

Notice of Intervention

Order UE20940

ECO-PEI Energy
126 Richmond St
Charlottetown, PE, C1A 1H9

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

Dear Commissioners:

This is to advise that I shall intervene at the above named hearing.

I am the policy coordinator for ECO-PEI Energy. My interest is in offering a broad policy context to frame discussions toward sustainable regulatory and development frameworks.

The following submission is in order to ask questions related to the reconsideration of elimination of the discounted rate class structure.

I shall reserve the right to question MECL on any and all matters pertaining to this hearing. Evidence, presentations on issues, and written materials shall be supplied.

Sincerely,

Matthew McCarville
Policy Coordinator, ECO-PEI Energy

Questions to Maritime Electric regarding IRAC Order

Background

Maritime Electric was in the process of changing the current multi-block energy pricing structure for residential customers. The second block threshold was being increased in kilowatt hours per month, in accordance with the following schedule:

Rate Class	Current	April 1, 2008	April 1, 2009	April 1, 2010
Residential	1,200	1,600	2,000	-

Large customers receive a 22% discount on their second block of electricity.¹ The current threshold of the discounted rate purchased – is today set at more than 2,000 kWh per month. ECO-PEI believes this discount is paid for through collections from all electricity ratepayers, assuming that the discounted rate means that rate collections from the discounted block are insufficient to recover the total costs.

The Environmental Coalition of Prince Edward Island (ECO-PEI) encourages the Island Regulatory and Appeals Commission (IRAC) to uphold its Order UE 08-01, under the current Order UE20940.

Furthermore, if it becomes the decision to uphold the Order internally at the Commission, and then if “political interference” becomes effective in blocking this Order from being upheld, ECO-PEI strongly suggests that the energy regulator has a clear authority and responsibility to communicate these facts clearly to Islanders. Finally, the implications of such an outcome should be outlined. For example, IRAC should inform Island ratepayers that subsidizing large customers through the electricity rate base collections process, instead of through tax base collections – means voters do not have transparency to democratically account for the politically natured matter of subsidization.

¹ Figure is based on discussion with Mark Lanigan, Senior Analyst, IRAC

Questions

- ❖ Are rate collections from the discounted block sufficient to recover all of the economic costs associated? Please explain answer using pragmatic, economic and engineering based details.
- ❖ Assuming rate collection from the discounted block is insufficient for electric utilities on PEI to effectively recover the true economic costs, does this mean that the smallest, and typically most vulnerable agricultural operations are being required to subsidize the cost of electricity for the largest, typically less vulnerable agricultural operations?
- ❖ What would the continuation of the discount block rate potentially mean in terms the expected activities, in the areas of conservation and efficiency, for those customers that would continue to receive the discounted electricity?
- ❖ For the majority of your customers, will the continuation of the discounted rate mean higher or lower price pressures?
- ❖ Is this congruent with the Energy Minister's chief goal of reducing electricity rates for Islanders?
- ❖ In the view of Maritime Electric, is it more reasonable to subsidize customer rates through PEI's electricity rate-base or through the tax-base?
- ❖ Which of the above approaches are more transparent and accountable by voters in a democratic process, given that either would be a politically driven activity?
- ❖ Would enacting a least-cost procurement mechanism, and/or enabling the capture of increased efficiency investments through legislation/programming, likely add to/lower the total cost of electricity ratepayers? Why?
- ❖ Would a cooperative approach toward larger scale wind development, as outlined in ECO-PEI's previous discussion with Maritime Electric via Bob Younker, be likely to increase or decrease total costs to the rate base, given the current approach of the "Renewable Energy Initiative" to develop wind in small fragments across the province?

Questions (cont'd)

- ❖ Would a cost-effective energy efficiency upgrade requirement in the Renewable Energy Initiative, beyond simply requiring an efficiency audit, be likely to increase/decrease total costs/competitiveness for agricultural operations? This is seen by ECO-PEI as being somewhat related to the matters in question.
- ❖ Given that the average load for residential space heat using electricity on PEI is generally more than 18,000 kWh per heating season, are Islanders using oil heat still subsidizing the heating costs for many of the electrically heated households on PEI?
- ❖ Given the above answers to all the questions, is the continuation of the current rate structure likely to be seen by most customers as being fair, just and reasonable or not?
- ❖ What does the company suggest is the most effective way to move forward? Why?
- ❖ Recently, ECO-PEI suggested to Maritime Electric (via email to Bob Younker, Kim Griffin, Erin Taylor) that the company could help some customers in the residential rate class to conserve electricity through a “Summer Challenge”, by reducing unnecessary ventilation – by unplugging air exchange/HRV systems in May and plugging them back in during September. Note – our experience shows that each participant could save around \$92 of electricity for two actions/two minutes of work. This is equal to \$2,760/hr for the action. It is estimated that participation in such a program could reach up to 3,000 customers if the majority of eligible customers participated. This would translate to up to \$276,000 of electricity avoided by customers in this class in one summer. Given this, why does Maritime Electric not seem to view this as a reasonable program option – because the abovementioned people contacted explicitly ignored acknowledging/responding to this DSM program suggestion in the received response to that email?
- ❖ What is the total cost per kWh for wind supplied into households from PEI Energy Corp’s generating assets? Note – this will assist in preparing a recommendation of a cost structure to support a new residential rate class structure that can specifically account for and support a rollout of wind-ETS systems on PEI.

PEI Energy: Toward a Sustainable Regulatory/Development Framework



Final Note

The above questions are in no way intended to reflect all of the areas of focus for the intervention by ECO-PEI Energy at the upcoming hearing. The company and regulator should, however, have a general idea of the things that may be touched upon, given interactions to date. For more information on other areas of focus being developed for the purposes of the hearing, please contact: energy@ecopei.ca .

Thank you for your cooperation in this matter. ECO-PEI Energy strives for and values a healthy dialogue in the regulatory process.