limestone training programs; federal manpower trainings; the provincial component that's involved; and I would be specifically interested to determine what specific involvement in this aspect of the Limestone project is being attributed to hydro costs, Manitoba Hydro if any? There must be some, but I would like to see if we could have that kind of a breakdown.

MR. M. ELIESEN: Mr. Chairman, maybe I can ask Mr. Peter Ferris who's the chairperson of the Limestone employment and training agency to respond to those questions.

MR. CHAIRMAN: Mr. Ferris.

MR. P. FERRIS: Thank you Mr. Chairman.

There is a Limestone training agreement signed between the Federal Government and the Provincial Government that covers a number of aspects of

Limestone training, but not all aspects. If I could just briefly set out the categorization of training because I think that would help explain it.

Basically we're doing three kinds of training. One we call institutional because it is taking place in the province's educational institutions at the University of Manitoba, at Red River Community College, at Keewatin Community College. And those are training programs designed to train people for the longer term jobs associated with hydro development.

As it stands at the moment the costs of those programs are being covered 100 percent by the province. Now I should add to that though, that they are included within items that might well be negotiated under the Northern Development agreement. There is a possibility of sharing at some future stage.

The other two aspects of training that we're involved in are (a) simulated training which is taking place both in Thompson and Lynn Lake, where we have been training people for a variety of occupations, and (b) community based training where you're actually training people in communities in association with projects that are of value to the community. Both of those types of training are covered under the Limestone Training Agreement. That training agreement calls for a total expenditure of \$30 million over seven years with the federal share being \$18 million and the provincial share \$12 million.

MR. H. ENNS: Can we be given again some figures with respect to the success or failure of the program, perhaps couched in terms of numbers of people, numbers of people involved and some idea of the flow of money projected for or experienced during this particular year or today, whatever?

MR. M. ELIESEN: Mr. Chairman, I made just a summary reference to it in my opening remarks of 1,500 to 1,600 people completing the training with a 74 percent success ratio, but Mr. Ferris can give some more specific details related to that.

MR. P. FERRIS: The information that I'm giving you is actually based on a follow-up survey that we made of people who had gone through training and I think we managed to contact somewhere between 90 and 95 percent of people who had gone through training. A total of 1,582 individuals have been selected for simulated and community-based training since the inception of the training program which was roughly two years ago. We have a completion rate of 72.9 percent. That is people completing the courses that they went into. I might add that we have had very high expectations of the people who have gone into training. The training has been very rigorous. It has been training that has been viewed directly by both the unions and the contractors involved. I think that kind of success rate is a testament to the commitment that the trainees put into their training.

Of that number of people, we have found that 75 percent of the trainees who completed training received some form of employment subsequent to training. Specifically 187, or 22.6 percent of them have received employment at Limestone, 7.7 percent have received employment with the LTA directly, 3.1 percent with . . .

Security, 2.3 percent with Manitoba Hydro and 5.7 percent categorized under Other, people who have gone on to post-secondary education or further training with some other form. A number of people have received employment within their communities and for northern employers generally. Certainly I think we have obtained a reputation in Northern Manitoba or among northern employers as producing people who are productive, skilled and reliable.

MR. CHAIRMAN: Mr. Baker.

MR. C. BAKER: Following the comments of the Minister with regard to the cost of power in Manitoba, distributed power in Manitoba, as to the exports, there is a perception out there that I think the consumers are not getting the proper information. I know I've had to correct a lot of erroneous ideas that in Manitoba we were being charged higher than what we export power for. What is Hydro itself doing to correct that erroneous support and to make sure that when people make those comparisons out there that they do it on a basis of wholesale versus retail or something along that line? If we are going to keep on building powerhouses to export energy, which I think we should be doing, we have to make sure that the public is tuned in with complete data, not just left to make their own comparisons.

MR. M. ELIESEN: Mr. Chairman, that normally wouldn't come under the Manitoba Energy Authority, but I am aware that Manitoba Hydro on a limited basis does intend through its Hydrogram, that is, appended to the bills that are sent out on monthly basis from time to time does try to describe the different kind of sales that have been made and trying to explain as part of a broader educational way some of the differences and some of the apples and oranges that the Minister has referred to.

Manitoba Hydro itself has not received, as far as I'm aware, complaints regarding this area, but we do try to respond on any misinformation that is out there with regard to the different kinds of sales that are being made and why they cannot be compared, the main one being the difference between firm power and interruptible. In interruptible, all utilities, whether in Canada or the United States, are involved in and it's a spot market that can be turned on and off at any particular time. That's why the rates are so significantly lower and bear no relationship to the firm power that you as a Manitoban know. When you turn on your switch, you're going to get electricity regardless and we attempt to provide that information, at least at Manitoba Hydro, in a limited way and in response to requests.

MR. C. MANNES: Mr. Chairman, through you to Mr. Eliesen. The word "countervail" has taken on a distressing meaning for Western Canada, particularly over the last year and of course it has been mentioned in some reports at least with Hydro exports.

My question to Mr. Eliesen, has the U.S. Department of Commerce or indeed any government institution of the United States or any state within the American Union sent staff individuals to Winnipeg to request from Manitoba Hydro an opportunity to either review

contracts or to review Manitoba Hydro's financial operations?

MR. M. ELIESEN: Mr. Chairman, in a summary way, we are aware of a very small group called the Ad Hoc Coalition which has been started mainly by a number of U.S. midwestern coal companies to try to impede and restrict electricity exchanges between Canadian and U.S. utilities. We take their threats very, very seriously, particularly in the kind of - what I would refer to as - anarchistic trade policy in the United States where some very small groups can be very influential in the determination of trade policy. So we take the threats very, very seriously. In fact, we have engaged counsel in Washington to assist us to counter the misinformation that is being spread by this small group of, as I say, basically midwestern coal companies. We are aware of the fact that they've travelled in a number of provinces, and we are aware of the fact that they've been here in Winnipeg getting information, and we certainly have provided to them the most comprehensive information possible. We have nothing to hide. We believe our trade is fair and the utilities we do business with believe that the trade is fair, and that there are benefits for both sides.

MR. C. MANNES: Mr. Chairman, I'm happy to hear that there are free traders in our midst.

Mr. Chairman, I've asked Mr. Eliesen what type of information was requested by this group when they came to Winnipeg, and was it sought exclusively from Manitoba Hydro?

HON. W. PARASIUK: I just wanted to interject. I think we're fair traders, not necessarily free traders . . .

MR. H. ENNS: Or enhanced traders . . .

HON. W. PARASIUK: . . . enhanced traders, high enhanced traders. It depends, and obviously in the case of electricity, we think that there are comparative advantages to both sides and both sides to make such an agreement. There may be other sectors where there won't be advantages to both sides and that may not be done. Right now it would appear that in the agricultural side, what we have is not free trade, but rather a system of askewed subsidies with the Americans putting tremendous subsidies forward, but that would be going off in a tangent. I just wanted to clarify the government's approach to fair trade now.

MR. M. ELIESEN: Mr. Chairman, the coalition did send to Washington, lawyers, and they came to Manitoba Hydro and they looked at our public documents in the Manitoba Hydro Library. They also called the Manitoba Energy Authority to request the National Energy Board decision on the 500 Northern States Power sale, which we provided to them, and this group did also travel to Ontario Hydro and B.C. Hydro and we believe Quebec as well, which are the main Hydro provinces, excluding Ontario, but Quebec and B.C.

MR. C. MANNES: Mr. Chairman, Mr. Eliesen indicated that this group was spreading misinformation. Can he share with us what misinformation it is that they're

spreading? We don't always have the opportunity to know what it is that they may be saying south of the border. In which area are they building their case that there is unfair trade practices that may be used by Manitoba Hydro?

MR. M. ELIESEN: Well, the main argument, or one of their main arguments that they continually make reference to is pollution, SO₂ emissions, and we keep telling them that we don't need scrubbers on our Hydro generating stations, neither does Quebec and neither does Hydro. But they still continue to make these charges.

Most of the sales currently taking place in electricity between Canada and the United States are hydro-based and yet they believe it's unfair because they believe there are these coal generating stations here in Canada which don't have scrubbers which they have, and therefore it's unfair, that's the unfair trading practice, and therefore they are calling for some kind of action by Congress to change those kinds of practice.

Well, we point out and the Canadian Embassy points out and other knowledgeable people point out that this is pure nonsense. That doesn't stop them from making their claims and what we're trying to fight against, what is euphemistically known as the big lie technique; if you say something often enough, who knows, some people may start to believe it, and that's why we take it serious; and in Washington, in particular, among congressional people, we are attempting to counter some of this misinformation.

HON. W. PARASIUK: Yes, I just wanted to add a couple of points that I had been in Washington, probably about one month ago, and a couple of other points were raised and I think it has a bit to do with the fact that many Americans just don't know that much about Canada.

They assume that our major hydro developments are all financed through very low-cost federal loans, because their experience with their major hydro developments took place primarily in the 1930's. As part of the make-work projects of the government at that time, also tying that to industrial development, the Hoover Dam, I think the Boulder Dam were built with very low-cost federal financing.

That is not the case with respect to our developments and our financing costs, in terms of our interest costs in Canada, are higher than they are in the United States, and the interests costs that Manitoba Hydro has to pay the Provincial Government is the going corporate rate within the country, so Manitoba receives no subsidy with respect to those interest costs. It was a matter of providing that type of information to people who assume that what is happening in Canada probably bears some relationship to their era of large hydro development which took place primarily in the 1930's. That tends to be the type of arguments.

We've heard other arguments put forward that these people have to pay taxes, and we point out that we have to pay a number of taxes as well and we go through our list of taxes and their list of taxes and people realize that basically the playing field is level, but it's a matter of a lack of information more than anything.

MR. C. MANNES: A final question, Mr. Chairman.

As this Upper Mississippi Power Group arrangement or agreement - whatever you want to call it this time - as it progresses to a final contract, wherever it is along that process, Mr. Chairman, has countervail become a factor of discussion at all? Has it been raised by any side? Is it an area of discussion that is involved in the process leading to a final contract in any respect?

MR. M. ELIESEN: Mr. Chairman, obviously this coalition is signed to create an environment which would be negative towards those transactions and exchanges taking place, but the utilities that we are dealing with obviously want to do business. They are not the ones who are shouting unfair trading practices. It's others in other industries primarily, in the coal industry in particular, but it does create obviously not the kind of positive environment that you would like in order to consummate those kinds of arrangements.

That's why, as I mentioned earlier, albeit it's a small group, we take their actions seriously, and we are attempting, in association I may add with the Canadian Embassy and the other utilities in Canada, because it isn't only Manitoba. Any action taken in Congress would be taken against Ontario Hydro, Quebec Hydro, etc. We're all in it together and so we're attempting, in a cooperative way, to correct some of the misinformation that is being provided by this group.

MR. C. MANNES: Mr. Chairman, I don't wish to speculate or cause any undue fear, but by what Mr. Eliesen indicates, it seems like the Authority is taking this whole issue very seriously and in concert with other provincial Hydro Authorities, as doing whatever they can to dispel whatever arguments are being brought forward by a very powerful coal lobby, but going one step further, and as Mr. Eliesen has said somewhat previously, it seems that these special interest groups in the United States have great success. I mean, politics comes into play very quickly and, at times, on the most meagre of cases, can somehow come forward in their political arena with a decision that is favourable to their cause.

My question specifically to Mr. Eliesen is: What contingency factors has Manitoba Energy Authority, indeed the Province of Manitoba, built into place, should three or four years hence when protectionist feelings, in my view, will be running more rampant in the United States than they are today, should a decision be made in the seat of power in the the United States, that could impact negatively upon any arrangements that we have in place - and I'm talking about, therefore, a tax, a major tax on hydro imports - are we building today, a contingency, to deal with that situation?

MR. M. ELIESEN: We've already built a contingency. The contingency is reflected in the kind of contract that we negotiated with Northern States Power, which is the basis upon which we are negotiating and hoping to finalize with the Upper Mississippi Power Group. That is, the price we receive is based as a percentage of the capital and operating costs of a plant in the United States. That is the basis upon which we receive revenue.

If there was any import tax applied, it would be the importing utility who would have to pay that tax.

Obviously if that took place, it would make it less competitive for that arrangement, but we have take or pay contracts and, similarly, here in Canada, if there were an export tax brought in by the Government of Canada, and there's been at times a history, there was a tax on electricity by the Government of Canada, and clearly we would have to assume that responsibility. We don't think it's possible or probable in Canada, and certainly there's been no indication that the Federal Government will be applying an export tax. Clearly, in the United States, it would be the importing utility which would have to assume the incidence or the burden of that tax.

MR. C. MANNES: Mr. Chairman, Mr. Eliesen says, "take or pay," and I can understand that. That has, of course, great contractual effect, if indeed the other party that is going to take or pay is in a financial position that they can swallow a major import tax that would have had to be imposed.

Quite often, when government brings forward a tax against a company it sometimes drives them into bankruptcy if they have to make that type of commitment. My question is: The contract that we have with Northern States Power, what percent of their total operations does it represent? Obviously, if it's very small, then the consequence of an import tax would not be that great.

MR. M. ELIESEN: Mr. Chairman, the observation is correct. First of all, Northern States Power is a AAA rating by Standard and Poor's, and Moody's, one of the very few utilities that has that kind of high financial respect and in fact the other utilities, the investor owned utilities that we are dealing with, the Upper Mississippi Power Group are AA, so we are dealing with a very solid and reliable group of utilities.

But the bottom line is, in terms of market share, we presently have about 5 percent to 6 percent of the map area now in what we forecast into the future, even including the Upper Mississippi Power arrangement, let's say to the year 2000. We will still have about 5 percent or 6 percent of that market, so we are not concentrating all on a north-south flow. As I mentioned earlier, we are also diversifying in the context of trying to seek satisfactory and beneficial arrangements with utilities in Canada, both Ontario Hydro and Saskatchewan.

HON. W. PARASIUK: I just wanted to add one further point in relation to Mr. Mannes' comments about possibilities in the future which I think people take seriously because if you let some momentum build with respect to misinformation, it's difficult turning that around a year or two down the line; and we've been monitoring the situation very closely.

I was down in Washington speaking about a month ago. We intend to make sure that at every opportunity Manitoba puts its case forward so that the facts are out there on the table. I mean, you just can't do it in one forum in the United States. You have to make sure that you put your case clearly and forcefully in different forums in the country, and we are pursuing that.

The interesting thing with respect to the coal lobby is that the coal lobby itself basically is bituminous coal,

and it's concentrated primarily in North Dakota and West Virginia. It's a minority of all the coal producers. In fact, the irony of the situation is that I think over the next 10 years Ontario Hydro is projected to purchase some \$5 billion worth of coal from the United States.

We know there's an examination of whether in fact lower sulphur coal could be purchased from Alberta and B.C. and I think the Ontario Government has indicated that they have take or pay contracts over a period of time that they have to honour, so I really can't see the American Government cutting its nose off to spite itself. It's just in terms of the \$5 billion worth of coal sales that they would foresee.

They seem more hung up on the - they try to relate the acid rain issue, which is topical now in the United States, to export sales. We have basically always argued on the basis of a business deal, look at the numbers, determine whether in fact this makes business sense, and that's the basis on which we have marketed our electricity into the United States.

By coincidence, those states that we're marketing into, especially Minnesota and Wisconsin, have a fairly strong environmental tradition. They are not keen about building more nuclear plants. They are very cautious in how they want to proceed with respect to coal-fired plants and I think we have a fairly good market. It's just a matter of making sure that the very focused and limited opposition, which we think is based on this information, doesn't get out of hand, so we'll watch that very closely and make sure that we've put our side of the case forward.

MR. H. ENNS: Just one more. I haven't heard of it lately, but there have been from time to time concerns expressed by some Congressional people in the south about the advisability of the growing dependence on Canada and, indeed, other offshore sources as far as they're concerned; but I haven't heard that in the last little while, but I'm aware and I think the Minister's aware that a few years ago there were people making noises to that effect.

HON. W. PARASIUK: Occasionally, one or two still do, but again it's a matter of misinformation. I think all the electricity imports by the United States from Canada amount to some 1.8 percent of all the electricity supplied for the country.

Even if all of the sales that are being discussed right now would be consummated by the year 2000, the amount of Canadian imports into the United States would still be in the order of 2 percent. So it's a very small amount and basically, again, that's why it's important to put forward the correct information.

MR. M. ELIESEN: If I could just add, Mr. Chairman, there's a report which just came down within the last couple of weeks by the U.S. Department of Energy which comments very specifically in this area stating very frankly "Power imports can enhance U.S. security by displacing imported oil used in electricity generation." And so the administration and certainly the Department of Energy in terms of their reports and in terms of the report which I believe that we tabled last year with the committee and provided copies from the U.S. general accounting office which undertook a

Thursday, 9 April, 1987

comprehensive survey of Canadian electricity exports confirmed the benefits to both sides and the lack of concern in terms of the dependency factor.

MR. H. ENNS: Mr. Chairman, if we can have the understanding of the Minister - it would be extremely helpful that the specific information requested with respect to costs, along with, by way of serving notice, along with current updating costs, construction costs associated with the Limestone site - we'll be prepared to pass this report at this time.

Just one other thought, the Chairman referred briefly to a press release issued, I believe by somebody from the Upper Mississippi Group. I'm assuming that that press release was made in the south. Would copies of that press release be available?

MR. M. ELIESEN: Sure, I'll give it to you tonight.

MR. H. ENNS: Well, with that undertaking, Mr. Chairman . . .

HON. W. PARASIUK: Yes, if we pass this, that means we wouldn't have to have all the staff here but when we got back on the hydro we would deal with those particular matters.

Before we leave this I just want to clarify one thing with respect to the Estimates because I believe the Leader of the Opposition has a couple questions as well, but I want to just clarify a couple of points, and this was on the demand projections. At one point I believe that you were going to add a bit more information in terms of Ontario's projections and our own projections. We watch that very closely and you might have some further information. Do you have it today or would you have it for Hydro?

MR. M. ELIESEN: I think I can provide it when Hydro is before us in terms of their long term load growth and the fact that they are interested, very much interested, given their alternatives of wanting to consummate an arrangement with Manitoba.

HON. W. PARASIUK: They also had the differences in rates. They had a 2.6 percent projection we have 3.0 projection. We've looked at that fairly carefully . . .

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I wonder - I apologize, I was here a little late so these questions may have been asked but I note in the chairperson's opening statement that he refers to 80-85 percent of the value of all contracts already awarded on Limestone having a 90 percent Manitoba content. I wonder if he can indicate whether the award of a contract to a Manitoba

firm immediately puts it in the category of being Manitoba content or if that Manitoba firm subs out a portion of that, does that come into the mix?

MR. M. ELIESEN: We can provide details when Manitoba Hydro is before the committee, but no, it does not go. For example Bechtel-Kumagai lists with us all their purchases that they're making here in Manitoba, in other provinces and outside Canada. And it's on that basis that the statistics are put together. I also mentioned, it wasn't in my written remarks, but I mentioned that the 90 percent figure included the benefits associated with the Canadian General Electric Turbine and Generator contract in which basically we are getting the kind of Manitoba content as if those generators and turbines were produced here in Manitoba and that gives us that 90 percent. But we can give more details when Hydro is before the committee.

MR. G. FILMON: One particular contract - certainly I don't make any critical comment of it - but one particular contract that was, I believe the spillway gates awarded to Dominion Bridge. I have seen figures that indicate that the material is primarily sourced out of the province and although there's fabricating and other work being done here, but in terms of Manitoba content it is certainly, by no means 100 percent; in fact it may even be less than 50 percent.

Yet it seems in some of the lists I've seen to show up as 100 percent Manitoba content.

MR. M. ELIESEN: No, it is not 100 percent, in fact we are aware of the specific amounts that have been allocated to their Lachine Plant, Dominion Bridge's Lachine Plant in Quebec but we can provide the details when Hydro is here.

MR. CHAIRMAN: Subject then, I guess to the response being provided to questions which have been raised, is it the will of the committee to pass the Manitoba Energy Report—pass.

That's the business before the committee.
Mr. Parasiuk.

HON. W. PARASIUK: The intent would be, I think - I'll confirm with the House Leader - but it would be the intention, I believe, to move on to Manitoba Hydro on Tuesday, at 10:00 a.m.

MR. H. ENNS: I'm simply asking that the information requested Thursday be made available.

MR. CHAIRMAN: Committee rise.

COMMITTEE ROSE AT: 11:32 a.m.