<u>Maritime Electric Co.Ltd. (MECL) 2022 Capital Budget Application (UE20733)-</u>

<u>Supplemental Comments to the Island Regulatory and Appeals Commission</u>

In my original submission to the Commission (09/30/21), I posed the following:
"Question 1: When will the Commission direct MECL to invoke a program for reducing and eventually controlling future peak load demand? The Electric Power Act permits both the PEI Energy Corporation and MECL to introduce Demand Side Management (DSM) programs; load demand reduction is neither the exclusive prerogative nor within the capability boundaries of efficiencyPEI. MECL has the customer data and the system expertise to selectively engage customers to control their demand load immediately."

Two significant PEI Government factors have arisen to emphasize the importance of the question:

1) In October 2020 the PEI Government introduced a set of Net Zero energy (2030) and Greenhouse Gas (GHG) emissions (2040) objectives. As a result the administration of efficiencyPEI has been transferred from the PEI Energy Corporation to the new Sustainability Division within the Environment, Energy and Climate Action department. This suggests that the activities of efficiencyPEI are no longer subject to the Electric Power Act or the Commission.
2) The recent adoption of electric school busses and an Electric Vehicle rebate program are both signaling Government focus upon the electrification of transportation. This will have significant impact upon future DSM plans and will certainly require added scrutiny from MECL if peak load demand is to be controlled.

Further justification for the creation of a MECL DSM plan is:

1) The efficiencyPEI EE&C plan (under the auspices of the PEI Energy Corporation Utility) for 2018 to 2021 was approved by the Commission for three years until March 2021. An efficiencyPEI extension application has since been approved allowing the program to continue until March 2022 with MECL contributing $1,080,000 for 2021/2022. Total MECL contribution for the four year program will now be $3,573,000 compared to the original plan of $2,770,000.
2) It is disappointing that this added MECL expenditure (added consumer cost) has committed a 2021 energy saving of 13.1GWh with no attendant saving in peak load demand (MW).
3) efficiencyPEI is due to submit a new EE&C plan starting April 2022 which again will be unique insomuch that the majority funding is provided by Governments over which the Commission has no influence. Most probably this plan will again cite the absence of MECL "Time-of-Use" rates as a major barrier to significant peak load demand reduction and hence why the plan cannot be titled a DSM plan.
4) This new EE&C plan will also continue the cost/benefit inequity between electricity consumers by yielding benefits for program participants but increasing costs for non-participants. As the EE&C plan is a PEI Government plan supporting the PEI

Government's energy strategy it is important that the cost inequity between EE&C participants and non-participants is minimized by reducing or withdrawing future program funding by MECL.

5) A DSM plan funded by MECL customers that specifically targets control of daily peak load demand reduces the unit cost of energy and benefits all rate payers. This DSM plan would be complementary to the EE&C plan with a single focus upon the measurement of peak load demand at the customer site and the introduction of new demand-based tariffs that provide clear price component signals for customers to change energy use habits.

Expanding my original proposal, I submit that the Order relating to the MECL 2022 Capital Budget include a directive for MECL to deliver a Demand Side Management (DSM) plan with specific objectives to reduce near-term peak load demand (MW) and curtail the longer term forecasts for future peak load (MW).