

Bill 44 deserves much closer review

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BILL 44 was presented to the legislature by the government of Manitoba on March 19 as The Public Utilities Ratepayer Protection and Regulatory Reform Act. It was given first reading along with a number of other bills.

Fast-forward to April 15; on that date, the government was attempting to advance Bill 44 to second reading with only limited debate, along with nine or 10 other emergency bills required to allow the government to deal with the coronavirus outbreak.

Appropriately, the emergency bills were fast-tracked through the legislative process, going from first reading to royal assent in a single day. But there is no similar need to accelerate Bill 44. If Bill 44 passes essentially unchanged, a distinct possibility given the government's safe majority, it will strip the Public Utilities Board (PUB) of the power it has enjoyed since 1913.

Cabinet will exercise greater control over Manitoba Hydro, Efficiency Manitoba and Manitoba Public Insurance. The changes are major and should not be rushed, especially at a time when the legislature is sitting at one-third strength as a response to the coronavirus outbreak.

In fairness, there are some changes in Bill 44 that are worthy of support. For example, it envisions a Manitoba Hydro that could, of its own volition or as directed by cabinet, deviate from its monopoly in the sale of electric power. This could facilitate the generation and resale of electric

power by landlords and condominiums for re-charging electric vehicles and for other uses.

It could also accommodate the generation, distribution and sale of electricity in other limited circumstances. These provisions would encourage Manitoba Hydro to begin what most other North American power utilities have been doing for a while now in adapting to disruptive changes that are sweeping the industry.

To illustrate, in some U.S. states, consumers are now producing and storing electricity with direction from their local transmission utilities and state public utilities commissions. These "prosumers" of electricity are, in many cases, distributed and they market among themselves and to the utilities to which they usually remain connected. Their energy costs stay low and they are less prone to local blackouts. Bill 44 could move Manitoba in that direction.

However, in setting a four per cent cap on annual rate increases beyond a four-year transition period, Bill 44 tells Manitobans more than the government realizes about how poorly it understands the financial risk under which Manitoba Hydro currently operates. Under Bill 44, cabinet itself will set rate increases during the transition, presumably at less than four per cent.

With a PUB-mandated deferral account for an already commissioned Bipole III about to run out of funds in a few years, and with the cost of Keeyask coming online next year, the government appears not to understand that the beast has to be fed. Nor does it appear to have fully grasped that the non-competitive generation of new hydro-

electricity can not be profitable in an industry in which there are new ways to generate and market clean energy at lower cost.

Most worrisome is that the central thrust of Bill 44 is to pull authority from the PUB and concentrate it in cabinet. A legislative framework that transfers this responsibility to cabinet, involving the PUB only by default, will not produce the best results for ratepayers, taxpayers and the economy. The board's authority to confidently engage the best minds available to assist in regulating the production, distribution and consumption of electricity will be a casualty of Bill 44.

A strong PUB would listen to consumers of electricity who require more say in electricity development and marketing, not less. The way to ensure sound regulation of electricity is to appoint a strong Manitoba Hydro board and a strong PUB, to listen to these boards when they ask for consultation, and to trust their judgment when they exercise it. Bill 44 goes in the wrong direction.

Has the government forgotten how we got to this situation, with both the PUB and Manitoba Hydro manipulated by the party now in Opposition? Has it also overlooked the reality that governments come and governments go? Has it considered the field day another political party would have sitting where the government now sits, under the legislative framework that Bill 44 will create?

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