



Winter Newsletter

Issue 1
February 2026



COMMISSION LAUNCHES FIRST NEWSLETTER

Welcome to the very first edition of the Prince Edward Island Regulatory and Appeals Commission newsletter!

The Commission is launching this new communication tool to provide Islanders with updates on the work IRAC is doing throughout the year.

Once a quarter, we'll be bringing you the latest information on regulatory matters in the public interest in PEI, opportunities for public participation, dates for upcoming hearings, and recent Orders that the Commission has issued.

Along with updates about the Commission's ongoing work, each issue, we'll highlight an active regulatory application, explaining what the application is and how you may participate.

Part of the newsletter also includes a segment called, "A Closer Look", where we take a deeper dive into an area of regulation that IRAC is responsible for. We'll explain how regulation works, some of the analysis that we use to arrive at decisions, and how it impacts you.

We'll also answer some frequently asked questions. Have you ever wondered how IRAC sets the price of gas or why the price in PEI is different than Nova Scotia or New Brunswick? Unsure how electricity regulation works? Want to know more about IRAC's role in lands protection? These are some of the topics that may be covered in each issue.

Ultimately, we want to connect with Islanders more. We want you to know what we're working on, how we operate, how certain decisions are made, and how you can participate in applications.

If you have suggestions for topics we should cover in future issues, please email us at info@irac.pe.ca.

We hope you enjoy this first issue of our newsletter!

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THE DOCKET

The Commission has a busy docket of regulatory applications this quarter. Below, you'll find a list of what the Commission is working on. The details and documents for each application are linked below and will take you to the relevant docket page on the Commission's website. If there is an area of regulation not included below, this is because there are no updates to provide from that division. To view all current and past applications and decisions related to a particular subject area, click the links below:

[Electricity](#) [Land](#) [Waste Management](#) [Petroleum](#) [Municipal](#) [Water & Sewer](#) [Auto Insurance](#)



CURRENT ELECTRICITY APPLICATIONS

- [UE20745- Supplemental Capital Budget Request for Cost Changes to CIS/AMI](#)
- [UE21113 – Application to Request to Exchange Certain Lands with the City of Charlottetown](#)
- [UE21506 – Request for Deferral Account for Operating Costs Associated with Rotating Outage Plan](#)
- [UE20606 – Energy Cost Adjustment Mechanism Rate Adjustment Application](#)
- [UE20746 – Maritime Electric 2026 Capital Budget](#)
- [UE22005 – MECL Application and Evidence for changes to the General Rules & Regulations](#)
- [UE20744 – 2024 Capital Budget Variance Report](#)
- [UE20743 – Supplemental Capital Budget Request – Utility Scale Solar Application](#)
- [UE20742 – Supplemental Capital Budget Request for MECL's On-Island Capacity for Security of Supply Project](#)
- [UE21231 – Maritime Electric Weather Normalization Reserve Mechanism Comprehensive Report](#)
- [UE20741 – Maritime Electric 2025 Capital Budget Application](#)
- [UE21505 – MECL Application to Collect Operating and Capital Costs Related to Hurricane Fiona – November 2, 2023](#)
- [UE22503 – MECL – Rate Design – June 30, 2020](#)



CURRENT PETROLEUM APPLICATIONS

- [PD531 - New Retail Gasoline Outlet Application - Quick-Stop](#)

*NOTE: IRAC has started a petroleum margin review, which will examine the pricing methodology used in PEI and margins for suppliers. More information will be posted on the petroleum page when available.



CURRENT WATER & SEWER APPLICATIONS

- [UW25304 - Application for Rate Increase - St. Peter's Bay Sewerage Collection and Treatment Corp.](#)
- [UW30305 - Application for Rate Increase - Abrams Village Sewage Collection and Treatment Corp.](#)
- [UW23312 - Application for Rate Increase- Victoria Water & Sewage Commission](#)



NOTICES & IMPORTANT DATES



NOTICES

Land

IRAC is currently accepting public submissions on the investigation being conducted under the PEI Lands Protection Act. **Deadline to submit information is Friday, February 13, 2026. For more information, visit our website by clicking here.**

Applications Inviting Public Comments

The Commission is inviting public feedback on the following applications. Please note the deadlines to submit your comments.

Electricity:

Energy Cost Adjustment Mechanism Application

Deadline to Submit: February 13, 2026

MECL 2026 Capital Budget

Deadline to Submit: February 24, 2026

Application to Establish Deferral Account for Rotating Outages Plan

Deadline to Submit: February 13, 2026

Application to Collect Operating & Capital Costs Related to Hurricane Fiona

Deadline to Submit: March 17, 2026

Water & Sewer:

Victoria Water & Sewage Commission Rate Increase Application

Deadline to Submit: February 20, 2026



UPCOMING HEARINGS

Electricity Hearings:

March 3, 2026:

UE21505 - MECL Application to Collect Operating & Capital Costs Related to Hurricane Fiona

Appeals under the Real Property Assessment Act:

Tuesday, March 10, 2026:

LT2504 - Jordan Holden and Kathryn Fullerton v. Minister of Finance

*This schedule may change at any time. Please view the Public Hearing Schedule here.

RECENT ORDERS ISSUED BY THE COMMISSION

Planning Appeal Orders

Order LA25-10 - Victoria Village Friends of the Park v. Rural Municipality of Victoria

Order LA25-09 - Blair Sorrey v. Town of Three Rivers

Petroleum Orders

In addition to the regular weekly petroleum pricing orders, the Commission issued Order PC26-001 - Retail Petroleum Outlet License Application by D.P. Murphy. We also issued our first ever plain language Executive Summary for this Order to help explain the Commission's decision.

Electricity Orders

Order UE25-08 - Equity Injection Component - Recovery of Hurricane Fiona Restoration Costs

Order UE25-07 - Request for Confidentiality - Supplemental Capital Budget Request for On-Island Capacity for Security of Supply Project

The Commission also recently issued 9 rental appeal orders. They can be found on the Commission website on the rental appeal page under “Current Decisions”.

MECL'S ENERGY COST ADJUSTMENT MECHANISM APPLICATION

Application at a Quick Glance

Who: Maritime Electric

What: MECL is applying to increase electricity rates temporarily under the Energy Cost Adjustment Mechanism ("ECAM"). The increase for residential customers is approximately 7.4%, depending on customer usage. All increases are available in the table in the Notice of Application, [which can be viewed here](#).

Where: Prince Edward Island- all Maritime Electric customers would be impacted by this application.

Why: Maritime Electric's actual energy costs were \$31.9 million dollars higher than their forecast. This is the result of unforeseen or unexpected circumstances.

When: Maritime Electric is seeking the rate increase to take effect starting March 1, 2026 and be in place until February 28, 2027. These dates are only a request and the Commission will determine when rates will increase.

Each issue, the Commission will highlight an application before it with significant public interest. This issue, we're focusing on an electrical application filed by Maritime Electric- the Energy Cost Adjustment Mechanism ("ECAM") Rate Adjustment Application.

What is the Energy Cost Adjustment Mechanism?

The Energy Cost Adjustment Mechanism ("ECAM") is a rate adjustment that is used to account for the difference between what Maritime Electric expects it will cost to supply energy to the Island and what the actual cost is to supply energy. This rate adjustment is separate from base electricity rates.

Basically, it is the forecast costs of supplying energy to PEI vs. actual costs of supplying energy to PEI:



VS.



Forecast costs of supplying energy to PEI:
What MECL *thinks* it will cost to provide electricity to Islanders based on calculations and projections.

Actual costs of supplying energy to PEI: How much it *actually* costs to provide electricity to Islanders.

As part of its General Rate Applications, Maritime Electric will forecast the costs of providing electricity in PEI. This forecast is what Maritime Electric expects it will cost to provide electricity to the Island. The forecast is part of what sets electricity charges that customers pay for a period of time (usually 2-3 years).

However, sometimes there are changes in the cost to supply electricity, which results in the actual costs of providing electricity to be higher than what Maritime Electric thought they would be.

Instead of Maritime Electric collecting these costs from customers in an unpredictable way, the difference between the forecast cost and the actual cost to supply electricity is tracked and monitored in the ECAM account. This means that Maritime Electric can deal with the costs incurred at a later time instead of collecting them from customers right away.

Periodically, Maritime Electric will apply to IRAC to collect the amount in the ECAM account from customers through a temporary rate change.



Why is Maritime Electric allowed to collect the amount in the ECAM account from customers?

Maritime Electric is regulated by something called **Cost of Service Regulation**. This means that Maritime Electric is allowed to collect the costs related to supplying electricity from its customers. Generally, the price that customers pay for electricity includes these costs.

The amount in the ECAM account relates to the costs of supplying electricity because it is the difference between how much Maritime Electric thought it would cost to supply electricity and how much it actually ended up costing. These costs are considered part of the cost of service, meaning that because they are directly tied to providing electric service, Maritime Electric is allowed to collect this cost from customers.

How does an ECAM application impact customers?

Maritime Electric must file an application with IRAC to get approval to collect the amount in the ECAM account from customers. If IRAC approves the application, customers may see an increase in their electricity bills for a set period of time, which allows Maritime Electric to collect what they actually paid to supply electricity from customers.

What is IRAC's role when Maritime Electric files an ECAM application?

IRAC must review the amounts in the ECAM account to make sure that they are correct, valid and prudent. IRAC does this in a few ways:

1. Reviewing Maritime Electric's audited financial statements. Audited financial statements confirm for IRAC that the amounts in the ECAM account are fair and give an accurate picture of Maritime Electric's financial situation.

2. Asking Maritime Electric to explain why the actual costs are different from the forecast costs. This often involves asking questions called interrogatories and may include technical information about how electricity is supplied. IRAC needs to understand what caused the costs in the ECAM account.

3. IRAC reviews specific items in the ECAM account, usually with the help of an expert, to make sure that the costs are appropriate, legitimate, and are proven to be outside of Maritime Electric's control.



HOW CAN THE PUBLIC PARTICIPATE IN THIS APPLICATION?

IRAC is requesting public feedback on this application at this time. Feedback must be submitted by **end of the day on Friday, February 13, 2026**. Comments may be submitted by email, mail, or in person to the address below:

Attn: Cheryl Bradley, CPA, CA
Director of Finance and Regulatory Affairs
Prince Edward Island Regulatory and Appeals Commission
PO Box 577, Charlottetown, PE C1A 7L1
electricityinquiries@irac.pe.ca



PETROLEUM REGULATION AND GAS PRICES

Curious about how IRAC sets the price of gas each week? Then this issue of A Closer Look is for you!

Each week, the Commission reviews and sets the price of petroleum products. This includes the price for:

- Regular gas
- Premium gas
- Diesel
- Furnace Oil

Bi-weekly, the Commission will also set the price of propane along with the products listed above.

Petroleum Pricing Model

We use a pricing model that tracks the daily prices of all petroleum products both on the New York Mercantile Exchange ("NYMEX") and the Charlottetown Rack Price.

The NYMEX price is the base price used by the oil industry for all petroleum products sold in the Atlantic provinces. The Charlottetown Rack Price, which is set by oil companies, is the price of refined product that is delivered by boat to the Charlottetown Harbour.

IRAC follows a set methodology to set the price of gas. For example, the formula below is used to set the price of regular gasoline.

• Regular Gasoline:

- Start with the Charlottetown rack price in cents per litre ("cpl")
- + wholesale margin 5.0 cpl
- +/- forward averaging adjustment
- + federal excise tax 10.0 cpl
- + provincial gas tax 8.47 cpl
- Federal Fuel Charge 0.0 cpl
- + retail margin (presently 7.0-8.0 cpl self-serve and 7.0-10.5 cpl full-serve)
- + HST 15%

= retail pump price in cpl.



Similar formulas are used for all other products. Each formula can be found [on our website](#).



Pricing Process

The panel in charge of setting prices will meet every Thursday to review three prices:

- The daily price for each petroleum product;
- The average price for each product over the previous week; and
- The year-to-date weighted average price for each product, calculated using the actual volumes sold.

When setting the price, the panel will generally rely on the average price for the week prior but must also consider the year-to-date weighted averages to ensure that wholesale and retail margins are achieved, as well as market conditions at the time of pricing.



A Closer Look

HOW MARGINS WORK

Margins

Part of regulating the price of petroleum products includes setting wholesale and retail margins. By looking at the formula, you can see that margins form part of the overall price that you pay at the pump. So, what are they?

What is a wholesaler and what is a wholesale margin?

A wholesaler is usually a company that provides a petroleum product to a retailer to sell.

The wholesale margin is an amount set by IRAC that is incorporated into the price that the retailer pays for the product. This margin covers the wholesaler's costs of business and allows them a reasonable profit.

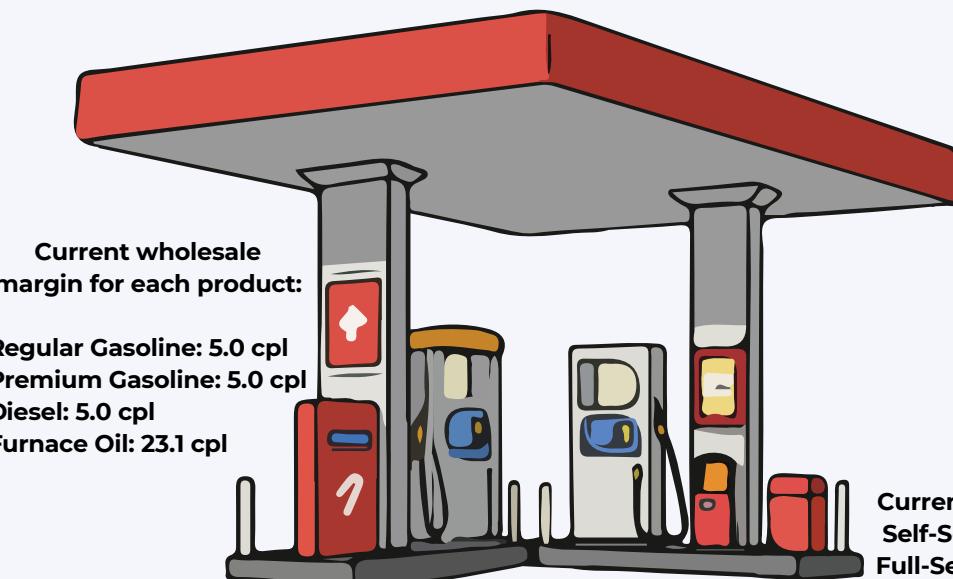
What is a retailer and what is a retail margin?

A retailer is where most Islanders buy their petroleum products; usually a gas station.

The retail margin is an amount set by IRAC that is included in the overall price of the product and allows retailers to cover costs of business and make a reasonable profit.

	REGULAR GASOLINE	
Period Average Rack	95.2	
Wholesale Margin	5 cpl	
Forward Averaging	0.4	
DEALER BASE PRICE	100.6	
Federal Excise Tax	10	
PE Provincial Tax	8.47	
Federal Fuel Charge	0	
WHOLESALE PRICE	119.1	
SELF-SERVE (SS)	MIN	MAX
Retail Margin	7	8
HST (15%)	18.9	19.1
PUMP PRICE (SS)	145	146.2
ULL-SERVE (FS)	MIN	MAX
Retail Margin	7 cpl	10.5 cpl
HST (15%)	18.9	19.4
PUMP PRICE (FS)	145	149

Current Retail Margin in PEI



FREQUENTLY ASKED QUESTIONS ABOUT PETROLEUM

Why is gas often more expensive in PEI than Nova Scotia or New Brunswick?

New Brunswick and Nova Scotia both use the New York Harbour price for product, while PEI uses the Charlottetown rack price. While they are generally within a similar price range, there are differences in these prices, which is part of the reason that they vary between provinces. The Charlottetown Rack Price is the delivery price of petroleum products

Another factor, especially as it relates to gas sold in New Brunswick, is the availability of ethanol blends. Ethanol blended gasoline is generally cheaper than conventional products, however, there is no ethanol blended gasoline sold in PEI. Recently, the Government of New Brunswick changed legislation so that the pricing formula used in New Brunswick uses the ethanol-blend price, rather than the conventional gasoline price. This resulted in a decrease in the price of gasoline products sold in New Brunswick, as the formula is using a cheaper product to set the price each week.



Why does the price of gas increase even if the barrel price has decreased?

While the panel must consider the current market conditions, the basis for price setting is the data, like product price averages, from the week before. This means that while you may see the price of the barrel increasing or decreasing at any particular time, this price movement might be more of a factor for the next week's pricing.

There's also much more than just the barrel price that is considered during pricing- things like year-to-date margins, for example, may be factoring into the pump price.

What are the benefits of petroleum regulation?

Overall, regulation of petroleum products offers price stability for Islanders in a market that is often experiencing many fluctuations throughout the week. Instead of having to deal with prices fluctuating every day, Islanders can generally expect the price adjustment every Friday, with the exception of interruptions.

This also means that prices are consistent across the province; no driving from block to block trying to find the cheapest gas.

Regulation also ensures that the margins for wholesalers and retailers, which ultimately impact the price you pay at the pump, are regularly reviewed, reasonable, and fair.

The panel that sets the price of gas each week uses thorough analysis as it takes into account many different factors to try to achieve the balance of prices that are fair for Islanders and reliability of supply.



Want to learn more about petroleum regulation? Visit the [petroleum section of our website](#) or email us at petroleuminquiries@irac.pe.ca