MECL Regulatory Deferral Account for Rotating Outages Operating Costs –

Application UE21506

Comments to the Island Regulatory and Appeals Commission

Disposition of the Application

The **Electric Power Act** Applicable references are:
Section 3 (a): Every public utility shall furnish at all times such reasonably safe and adequate service and facilities for services as changing conditions require.
Section 24 (1): permits "the (Utility) expenses as the Commission may allow as reasonable and prudent and properly chargeable to operating account".

MECL's failure to provide adequate service as changing conditions require, namely purposely interrupting the supply of electricity under anticipated high load conditions, is neither reasonable nor prudent nor properly chargeable. Therefore any costs due to planning, invoking or communicating purposely invoked service interruptions are also neither reasonable nor prudent nor chargeable.

It follows that the MECL Application to assign any related costs to customers should be disallowed**. The Application must be denied.**

Proposal for Defraying MECL Rotating Outages Costs

The PEI Government policies for the electrification of heating residences and buildings and the MECL focus upon the driven capital expansion without any combined planning or implementation of timely solutions to increase the necessary electricity supply are the root causes of contemplating rotating outages. It follows that the PEI Government and MECL should establish a non-regulatory Reserve Account to defray any service outage costs incurred by MECL. This non-regulatory Reserve Account should be jointly funded by the PEI Government's Net Zero Office and MECL shareholders and should be available to MECL to defray Rotating Outages Operating Costs as they are incurred.

Future Use of an External Reserve Account Mechanism for Defraying MECL Abnormal Costs

The Weather Normalization Reserve (WNR) mechanism, which is currently under review by the Commission, is another example for the potential use of an "Abnormal Events Reserve Account". Reference UE21231, I proposed that "the PEIEC and MECL collaborate on a strategy on Climate Change Funding that accommodates both normal and abnormal climate change impacts and which is separate from the MECL operating finances. Perhaps the Commission may consider combining the decisions for UE21231 and this UE21506?