

All our energy.
All the time.



September 18, 2026

Ms. Cheryl Bradley
Island Regulatory & Appeals Commission
PO Box 577
Charlottetown PE C1A 7L1



Dear Ms. Bradley:

**UE20606 – ECAM Rate Adjustment Application
Response to Additional Interrogatories from Commission Staff**

Please find attached the Company's responses to additional interrogatories from Commission Staff with respect to the Company's Application for an Order to Approve an ECAM Rate Adjustment filed with the Commission on December 11, 2025.

An electronic copy will follow.

If you have any questions or concerns, do not hesitate to contact the undersigned at 902-629-3641.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink that reads "Gloria Crockett".

Gloria Crockett, CPA, CA
Director, Regulatory & Financial Planning

GCC33
Enclosure



INTERROGATORIES

**Responses to Additional Interrogatories
of
Commission Staff**

**ECAM Rate Adjustment Application
(UE20606)**

Submitted September 18, 2026



Affidavit

CANADA

PROVINCE OF PRINCE EDWARD ISLAND

**BEFORE THE ISLAND REGULATORY
AND APPEALS COMMISSION**

IN THE MATTER of Section 3(a), 10, 13(1) and 20 of the *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and **IN THE MATTER** of the Application of Maritime Electric Company, Limited for an order approving an Energy Cost Adjustment Mechanism rate adjustment to customers' bills for the period March 1, 2026 to February 28, 2027 and for certain approvals incidental to such an order.

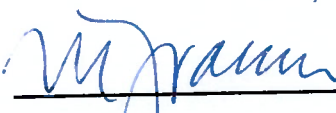
AFFIDAVIT

I, T. Michelle Francis of Emyvale, in Queens County, Province of Prince Edward Island,
MAKE OATH AND SAY AS FOLLOWS:

1. I am the Vice President, Finance and Chief Financial Officer for Maritime Electric Company, Limited and as such have personal knowledge of the matters deposed to herein, except where noted, in which case I rely upon the information of others and in which case I verily believe such information to be true.
2. I prepared or supervised the preparation of the attached Interrogatory responses and to the best of my knowledge and belief the responses are true in substance and in fact.

SWORN TO at Charlottetown,
Prince Edward Island, the 18th
day of September, 2026.


A Commission for taking affidavits in the
Supreme Court of Prince Edward Island


T. Michelle Francis



Interrogatories

Maritime Electric

The Island Regulatory and Appeals Commission (the “Commission”), in assessing the reasonableness of the Application requesting Approval for an Energy Cost Adjustment Mechanism Rate Adjustment (the “Application”), submitted by Maritime Electric Company, Limited (“Maritime Electric” or “MECL”), requests responses to the following interrogatories:

IR-31 Provide copies of all power purchase agreements, and any other agreements between Maritime Electric and each of the wind generating facilities included in the forecasts used for the 2023 General Rate Application. Include copies of any new or amended agreements executed since that time. These agreements may be submitted on a confidential basis.

Response:

At the time of the 2023 General Rate Application (“GRA”), Maritime Electric was purchasing energy from seven utility-scale wind generating facilities on Prince Edward Island (“PEI”) through Power Purchase Agreements (“PPAs”).

Since that time, the Eastern Kings Phase 2 wind facility has commenced commercial operation and is supplying energy to Maritime Electric. Maritime Electric has provided a draft PPA for the facility; however, the PEI Energy Corporation (“PEIEC”) has not executed the agreement to date. As of the date of this response, four wind facilities are operating under current PPAs, three facilities are operating under PPAs that have expired, and one facility is operating without a PPA. Table 1 provides a summary of the utility-scale wind facilities currently supplying energy to Maritime Electric and the status of the associated PPAs.

TABLE 1					
Current Wind Energy Sources					
Name	Location	In-Service Year	PPA Expiry Date	Nameplate Capacity (MW)	IR-31 Attachment #
North Cape Phase 1	North Cape	2001	31/Dec/2024 ¹	5.4	1, 2
North Cape Phase 2	North Cape	2003	31/Dec/2024	5.4	3
Aeolus	Norway	2004	31/Dec/2024 ²	3.0	4, 5
Engie Norway	Norway	2007	1/Jun/2027	9.0	6
Eastern Kings Phase 1	Elmira	2007	1/Jan/2027	30.0	6
WEICan	Norway	2012	1/Jan/2037	10.0	7
Hermanville ³	Hermanville	2014	1/Dec/2033	27.0	8
Eastern Kings Phase 2	Elmira	2025	TBD ⁴	29.4	-
TOTAL (rounded)				119	-

¹ The original North Cape Phase 1 PPA expired in 2022, an amendment extended the expiry date to December 31, 2024.

² The original Aeolus PPA expired in 2023, an amendment extended the expiry date to the end of 2024.

³ Hermanville was originally developed as a 30-MW wind facility; following operational issues and the removal of one turbine in 2024, its capacity was reduced to approximately 27 MW.

⁴ Expiry date has not been finalized as the PPA has not been executed to date.

Maritime Electric

Copies of the most recent PPAs, together with any amendments executed since the 2023 GRA, have been provided to the Commission on a confidential basis in IR-31 Confidential Attachments 1 through 8.

As shown in Table 1, despite Maritime Electric's efforts to finalize updated PPAs with PEIEC, certain facilities are currently supplying energy to Maritime Electric without current executed PPAs.⁵ Specifically, the PPAs associated with North Cape Phase 1, North Cape Phase 2 and Aeolus have expired and have not been renewed, while Eastern Kings Phase 2 is supplying energy without an executed PPA. Maritime Electric has provided updated PPAs to the PEIEC for these facilities; however, those agreements have not been executed to date.

Maritime Electric provided a detailed discussion of its wind energy supply arrangements, the status of PPAs, and related contractual matters in its May 14, 2026 letter to the Commission on Wind Energy, attached as IR-31 – Attachment 1. That correspondence provides additional background regarding the evolution of the Company's wind supply portfolio, the status of existing and expired PPAs, and Maritime Electric's efforts to establish updated contractual arrangements with the PEIEC.

⁵ In accordance with Section 3(c) of the *Electric Power Act*, Maritime Electric is legislated to “purchase electric energy generated from facilities and equipment owned or leased by the [PEIEC]”.

Maritime Electric

IR-32 For each of the facilities identified in response to IR-1, explain whether Maritime Electric has any contractual or other recourse, including insurance, against the PEI Energy Corporation or another party where:

- a. actual generation is materially lower than forecast;
- b. a generating facility is unavailable for an extended period; or
- c. a planned generating facility does not come into service when forecast.
- d. If Maritime Electric has recourse, describe the recourse available and identify whether it has been pursued in relation to any of the wind generation variances experienced from 2023 to 2025. If there is no recourse, confirm.

Response:

Since the wind and solar generation facilities are owned by the PEIEC, Maritime Electric is not in a position to insure the assets or contract business interruption insurance should the assets fail to generate as expected. It is the Company's understanding that the PEIEC did not file an insurance claim associated with the outages at the Hermanville wind farm.⁶

- a. & b. The contractual recourse available to Maritime Electric varies by the facility and depends on the terms of the applicable PPA. Currently, only the Hermanville PPA contains provisions intended to address situations where a facility is unavailable or generates materially less energy than expected, including provisions related to replacement energy costs. None of the PPAs previous to the Hermanville contract contained comparable provisions.

As discussed in the responses to the Commission Staff IR-8 (b), the provisions in the PPA with the PEIEC for the Hermanville Wind Farm address the recovery of certain replacement energy costs. Specifically, if Maritime Electric must purchase replacement energy that is more expensive than wind energy, it may recover the incremental replacement energy costs from the PEIEC. Conversely, if replacement energy is less expensive than wind energy, the cost difference is credited to PEIEC. These credits have no immediate monetary value but can be carried forward and used in future years if more expensive replacement energy is required. Hence, the replacement energy savings from Hermanville in 2023 could be used to offset the increased costs in 2024 and 2025.

Further, based on the wording of the PPA and the Energy Purchase Agreement ("EPA") with New Brunswick Energy Marketing ("NBEM"), the impact of ratchet pricing is difficult to categorize as a "replacement energy cost", limiting Maritime Electric's ability to recover ratchet-related costs under this provision.

Additionally, the PPA includes a force majeure clause covering "weather conditions that are extreme for the local area," which relieves both parties from liability for performance under the agreement in cases where performance is affected by exceptional weather.

⁶ <https://www.cbc.ca/news/canada/prince-edward-island/pei-wind-turbine-hermanville-repair-1.7485315>

Maritime Electric

Since at least some of the production issues at Hermanville were attributed to extreme high winds, this clause would protect the PEIEC from the costs incurred since 2023.⁷

- c. Historically, PPAs for PEIEC renewable generation facilities have not been finalized until a project is nearing completion or commissioning.⁸ As such, there is no legal recourse for the Company to recover additional energy costs incurred in 2024 and 2025 from the PEIEC or the Province for the delays in the solar farm and the Eastern Kings Phase 2 wind farm, nor the proposed wind farm in western PEI that has not materialized.

The Eastern Kings Phase 2 wind farm completed commissioning and entered commercial operation earlier this year and the associated PPA has been provided to the PEIEC. The Company is including as much protection for customers for generation forecast variances as possible.

Maritime Electric raised the issue of replacement-energy costs associated with these delayed projects with PEIEC and sought to have those costs addressed outside of the Energy Cost Adjustment Mechanism ("ECAM") account. PEIEC did not agree.

- d. The Company does not have any legal recourse or insurance recoverability with respect to the wind generation variances experienced from 2023 to 2025.

⁷ <https://www.princeedwardisland.ca/en/news/hermanville-wind-farm-repair-update>

⁸ Maritime Electric is legally required to purchase renewable energy from PEIEC-owned or leased facilities at prices prescribed under the Renewable Energy Act Regulations. As a result, PEIEC does not have the same incentive as a private developer to finalize a PPA before construction, since private developers generally need an executed PPA to secure financing.

Maritime Electric

IR-33 For the wind generation forecasts used by Maritime Electric and/or NB Energy Marketing to plan energy purchases:

- a. Identify who prepares the forecasts and describe Maritime Electric's role, if any, in reviewing or approving them.
- b. Explain how expected outages, reduced availability or other expected reductions in wind generation are incorporated into the forecasts.
- c. Explain whether Maritime Electric receives notice when actual or forecast wind generation is expected to be materially below the amount relied upon by NB Energy Marketing, and identify what steps Maritime Electric or NB Energy Marketing can take to mitigate the resulting energy purchase or EPA ratchet costs.

Response:

- a. PEIEC provides annual five-year generation forecasts for each of its wind facilities.⁹ A similar forecast is provided for PEIEC's solar generation facility. Maritime Electric combines these forecasts with forecasts for Point Lepreau generation (provided by NB Power), combustion turbine generation (prepared by Maritime Electric), net-metering generation (prepared by Maritime Electric) and customer load (prepared by Maritime Electric) to determine the total forecast of available energy.

The owner of a generating resource, or the party designated to provide generation forecasts under the applicable PPA, is responsible for preparing and providing generation forecasts for that resource. Maritime Electric's role is to review the forecasts for reasonableness, compile the various supply forecasts and determine the resulting energy requirements that will be purchased from NBEM through the EPA.

- b. PEIEC incorporates expected outages, reduced availability and other anticipated reductions in wind generation into the forecasts it provides to Maritime Electric. Known outages and maintenance activities are reflected in the annual forecasts. Where unexpected events are expected to materially affect generation, updated forecasts are provided as additional information becomes available.
- c. Maritime Electric receives regular updates on wind facility availability from PEIEC, including daily and weekly updates. Where a facility is expected to experience a material reduction in output for an extended period, PEIEC communicates that information to Maritime Electric as soon as practicable.

The current EPA with NBEM contains ratchet provisions that permit a limited amount of variation in annual energy requirements. Accordingly, minor reductions in renewable generation over short periods generally do not affect the cost of energy supplied under the EPA and the resulting energy is supplied at the contracted EPA price.

⁹ PEIEC also provides annual five-year generation forecasts for two additional wind facilities for which it is not the owner but is a party to the applicable PPA.

Maritime Electric

More significant reductions in renewable generation over longer periods can have a greater impact. Depending on the circumstances, Maritime Electric may:

- acquire additional energy from NBEM at prevailing market prices;
- utilize the ratchet provisions contained within the EPA; or
- if possible, renegotiate the EPA to reflect the revised energy requirements.

Each option has different cost implications and may affect the price of energy supplied under the EPA for the remainder of the contract term.

Between 2023 and 2025, increasing market energy prices, combined with the relatively low contract pricing secured under the current EPA, significantly limited the attractiveness of alternatives that involved renegotiating the EPA. As a result, replacement energy purchases and the EPA ratchet provisions represented the least-cost options available to the Company under the prevailing market conditions.

There were periods between 2023 and 2025 when increased energy requirements exceeded the flexibility provided by the EPA ratchet provisions. During these periods, Maritime Electric was required to acquire additional energy beyond the limits contemplated by the ratchet provisions at prevailing market prices. When such situations arise, Maritime Electric evaluates the available alternatives and selects the option that it believes will minimize overall costs to customers while maintaining a reliable supply of energy.

Maritime Electric

IR-34 For Hermanville and each of the other wind facilities included in the 2023–2025 GRA forecast:

- a. identify any material periods when the facility was fully or partially unavailable, including the dates, duration and reason for the unavailability;
- b. provide the generation or availability forecast in the GRA compared to actual results; and
- c. for any facility that did not come into service as forecast, provide the forecast and actual in-service dates, or the current expected in-service date if it has not yet entered service.

Response:

- a. During the 2023 to 2025 period, several wind facilities experienced periods of reduced availability resulting from equipment failures, maintenance activities and age-related reliability concerns. In many cases, these events did not result in a complete outage of the facility. Rather, individual turbines were removed from service, returned to operation, or operated at reduced output as repairs progressed. Consequently, facilities often continued to generate energy throughout the period, although at levels below forecast. The most significant periods of reduced availability are summarized below.

Hermanville Wind Facility

The Hermanville wind facility experienced the most significant reduction in availability during the 2023 to 2025 period. According to updates provided by PEIEC personnel, the facility experienced a combination of blade failures, main bearing failures, hydraulic issues, pitch system issues and other mechanical defects affecting multiple turbines.

At various times between 2022 and 2023,¹⁰ turbines T1, T3, T6, T7 and T9 were removed from service entirely, while turbines T2, T4, T5 and T10 operated at approximately 50% of rated output due primarily to main bearing issues. The status of individual turbines changed over time as repairs progressed; however, the facility's output remained materially below normal operating levels throughout much of the period. In April 2023, PEIEC advised Maritime Electric that the maximum output of the facility had been reduced to approximately 7.5 megawatts ("MW"), compared to a nameplate capacity of approximately 30 MW.

PEIEC provided regular updates to Maritime Electric regarding ongoing repair efforts. These efforts included blade repairs and replacements, main bearing repairs, hydraulic system repairs and other major maintenance activities. Most turbines were progressively returned to service during 2023 and 2024.

In December 2023, turbine T9 sustained significant damage during a wind event and was subsequently determined to be beyond economic repair. The turbine was ultimately

¹⁰ The impacts of the Hermanville production issues were not limited to the year in which they occurred. Reduced renewable generation during 2022 increased Maritime Electric's energy requirements and contributed to the EPA ratchet calculations affecting energy supplied in 2023.

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removed from service, reducing the facility's capacity from approximately 30 MW to approximately 27 MW. External reports indicated that the turbine suffered blade loss and foundation damage.

North Cape Phase 1 and Phase 2

The North Cape Phase 1 and North Cape Phase 2 wind facilities utilize Vestas V47 turbines installed in 2001 and 2003, respectively. During the 2023 to 2025 period, the aging turbine fleet experienced increasing mechanical and electrical failures that resulted in greater maintenance requirements, increased turbine downtime and lower overall energy production than forecast. While both facilities remained operational throughout the period, the cumulative effect of these issues reduced turbine availability and generation output.

- b. Table 2 compares the annual generation forecasts used in the 2023 GRA to actual generation for the 2023 to 2025 period. The most significant negative variances were associated with reduced production from the existing Hermanville facility and the delayed in-service dates of Eastern Kings Phase 2, the proposed 40 MW Skinner's Pond wind project and the Slemon Park Solar project.

Table 2 Renewable Energy (megawatt hours)				
Facility	GRA Forecast	Actual	Variance	% of Variance
2023				
North Cape & Aeolus	45,162	34,008	(11,154)	12%
Hermanville	85,793	29,179	(56,614)	60%
Eastern Kings Phase 1	89,752	86,357	(3,395)	4%
Norway	29,032	23,874	(5,159)	5%
WEIcan	32,258	30,089	(2,169)	2%
Eastern Kings Phase 2	-	-	-	0%
Western PEI	-	-	-	0%
Slemon Park Solar	16,565	66	(16,499)	17%
TOTAL	298,562	203,572	(94,990)	100%
2024				
North Cape & Aeolus	45,387	35,581	(9,806)	6%
Hermanville	86,210	63,511	(22,699)	14%
Eastern Kings Phase 1	90,159	82,622	(7,538)	5%
Norway	29,177	27,330	(1,847)	1%
WEIcan	32,419	35,561	3,142	-2%
Eastern Kings Phase 2	117,648	-	(117,648)	74%
Western PEI	-	-	-	0%
Slemon Park Solar	16,514	13,465	(3,050)	2%
TOTAL	417,514	258,070	(159,444)	100%
2025				
North Cape & Aeolus	45,162	38,856	(6,306)	2%
Hermanville	85,793	75,040	(10,753)	4%
Eastern Kings Phase 1	89,752	94,833	5,081	-2%
Norway	29,032	27,652	(1,381)	1%
WEIcan	32,258	42,749	10,490	-4%
Eastern Kings Phase 2	117,156	-	(117,156)	43%
Western PEI	152,438	-	(152,438)	56%
Slemon Park Solar	16,188	14,031	(2,157)	1%
TOTAL	567,778	293,160	(274,619)	100%

Maritime Electric

- c. The forecast and actual in-service dates, or the current expected in-service date if it has not yet entered service, for any facility that did not come into service as forecast in the GRA is as follows:

Eastern Kings Phase 2
29.4 MW Wind Facility

2022 GRA in-service date: January 1, 2024
Commissioning Dates: October 2025 – December 2025
Fully operational: January 1, 2026

Western PEI
40 MW Prospective
Wind Facility

2022 GRA in service date: January 1, 2025
Current Expected in-service Date: January 1, 2029 or later

Slemon Park Solar Farm
10 MW Solar Facility

2022 GRA Forecast in-service date: January 1, 2023
Commissioning Date: December 2023
Fully Operational: January 1, 2024

Maritime Electric

IR-35 Identify any new wind generation projects that Maritime Electric expects to be connected to its system or to supply energy to Maritime Electric over the next five years. For each project:

- a. identify the project, owner, generating capacity and current expected in-service date;
- b. identify whether the project is included in Maritime Electric's current energy supply or cost forecasts and, if so, the forecast annual generation;
- c. describe the current status of the project and any known risks or uncertainties that could affect the expected in-service date;
- d. explain how Maritime Electric accounts for the risk of a project being delayed or generating less energy than forecast when preparing its energy supply and cost forecasts; and
- e. explain what impact a delay or lower-than-forecast generation could have on Maritime Electric's energy purchase costs, including EPA ratchet or premium energy costs.

Response:

- a. Maritime Electric is aware of several proposed wind generation projects, as well as several solar generation projects, that may connect to the PEI transmission system or supply energy to Maritime Electric over the next five years. The timing, commercial arrangements and ultimate development of these projects are primarily determined by the project proponents. Information currently available to Maritime Electric is summarized in Table 3.

TABLE 3				
Potential Renewable Energy Projects				
Owner	Renewable Energy	Location	Commercial Operation Year	Nameplate Capacity (MW)
Private Developer	Wind	Skinner's Pond	2029	93
Private Developer	Wind	Bedeque	2029	30
Private Developer	Solar	Bedeque	2030	100
Private Developer	Solar	Bedeque	2030	40
Maritime Electric	Solar	Mount Pleasant	2029	32
Maritime Electric	Solar	Charlottetown	2029	32
Private Developer	Wind	Glenfanning	2029	30
Private Developer	Solar	Scotchfort	2029	9
Private Developer	Wind	Scotchfort	2030	40
PEIEC	Wind	Alberton	2029	18 ¹¹
TOTAL				424

¹¹ This project is a proposed repowering of existing resources. As such, this project represents a replacement of approximately 18 MW of wind generation, not additional resources.

Maritime Electric

- b. Maritime Electric has not included any generation from the projects identified in Table 3 in its energy supply forecasts covering the period from 2027 through 2029. Given the current expected in-service dates of these projects, any generation contribution is anticipated to occur at the very end of 2029 and is therefore not material to the forecast. Additional information regarding Maritime Electric's forecasting methodology and treatment of prospective renewable generation projects is provided in the response to IR-35(d).
- c. The projects listed in Table 3 represent all projects currently requesting to be studied for interconnection to the Maritime Electric transmission system. This provides a strong representation of prospective utility-scale renewable generation development on PEI, as any project seeking to connect to the transmission system must first apply for interconnection service. Under the Open Access Transmission Tariff ("OATT"), Maritime Electric must provide non-discriminatory access to its transmission system for all projects seeking interconnection. However, requesting transmission service is one of the first steps in renewable generation development and does not necessarily mean that a project will proceed.

In addition to obtaining transmission service, each project must receive the required environmental and development permits. To Maritime Electric's knowledge, only the 30 MW Bedeque wind project and the 93 MW Skinner's Pond wind project have received environmental approval to date. Maritime Electric is not aware of any development permits having been issued for the projects listed in Table 3.

Each project must also identify a purchaser for its energy and, where applicable, execute the necessary commercial agreements before advancing to construction. Maritime Electric has not executed PPAs for any of the projects listed in Table 3 and is not aware of any arrangements for sale to third-parties. The wind projects proposed for Skinner's Pond and Bedeque have initiated PPA discussions with Maritime Electric; however, those negotiations have not progressed and remain outstanding.

The discussions to date have generally contemplated PEIEC purchasing energy from private developers and subsequently reselling that energy to Maritime Electric under the Minimum Purchase Price framework. As discussed in Sections 4 and 6(b) of IR-31 Attachment 1, Maritime Electric has concerns with this approach because it limits the Company's ability to determine the quantity, timing and characteristics of future resource additions while transferring associated operational and financial risks to customers. Maritime Electric's preference is to identify future resource requirements through its planning process and then procure the resources necessary to meet those requirements in a manner that balances customer cost, system reliability and operational flexibility.

The projects identified with Maritime Electric as the owner would not require PPAs; however, they remain subject to regulatory review and approval and, therefore, carry development risk. More broadly, all projects identified in Table 3 are currently in the development stage and remain subject to permitting, financing, interconnection requirements, commercial arrangements and final investment decisions. Any of these factors could delay or prevent project completion.

- d. Given the current expected in-service dates for the projects identified in Table 3, Maritime Electric has not assumed any additional renewable generation from these projects in the

Maritime Electric

energy supply forecasts currently being used for the 2027 through 2029 planning period. While several of the projects have expected commercial operation dates in 2029, renewable energy projects of this size typically complete construction in the summer and require a commissioning period following construction before reaching full commercial operation. As a result, Maritime Electric expects that any energy contribution from these projects during in 2029 period would be very limited and would occur only at the very end of the planning horizon.

Consequently, delays in the in-service dates of the projects identified in Table 3 are not expected to have a material impact on Maritime Electric's current near-term energy supply forecasts. Forecast assumptions are reviewed and updated as projects advance and additional information becomes available.

Maritime Electric's ability to mitigate the risk associated with lower-than-forecast generation after a facility enters service depends largely on the terms of the applicable PPA. As discussed in the response to IR-32 and in IR-31 Attachment 1, Maritime Electric has sought to include provisions in new PPAs that would allocate risks associated with replacement energy costs or cost of additional energy requirement cost due to delayed project delivery or lower-than-forecast generation to the project developer. However, these proposed agreements remain unexecuted. For facilities operating under expired PPAs or without executed PPAs, Maritime Electric has limited ability to transfer these risks through contractual arrangements.

- e. The potential impacts of delayed or lower-than-forecast renewable generation were discussed in Maritime Electric's December 11, 2025, ECAM filing and in the response to IR-32.

In general, if forecast renewable generation does not materialize, Maritime Electric may be required to purchase additional energy through its EPA with NBEM or from other sources in order to meet customer requirements. Depending on market conditions, this may increase energy supply costs, including EPA ratchet costs and the cost of replacement energy. However, because the projects identified in Table 3 have not been incorporated into Maritime Electric's current near-term energy supply forecasts, delays associated with those projects cannot have a material impact on energy supply costs during the 2027 to 2029 planning period. Nevertheless, the risk associated with lower-than-forecast generation from existing renewable energy facilities remains.



IR-31 – Attachment 1

Ltr to IRAC on Wind Energy

All our energy.
All the time.



May 14, 2026

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



Dear Commissioners:

Thank you for the opportunity to provide background information regarding wind energy on Prince Edward Island ("PEI") as it relates to Maritime Electric Company, Limited ("Maritime Electric" or the "Company"). This letter provides a high-level overview of Maritime Electric's current wind supply portfolio, the legislative and contractual framework governing wind procurement and pricing, and the operational implications of integrating intermittent renewable resources on a small, winter-peaking Island system.

More broadly, this letter is intended to highlight several emerging regulatory concerns. While PEI has been successful in developing renewable energy resources and achieving government policy objectives early, the current energy supply framework increasingly limits Maritime Electric's ability to plan the system, manage costs, and allocate operational risk on behalf of customers. In particular, the Company is not being meaningfully consulted on the quantity, timing, pricing or system suitability of prospective renewable additions, despite remaining fully responsible for grid reliability and serving customers at the lowest reasonable cost.

1. History of Wind Purchases

In the early 2000s, the integration of utility-scale wind into the PEI grid began with the commissioning of the Government-owned North Cape Wind Farm (Phase 1 in November 2001 and Phase 2 in November 2003). In the mid-2000s, the Province formalized this direction through legislation by adopting a Renewable Portfolio Standard ("RPS") requiring public utilities (i.e., Maritime Electric) to obtain at least 15 per cent of their electric energy supply from renewable sources by 2010. That target was achieved prior to 2010, fulfilling the original legislative objective for renewable integration.

Following achievement of the 15 per cent target, the RPS was repealed in 2010. With its repeal, the renewable attributes associated with wind energy produced on the Island could be decoupled from the wind energy consumed on PEI. This policy change allowed the Province to sell renewable energy credits ("RECs") associated with all wind generation as an additional source of revenue. As a result, RECs associated with electricity produced by Government-owned wind farms could be monetized off Island, while the underlying energy continued to be sold into the Island system for consumption by ratepayers.¹

Over the same period, the Province's approach to pricing renewable generation evolved. Early wind procurement was undertaken with a strong emphasis on protecting ratepayers. Wind development was positioned as an environmental and energy self-sufficiency initiative, not a profit-generating enterprise, and early arrangements were designed to avoid incremental costs to customers. The first three wind facilities commissioned on PEI

¹ The Government of PEI has since discontinued the sale of RECs off Island, recognizing that RECs cannot be sold externally while simultaneously counting the associated wind energy produced on PEI as non-emitting.

were paid avoided cost (i.e., the cost that Maritime Electric would pay for energy had the wind facility not been developed, which was typically equivalent to the cost to purchase energy from NB Power) or less than avoided cost.²

This framework shifted with the introduction of the Minimum Purchase Price (“MPP”) Regulations in 2005, which mandated that Maritime Electric purchase wind energy at a prescribed minimum price that was designed to support renewable development and provide revenue certainty. From that point forward, wind energy was purchased at prices above avoided cost, resulting in higher supply costs and upward pressure on customer rates. While these policy decisions achieved their original objectives, they fundamentally altered the cost and risk profile borne by Island ratepayers.

As a consequence, the PEI Energy Corporation (“PEIEC”) now earns annual profits from its wind assets, funded by ratepayers through Maritime Electric’s regulated electricity sales. Because Maritime Electric is required to recover these energy supply costs through rates, customers are paying more than the cost of producing the wind energy itself, contributing to upward pressure on electricity rates while simultaneously supporting ongoing profits for PEIEC.

2. Wind Energy Currently Purchased

Currently, Maritime Electric purchases energy from eight utility-scale wind facilities on PEI, totalling 119 megawatts (“MW”) of nameplate capacity. These facilities are listed in Table 1. A map showing all utility-scale renewable energy facilities on PEI is provided as Attachment 1.

Table 1 also includes each facility’s effective load carrying capability (“ELCC”), which reflects the contribution that wind resources can reliably make toward meeting peak system demand.³ As shown, wind facilities account for a considerable amount of installed capacity and annual energy production; however, their ability to contribute reliably during peak system demand is significantly lower, as illustrated by their reduced ELCC of approximately 26 MW.

² North Cape Phase 1 and Aeolus Wind Farms were paid avoided cost for energy produced while North Cape Phase 2 was paid 90 per cent of avoided cost as the interconnection costs had already been covered under North Cape Phase 1.

³ ELCC is a reliability-based measure of a generating resource’s contribution to meeting peak system demand, derived from statistical analysis of historical load and generation performance during peak or high-risk system conditions. Maritime Electric’s current ELCC for wind is approximately 22 per cent ($21.7\% \times 119.2 \text{ MW} = 25.9$).

TABLE 1 Wind Energy Sources						
Name	Location	In-Service Year	Power Purchase Agreement ("PPA") Expiry Date	Nameplate Capacity (MW)	ELCC (MW)	Portion of 2025 Energy Supply (%)
North Cape Phase 1	North Cape	2001	31/Dec/2024 ^a	5.4	1.2	0.8
North Cape Phase 2	North Cape	2003	31/Dec/2024	5.4	1.2	0.8
Aeolus	Norway	2004	31/Dec/2024	3.0	0.6	0.6
Engie Norway	Norway	2007	1/Jun/2027	9.0	1.9	1.6
Eastern Kings Phase 1	Elmira	2007	1/Jan/2027	30.0	6.5	5.6
WEICan	Norway	2012	1/Jan/2037	10.0	2.2	2.5
Hermanville ^b	Hermanville	2014	1/Dec/2033	27.0	5.8	4.4
Eastern Kings Phase 2	Elmira	2025	- ^c	29.4	6.5	-
TOTAL (rounded)				119	26	16

- The original North Cape Phase 1 PPA expired in 2022. A contract amendment extended the term to the end of 2024, at which time the PPA expired and has not been extended or amended since that time. Further details on the status of expired PPAs is provided in Section 4.
- Hermanville was originally developed as a 30-MW wind facility; following operational issues and the removal of one turbine in 2024, its capacity was reduced to approximately 27 MW.
- Expiry date has not been finalized as the PPA has not been executed to date.

3. Procurement of Wind Energy

Section 3(c) of the *Electric Power Act* states:

"Every public utility shall purchase electric energy generated from facilities and equipment owned or leased by the Corporation, if required to do so by the Government of Prince Edward Island, as part of its obligation to provide service..."

This statutory obligation requires Maritime Electric to purchase all energy produced by facilities owned or leased by the PEIEC when directed by the Government. As a result, Maritime Electric does not procure wind energy in a traditional sense. Instead, both the quantity and source of wind energy are determined by the Government, while the Company remains responsible for maintaining reliability and recovering supply costs through regulated rates.

While PPAs are not strictly required by legislation, the Company has historically sought executed PPAs for all wind facilities from which it purchases energy. A summary of the status of PPA's is provided in Table 1. A more detailed discussion of PPAs is provided in Section 4.

In addition to determining the quantity of wind energy, the Government also determines the price. Section 8(1) of the *Renewable Energy Act* requires public utilities to purchase renewable energy at the prescribed minimum rate set in the *Minimum Purchase Price Regulations*.

The current MPP is \$86.59 per megawatt-hour ("MWh"), comprised of a fixed capital component and an operating component that escalates annually with CPI. As discussed above, PPAs executed prior to December 31, 2005 generally establish pricing at avoided cost, whereas PPAs effective after that date reflect MPP pricing. At present, the MPP is more than 15 per cent higher than Maritime Electric's avoided cost of energy and higher than prices being observed in recent renewable procurements in other jurisdictions.⁴

Although approximately 14 per cent of Maritime Electric's energy supply was priced at the MPP in 2025, the addition of Eastern Kings Phase 2 ("EKP2") is expected to increase this share to approximately 20 per cent in 2026. In the absence of this legislative framework, Maritime Electric would not have contracted to purchase wind energy at prices above avoided cost, ensuring that such purchases were at least cost-neutral for customers. To date, these legislated prices have resulted in higher electricity rates for customers.

4. Power Purchase Agreements

Despite being legislatively required to purchase renewable energy at legislated prices, Maritime Electric believes that fully executed PPAs are essential to protecting customers. PPAs provide a mechanism to clearly allocate cost, performance, and replacement energy risks to the parties best positioned to manage them.

As the Company's experience with wind procurement evolved, it became apparent that current PPAs lack adequate safeguards related to replacement energy costs.⁵

When planning its energy supply, Maritime Electric relies on committed resources being available as contractually specified. This premise is embedded in the Energy Purchase Agreement ("EPA") with NB Power, and Maritime Electric endeavours to secure the same level of commitment in all future PPAs.

If a wind facility is delayed or underperforms, Maritime Electric must secure replacement energy, often at higher-than-anticipated market prices. The Company's recent Energy Cost Adjustment Mechanism ("ECAM") regulatory application illustrates the magnitude of these impacts, including approximately \$6.4 million in incremental renewable energy and replacement energy costs deferred to the ECAM account between 2023 and 2025, largely driven by delayed in-service dates and production variances at wind facilities.⁶ This experience highlights the importance of clearly allocating replacement energy risk through executed PPAs, as the absence of such provisions has resulted in replacement energy costs being deferred to customers through the ECAM.

As noted in Table 1, EKP2 does not yet have a fully executed PPA and three facilities have expired PPAs. While PEIEC has proposed short-term extensions of the expired agreements, Maritime Electric does not support extending agreements that lack

⁴ A February 2024 update on a portfolio of wind generation projects in Nova Scotia, totaling 306 MWs quoted an average price of \$51.86/MWh - <https://novascotiarp.com/updates>. A follow-up story from CBC in September 2025 indicated that four of the initial six projects recalled their proposals due to increasing costs - <https://www.cbc.ca/news/canada/nova-scotia/onshore-wind-energy-green-choice-new-procurement-1.7643425>. This indicates that wind prices are increasing but two projects are proceeding with their original pricing which suggests that the MPP at \$86.59/MWh is still considered high.

⁵ Current and expired PPAs with the PEIEC unfairly place all the financial risk of energy output with Maritime Electric customers. This means that if a wind facility fails to deliver the energy output specified in the PPA that Maritime Electric is responsible for securing the required replacement energy from an alternate source and if the resulting cost is higher than the PPA cost, the incremental cost is passed on to customers via the ECAM account.

⁶ Refer to Table 5 in the Energy Cost Adjustment Mechanism Rate Adjustment Application – Docket UE20606.

appropriate customer safeguards. Instead, the Company has provided updated PPAs modeled on the current EKP2 draft, which include replacement energy provisions; however, these updated PPAs remain unexecuted.⁷ PEIEC faces limited financial exposure in the absence of executed PPAs, as Maritime Electric remains legislatively obligated to purchase all energy supplied by PEIEC at prescribed rates.

Recently, an additional dynamic has emerged whereby some utility-scale renewable energy projects have been directed to Maritime Electric by PEIEC with the expectation that the Company would purchase energy directly from the third-party developers. Maritime Electric opposed this approach on the basis that such energy would not be least cost, as it would need to be purchased at the legislated MPP, which is higher than the price of energy supplied under the Company's current EPA with NB Power.

As Maritime Electric is statutorily required under the *Electric Power Act* to purchase energy from facilities owned or leased by the PEIEC, a potential workaround was then contemplated whereby PEIEC would purchase energy from third-party developers and supply that energy to Maritime Electric within the existing legislative framework. This approach allowed the PPA negotiations to proceed while the legal issues related to statutory interpretation and/or legislative modification were considered separately, but in parallel. To date, some progress has been made on the PPAs, but Maritime Electric's concerns related to its energy purchase obligations under the *Electric Power Act* have not yet been addressed by PEIEC. Further discussion on this issue is included in Section 6(b) of this letter.

5. Energy Purchase Agreement Implications

Maritime Electric currently secures the majority of its energy supply through its EPA with New Brunswick Energy Marketing ("NBEM"), which expires on December 31, 2026. Foundational to the negotiation of this agreement was the determination of the amount of energy and capacity being provided by on-Island sources (i.e., wind, solar and combustion turbine generation) and the Point Lepreau Nuclear Generating Station ("Point Lepreau"), with the forecast balance contractually supplied through the EPA.⁸

In February 2018 the EPA was negotiated for a five-year term, effective March 2019 to February 2024. At that time, the EPA reflected the Company's owned capacity from the combustion turbine units in Borden and Charlottetown (i.e., a total of 95 MW), the planned retirement of 55 MW of generation capacity from the Company's Steam Plant, the PEIEC's 92.6 MW of installed wind generation, and the anticipated addition of 30 MW of wind generation from EKP2, which was forecast to be in service by September 2020. Based on this capacity and forecast energy supply from the wind generation facilities, the EPA contractually specified the volume of capacity and energy supply to be purchased from NBEM in each of the five years.

⁷ A draft PPA for the EKP2 wind facility was provided by Maritime Electric to the PEIEC in October 2025; however, the agreement has not been executed. In addition, an updated PPA for the North Cape Phase 1 facility was provided to the PEIEC in November 2025 and is intended to serve as a template for renewing the remaining two expired PPAs, with commercial terms to be finalized through negotiation and then applied consistently across all three agreements.

⁸ Point Lepreau is included with on-Island sources for planning purposes because Maritime Electric has a participation agreement that entitles the Company to 30 MW of output (29 MW net of losses) in every hour the station is operational. Under this arrangement, Maritime Electric is financially committed to this energy regardless of whether it is taken in a given hour. As a result, Point Lepreau output is treated as a must-take resource and is scheduled ahead of variable renewable generation and energy purchases under the EPA.

In November 2019, during the first year of the EPA term, the EPA was amended to reflect: (i) a new in-service date for EKP2 of January 2021; (ii) increased capacity requirements in each year of the five-year term; and (iii) increased energy purchases in each year of the five-year term.

In October 2020, during the second year of the EPA term, the EPA was amended to reflect: (i) a new in-service date for EKP2 of September 2021; (ii) the addition of a 40 MW wind project in western PEI with an in-service date in 2025; (iii) the addition of a 10 MW solar and battery storage project (i.e., Slemon Park Microgrid) with an in-service date to be determined; (iv) the term of the EPA was extended by an additional two years and ten months with a new expiry date of December 2026; and (v) capacity and energy requirements and related pricing updated to reflect the extended term. This amendment was particularly strategic because it took advantage of low energy market pricing at that time.

While the EPA was amended twice to extend the expected in-service date of EKP2, EKP2 did not achieve commercial operation until late 2025, requiring Maritime Electric to secure replacement energy for multiple years (i.e., part of 2021, all of 2022, 2023 and 2024, and part of 2025). For 2021 and 2022, replacement energy did not result in incremental costs as it was available at EPA prices. However, beginning in 2023, NBEM advised that it was no longer willing to provide replacement energy at the EPA price. Instead, replacement energy would be priced at prevailing market rates going forward. PEIEC declined to cover these incremental costs, and because the PPA did not include a replacement energy provision, Maritime Electric had to pass those incremental costs on to customers through the ECAM deferral account.⁹

As a result of this experience, Maritime Electric now requires executed PPAs to have an appropriate replacement energy provision to protect customers from unplanned and potentially significant cost exposure.

6. Operating with Renewables

(a) Existing Renewable Energy Sources

Table 2 summarizes the renewable energy sources currently connected to Maritime Electric's system, highlighting the scale of on-Island renewable penetration.

⁹ The PPA for Hermanville is an exception, as it does have a clause on replacement energy. The clause stipulates that if the cost of replacement energy is more expensive then the incremental cost is charged to the facility owner and, conversely, if the cost of replacement energy is less expensive then the incremental savings is recognized as a credit which the facility owner can use to offset any future incremental costs of replacement energy.

TABLE 2 On-Island Renewable Energy Sources	
	Nameplate Capacity (MW)
Maritime Electric Wind PPAs (from Table 1)	119
Maritime Electric Solar PPA ^a	10
Maritime Electric Net-Metered Solar ^b	56
West Cape Wind Farm ^c	99
TOTAL	284

- a. Refers to Slemon Park Microgrid.
- b. Net-metered solar installations are currently increasing by approximately 0.5 MW per month.
- c. West Cape wind energy is exported off-Island.

Maritime Electric now operates an electrical system with approximately 284 MW of on-Island renewable energy nameplate capacity. With a system peak load at approximately 365 MW during winter conditions, this level of renewable energy capacity represents approximately 75 per cent of peak system load, which is an exceptionally high level of renewable energy penetration when compared with neighbouring jurisdictions.¹⁰

By comparison, Nova Scotia Power operates approximately 600 MW of wind generation on a system with a winter peak load in the range of 2,400 to 2,500 MW, meaning wind represents approximately 25 per cent of peak demand. NB Power operates approximately 355 MW of wind generation on a system with a winter peak load of approximately 3,000 MW, meaning wind represents just over 10 per cent of peak demand.

Diversity in the energy supply mix, including renewable energy, supports system reliability by reducing dependence on any single source of energy and lowering the risk of widespread outages, should one supply source fail or become unavailable. However, renewable energy is inherently intermittent and must, therefore, be supported by sufficient dispatchable generating capacity - resources that can be reliably started, stopped, and ramped as needed - to ensure reliability during periods of low output, high variability or extreme system conditions.

Currently Maritime Electric does not have adequate dispatchable generating capacity to fully balance the variability of renewable energy resources. As a result, the Company's ability to operate with a renewable energy penetration of 75 per cent is heavily dependent on NB Power's system, which effectively provides large-scale balancing services. These services are currently embedded in EPA pricing; however, they expose Maritime Electric customers to a future exposure as NB Power forecasts significant investment requirements at the Mactaquac Hydroelectric Generating Station.¹¹ Maritime Electric is

¹⁰ 364 MW was the actual peak load for Maritime Electric only (i.e., excluding City of Summerside load). The actual Island peak load for 2026 was 404 MW. Table 2 does not include City of Summerside renewable energy sources, therefore it is appropriate to use the Maritime Electric only load for this comparison.

¹¹ The Mactaquac Generating Station is a 670 MW hydroelectric facility that, for much of the year, is operated in a manner similar to a large-scale energy storage resource. Output from the facility is reduced when system load decreases or when renewable generation increases, and output is increased when load rises or renewable output declines, allowing it to provide critical balancing and dispatchability services. NB Power has identified the need for a significant capital refurbishment project - estimated at approximately \$9 billion - to enable the facility to continue operating reliably over the long term - [CTV News Article](#) - [N.B. Legislation lays groundwork for Mactaquac dam refurbishment](#).

concerned that the estimated \$9 billion refurbishment project at Mactaquac will result in a significant increase in the cost of the balancing services that can be provided by NB Power.

(b) Planned Facilities

Table 3 summarizes prospective utility-scale renewable energy projects seeking interconnection to Maritime Electric's electrical system, illustrating the magnitude of potential additional supply relative to system demand.

TABLE 3 Potential Renewable Energy Projects				
Owner	Renewable Energy	Location	Commercial Operation Year	Nameplate Capacity (MW)
Private Developer	Wind	Skinner's Pond	2029	93
Private Developer	Wind	Bedeque	2028	30
Private Developer	Solar	Bedeque	2030	100
Private Developer	Solar	Bedeque	2030	40
Maritime Electric	Solar	Mount Pleasant	2028	32
Maritime Electric	Solar	Charlottetown	2029	32
Private Developer	Wind	Glenfanning	2029	30
TOTAL				357

- a. In-service dates shown are based on proponent submissions, except where the original dates are no longer achievable, in which case the Company has revised the dates to reflect a more realistic expected timeframe.

Current interconnection requests represent 357 MW of additional utility-scale renewable energy capacity. When combined with existing resources, total installed renewable energy capacity could approach 175 per cent of current peak demand if all projects are developed.¹²

Maritime Electric has advised prospective private-sector renewable energy facility developers that regulatory approval is required prior to entering into PPAs, as the mandatory MPP represents a cost premium relative to market prices that is ultimately borne by customers.

In addition, this evolution of wind development has highlighted for the Company that its legal obligation, under the *Electric Power Act*, only extends to the purchase of energy from facilities owned or leased by the PEIEC.¹³ Letters outlining this legal interpretation were sent to PEIEC and Natural Forces Development LP (a private developer) on April 30, 2026 are provided herein as Attachments 2 and 3 respectively. Based on that interpretation, the Company has concluded that it should not sign any PPAs for any of the third-party projects listed in Table 3 unless the *Electric Power Act* is changed, or the facilities are ultimately owned or leased by the PEIEC.

From a customer cost and system reliability perspective, Maritime Electric has concerns with the apparent lack of statutory clarity and process in how some proposed third-party renewable energy projects are being brought forward for interconnection to the Island's electrical system as PEIEC resources. In the absence of a clear, coordinated process,

¹² 284 MW from Table 2 plus 357 MW from Table 3 equals 641 MW. (641 MW / 365 MW x 100 = 175%)

¹³ Outside of this legislated legal obligation, the Company would only procure renewable energy through a transparent request for proposal process that would include regulatory approval, which would ensure the least-cost renewable energy source was selected.

there is a risk that operational and financial impacts associated with new renewable supply could ultimately be borne by customers without corresponding opportunities for the Company to manage costs, system impacts, or resource adequacy. Historically, Maritime Electric has not been meaningfully consulted in determining what level of additional renewable penetration it believes is technically or economically appropriate for the Island's electrical system, nor has there been a competitive process or comparative assessment of proposals to ensure that prospective projects are well-suited to PEI's unique electrical system characteristics. Maritime Electric is not opposed to the continued expansion of renewable energy generation; however, such additions must be carefully planned, grounded in system needs, and implemented in a manner that appropriately considers the cost implications for customers, and reliability as load grows over time.

Under the current structure, Maritime Electric is unable to negotiate pricing, impose appropriate contractual safeguards, or decline energy from new renewable proposals, significantly limiting its ability to protect customers from above-market pricing and unnecessary supply additions. This creates significant operational and financial risks that are ultimately borne by Maritime Electric customers. Of particular concern is the increasing likelihood that renewable energy production will, at times, exceed on-Island load. It is unclear, when this occurs, whether Maritime Electric will be required to purchase energy in excess of system requirements and attempt to sell the surplus into external markets, where energy prices are typically below the MPP for much of the year.

This risk is further compounded by seasonal price dynamics of solar energy. Excess solar energy production is most likely to occur during the spring, summer and fall, when Island loads and market prices are generally low. Conversely, winter months - when loads and market prices are highest - are the least likely to experience surplus solar energy production. As a result, surplus energy is most likely to arise at times when its market value is lowest, increasing the potential cost exposure to customers.

To mitigate these risks and avoid unnecessary costs being passed on to customers, Maritime Electric has sought to include curtailment rights (i.e., the authority to reduce renewable energy generation when supply exceeds system requirements) in PPAs with PEIEC. However, this has been met with objection, particularly with respect to PEIEC-owned facilities. Without the ability to manage output, negotiate pricing, or assess the need for additional renewable energy sources, Maritime Electric is placed in a compromised negotiating position, despite customers bearing all operational and financial risks associated with integrating additional renewable energy sources. Ultimately, these impacts manifest through higher electricity rates and increased risks to system reliability.

7. Conclusion

PEI currently has a very high level of renewable energy penetration relative to peak demand. Maintaining reliability under these conditions requires disciplined planning, clear contractual risk allocation, and sufficient dispatchable capacity to backstop this intermittent energy generation.

As renewable energy development continues, the procurement framework should support Maritime Electric's ability to meet its statutory obligation to provide safe, reliable service at the lowest reasonable cost. The Company's experience underscores the importance of coordinated system planning, effective regulatory oversight of long-term pricing commitments, and fully executed PPAs that include appropriate customer safeguards.

Maritime Electric remains supportive of renewable energy development on PEI and committed to working constructively with the Commission, Government, and PEIEC to achieve further progress in a manner that is affordable, reliable, and sustainable for Islanders.

Yours truly,

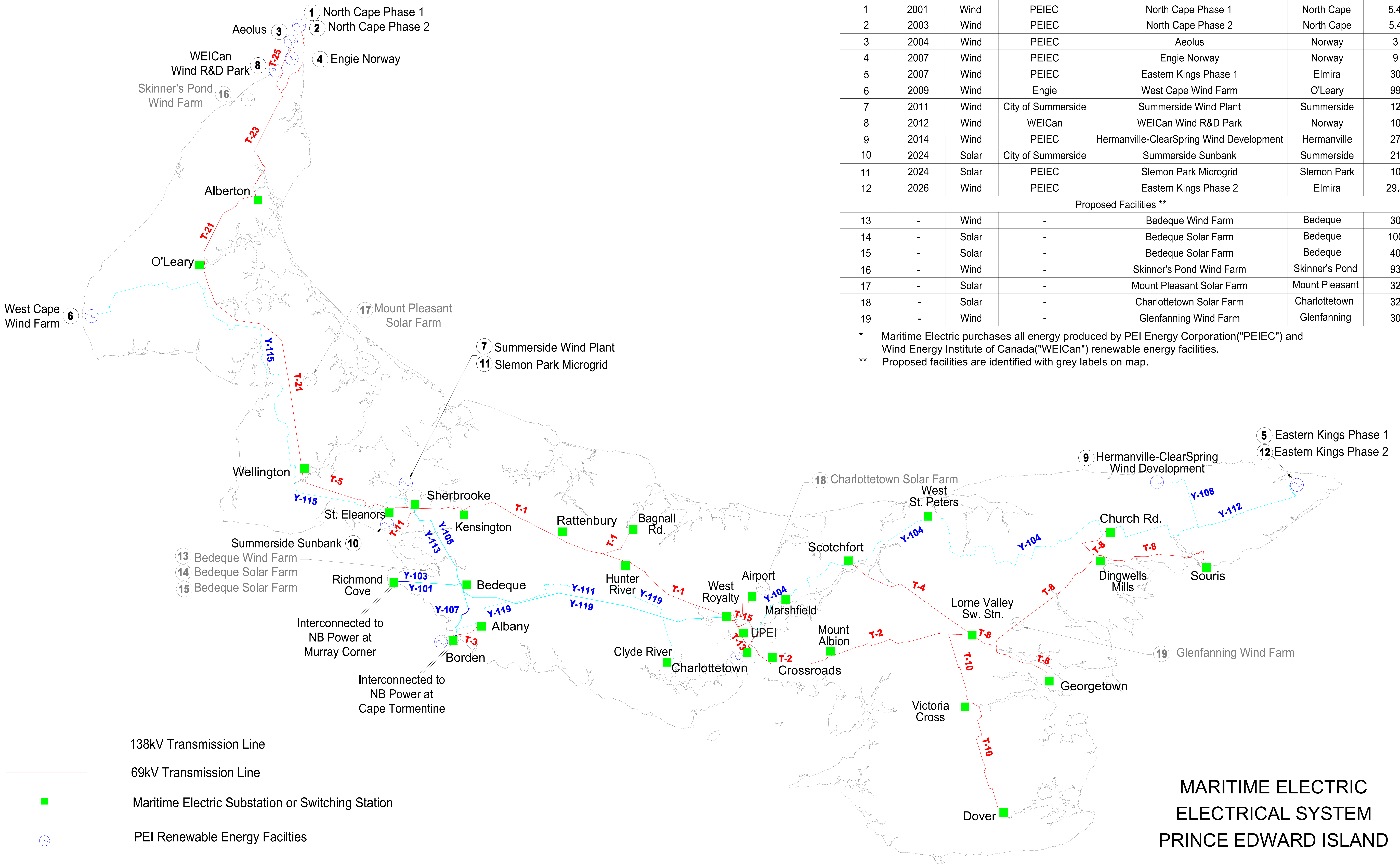
MARITIME ELECTRIC

A handwritten signature in blue ink, reading "Angus Orford". The signature is fluid and cursive, with the first name "Angus" and the last name "Orford" clearly distinguishable.

Angus Orford
Vice President, Corporate Planning
& Energy Supply

ASO10
Enclosure as noted

PEI RENEWABLE ENERGY FACILITIES



PEI Renewable Energy Facilities *						
Map Location	Year Established	Type	Owner	Facility Name	Location	Nameplate Capacity
1	2001	Wind	PEIEC	North Cape Phase 1	North Cape	5.4
2	2003	Wind	PEIEC	North Cape Phase 2	North Cape	5.4
3	2004	Wind	PEIEC	Aeolus	Norway	3
4	2007	Wind	PEIEC	Engie Norway	Norway	9
5	2007	Wind	PEIEC	Eastern Kings Phase 1	Elmira	30
6	2009	Wind	Engie	West Cape Wind Farm	O'Leary	99
7	2011	Wind	City of Summerside	Summerside Wind Plant	Summerside	12
8	2012	Wind	WEICan	WEICan Wind R&D Park	Norway	10
9	2014	Wind	PEIEC	Hermanville-ClearSpring Wind Development	Hermanville	27
10	2024	Solar	City of Summerside	Summerside Sunbank	Summerside	21
11	2024	Solar	PEIEC	Slemon Park Microgrid	Slemon Park	10
12	2026	Wind	PEIEC	Eastern Kings Phase 2	Elmira	29.4
Proposed Facilities **						
13	-	Wind	-	Bedeque Wind Farm	Bedeque	30
14	-	Solar	-	Bedeque Solar Farm	Bedeque	100
15	-	Solar	-	Bedeque Solar Farm	Bedeque	40
16	-	Wind	-	Skinner's Pond Wind Farm	Skinner's Pond	93
17	-	Solar	-	Mount Pleasant Solar Farm	Mount Pleasant	32
18	-	Solar	-	Charlottetown Solar Farm	Charlottetown	32
19	-	Wind	-	Glenfanning Wind Farm	Glenfanning	30

* Maritime Electric purchases all energy produced by PEI Energy Corporation("PEIEC") and Wind Energy Institute of Canada("WEICan") renewable energy facilities.
** Proposed facilities are identified with grey labels on map.

All our energy.
All the time.



April 30, 2026

Mr. Gordon MacFayden
Chief Executive Officer
PEI Energy Corporation
PO Box 2000
Charlottetown PE C1A 7N2

Dear Mr. MacFayden:

Energy Purchase and Transmission Ownership

This letter is further to discussions between Maritime Electric Company, Limited ("Maritime Electric" or the "Company") and PEI Energy Corporation ("PEIEC") concerning the issues of energy purchase and transmission ownership, as they relate to several proposed and recently completed renewable energy projects in Prince Edward Island ("PEI").

For some time, Maritime Electric has been receiving verbal direction from the Government of PEI to facilitate the supply and transmission of renewable energy from projects proposed by PEIEC and third-party developers. Several such projects are now at a point where the legislative authority requiring the Company to purchase energy produced by third-party developers through PEIEC needs to be confirmed, and Government of Prince Edward Island direction requiring Maritime Electric to make these purchases needs to be formalized in writing. Some of these projects are also being proposed with transmission ownership by PEIEC or the third-party developer, which also should not occur without clear legislative authority, or regulatory approval through the Island Regulatory and Appeals Commission ("IRAC" or the "Commission"). For context, Maritime Electric's position on these issues is not new; it was communicated to PEIEC in a letter dated May 27, 2024.

While Maritime Electric remains committed to working with the PEIEC on renewable energy development in PEI, the above-noted issues need to be addressed before power purchase agreements can be finalized, and transmission service and interconnection agreements can be developed and executed. Energy procurement must comply with the *Electric Power Act*, and transmission development and service must comply with the *Electric Power Act* and the Open Access Transmission Tariff ("OATT") as approved by IRAC.

Energy Purchase

Based on a review of the *Electric Power Act* and Maritime Electric's understanding of the ownership structure of some third-party-owned projects that are being proposed by PEIEC as suppliers of electric energy to the Company, Maritime Electric needs to address that it may not be legally obligated to purchase the energy produced by these projects.

Subsection 3(c) of the *Electric Power Act* requires Maritime Electric to "... purchase electric energy from facilities and equipment owned or leased by the [PEI Energy] Corporation, if required to do so by the Government of Prince Edward Island"

.../2

The Company's understanding of PEIEC's proposed energy supply structure for these proposed third-party projects is that PEIEC would have an energy purchase agreement with the owner of the project and would not actually own or lease the associated facilities and equipment. Based on this understanding, the condition precedent in subsection 3(c) may not be clearly satisfied.

If Maritime Electric is misinterpreting subsection 3(c), the Company is requesting PEIEC's written explanation of its interpretation. Until a satisfactory explanation is provided, the Company cannot assume it is statutorily obligated to purchase the electric energy produced by these proposed third-party projects.

In addition, before an energy purchase agreement for a third-party- or a PEIEC-owned project can be executed, the Company must receive written directions from the Government of Prince Edward Island requiring Maritime Electric to purchase the energy from the project, as stipulated in subsection 3(c).

If Maritime Electric is not statutorily obligated/directed to purchase the energy from a project under subsection 3(c), due either to disagreement on the intent of subsection 3(c) or the Company not receiving written direction from the Government of Prince Edward Island, approval by IRAC will be required.

Transmission Ownership

From our discussions, Maritime Electric understands that PEIEC is interested in developing, owning, and operating the transmission line that will be required between a proposed wind farm in Skinners Pond and Maritime Electric's Woodstock substation.

As you are aware, Maritime Electric is regulated by IRAC as a public utility under the *Electric Power Act*, and as such, is obligated to provide transmission and other electric energy supply services in PEI.

IRAC's regulatory authority over Maritime Electric is clearly referenced in Section 26 of the *Electric Power Act*, which grants the Commission general supervisory authority over Maritime Electric, including over the "extension of works or systems" and "other matters as it considers advisable for the safety, convenience, or service of the public, or the proper carrying out of this Act"

Maritime Electric also notes that, pursuant to the *Electric Power Act*, the construction of transmission facilities and their integration into the PEI electrical system (the "PEI Grid") are subject to Commission approval and oversight.

Under PEI's regulatory framework, as described above, Maritime Electric is the designated electric energy service provider within its service territory and is responsible for the planning, operation, and reliability of the transmission system. It is this designation and defined service territory that creates ambiguity and potential concern regarding PEIEC's proposed approach of developing, owning, and operating the transmission line required for the Skinners Pond project.

A critical consideration in this case is that ultimately, the proposed transmission line will need to be interconnected with the PEI Grid. Through interconnection, both above-quoted portions of Section 26 are engaged.

While Maritime Electric acknowledges that the OATT considers that certain project-specific facilities may be developed through customer-funded arrangements, any such facilities are contemplated under limited circumstances in which facilities are for the sole use of the interconnecting customer and must not constitute the provision of transmission service or otherwise impair the Company's ability to meet its statutory obligations. Any alternative ownership structure must therefore be clearly demonstrated to remain consistent with the OATT, subject to Maritime Electric's operational control, and approved by the Commission to ensure continued oversight of system reliability, planning, and the orderly development of the transmission.

The transmission arrangement proposed by PEIEC triggers regulatory obligations such as system reliability, operational control, and the planning and expansion of transmission infrastructure, all of which are core public utility functions.

Maritime Electric emphasizes that the ownership of any facilities associated with the proposed Skinners Pond wind farm does not determine the applicability of the OATT or the classification of service. All facilities that interconnect with the PEI Grid must be developed, studied, and integrated in accordance with the OATT, including the execution of appropriate service and interconnection agreements.

Maritime Electric also notes that any approach adopted for the proposed Skinners Pond project is specific to its circumstances and shall not be interpreted as establishing a precedent or alternative pathway for the development of transmission or interconnected facilities outside the OATT framework. If unregulated entities were allowed to develop, own and operate transmission facilities that interconnect with the PEI Grid, it compromises the Commission's ability to supervise the safety, reliability, and orderly development of the electrical system.

In summary, it is Maritime Electric's firm position that the purchase of energy from third-party- and PEIEC-owned generation facilities and equipment must be done in compliance with the *Electric Power Act*, subject to applicable regulatory directives or approvals. Further, any associated transmission facilities forming part of, or materially integrated with, the transmission system are most appropriately held by the Company in its role as the Transmission Provider under the OATT and the *Electric Power Act*. This includes ensuring that such facilities are structured to preserve Maritime Electric's operational control of the PEI Grid, with ownership and regulatory treatment determined through appropriate Commission-approved mechanisms.

Yours truly,



Enrique Riveroll
Vice President, Sustainability and
Customer Operations

All our energy.
All the time.



April 30, 2026

Mr. Robert Apold, Principal
Natural Forces Developments LP
1200-1701 Hollis St
Halifax NS B3J 3M8

Dear Mr. Apold:

Wejipek Wind Project ("Proposed Project")

This letter is further to discussions between Maritime Electric Company, Limited ("Maritime Electric" or the "Company") and Natural Forces Developments LP ("Natural Forces") concerning the issues of energy purchase and transmission ownership, as they relate to the Proposed Project.

For some time, Maritime Electric has been receiving verbal direction from the Government of PEI to facilitate the supply and transmission of renewable energy from projects proposed by PEIEC and third-party developers, such as Natural Forces. Several of these projects are now at a point where the legislative authority requiring the Company to purchase energy produced by third-party developers through PEIEC needs to be confirmed, and Government of Prince Edward Island direction requiring Maritime Electric to make these purchases needs to be formalized in writing. Some of these projects are also being proposed with transmission ownership by PEIEC or the third-party developer, which also should not occur without clear legislative authority, or regulatory approval through the Island Regulatory and Appeals Commission ("IRAC" or the "Commission"). For context, Maritime Electric's position on these issues is not new; it was communicated to PEIEC in a letter dated May 27, 2024.

While Maritime Electric remains committed to working with Natural Forces on the Proposed Project, the above-noted issues need to be addressed before a power purchase agreement can be finalized, and transmission service and interconnection agreements can be developed and executed. Energy procurement must comply with the *Electric Power Act*, and transmission development and service must comply with the *Electric Power Act* and the Open Access Transmission Tariff ("OATT") as approved by IRAC.

Energy Purchase

Based on a review of the *Electric Power Act* and Maritime Electric's understanding of the ownership structure of the Proposed Project, Maritime Electric needs to address that it may not be legally obligated to purchase the energy produced by the Proposed Project from the PEIEC.

Subsection 3(c) of the *Electric Power Act* requires Maritime Electric to "... purchase electric energy from facilities and equipment owned or leased by the [PEI Energy] Corporation, if required to do so by the Government of Prince Edward Island"

The Company's understanding of PEIEC's planned energy supply structure for the Proposed Project is that PEIEC would have an energy purchase agreement with Natural Forces and would

.../2

not actually own or lease the associated facilities and equipment. Based on this understanding, the condition precedent in subsection 3(c) may not be clearly satisfied.

Maritime Electric has notified PEIEC of its concern over the wording of subsection 3(c) and the Company has requested PEIEC's written explanation of its interpretation. Until a satisfactory explanation is provided, the Company cannot assume it is statutorily obligated to purchase the electric energy produced by the Proposed Project.

In addition, before an energy purchase agreement for the Proposed Project can be executed, the Company must receive written directions from the Government of Prince Edward Island requiring Maritime Electric to purchase the energy from the Proposed Project, as stipulated in subsection 3(c).

If Maritime Electric is not statutorily obligated/directed to purchase the energy from the Proposed Project under subsection 3(c), due either to disagreement on the intent of subsection 3(c) or the Company not receiving written direction from the Government of Prince Edward Island, approval by IRAC will be required.

Transmission Ownership

As you may be aware, Maritime Electric is regulated by IRAC as a public utility under the *Electric Power Act* and, as such, is obligated to provide transmission and other electric energy supply services in Prince Edward Island ("PEI").

IRAC's regulatory authority over Maritime Electric is clearly referenced in Section 26 of the *Electric Power Act*, which grants the Commission general supervisory authority over Maritime Electric, including over the "extension of works or systems" and "other matters as it considers advisable for the safety, convenience, or service of the public, or the proper carrying out of this Act"

In addition to the above, Maritime Electric provides transmission service in accordance with the OATT, which establishes the framework for non-discriminatory access to the transmission system, including interconnection and the development of transmission facilities required to support such interconnections.

Maritime Electric acknowledges that the OATT contemplates, in limited circumstances, a generation developer constructing and owning facilities on the generator side of a Point of Interconnection (POI), defined by Maritime Electric, where such facilities are limited to a true generator lead and do not perform a transmission function or form part of the integrated transmission system.

A critical consideration in this case is that ultimately, the proposed transmission line will need to be interconnected with the PEI electrical system (the "PEI Grid"). Through interconnection, both above-quoted portions of Section 26 are engaged.

The primary issue is that the proposed transmission line is infrastructure that will need to be physically and operationally integrated into the PEI Grid. This triggers regulatory concerns such as system reliability, operational control, and the planning and expansion of transmission infrastructure, all of which are core public utility functions.

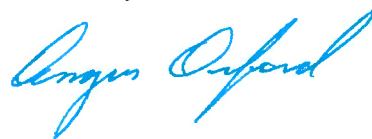
Based on Maritime Electric's current understanding of the Proposed Project, the contemplated transmission line extends beyond a simple generator lead and constitutes infrastructure required to enable and support interconnection with the PEI Grid. As such, it performs a transmission function, is relied upon for system integration, and must therefore be considered in the context of the OATT and the Company's obligations as the Transmission Provider.

Allowing a project-specific arrangement in which a generation developer develops, owns, and operates transmission facilities required for interconnection with the PEI Grid would set a precedent inconsistent with the OATT framework. In particular, such an approach could enable future projects to pursue similar arrangements, thereby bypassing established interconnection, transmission service, and system planning processes designed to ensure fairness, transparency, and non-discriminatory access.

Maritime Electric must also ensure that all transmission facilities forming part of, or directly interconnected with, the PEI Grid are subject to appropriate operational control, protection coordination, and system planning oversight. These requirements are fundamental to maintaining the reliability and integrity of the electrical system.

In summary, it is Maritime Electric's firm position that the purchase of energy from the Proposed Project must be done in compliance with the *Electric Power Act*, subject to applicable regulatory directives or approvals. Further, any associated transmission facilities forming part of, or materially integrated with, the transmission system, are most appropriately held by the Company in its role as the Transmission Provider under the OATT and the *Electric Power Act*. This includes ensuring that such facilities are structured to preserve Maritime Electric's operational control of the PEI Grid, with ownership and regulatory treatment determined through appropriate Commission-approved mechanisms.

Yours truly,



Angus Orford
Vice President, Corporate Planning
And Energy Supply

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