

# **Maritime Electric Co. Ltd. (MECL) 2025 Annual Capital Budget Application – UE20741.**

## **Clarification Questions for MECL – September 2024**

### **Context of Questions:**

- 1) An added complexity of this application is that the Supplemental Capital Budget Request: Advanced Metering for Sustainable Electrification Project Application – UE20737 tabled in November, 2022 remains under consideration by IRAC. Capital expenditures identified in UE20737, occurred last year (2023) and are included and changed for 2024 and 2025 in Appendix A of this application. As a result, some questions relevant to UE20737 are also tabled here.
- 2) One significant planned capital expenditure included last year as a “place holder Item” in Exhibit A – New Generation – is now excluded, and a new cluster of interdependent projects amounting to \$40M, starting in 2025 is introduced. Hopefully an opportunity to seek details of both high cost projects separately will become available soon.

### **Clarification Questions:**

1. Appendix A shows that the budgeted allocation from the Advanced Metering for Sustainable Electrification Project Application – UE20737 – is now essentially reduced to two years, 2024 and 2025; additionally the expenditures also appear to have changed from Exhibit M10 of UE20737. Please provide a table showing the comparison between Appendix A data and Exhibit M10 and provide a detailed description of the changes including the reduced time schedule and planned 2024 expenditures.
2. Section 5.6 – System Meters – shows a continued deployment of RI meters as for previous years. To provide context of one segment of a growing customer population please provide the historical numbers and type of meter that have been deployed for Net Metering sites, i.e. Residential and Commercial (Combination Meter) customers, and describe how this metering will be phased over to the AMI infrastructure in the future. Also describe how the features of the smart meters will be utilized for both the IN and OUT meters, particularly for the Commercial (Combination Meter) customers.
3. Related to question 2, please provide sample monthly billing calculations for the condition when monthly excess renewable energy generated is a kWh credit carry forward for both the Residential and Commercial customers, e.g. is the energy credit based upon a monthly net zero, dollar billing amount or on a net zero energy used basis? How does Net Metering affect Demand billing?
4. Presumably the Tignish Substation is now complete and 2025 brings the new Woodstock Substation to completion as described. But the roles and support of each Substation for the planned Skinners Pond wind farm are not. Perhaps more importantly the integration of the new Government owned transmission line from Sherbrooke to Skinners Pond is not included. An announcement of \$43M federal government funding was made in 2020 yet still no MECL planning

references are included in this 2025 Capital Application. It is understood that any Project Proponent costs would not be included in this application but it is believed that the PEI Energy Corporation and MECL have been mutually planning (hopefully) transmission and substation requirements. Please explain how this critical project is being supported by MECL.

5. The new Scotchfort Substation, the Y-119 Extension to Scotchfort and the Y-109 Rebuild projects are described as being a set of interdependent projects spanning four years from 2025 to 2028 and estimated to cost nearly \$40M. Following the recent approach for major projects to be extracted from annual capital requests and submitted as Supplemental Capital budgets, would MECL consider submitting this major Distribution/Transmission expansion also as “Supplemental”?
6. Building upon the usefulness of separating “Supplemental Capital Expenditures” from “normal” annual capital expansion/maintenance expenditures, please provide a table for the ten years 2019 to 2028 to show the evolution of actual and estimated data for annual capital expenditures and annual energy delivered and compute the ratio (\$ per GWh) of “Annual Capital Expenditure (\$)” to “Delivered Energy (GWh)”. In two separate lines on this table please include the sub-ratios of Distribution Expenditures (\$), and Transmission Expenditures (\$) to Delivered Energy (GWh). Recent data for comparable Canadian electricity Utilities’ and their individual “Annual Capital Expenditure (\$)” and “Delivered Energy (GWh)” data would be helpful “baselines”. The proposal here is that the “Annual Capital Expenditure (\$)” to “Delivered Energy (GWh)” ratio could be a useful Utility Key Performance Indicator (KPI).
7. Please reconcile the capital expenditure data presented in Schedule A of this application with the different capital expenditure data presented in the 2023 Sustainability Report.
8. The PEI Government’s Oil to Heat Pump Affordability (OHPA) program is cited to be continuing the annual increasing costs for “Overhead and Underground Services”. Please provide an estimate of the annual increases since the OHPA program was introduced. Has MECL requested any offset funding from the PEI Government; if not is this topic under consideration?
9. In the 2024 Capital budget, the “New Generation” expenditure category forecasted a three (3) year expenditure of \$139M but this allocation has now been removed from Exhibit A. It is assumed that the planned 2023 Supplemental Capital Budget application detailing “generation technology and associated costs” has now been submitted to IRAC. Please confirm the status of this Application and briefly summarize the “New Generation” strategy included to meet the PEI continuing peak load increase.
10. As peak load demand is a significant driver of capital budgets, please provide the monthly peak loads for 2022, 2023 and 2024 as:
  - a. Net PEI Peak Load and,
  - b. MECL customers only
11. Please estimate the annual increases in Summer and Winter peak loads that can be attributed to the PEI Government’s Oil to Heat Pump Affordability (OHPA) program from it’s inception to 2024.
12. Although text references in this application no longer refer to the “Integrated System Plan”, is the 2023 updated version available to provide context to this capital application? IR–13 response last year suggested that mid 2024 was the expected release period.