Mark Lanigan

From:	Mark Lanigan
Sent:	Friday, February 19, 2016 8:39 AM
To:	Scott MacKenzie; Doug Clow; John Broderick; Mike Campbell
Cc:	'Tom Matheson'; 'Nicole McKenna'; Allison MacEwen
Subject:	FW: ECO-P.E.I. Submission to IRAC Public Hearing on Electric Power Rates and Other Matters February 25, 2016
Attachments:	ECO-P.E.I. Submission to IRAC Public Hearing on Electric Power Rates and Other Matters, February 25, 2016.pdf

From: Donna Chandler
Sent: Friday, February 19, 2016 8:37 AM
To: Mark Lanigan <JMLanigan@irac.pe.ca>
Subject: FW: ECO-P.E.I. Submission to IRAC Public Hearing on Electric Power Rates and Other Matters February 25, 2016

This email came in through the webmail server for your attention.

From: Tony Reddin [mailto:tonysierraclub@gmail.com]
Sent: Friday, February 19, 2016 12:32 AM
To: Info@irac.pe.ca; Tom Matheson <matheson@carpentersricker.ca>
Cc: Jordan MacPhee <jordanmacphee@live.com>; Gary Schneider <macphailwoods@gmail.com>
Subject: ECO-P.E.I. Submission to IRAC Public Hearing on Electric Power Rates and Other Matters February 25, 2016

Submission to IRAC Public Hearing on Electric Power Rates and Other Matters, February 25, 2016

To whom it may concern,
Comments (also attached) from the Environmental Coalition of PEI regarding the three (3) year 'Agreement' between The Government of PEI (as represented by the Minister of Transportation, Infrastructure and Energy) and Maritime Electric Company Limited (MECL) :

The Environmental Coalition of Prince Edward Island (ECO-P.E.I.) is a community-based action group formed in 1988. ECO-P.E.I.'s goal is to work in partnership with others and the land itself in order to understand and improve the Island environment. Our work centers on education, advocacy and action.
Our ECOPEI Energy Project has no present funding and our work is unpaid, so these comments are limited. (We will be asking the PEI government for changes to the Electric Power Act which would mandate intervenor funding for public interest groups.)

Based on our review of the 'Agreement', we recommend that IRAC reject the 'Agreement' for the following reasons:

1. The PEI Legislature should be the body to study the 'Agreement' and decide if it should be approved. As we interpret the terms of this hearing, that is what will happen if IRAC rejects the 'Agreement' : **"...None of the provisions contained in the Agreement shall be enforceable unless and until all of the provisions of the Agreement are either approved by the Commission or legislatively authorized by amendments to the Electric Power Act, or a combination thereof...."**

Discussions and procedures in the development of the new PEI Energy Strategy from now until June 2016, plus discussion and consideration of the 'Agreement' by the PEI Legislature, would include the more complete information and input from many more sources (including independent experts in energy systems and utility management) which is required so all the alternatives for PEI's energy future can be properly considered. The outcome would then be a more long-term, wide ranging, transparent energy policy, and MECL applications in the future would be based on that policy.

2. This 'Agreement', if approved, would be very likely to have an effect of limiting the new PEI Energy Strategy; for example, we expect that electricity rate structures will be identified as an important incentive for conservation and efficiency programs (eg, 'time of use', 'interruptible' and other rate structure tools), but **"...Consideration of changes to the multi-block residential energy pricing structure, and related changes to Maritime Electric's other rate structures, shall be deferred until termination of the Agreement."**

3. There is no provision for Demand Side Management (DSM) in the 'Agreement'; that could also be a hindrance to getting an effective PEI Energy Strategy, since MECL would have no obligation to implement DSM.

4. There is no plan outlined for reducing the Peak Demand to avoid future difficulties with transmission limitations in New Brunswick.

5. There is no justification for "A return on rate base resulting in a 9.35% return on average common equity...for each year of the Agreement." We quote Roger King's Comments to IRAC on (UE20942) of 12/03/15: "...By definition, the "Cost of Service" regulatory model under which MECL operates allows all costs to be assigned to the customer base and therefore sets the parameters for setting a risk free "reasonable and guaranteed" financial return."
In our opinion, 9.35% is still an extremely high return on common average equity. The return should be a more modest, "reasonable" percentage, comparable to returns for monopoly utilities in other jurisdictions.

6. It is not clear to us how the mandated price increase of 2.3% per year was established. Does that balance with the forecast costs, or would extra costs be likely to require recovery after the 'Agreement' would expire? Do the forecast costs include consideration of a 'carbon tax'? Artificially low pricing should be avoided, because it is a dis-incentive to conservation.

Thank you for your consideration of our concerns,

Tony Reddin and Jordan MacPhee,
ECO-P.E.I. Energy Project Coordinators,
81 Prince St.,
Charlottetown, PEI C1A 4R3
ecopei.project@gmail.com
www.ecopei.ca
Phone: 902.368.7337 or 902. 675.4093

<u>ECO-P.E.I. Submission to IRAC Public Hearing on Electric Power Rates and Other Matters, February 25, 2016</u>

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