Supplemental Application UE20742

Third set of Comments to the Island Regulatory and Appeals Commission – August 3, 2026

Salient factors learned/revealed during the nineteen months of this Application file.

1) The MECL request is based upon the NERC guideline voluntarily adopted by MECL citing capacity as the forecasted annual peak demand (1CP) with a 15% contingency. This guideline does not have any probabilistic conditions, defining "Adequacy of Supply" as 100% availability of the estimated firm energy demand. Neither the original MECL Application in 2024 nor the replacement in 2025 provided information relating to the "Probabilistic risk nature of different Supply Interruptions", the impacts associated with each or the estimated cost of each potential solution. Both Applications included mostly subjective justifications citing a very expensive, under-utilized, diesel generation solution for the single supply interruption of mainland disconnection. The 50MW proposal in the first Application was doubled to 100MW eight months later.
2) In February, 2025, MECL refused the offer from New Brunswick Power (NBP) to participate in 100MW of new capacity from the planned 500MW CT generating station in Centre Village, NB. This was to be a 25 year Service Agreement, not a capital investment, yet it was presented by MECL as an unacceptable alternative to the original December 2024 Application. An alternative scenario could have been for MECL to accept this new participation as an insurance against the possibility of reduced availability of future mainland Capacity and, indirectly, obligating NBP to increase the current intertie export limit of 300MW.
3) Both Synapse Energy Economics, Inc. (Synapse) and Energy Democracy Now (EDN) have critiqued MECL for not considering a 100MW BESS as alternative Capacity. Synapse, in their April 2026 report to IRAC, offered the following captive summary (P56) of the suite of Capacity "use cases" which are not described by MECL:
   "Both CT and BESS resource options fully support the primary use cases for on-Island Capacity needs: peaking and backup capacity response to unplanned events, hold-to-schedule directive, and facilitating maintenance. Neither of the on-Island capacity alternatives fully protect against a lengthy full (or lengthy severe partial) disconnection event, nor are they intended to. Both options mitigate loss-of-load concerns under either full-or-partial-disconnection events. Both options support the secondary use case-considerations for voltage support and other ancillary service needs, and transmission-contingency support during high load conditions."
4) The topic of "Affordability" for either Ratepayers or Taxpayers was not considered by MECL other than claiming an unrealistic capital life of 50 years over which the capital

debt could be repaid. There are no MECL recommendations as to rapid Government policy changes required to avert the continued trend in peak load growth and there are no MECL references to the Company's financial viability of holding the significant debt levels that this application and other submitted significant capital expansion projects would present.

5) The MECL capital funding growth – regular annual capital budgets and the recent Supplemental Capital Applications - cannot be sustained by the actual and estimated growth in the number of customers served. PEI Government participation is essential.
6) For MECL, an objective justification, affordability and priority Key Performance Indicators (KPI) setting process for capital funding needs to replace the current overly subjective process. Auditing of MECL debt security and the fiscal management of capital costs needs to be more obvious and visible.

Disposition of the Application:

Both Applications should be denied BUT with a directive to present complete, optimized and affordable solutions for the near-term and the future "PEI's Electricity Security of Supply" scenarios. In particular the following subjects as a minimum should be included in the revised Application:

1) The probabilistic descriptions of all envisioned interruptions of Supply, their quantified impacts and the costs of possible solutions
2) A series of recommended Government Policy changes required to stall the current trend in Peak Load growth
3) A series of recommended Government actions to start to provide Government capital funding for partial ownership of the PEI electricity infrastructure and spread costs appropriately between Ratepayers and Taxpayers?
4) A series of Peak Load/ Demand Side Management (DSM) programs that MECL is prepared to lead to further curb the trend in Peak Load growth. (The Electric Power Act does not prevent both MECL and the PEI Energy Corporation (PEIEC) presenting DSM plans to IRAC)
5) The approach to be taken by MECL and PEIEC in negotiating the renewal of the NBP/MECL 2026 Power Purchase Agreement (PPA) including additional Capacity, increased Intertie transfer power and time sensitive energy rates. What will be the future direction to be taken by both MECL and the PEIEC in fostering the MECL/NBP partnership
6) For each of the Supply interruption conditions cited in item 1) above, a complete discussion on the resulting future financial viability and debt security of MECL, the financial Key Performance Indicators (KPI) that will be adopted and how Consumers' affordability criteria have been set.