



26 August 2015

J.M. Lanigan, CPA, CA
Regulatory Services
Island Regulatory & Appeals Commission
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**Comments submitted to the Island Regulatory and Appeals Commission regarding Docket Filing UE20723
Maritime Electric Company, Limited - Approval to Purchase Combustion Turbine**

Please see the attached *UE20723 (CT4) Responses to Interrogatories: Government Third Party*.

Dear Mr. Lannigan,

I write to you today to express some concerns regarding Maritime Electric Company, Limited's (MECL) application to install a new combustion turbine electric generator (docket filing UE20723), and I ask that you share this letter with the commissioners who will be charged with making the decision on this file.

In examining Maritime Electric's filing and the responses to the questions we submitted to the Company, a number of key concerns have arisen that I believe the commissioners must consider in making their decision on this file.

- **The stalled progress in increasing the proportion of electricity generated by renewable sources.** The federal government has recently committed to decarbonizing the Canadian economy by the end of the century. This will require a transition away from fossil fuel based electricity generation methods. Many other jurisdictions are already moving in this direction¹, and while PEI has made some progress by integrating a substantial amount of wind generation, Maritime Electric has no plans increase renewable generation beyond current levels.
- **The lack of long term planning.** Neither MECL nor the provincial government have any long term plans for the future of the electricity system on PEI. Any examination of the global, national, or indeed regional future of electricity systems would see that we are in the midst of a transition toward renewable energy. A long term plan should be developed with extensive public engagement to reflect the wishes of Islanders in how their electricity needs are met in the future. The commission should consider whether the approval of this project should only be given if it falls within a long-term plan, and preferably one that outlines a transition to renewable energy.

- **The depth of analysis of alternatives to CT4.** From MECL's responses to questions from the Third Party and others, it is clear that the Company has only completed cursory examinations of several potential alternatives to CT4. For example, grid-level battery storage was wholly discounted based on a limited examination of one simple scenario for its implementation. No thought was given to the possibility that this type of storage could simultaneously allow greater integration of cheap wind-generated electricity, displacing off-Island fossil fuel-based generation.
- **The least-cost option.** Whether battery storage would in fact be more expensive than CT4 is also debatable. Calculations based on using batteries to provide the actual amount of power generated by on-Island sources, rather than the excess capacity that the CT generators currently provide (only operating about 200 hours per year), may yield much lower costs³, especially given the existing capacity from CT1, CT2, and CT3. More efficient use of generation assets could significantly lower generating needs and therefore overall costs, and since the current CT generators are so badly underused, there is much potential here. A much more thorough examination of other options, and battery storage in particular, is required.

The above are some of the major concerns we have identified with Maritime Electric's CT4 proposal. Other have submitted questions and comments outlining their concerns as well. There is clearly a significant public interest in this project, and the future of the Island's electric system more generally. We ask that the commission consider carefully all these aspects when making their decision on this filing. It is one that will have long lasting consequences for the future of Prince Edward Island, and it requires a correspondingly thorough investigation.

Sincerely,



Peter Bevan-Baker
 Leader of the Third Party
 MLA Kelly's Cross-Cumberland

Notes:

- (1) Examples include Hawaii, Costa Rica, parts of Scotland, and Vermont. Contact the Office of the Third Party for further details.
- (2) Maritime Electric Company, Limited (2015) *UE20723 (CT4) Responses to Interrogatories: Government Third Party* (attached), p. 8.
- (3) For example, 2014 on-Island generation of 8,300MWh / 249h total operation = 33.33MW average capacity required per occurrence. 33.33MW x \$1,625/kW [MECL's estimate] = \$54 million using Tesla Powerpack to replace *all* on-Island generation (based on 2014 levels).