

March 20, 2026

Island Regulatory and Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1



Dear Commissioners:

***On-Island Capacity for Security of Supply Project
Docket UE20742***

This letter is to provide the Island Regulatory and Appeals Commission (the “Commission”) with an update on the Accelerated On-Island Capacity Development Solution (“ProEnergy Opportunity”) filed with the Commission as a supplemental filing on August 14, 2025.¹ Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) also respectfully requests a defined regulatory timeline that concludes with a timely Order on the ProEnergy Opportunity.

On Friday, March 13, 2026, the Company had a meeting with ProEnergy and was informed that ProEnergy has recently secured reservations for 40 combustion turbine units. As a result, the slot reservation for combustion turbines with a commercial operation date in the fall of 2028 contemplated in Maritime Electric’s supplemental filing is no longer available. The next available slot reservation has a commercial operation date in the fall of 2029 (i.e., a one year delay).² During the meeting, ProEnergy also indicated that, due to current market equipment supply and fabrication cost escalations, the pricing quoted in the August 14, 2025, supplemental filing has increased by approximately ten per cent.³ Although the timeline and budgetary price has changed, the ProEnergy Opportunity remains the least cost, reliable solution to meet the existing capacity deficit.

A timely decision is critical for two primary reasons: (1) the existing capacity deficiency continues to place customers at risk; and (2) market conditions for procuring dispatchable generation are such that any delays result in protracted in-service dates and further cost increases.

Furthermore, given the interrogatory responses from the Prince Edward Island Energy Corporation (“PEIEC”), dated March 13, 2026, it is evident that the Government of PEI will not participate in this capacity solution. As government opted not to purchase the required generating equipment, the responsibility under the Electric Power Act now fully rests with Maritime Electric to address the capacity deficit through the regulatory process.⁴ In addition, the PEIEC has acknowledged that “The consensus of the [PEIEC] experts is that additional capacity is required.”⁵

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¹ Refer to Exhibit M-12.

² Exposing customers to three winter seasons of increasing risk of rotating outages.

³ Maritime Electric has requested an updated proposal from ProEnergy with current pricing and timelines, which will be filed with the Commission once received.

⁴ Refer to responses of the PEIEC to IRs 3(a), 3(c), and 4 from Commission Staff.

⁵ Refer to Exhibit EC-5.

Maritime Electric would also like to inform the Commission that it has engaged E3 Energy and Environmental Economics ("E3") to carry out a detailed study on the most appropriate sizing of the Bulk Energy Storage System (BESS or battery) which was included as part of the original capacity application. In the Company's original application of December 18, 2024, Maritime Electric identified a 10-megawatt four-hour battery as a part of the 150 MW capacity required. The Company had acted on the advice of its consultant, Sargent and Lundy, that a new BESS demonstration project could be pursued to better assess the BESS function/use cases that offer the maximum benefit for the Island.

Maritime Electric remains committed to the deployment of a properly sized battery as contemplated in the original application. With the approval of the ProEnergy Opportunity, there will remain at least 50 MW to be developed and installed to address the capacity deficit. As well, it is important to note that there will be further capacity addition requirements in the next five to seven years to replace the 40 MW Borden-Carleton generating station. The E3 study will provide guidance on the appropriate size battery for the Maritime Electric electrical system as part of the remaining 50 MW.

We welcome the opportunity to discuss the development of a regulatory timeline on the ProEnergy Opportunity. A clear timeline will provide procedural efficiency, ensure fairness to all parties and advance the timely determination of issues in the public interest.

Yours truly,

MARITIME ELECTRIC



Jason Roberts
President and Chief Executive Officer

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