

APPENDIX D

Financial Impact

The Advanced Metering for Sustainable Electrification Project will provide Maritime Electric new capabilities to better serve its customers, and manage the increased loads primarily associated with the growth of electrification for space heating and transportation. The Project is also integral to supporting PEI's carbon emission reduction goals and increasing the amount of renewable energy in the province's electricity supply mix.

During development of the Advanced Metering for Sustainable Electrification Project, Maritime Electric sought government funding opportunities to help minimize the cost to its customers. In November 2021, Maritime Electric submitted an application for funding to Natural Resources Canada's ("NRCan") Smart Renewables and Electrification Pathway ("SREP") program under its Grid Modernization stream. Maritime Electric's application requested \$21.5 million, or 50 per cent funding, based on a total estimated project cost of \$43 million.¹ In March 2022, Maritime Electric was notified that the Advanced Metering for Sustainable Electrification Project received conditional approval for a contribution of \$19 million towards the Project. The SREP funding is contingent on the signature of a contribution agreement and regulatory approval of the project by the Commission.

The SREP funds approved for the Project must be used by March 31, 2025 and any Project costs after that date are not eligible for reimbursement. While the timeline to fully access the SREP funding is compressed relative to the overall Project schedule, Maritime Electric is confident that it can manage purchasing and workload in a way that will not lapse any approved funds.

The overall capital budget for the Advanced Metering for Sustainable Electrification Project, including funding from the SREP program, is shown in Table 8, and Interest During Construction for the Project is shown in Table 9.²

¹ This was the estimated project cost at the time of the application. In the time since the application was submitted, the overall project budget has increased.

² The underlying calculations, inputs and assumptions for Table 9 is provided confidentially in electronic format.

Table 8 Advanced Metering for Sustainable Electrification Project Capital Budget					
	2023	2024	2025	2026	Total
Customer Information System	\$ 3,190,000	\$ 6,450,000	\$ 6,355,000	\$ 5,540,000	\$21,535,000
Advanced Metering Infrastructure	-	12,585,000	11,825,000	1,640,000	26,050,000
Funding Contribution	(1,595,000)	(9,515,000)	(7,890,000)	-	(19,000,000)
Total Costs	\$ 1,595,000	\$ 9,520,000	\$10,290,000	\$ 7,180,000	\$28,585,000

Table 9 Advanced Metering for Sustainable Electrification Project Interest During Construction					
	2023	2024	2025	2026	Total
Interest During Construction	\$ 55,000	\$ 368,000	\$ 782,000	\$ 719,000	\$ 1,924,000

The corresponding estimated impacts on rate base, revenue requirement and customer rates are provided in Tables 5, 6 and 7 in Section 5 of the Application.³

³ The underlying calculations, inputs and assumptions for Tables 5, 6 and 7 in Section 5 of the Application are provided confidentially in electronic format.