



Growth and Prosperity Stakeholders Group

# Newsletter

August 2017

## *-South Central Natural Gas Project-*

Did you know natural gas is an integral part of the energy network in Manitoba? 52.5% of households rely on it for their space and water heating, cooking, clothes drying, and fireplaces. There is currently 15,700 km of natural gas pipeline serving 261,500 Manitoban customers, it is integrated with renewable power such as hydro electricity to provide affordability in heating applications. The National Energy Board predicts in "Canada's Energy Future 2016: Energy Supply and Demand Projections to 2040" that natural gas use will continue to increase in Canada as fossil fuels provide the vast majority of energy production for heating homes and businesses, transporting goods and people and to power industrial equipment.

Natural gas has long been recognized as the competitive fuel source that contributes to business retention, growth, and attraction. With increasing Manitoba Hydro electricity rates, economic development and even residential growth in Manitoba will drastically be targeted towards areas with access. Manitoba Hydro is asking to increase hydro rates 7.9% immediately and again April 1, 2018. For a residential customer that uses electric heat, the impact is an additional \$327.96 per year. Likely with more increases to come. Without access to natural gas, our area is unfairly subsidizing hydro electrical debt, paying an additional \$1.4 million annually in heating costs compared to an area with access to natural gas (see back for calculations). These impacts have long-term effects on the growth or decline of a community.

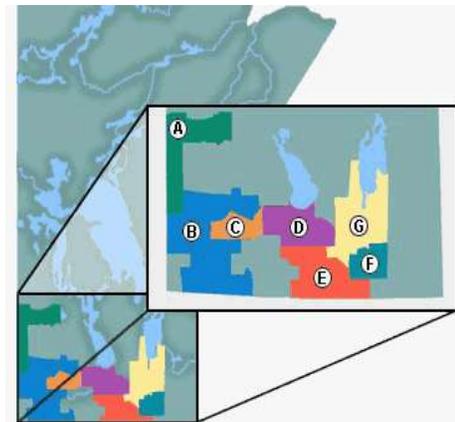
Agricultural producers are also competing at an unfair advantage compared to our neighbours in Saskatchewan; which provides natural gas service to 92% of their population or 347,000 customers through 67,000 km of distribution pipeline. There are significant opportunities in the areas of food processing, agricultural equipment manufacturing,

and hog production that would be more profitable if there was access to natural gas. These types of primary industries will provide jobs and require an increase in the service sectors as well.

### Recent Updates

- A Regional Economic Analysis Profile (REAP) has been conducted for the Project area by the Department of Growth, Enterprise, and Trade. This will provide the baseline data for determining areas of opportunity that could utilize natural gas for maintaining and growing industries in our area.
- The GPSG is awaiting a redesign and costing for the project based on feedback to expand the scope to include natural gas service to residential customers within the 13 communities and large agricultural producers. Information from your municipalities will be provided soon at public hearings.

### Natural Gas Distribution in Manitoba



Lettered areas have access to natural gas.  
Let's complete the missing puzzle piece!

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	Usage Average Monthly kWh	Total Monthly Bill (includes basic charge, excludes taxes)		Total Annual Bill	
		At Current Approved Rates	At Proposed April 1, 2018 Rates	At Current Approved Rates	At Proposed April 1, 2018 Rates
<b>Customer 1</b>					
<b>Without Electric Heat</b>	1,000	\$87.12	\$101.43	\$1,045.44	\$1,217.16
<b>Customer 2</b>					
<b>With Electric Heat</b>	2,000	\$166.42	\$193.75	\$1,997.04	\$2,325.00

Comparing impact of customers that use natural gas instead of electric heat:

### Customer 1: Using a natural gas furnace

- = average annual cost of electrical power (12,000 kWh) + average annual cost of natural gas for furnace heating
- = \$1,217.16/year + \$573.71\*/year
- = \$1,790.87/year

\*August 1, 2017, natural gas rates of \$0.2325/m<sup>3</sup> plus basic residential charge of \$14/month, assuming 1,745 m<sup>3</sup> of natural gas used in high-efficiency furnace for 1,200 ft<sup>2</sup> single detached residence

### Customer 2: Using electric heat

- = average annual cost of electric power and electric heating (24,000 kWh)
- = \$2,325.00/year

### Difference between customers

- = Customer 2 - Customer 1
- = \$2,325.00/year - \$1790.87/year
- = \$534.13/year

### Unfair subsidization from the South Central Region

- = number of households x difference between customers
- = 2,660 households x \$534.13/year
- = \$1,421,785.80/year

For rate increase information for alternative monthly kWh usage visit

[https://www.hydro.mb.ca/regulatory\\_affairs/energy\\_rates/electricity/pdf/summary-of-residential-bill-impacts-200-5000kwh.pdf](https://www.hydro.mb.ca/regulatory_affairs/energy_rates/electricity/pdf/summary-of-residential-bill-impacts-200-5000kwh.pdf)