

SENT VIA EMAIL

April 14th, 2023

PEI Regulatory & Appeals Commission
5th Floor, Suite 501
National Bank Tower
134 Kent Street
Charlottetown, PE

Subject: Commentary - MECL 2023-2025 General Rate Application

Dear Members of the PEI Regulatory & Appeals Commission,

The Canadian Federation of Independent Business (CFIB) is writing to express our concerns about the proposed electricity rate increases of 2.6%, 2.6% and 2.7% for 2023, 2024, 2025 years respectively by Maritime Electric and the PEI Energy Corporation.

While we are pleased at the recent downward revisions from the originally proposed rate increase, as a representative of over 900 small businesses in PEI and with an average of less than 10 employees, we are particularly concerned about the impact this increase will have on these small businesses in the province.

Small business owners need predictable energy costs to plan and budget effectively. If increases are indeed necessary, they should be implemented along with a comprehensive plan that not only addresses, but also includes a realistic strategy for rate stability while meeting climate obligations, addressing related and external energy acquisitions costs, and meeting future demand in a growing PEI who will further depend on electricity for its energy needs.

According to our research, 75%¹ of PEI small businesses have seen their overall (all sources) energy costs increase, all while their consumption has generally stayed the same. This means that small businesses are already struggling to absorb increased energy costs and these proposed rate increases will only exacerbate the issue. Furthermore, half of small businesses are unable to pass these increased costs onto their customers without negatively affecting demand, which means they are shouldering the burden of these costs on their own. This can have a significant negative impact on their ability to survive and thrive in today's economy.

Additionally, Maritime Electric and the PEI Energy Corporation has not provided a realistic long-term rate forecast, leaving the possibility of continuous rate increases for years to come. We urge Maritime Electric to provide a comprehensive plan that addresses not only its current financial needs but also a strategy to meet address rate stability considering the 2030 and 2035 deadlines which will impact PEI's energy consumption mix along with considerable mandated changes to its domestic and external energy suppliers.

¹ CFIB Your Voice Survey, January 2023

We believe that Maritime Electric and the PEI Energy Corporation should provide more detail and certainty on these matters before any rate increase is approved. This will help the IRAC and the public understand the true cost of energy and the long-term ramifications of the proposed rate increase.

We are therefore requesting that the board mandates Maritime Electric and the PEI Energy Corporation to make public, and update annually, a rolling forecast of electricity rates up to 2035, and only approves current and future proposed rate increases upon this requirement being met. While we acknowledge the limitations of such a forecast, transparency on future rates is imperative as the utility adjusts to federal mandates.

Small businesses in the province need access to predictable and affordable electricity. This will be even more important as federal and provincial policies steer businesses towards increased usage of electricity versus fossil fuels.

We ask that IRAC take these points above into consideration when making a decision on the proposed rate increase.

Thank you for your time and consideration.

Sincerely,



Frédéric Gionet
Senior Policy Analyst, Legislative Affairs, PEI/Atlantic
Canadian Federation of Independent Business (CFIB)