Energy Corporation

PO Box 2000
16 Fitzroy St, 3rd floor
Charlottetown, PE C1A 7N8

PRINCE EDWARD ISLAND
Regulatory & Appeals Commission
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ÎLE-DU-PRINCE-ÉDOUARD
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Cheryl Bradley, CPA
Director of Finance & Regulatory Affairs
Island Regulatory and Appeals Commission
National Bank Tower, Suite 501
134 Kent Street
PO Box 577
Charlottetown, PE C1A 7L1

**Re: Docket UE11401 – Electricity Efficiency & Conservation Plan Funding and Demand Response**

Dear Ms. Bradley:

Thank you for your letter dated September 25, 2026. The Prince Edward Island Energy Corporation (PEIEC) recognizes the increasing importance of electricity efficiency and demand response as cost-effective tools to manage peak demand, enhance system reliability, and help maintain affordability for Island customers. Given the urgency of this work, PEIEC is collaborating closely with Maritime Electric to identify and advance practical near-term opportunities while undertaking the analysis necessary to inform the next Electricity Efficiency and Conservation Plan.

**Plan Development**

PEIEC anticipates filing its next Electricity Efficiency and Conservation Plan by March 31, 2027. PEIEC is considering, in collaboration with key partners, a five-year planning horizon to replace the current three-year term, recognizing that longer planning cycles can improve program continuity, provide greater certainty for customers and delivery partners, and support more strategic investment in energy efficiency and demand-response initiatives. The proposed approach reflects emerging Canadian best practices, including Nova Scotia's move to five-year demand-side management plans and Ontario's adoption of a longer-term planning framework to enhance market certainty and support workforce and supply-chain development.

PEIEC is finalizing the procurement of external consulting expertise to support the development and filing of the next Plan. This work will be undertaken in close collaboration with Maritime Electric and other key partners whose participation will be

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critical to the successful design and delivery of future electricity-efficiency and demand-response initiatives. The Plan will build on completed demand-response planning undertaken with CLEAResult Canada and the 2021 Dunsky electricity-efficiency potential study, which assessed opportunities through 2030.

While the Dunsky study continues to provide a valuable foundation, PEIEC recognizes that underlying assumptions, market conditions, technologies, costs, customer needs, and the broader policy and regulatory environment may have evolved since 2021. The study will therefore be reviewed and supplemented with updated data, analysis, and stakeholder input to ensure the next Plan reflects current conditions, emerging opportunities, and the respective roles of key delivery and system partners.

The next Plan is being developed in collaboration with utility and sector partners, with a focus on:

- maintaining the most effective electricity-efficiency programming;
- expanding opportunities to reduce peak demand and support system reliability;
- identifying practical demand-response opportunities and the most appropriate implementation pathways;
- clarifying roles, responsibilities, and accountability for program oversight and delivery; and
- establishing a stable and appropriate funding framework.

Internal work is underway to review existing programs, assess results achieved under the current Plan, evaluate near-term demand-response opportunities, and develop recommendations to inform future program design, performance targets, and funding approaches.

Key work remaining includes:

- refining and confirming the proposed program portfolio in collaboration with utility partners and other key stakeholders;
- assessing anticipated costs, benefits, and achievable energy and peak-demand savings;
- establishing budgets, performance metrics, and targets;
- determining appropriate funding and cost-recovery arrangements;
- completing further technical and operational coordination with Maritime Electric; and,
- obtaining the necessary government and regulatory approvals.

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Accordingly, no final decisions have been made regarding the future program portfolio, funding model, budgets, rate impacts, performance targets, or implementation approach.

## Current Programming

Electricity-efficiency programs continue to be delivered under existing authorities and within available funding while the next Plan is being developed. However, fiscal pressures and changes in funding availability have required adjustments to several programs since the previous Plan expired.

Programs that continue to be offered include:

- Home Insulation Rebates Program;
- Winter Warming Program;
- Strategic Energy Solutions Program; and
- Business Energy Rebates Program.

Programs that have been discontinued or reduced include:

- New Home Construction Program;
- Instant Energy Savings Program; and
- Certain equipment rebate offerings, including rebates for air-source heat pumps, ground-source heat pumps, heat recovery ventilators, heat pump water heaters, solar domestic water heaters, thermal storage equipment, furnaces and water heaters. Biomass heating system rebates will continue to be offered

A program-level summary is provided in **Annex A**.

## Funding

PEIEC is reviewing the funding required to support electricity-efficiency and demand-response programming over the term of the next Plan.

Changes in both provincial and federal funding availability have reduced the resources available for electricity-efficiency programming and have affected the scope and pace of program delivery.

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The proposed funding approach will consider available provincial, federal and ratepayer sources, along with affordability, program stability and the expected benefits to the electricity system.

Any proposed funding model, budgets and associated rate impacts will be presented through the next Plan and remain subject to the required approvals.

**Demand Response**

PEIEC recognizes the growing importance of measures that can reduce or shift electricity use during peak periods.

Work completed with CLEAResult Canada has assessed potential demand-response opportunities for future implementation. Options under consideration include:

- commercial and industrial load curtailment;
- controls for water heating, space heating and electric vehicle charging; and
- energy storage technologies.

These options are preliminary. PEIEC is working with Maritime Electric to assess their feasibility, cost, customer impacts and potential contribution to system needs. Programs, budgets and demand-reduction targets will be finalized through development of the next Plan and will remain subject to approval.

**Interim Measures**

As an interim measure, PEIEC, CLEAResult Canada, and Maritime Electric are developing the design and implementation parameters of a commercial and industrial load-curtailment pilot program for the upcoming heating season.

Subject to final implementation arrangements and customer participation levels, the pilot could leverage previously approved and collected funding to achieve up to 5 MW of dispatchable peak-demand reduction. This would provide valuable operational experience, improve understanding of customer participation and performance, and help inform the development of longer-term demand-response initiatives under the next Electricity Efficiency and Conservation Plan.

In parallel, PEIEC will continue working with Maritime Electric to identify and assess additional demand-response opportunities that may be advanced before approval of the

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next Plan. This work may include customer education and engagement, assessment of flexible commercial and industrial loads, targeted pilot initiatives, and the technical and operational analysis required to support future implementation.

Any interim initiative would be expected to demonstrate a clear system benefit, have an appropriate funding source, and include well-defined implementation roles and responsibilities.

Given implementation timelines, customer readiness, and the potential for meaningful near-term impacts, commercial and industrial load curtailment is currently considered the most practical interim demand-response measure available. PEIEC believes the proposed pilot represents a prudent and reasonable next step and would welcome the Commission's support for advancing this initiative while the next Electricity Efficiency and Conservation Plan is being developed and reviewed.

**Previous Demand-response Initiatives**

Development of the next Electricity Efficiency and Conservation Plan will include an independent review of the demand-response initiatives identified under the previous Plan, complementing PEIEC's internal assessment of program performance and implementation experience.

Together, these reviews will evaluate planning and development work completed to date, expenditures incurred, factors affecting implementation timelines, and key lessons learned. The review will also consider changes in market conditions, customer readiness, technologies, and system needs since the previous Plan was approved.

While planning, analysis, and preliminary program development were undertaken during the term of the previous Plan, the time required to establish program design, delivery arrangements, and implementation frameworks limited the ability to deploy demand-response programs within that planning period.

Findings from the review, informed by analysis undertaken by CLEAResult Canada and other supporting work, will help identify which initiatives remain viable, which may require modification, and which should be prioritized for future implementation.

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## Funds Collected after Plan Expiry

PEIEC has reconciled with Maritime Electric the amounts collected and transferred since the expiry of the previous Plan, including amounts spent, committed and remaining.

PEIEC is providing the Commission with the completed reconciliation in **Annex B** and proposes that any remaining unspent amounts be applied to the curtailment peaking pilot. This proposal is presented for the Commission's consideration, and no assumption has been made regarding its acceptance or the future use of these funds.

## Conclusion

PEIEC is focused on maintaining current program delivery, completing the next Plan and identifying practical opportunities to reduce peak demand. The next Plan will set out the proposed programs, funding, budgets and performance targets for consideration through the required approval process.

PEIEC appreciates the Commission's interest in the future direction of electricity efficiency and demand response programming in Prince Edward Island. PEIEC looks forward to continuing to work collaboratively with the Commission and Maritime Electric as it advances development of the next Electricity Efficiency and Conservation Plan and identifies practical opportunities to deliver near-term benefits for customers and the electricity system.

Sincerely,

Doriann Macmillan
Deputy Minister, Department of Energy
CEO, PEI Energy Corporation