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March 31, 2022



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

Dear Commissioners:

***UE41401 - PEI Energy Corporation's
2021 Electricity Efficiency & Conservation ("EE&C") Plan***

Please find attached Maritime Electric's comments on the PEI Energy Corporation's three year EE&C Plan. Maritime Electric is generally supportive of the proposed plan and offers these comments for consideration.

Maritime Electric is concerned that the Company's current billing and metering systems pose a limitation to achieving a number of the strategies proposed and may limit our customers' ability to participate in a plan they are required to fund.

The Company respectfully requests that any adjustment of the rate rider used to collect the funding requirements of the EE&C Plan be reflected in the Company's next General Rate Application.

If you have any questions please do not hesitate to contact me at 902-629-3668.

Yours truly,

MARITIME ELECTRIC

Angus S. Orford
Vice President, Corporate Planning
& Energy Supply

ASO07
Enclosure

Maritime Electric Company, Limited
UE41401 - Comments on the PEI Energy Corporation's PEIEC
Electricity Efficiency and Conservation ("EE&C") Plan

Maritime Electric Company, Limited respectfully submits the following comments on the 2022-23 to 2024-25 Electricity Efficiency and Conservation Plan:

C-1 Maritime Electric Company, Limited Current Technology Limitations

Maritime Electric Company, Limited ("Maritime Electric" or the "Company") is concerned that many of the strategies included within the Demand Response Strategy section of the 2022-23 to 2024-25 ("EE&C") Plan (the "2022-2025 Plan") are not achievable with the Company's current technology. For example, the 2022-2025 Plan suggests centrally controlled electricity equipment or time-of-use ("TOU") rates. Maritime Electric's existing metering, billing and communication systems are not compatible with such strategies.

The 2022-2025 Plan does acknowledge that Maritime Electric is not currently able to provide TOU rates to all electricity ratepayers due to two key technology requirements needed: Advanced Metering Infrastructure ("AMI") and a billing or customer information system ("CIS") compatible with AMI. As the 2022-2025 Plan does not provide details on the level of effort or length of time required to accomplish these two items, the reader may assume that they will be in place before the end of the plan period.

Maritime Electric is in the process of developing applications to the Commission seeking approval to upgrade its existing CIS system and metering system. At this time, the Company has not established a firm date by which each of these applications will be filed with the Commission. Once the applications are filed, it is unknown how long the required regulatory process will take and whether that will result in the Commission's approval to proceed. If approval is granted, Maritime Electric's consultants proposed a potential implementation timeline for the CIS and AMI upgrades of approximately 36 months.

A final determination of which elements of the 2022-2025 Plan Maritime Electric will be able to support cannot be made without further detail. For example, the dual fuel systems program may be able to proceed with the Company's existing technology, however a method to confirm that

the electric heating system disengaged will need to be determined. Similarly, a program for electric domestic water heaters may show merit, provided a method to confirm that the water heater is performing as expected can be found.

C-2 It is unclear how Maritime Electric’s customers will be able to participate in the Demand Response Programs, which they have been asked to partially fund.

Based on the information provided in the 2022-2025 Plan and the technology limitations described in comment C-1, the Company believes its customers may not be able to fully participate in the 2022-2025 Plan’s pilot programs and subsequent programs in years two and three. The Company proposes further collaboration with the PEIEC to ensure the majority of its customers will benefit proportionally from the plan, which they are being asked to partially fund.

The Company would like to point out that it believes a select number of its customers, which are in Slemon Park, could readily participate in the pilot programs. The proposed programs could enhance the Slemon Park Microgrid project, which is currently ongoing. Monitoring and tracking the electricity consumption of a group of customers instead of individual customers may prove to be more cost effective while still proving the desired outcomes from pilot programs.

C-3 Treatment of utility funding over collections from the 2019-2021 EE&C Plan and timing consideration of rate impacts of the proposed 2022-2025 Plan.

The 2022-2025 Plan indicates that approximately \$2.0 million was over collected from utility customers related to funding the 2019-2021 EE&C plan, of which approximately \$1.8 million relates to Maritime Electric customers.¹

The PEIEC is proposing to utilize these over collections to reduce and smooth the funding collections required from utility customers over 2022 to 2025. Doing so reduces the required funding from Maritime Electric’s customers, as set out in Table 3 of Appendix A. Maritime Electric agrees with this proposal.

¹ Refer to Table 1 in Appendix A of the Plan.

The PEIEC is proposing that Maritime Electric continue to collect the funding requirements using a rate rider. Maritime Electric agrees with this aspect of the proposal.

The 2022-2025 Plan appears to suggest that Maritime Electric adjust the related rate rider based on the effective date of the 2022-2025 Plan. The Company respectively requests that the adjustment of the related rate rider be included in the Company's next General Rate Application ("GRA") and therefore become effective when the Company's rates are reset.² This will limit the number of customer rate adjustments.³ This would, however, result in the continued over collection of the funding requirement until such time that rates are reset. As part of the Company's GRA, an update on the over collection would be provided along with a calculation of what the new rate rider would need to be to collect the approved net funding amount.⁴

The PEIEC is proposing that the utility remit a fixed monthly funding amount with any under- or over-collections being held in a regulatory deferral account managed by the utility. Maritime Electric has no objection to this proposal provided the account is included in the calculation of rate base. Any balance remaining in the regulatory deferral account at the end of the 2022-2025 Plan could be collected from or refunded to customers at a later date as approved by the Commission.

C-4 The curtailment and interruptible portion of the proposed Demand Response initiative will not result in Maritime Electric incurring less cost for capacity purchases.

Table 16 of the EE&C Plan suggests that curtailing interruptible customers at the time of system peak would result in a 10.3 MW reduction. Maritime Electric would like to point out that this reduction in load will not result in a cost reduction.

Under the terms of the Interconnection Agreement with NB Power, interruptible load reduces the amount of required generating capacity, as shown in the following table.

² The Company plans to file its next GRA in 2022 proposing new customer rates effective March 1, 2023.

³ Limiting the number of customer rate adjustments supports rate stability and predictability for customers.

⁴ Any additional over collection would be netted against the approved funding amount.

Sample Calculation of Maritime Electric's Generating Capacity Requirement (MW)		
	Interruptible customers are curtailed	Interruptible customers are not curtailed
System peak load	253	267
Less interruptible load at system peak	<u>-</u>	<u>14</u>
Firm peak load	253	253
Plus 15% planning reserve	<u>38</u>	<u>38</u>
Required generating capacity	291	291

Maritime Electric's capacity cost is based on the calculation for required generating capacity, which already reflects the benefit of interruptible customers. As the above table demonstrates, regardless of whether interruptible customers are curtailed or not, the benefit of having interruptible customers is realized in Maritime Electric's capacity cost.