

UE20604 – MECL – ECAM Rate Increase – December 17, 2021

Feb 4, 2022

Dear Commissioners

Summary

Based on the best available information that I have, the additional energy charges of \$4,995,650 appear to have a premium of as much as 38 percent over the price of energy at the New Brunswick/Maine border.

The Commission should confirm that the additional energy charges are reasonable.

Introduction

Thank you for the opportunity to comment on the MECL rate increase request to cover the additional energy charges incurred during the unscheduled shutdowns of the LePreau nuclear generating plant during the 2021 calendar year.

Thank you to Maritime Electric for answering my questions.

The purpose of my questioning was to obtain information to allow me to ascertain if the additional energy charges of \$ 4,990,650 were reasonable in comparison with the energy prices at the New Brunswick/Maine border.

Regarding IR-2

The intent of my question was to obtain an estimate of the actual megawatt hours of energy that Maritime Electric had to purchase to replace lost production at LePreau due to the outages that occurred in 2021.

For example if budgeted generation for 365 days is 221,600 MWh. If 73 days of generation are lost, the actual generation for the year would be on the order of $292/365 \times 200,000 = 179,000$ MWh.

Maritime Electric responded as follows:

In 2020 MECL received 218,053 MWh. In 2021 MECL received 204,193 MWh.

This is equivalent to a year over year production loss of only 23 days vs the actual 73 days of lost production.

The 2021 number cannot be a response to my intended question.

I can only assume that Maritime Electric in responding by “received” means the budgeted output for the years 2020 and 2021. In my analysis I will use these numbers in this context.

Regarding IR-3

Thank you to Maritime Electric for providing the source location of information provided.

In its response Maritime Electric provided a note.

My response to the note is as follows.

LePreau energy is baseload, meaning the hourly amount of energy obtained from LePreau is constant. The daily average price is a correct number for my analysis.

Item 1,2 and 3 only apply to the transmission between LePreau and the Maine border. If charges are applied for transmission between the Maine border and PEI this is inappropriate.

Analysis

In the past Maritime Electric has not provided information on the actual LePreau participation agreement with NB Power.

Based on best available information Maritime Electric's annual portion of LePreau output is 221,600 MWh. This equivalent to an average net output of 25.3 MW. Contracted output at Lepreau is approximately 29 MW.

The 2020 and 2021 portions are 218,053 and 204,193 MWh respectively. This is concerning as it shows a deterioration of plant availability. This results in an increasing unit cost of energy from LePreau.

My analysis, as shown in the table below, is based on an exchange rate of 80 cents of the US dollar, energy price at the US/NB border and derating the plant to 50% output.

In my view the eligible additional charges identified by Maritime do not cover the percentage premium in the range of 27% to 38%.

	\$CAD	\$US	outage	derate 50%	total	
Jan/Feb	\$ 2,804,522	\$ 2,243,618	\$ 1,519,733	\$ 26,277	\$ 1,546,010	
April	\$ 680,240	\$ 544,192	\$ 172,764	\$ 16,993	\$ 189,757	
Nov to 24 Dec	\$ 1,510,888	\$ 1,208,710	\$ 579,052	\$ 578,370	\$ 1,157,422	
Total	\$ 4,995,650	\$ 3,996,520	\$ 2,271,549	\$ 621,639	\$ 2,893,188	
221,600 MWh	\$ 4,995,650	\$ 3,996,520	\$ 2,465,194	\$ 674,632	\$ 3,139,826	127%
218,053 MWh	\$ 4,995,650	\$ 3,996,520	\$ 2,425,735	\$ 663,834	\$ 3,089,569	129%
204,193 MWh	\$ 4,995,650	\$ 3,996,520	\$ 2,271,549	\$ 621,639	\$ 2,893,188	138%

