



IRAC Newsletter

Issue 2
July 2026



Spring & Summer Edition

In This Issue:

Message from Our Chair and
CEO, Pam Williams- Page 2

What is IRAC and what role
does it have in PEI?- Page 3

The Docket- Current
regulatory applications at
IRAC- Page 4

Notices & Important Dates,
Upcoming Hearings, Recent
Orders- Page 5

A Closer Look: Markets, Barrel
Price and Margins: What
Impacts the Price of Gas in
PEI? -Pages 6-8

True or False: Clearing Up
Common Myths about Gas
Regulation in PEI - Pages 9 -10

A WORD FROM OUR CEO & CHAIR



PRINCE EDWARD ISLAND
Regulatory & Appeals Commission
Commission de réglementation et d'appels
ÎLE-DU-PRINCE-ÉDOUARD

PEI summer is upon us and after a long winter, I'm sure we're all relieved to see the return of beach days and Island strawberries. The Commission had a particularly busy winter and spring season, and our summer schedule looks to continue that trend.

The Spring season marked one year that I have been at IRAC as CEO and Board Chair. With a new Chair, a new Commissioner, and some broader staff changes, this year has been one of transition for the Commission. While this transition has required adjustment and adaptation, it has also provided valuable opportunities to review and realign our internal structure to better fit our current mandate. Through this internal review, we have identified the need to expand our capacity in order to improve our service to the public and those we regulate. We are strategically adding appropriate resources to achieve our goals around process improvement. That said, I want to recognize the small, professional team that has been dedicated to the varied work of the Commission, which has grown and evolved over time. Our staff continue to demonstrate professionalism, expertise, and integrity in the work they do every day while supporting these internal transitions and adjustments.

New IRAC Initiatives

The Commission has prioritized the need to improve communications and accountability standards around our day-to-day operations. On the communications front, this newsletter has been one tool to try to "pull back the curtain" on the everyday work of the Commission. While this is only our second issue, our newsletters have included things like recent decisions, ongoing applications, opportunities for public participation, and in-depth information about different aspects of the Commission's work. We will continue to share this information in future issues and I look forward to expanding our communications tools to share more of our work with the public in transparent and accessible ways.

We're also focusing on improved accountability with the development of formal process and service standards. This will help ensure our service to the public is consistent in its delivery and will outline what you can expect when you engage with the Commission. Whether you're an appellant, intervener, or a member of the public with a particular interest in a matter before the Commission, our goal is to ensure that our timelines are clear and that everyone understands our processes.

In addition to carrying out its regular work, the Commission has been very focused on these kinds of initiatives to improve our processes and continue to meet the expectations that Islanders have of its independent regulator.

All of us at IRAC are well aware that we need to do some things differently and we are committed to exploring opportunities to improve that fit within the Commission's role as an independent, fair, and impartial body.

IRAC Review

As we started to implement some of these initiatives, the Government of PEI announced an independent review of the Commission's mandate and operations. The Commission is supporting the review team by providing briefings on our day-to-day operations and mandates. We are encouraged by the level of public interest in this process and are hopeful that the engagement sessions provide meaningful feedback for the Commission as we consider changes and improvements.

With the review ongoing, it is important that people are able to find accurate information about IRAC and its mandate. The IRAC website is a good resource and I encourage everyone to visit it for information on specific files, hearings, decisions, opportunities to provide feedback, and general information about the Commission and its work. The website is updated regularly and is the best place to get accurate information about the Commission and its role. Similar to the review of our internal processes, we are also exploring opportunities to improve how information is presented on our website and the overall user experience.

On Page 3 of this newsletter, we have also included a quick refresh of who we are, our responsibilities, and what we cannot do as an independent regulator. What I want Islanders to understand most about IRAC is that our decisions, although sometimes unpopular, are made based on the current legislation of Prince Edward Island and using the evidence that we have in front of us. IRAC cannot change legislation or make decisions outside of the laws and regulations of this province. We are an independent body and while we do not take direction from the provincial government, we must follow the legislation that it passes, as it is written.

It is my hope that through the changes we are already making and the IRAC review, we will make improvements at IRAC to benefit all of PEI, and Islanders will better understand IRAC's responsibilities and how it functions, what guides its decision-making, and what limits exist as it relates to what IRAC can and cannot do.

Wishing you a great summer,

Pam

What Is IRAC and What Role Does It Have in PEI?

What Is IRAC?

IRAC was created in 1991 to combine the functions of former commissions and appeal bodies in PEI. The Commission is independent from government and has various functions under several pieces of PEI legislation. This includes administering specific pieces of legislation and acting as a regulatory and appeal tribunal. At its core, the Commission is a quasi-judicial administrative tribunal with a relatively broad mandate. Although we are not exactly like a court, some of IRAC's functions are very "court-like"; similar to a court, we follow widely accepted regulatory and administrative law practices and the rule of law. Most importantly, the procedures we follow and the hearings we conduct must be independent, impartial and fair. Similar tribunals exist in every provincial jurisdiction and around the world. Every day, the Commission makes decisions that impact the lives of all Islanders across PEI and we work hard to do that with integrity.



What Is IRAC's Primary Role?

- Hear appeals under various Acts (i.e. Planning Act, Residential Tenancy Act, Real Property Assessment Act, etc.)
- Administer the Lands Protection Act and make recommendations to Executive Council related to land transactions
- Regulate the province's electrical utility
- Regulate petroleum prices and permits to sell petroleum products in PEI
- Regulate water and sewer rates for most utilities in PEI and approve fees related to waste management

What IRAC Doesn't Do



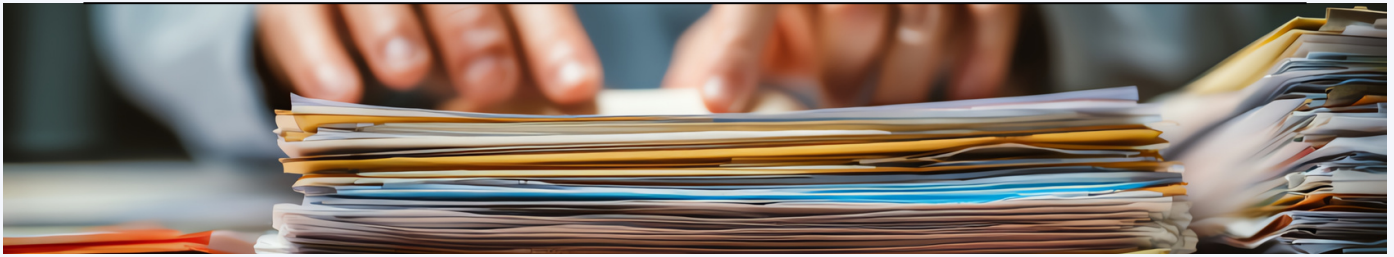
- Write or change legislation; IRAC must follow existing legislation as written
- Take direction from Government outside of the legislation that is passed
- Make decisions on land transactions; IRAC makes recommendations to Executive Council, which makes the final decision
- Act as a public intervener or advocate. IRAC balances the interests of many bodies, including the general public
- Make public policy decisions

A common thread throughout every decision IRAC makes is that it must follow the legislation it has responsibilities under. IRAC does not develop or pass the legislation it must follow; this is a responsibility of the Government of Prince Edward Island and the Legislative Assembly.

Who Works at IRAC?

IRAC employs approximately 12 full-time staff, plus 3 full-time Commissioners and 3 part-time Commissioners. IRAC also engages with external consultants as required to provide support and engages with experts in regulated areas to ensure the best information is before the Commissioners when making decisions.

We welcome feedback! Reach out to info@irac.pe.ca with topics you'd like to learn more about in our newsletter.



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

- [UE20747 - 2025 Capital Budget Variance Report](#)
- [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](#)



CURRENT PETROLEUM APPLICATIONS

IRAC is currently conducting a petroleum margin review, which includes examining the pricing formula used in PEI, margins for wholesalers/retailers, IRAC's interruption policy, and the continued use of the Charlottetown rack price as the benchmark used in PEI. IRAC is currently accepting public comments on this review. For more information, [click here](#).



CURRENT WATER & SEWER APPLICATIONS

- [UW16307 - Application for Water & Sewer Rate Increase- Rural Municipality of Crapaud Water & Sewer Utility](#)
- [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.](#)



NOTICES & IMPORTANT DATES



NOTICES

IRAC and the Rental Office are currently operating on Summer Hours (8:00 AM -4:00PM)

Applications Inviting Public Comments

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

Maritime Electric On-Island Capacity for Security of Supply Project Application

IRAC is accepting public comments and feedback on Maritime Electric's application for the On-Island Capacity for Security of Supply Project. **The deadline to submit comments is 4:00PM on August 10, 2026.** Details on how to submit comments can be found in the public notice [here](#).

Petroleum Product Pricing and Margin Review

IRAC is accepting comments and feedback on the ongoing petroleum products pricing and margin review. Details on how to submit comments can be found in the Public Notice [here](#).

2027 Annual Allowable Rent Increase

The Rental Office is currently requesting feedback on the 2027 Annual Allowable Rent Increase. **The deadline to submit comments is 4:00PM on Friday, August 14, 2026.**

UPCOMING HEARINGS

Electricity:

Public Hearing for On-Island Capacity for Security of Supply Project - August 25, 2026.

[Click here to view notice.](#)

Please check our website for updates as hearings are scheduled. [Click here to view the Public Hearing Schedule](#)

RECENT ORDERS ISSUED BY THE COMMISSION

Planning Appeal Orders

[LA26-06- Willemina and Floyd Squires v. Minister of Housing, Land and Communities](#)
[LA26-07 - Charlie Hicken v. Town of Three Rivers](#)
[LA26-08 - Jerry Woolfrey v. City of Charlottetown](#)
[LA26-09 - Judy Shaw v. Rural Municipality of West River](#)

Water and Sewer Orders

[Order UW26-01 - Victoria Water and Sewer Tariffs](#)

Waste Management Orders

[Order WM25-01- IMWC 2025 Rate Increase](#)

Petroleum Orders

In addition to the regular weekly petroleum pricing orders, the Commission issued:

[PC26-003 - Approving Requests for Intervention - Petroleum Margin Review](#)
[PC26-002- New Retail Gasoline Outlet Application- Quick-Stop](#)

Electricity Orders

[UE26-06 - Land Exchange with Cassdmurph Properties Ltd.](#)
[UE26-05 - Confidentiality Request- ECAM Application](#)
[UE26-04 - Application to Collect Operating and Capital Costs Related to Hurricane Fiona \(Click here for Plain Language Summary\)](#)
[UE26-03 - Updated Confidentiality Request for On-Island Capacity Project](#)
[UE26-02 - MECL Rate Design](#)
[UE26-01- Remaining 2025 Capital Budget](#)

Property Tax Appeal Orders

[LT26-01 - Jorden Holden and Kathryn Fullerton v. Minister of Finance](#)

Rental appeal orders can be found on the Commission website on the rental appeal page under "[Current Decisions](#)".

A Closer Look



Markets, Barrel Price & Margins: What Impacts the Price of Gasoline in PEI?

At IRAC, we get many questions about the price of gasoline in PEI. In our last issue, we explained the formula that we use and some of the factors we consider when we set the price of gas, like margins and overall trends throughout the year. We also talked about the reasons behind the price difference between PEI and other provinces. Check out the first issue of our newsletter for more information.

In this issue, we're taking a closer look at some of the factors that impact what you pay at the pump and why volatility and global events can cause quick price increases and slower price reductions.

Markets

If you read our pricing notices, you may have noticed that we often talk about **market volatility** having an impact on the price of gas. But what exactly does this mean and why does it impact the pump price in PEI?



Market volatility is when prices of stocks or commodities, like oil, quickly increase and/or decrease in a short period of time. This leads to a lot of uncertainty. Oil is a product bought and sold on a global market, so when something happens in another part of the world, it can impact us. Products within Canada are also impacted.

Sometimes volatility impacts one product on the market and sometimes it impacts the entire market. Price volatility is usually because of external factors.



Some Examples:

- supply shortages or disruptions in supply chains
- higher than normal demand
- geopolitical events or conflict
- weather events that could impact supply or increase demand.

Why does this impact the pump price in PEI?

- Volatility can result in uncertainty in the market, which often leads to higher prices. This is because there is increased risk, prices are harder to predict, and suppliers may be facing increased costs to provide product.
- Suppliers use the cost to replace their product to determine their prices.
- Other costs related to gasoline production and transportation will also increase if the price of the product increases.
- The price of gasoline generally follows the trend of increasing quickly and decreasing slowly.

Right now, IRAC updates gas prices twice a week (Tuesdays and Fridays) because the market is so unpredictable. The market price of oil can still change quickly in the time between our pricing updates. Our job is to try to smooth out those fluctuations, which means that prices may change based on an overall trend throughout the week, rather than what happened in the market on any single day.

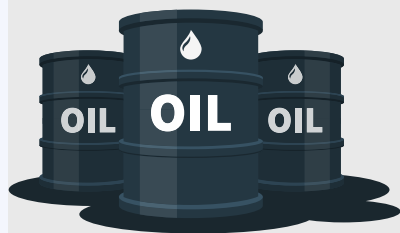
A Closer Look

Markets, Barrel Price & Margins: What Impacts the Price of Gasoline in PEI?

Barrel Price

One of the questions we get the most at IRAC is about the connection between the price of crude oil (per barrel on the stock market) and the price of gas at the pumps in PEI.

If the price of crude oil has dropped on the market, why are gas prices still high and why do prices increase sometimes?



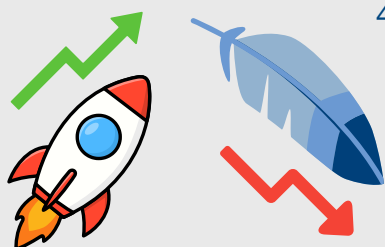
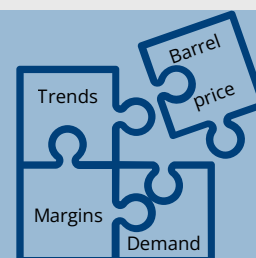
While the price of crude oil on the market is **connected** to the price you pay at the pump, **it isn't the whole picture**. There are different factors that can cause the price of crude oil and gasoline at the pump to behave or move a little differently; meaning that when crude oil drops, it doesn't necessarily lead to a drop in the price of gas at the pump, at least not right away. Below are some factors that could lead to these prices moving in different directions (ie. crude oil dropping in price and pump prices staying the same or even increasing sometimes).

1. The barrel price of crude oil is for **raw, unrefined product**. This is **not** the same product that you put in your car at the gas pumps. Crude oil must be refined and turned into the product we get at the pump. Refining includes extra costs, plus transportation to get the gasoline to the Island, which all contribute to the overall price at the pump.



2. The price of crude oil by the barrel on the stock market is often more like a **prediction** of what might happen with the price: it doesn't necessarily mean that this is what oil is being bought and sold for **right now**. The barrel price is also a **global price**; meaning it does not factor in the logistics, challenges, or costs associated with getting product to Prince Edward Island.

3. While the crude oil barrel price is something that IRAC tracks, this price isn't used in our pricing formula to set the price of gas. IRAC uses the price of refined product in its formula, which is the product that is shipped to PEI and bought at the pump. The price of crude oil can help us understand a bigger picture, but it is not directly used in IRAC's formula.



4. There is a saying that gasoline prices "spike like a rocket and drop like a feather". This means that, usually, gas prices increase quickly but take longer to decrease. Even if crude oil prices drop, the costs that wholesalers and retailers must pay to refine and transport the product we buy at the pump often take longer to decrease. This can be due to replacement costs for product, the supply chain taking longer to reflect decreases, and refinery & transportation costs not dropping at the same rate.

A Closer Look

Markets, Barrel Price & Margins: What Impacts the Price of Gasoline in PEI?

Margins

In our last issue, we talked about the wholesale and retail margins: what they are and how they are considered whenever IRAC is setting the price of gas. As a refresher, under the petroleum legislation in PEI, IRAC must set margins for all petroleum products sold in the province for wholesalers and retailers.



Margins allow wholesalers and retailers to cover their costs of operation and earn a small profit. These margins are part of the gas pricing formula used by IRAC and are included in the total price that you pay at the pump. Check out our first issue for more in-depth explanation of wholesale and retail margins.

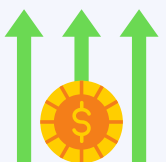


What impact do margins have on the price I pay at the pump?

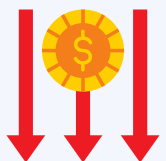
Part of IRAC's job is to approve gas prices that allow wholesalers and retailers to cover their operational costs and make a fair profit. IRAC sets target margins for each fuel product and tracks them throughout the year to see how close (or far) we are meeting that target.



If wholesalers and retailers have been earning more than the target margin for several days, IRAC can take this into account when it's making a price change. It might mean that we are able to lower gas prices a little more to bring the average margin back towards the target.



If there are multiple days where wholesalers and retailers are earning less than the target margin, IRAC may not be able to lower the price as much, or we may even need to increase the price to bring the average margin closer to our target.

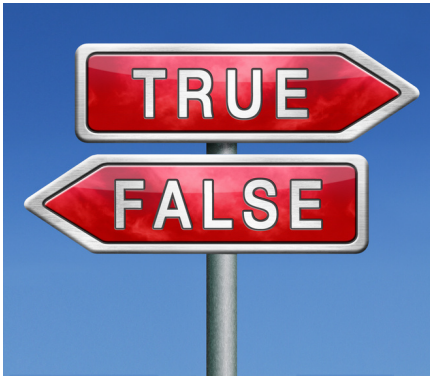


This is why, sometimes, the price of gas doesn't increase or decrease like you might expect it to based on the changes in price on the market.



REGULAR	
Period Average Rack	136.1
Wholesale Margin	5
Forward Averaging Adjustment	0.3
DEALER BASE PRICE	141.4
Federal Excise Tax	0
PE Provincial Tax	8.47
Federal Fuel Charge	0
WHOLESALE PRICE	149.9
SELF-SERVE (SS)	MIN
Retail Margin	7
HST (15%)	23.5
PUMP PRICE (SS)	180.4

Note: The boxes highlighted yellow in the chart above are the current margins on regular grade gasoline.



True Or False?

Clearing Up Common Myths About Gas Regulation in PEI

IRAC uses the crude oil barrel price to set gasoline prices.

FALSE

IRAC uses the Charlottetown rack price when setting the price of gas. While the crude oil barrel price is connected to the price you pay at the pump, **it is only part of a bigger picture**. As explained in this issue's 'A Closer Look' section, pump prices don't always exactly follow the price of crude oil for a variety of reasons. When setting the price, IRAC also has to consider things like margins, general trends, and demand. This is why pump prices don't always move exactly with the market.

Gasoline arrives in PEI by ship at the Charlottetown harbour.

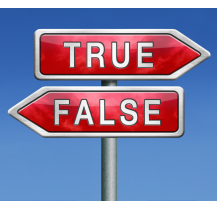
TRUE

Generally, this is how gasoline and other products arrive in PEI. Products are shipped by boat from Saint John, New Brunswick and arrive at the terminal in Charlottetown. From the terminal, product is sent across PEI to wholesalers and retailers. The transportation costs to get products to PEI are different than transportation costs in other provinces.

Changing the benchmark price that IRAC uses to New York Harbour pricing will mean that gas prices in PEI will be the same as in New Brunswick and Nova Scotia.

FALSE

New Brunswick and Nova Scotia sell ethanol-blend gasoline, which is currently cheaper than conventional gasoline. PEI does not have ethanol-blend gasoline. This is one reason for the difference in price between PEI and neighbouring provinces. The costs to deliver products to PEI are also different than delivering to other provinces, so this is another reason for the price differences.



True Or False: Clearing Up Common Misconceptions About Gas Regulation in PEI

IRAC DOES NOT receive any financial benefit from high gasoline prices.

TRUE

IRAC sets the price of gasoline based on lots of different pieces of data and analysis performed by internal staff. IRAC does not benefit from the decisions it makes as it relates to the price of gasoline, regardless of whether it increases, decreases or keeps the price of gasoline the same.

Commissioners and/or staff at IRAC receive gas cards or discounts for gasoline in PEI.

FALSE

All staff at IRAC, including Commissioners, pay the same price at the pumps that Islanders do. Staff and Commissioners **do not** receive gas cards or special discounts for petroleum products sold in PEI for working at IRAC. Pricing decisions are also confidential; only a few staff involved in the actual process know what the price change will be ahead of time.

IRAC must think about the balance of interests (wholesaler/retailer and consumer) when it sets the price of gas and must ensure that prices are fair for all.

TRUE

Regulating gasoline in PEI is about making sure that prices are fair for consumers and for the wholesalers and retailers that sell the product. This is a balancing act between making sure that retailers and wholesalers can cover their operating costs and make a reasonable return, making sure that supply is available in urban and rural areas across PEI, and making sure that consumers are paying a fair price for gas.

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

We hope you enjoyed this issue! Please watch for our Fall issue in October/November.