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Angela Dickens
Air Policy Analyst
Wisconsin Department of Natural Resources
101 S Webster Street
Madison WI

Delanie Breuer
Executive Assistant to Commissioner Nowak
Public Service Commission of Wisconsin
610 North Whitney Way, 2nd Floor
Madison, Wisconsin

Dear Ms. Dickens & Ms. Breuer:

MANITOBA HYDRO'S COMMENTS ON THE PROPOSED CLEAN POWER PLAN

Manitoba Hydro appreciates the opportunity to provide the Wisconsin Department of Natural Resources and the Public Service Commission of Wisconsin with our perspective on the Environmental Protection Agency's (EPA) proposed Clean Power Plan. Wisconsin utilities such as WPS currently benefit from Manitoba Hydro imports and we are expanding to be able to deliver significantly more of our reliable, cost-effective and non-emitting electricity to Wisconsin in the timeframe required by the Clean Power Plan.

Over the last year, Manitoba Hydro has been working with EPA staff to ensure that states have the opportunity to meet their compliance obligations through the purchase of Canadian hydropower. It is our view that failure to recognize Manitoba hydropower would penalize our existing customers and prevent Wisconsin utilities from using this beneficial resource to meet their EPA targets going forward.

We would like to comment on three compliance issues raised by the draft EPA rule:

1. Compliance Flexibility

Unlike other renewables, only "new" hydropower appears to be eligible for compliance under the draft EPA guidelines; presumably hydropower built after 2012 or 2014. This would restrict the ability of Wisconsin utilities to use Manitoba hydropower for compliance *beyond the limits set by Wisconsin's own Renewable Portfolio Standard.*

Wisconsin's RPS counts hydropower of any age from a facility smaller than 60MW as eligible, as well as hydropower of any size from a facility initially placed in service on or after December 31, 2010. Under the proposed EPA rules, however, even the emission reduction impacts of electricity from Manitoba's new Wuskwatim facility (which came online in 2012) would be unavailable to Wisconsin utilities for compliance.

Given the EPA plan's emphasis on flexibility and its acceptance of existing state RPS programs, Wisconsin utilities should have access to a broader definition of eligible hydropower for compliance.

2. Interstate Verification Issues

Structuring an implementation plan to ensure that renewable electricity from out-of-state is not double counted is feasible.

The Midwest Renewable Energy Tracking System (M-RETS) could continue to measure compliance with RPS systems for state implementation plans; M-RETS already ensures that renewable electricity purchased from out-of-state is not double counted. And if required, M-RETS could also be expanded or modified to track emissions data from other forms of generation.

Manitoba Hydro would also note that a mass-based approach would simplify verification requirements and ensure that all non-emitting resources could contribute fully to compliance with Wisconsin's target.

3. Scope of Trading Programs

To the extent that it is practical, it would be beneficial to have generators serving the MISO market operating under the same – or at least reasonably consistent – rules. As Wisconsin develops its State Implementation Plan, Manitoba Hydro would note that US states and Canadian provinces have already proven they can work together on such approaches under both the Regional Greenhouse Gas Initiative and the Western Climate Initiative.

ABOUT MANITOBA HYDRO

Manitoba Hydro is a Canadian Provincial Crown Corporation with \$2 billion in annual revenue and \$15 billion in assets. We are a fully integrated part of the North American electricity grid with long-term power purchase agreements with utilities in Wisconsin and Minnesota. Our existing generating capacity is 5,685 megawatts (MW) and 98% of our energy production comes from renewable, non-emitting hydropower.

We are currently expanding. The 695 MW Keeyask hydroelectric generating station is under construction and expected to be in service by 2019. The 500 kV Great Northern Transmission Line, providing an additional interconnection to the US is proceeding in partnership with Minnesota Power for 2020. As a result of this project Manitoba Hydro will be able to increase its firm deliveries of hydropower into Wisconsin from 108 MW to over 600 MW. And the 1,485 MW Conawapa hydroelectric generating station could be developed as early as 2029.

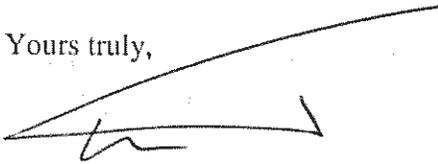
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Along with providing price stability, high reliability and large scale energy storage services, our carbon-free product is part of what makes us attractive to our customers. We currently provide the Upper Midwest with about 9 terawatt hours of virtually emission-free electricity per year. This is enough to power nearly 1 million homes and accounts for over 30 percent of the region's supply of renewable generation. From 2006-2012, imports of hydropower from Manitoba to US utilities helped to reduce GHG emissions in the U.S. Midwest by over 47 million tonnes. With our plans to build Keeyask and Conawapa, we have the potential to significantly increase the availability of renewable generation and make further reductions in GHGs in the required timeframe.

Manitoba Hydro welcomes the opportunity to assist you over the coming months to understand the potential role of renewable hydropower as part of Wisconsin's response to the EPA's Clean Power Plan.

Yours truly,

A handwritten signature in black ink, appearing to read "Bill Hamlin", is written over a horizontal line that extends across the page.

Bill Hamlin
Manager
Energy Policy & Analysis Department
Manitoba Hydro

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