

All our energy.
All the time.



February 20, 2025



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

Dear Commissioners:

Please find attached an electronic copy of Maritime Electric's 2025 Supplemental Capital Budget Request Application for the approval of Utility-Scale Community Renewable Generation projects.

This Application details a proposed partnership between Maritime Electric and local community groups to develop two utility-scale renewable energy generation projects, contingent on Government funding. Each of the projects, one located in Prince County and the other in Queens County, include a utility-scale battery energy storage system to facilitate shifting load to off-peak demand periods and to provide grid support capabilities.

If you require further information, please do not hesitate to contact me at 902-629-3701.

Yours truly,

MARITIME ELECTRIC

A handwritten signature in blue ink that reads "Michelle Francis".

Michelle Francis
Vice President,
Finance & Chief Financial Officer

MF09
Enclosure

C A N A D A

PROVINCE OF PRINCE EDWARD ISLAND

BEFORE THE ISLAND REGULATORY
AND APPEALS COMMISSION

IN THE MATTER of Section 17(1) of the *Electric Power Act* (R.S.P.E.I. 1988, Cap. E-4) and **IN THE MATTER** of the Application of Maritime Electric Company, Limited for the approval of a 2025 Supplemental Capital Budget Request for Utility-Scale Community Renewable Energy Generation projects.

APPLICATION
AND
EVIDENCE OF
MARITIME ELECTRIC COMPANY, LIMITED

February 20, 2025

TABLE OF CONTENTS

1.0 APPLICATION 1

2.0 AFFIDAVIT 3

3.0 EXECUTIVE SUMMARY 5

4.0 INTRODUCTION 7

 4.1 Corporate Profile 7

 4.2 Purpose 7

 4.3 Background 7

5.0 RATIONALE 10

 5.1 Project Description 10

 5.2 Benefits 10

 5.3 Partnership Structure 17

6.0 CONCLUSION 18

7.0 PROPOSED ORDER 19

CONFIDENTIAL INFORMATION FILED SEPARATELY

APPENDIX A - Project A

APPENDIX B - Project B

1 **1.0 APPLICATION**

2

3 **C A N A D A**

4

5 **PROVINCE OF PRINCE EDWARD ISLAND**

6

7 **BEFORE THE ISLAND REGULATORY**
8 **AND APPEALS COMMISSION**

9

10

11 **IN THE MATTER** of Section 17(1) of the *Electric*
12 *Power Act* (R.S.P.E.I. 1988, Cap. E-4) and **IN THE**
13 **MATTER** of the Application of Maritime Electric
14 Company, Limited for the approval of a 2025
15 Supplemental Capital Budget Request for Utility-
16 Scale Community Renewable Energy Generation
17 projects.

18

19 **Introduction**

20 Maritime Electric Company, Limited (“Maritime Electric” or the “Company”) is a corporation
21 incorporated under the laws of Canada with its head or registered office at Charlottetown and
22 carries on a business as a public utility subject to the *Electric Power Act* engaged in the
23 production, purchase, transmission, distribution and sale of electricity within Prince Edward Island
24 (“PEI”).

25

26 **Application**

27 Maritime Electric hereby applies for an order of the Island Regulatory and Appeals Commission
28 (“IRAC” or the “Commission”) approving the capital expenditure of the Utility-Scale Community
29 Renewable Energy Generation projects to be installed in Western and Central, PEI.

30

31 The proposal contained in this Application represents a just and reasonable balance of the
32 interests of Maritime Electric and those of its customers and will, if approved, allow the Company
33 to pursue necessary capital additions at a cost that is, in all circumstances, reasonable.

SECTION 1.0 – APPLICATION

1 **Procedure**

2 Filed herewith is the Affidavit of Jason C. Roberts, T. Michelle Francis and Enrique A. Riveroll
3 which contains the evidence on which Maritime Electric relies in the Application.

4

5 Dated at Charlottetown, Province of PEI, this 20th day of February, 2025.

6

7

8

9



D. Spencer Campbell, K.C.

10

11

STEWART MCKELVEY

12

65 Grafton Street, PO Box 2140

13

Charlottetown PE C1A 8B9

14

Telephone: 902-892-2485

15

Facsimile: 902-566-5283

16

Solicitors for Maritime Electric Company, Limited

1 **2.0 AFFIDAVIT**

2
3 **C A N A D A**

4
5 **PROVINCE OF PRINCE EDWARD ISLAND**

6
7 **BEFORE THE ISLAND REGULATORY**
8 **AND APPEALS COMMISSION**

9
10
11 **IN THE MATTER** of Section 17(1) of the *Electric*
12 *Power Act* (R.S.P.E.I. 1988, Cap. E-4) and **IN THE**
13 **MATTER** of the Application of Maritime Electric
14 Company, Limited for the approval of a 2025
15 Supplemental Capital Budget Request for Utility-
16 Scale Community Renewable Energy Generation
17 projects.

18
19 **AFFIDAVIT**

20
21 We, Jason C. Roberts of Suffolk, T. Michelle Francis of Emyvale and Enrique A. Riveroll of New
22 Dominion, in Queens County, Province of Prince Edward Island, MAKE OATH AND SAY AS
23 FOLLOWS:

24
25 We are the President and Chief Executive Officer, Vice President, Finance and Chief Financial
26 Officer and Vice President, Sustainability and Customer Operations for Maritime Electric,
27 respectively, and as such have personal knowledge of the matters deposed to herein, except
28 where noted, in which case we rely upon the information of others and in which case we verily
29 believe such information to be true.

30
31 Maritime Electric is a public utility subject to the provisions of the *Electric Power Act* engaged in
32 the production, purchase, transmission, distribution, and sale of electricity within PEI.

SECTION 2.0 – AFFIDAVIT

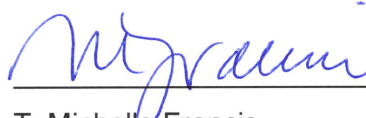
1 We prepared or supervised the preparation of the evidence and to the best of our knowledge and
2 belief the evidence is true in substance and in fact.

3
4 Section 7 contains a proposed Order of the Commission based on the Company's Application.

5
6 SWORN TO SEVERALLY at
7 Charlottetown, Prince Edward Island,
8 the 20th day of February, 2025.



Jason C. Roberts



T. Michelle Francis



Enrique A. Riveroll



19
20
21 A Commissioner for taking affidavits
22 in the Supreme Court of Prince Edward Island.

1 **3.0 EXECUTIVE SUMMARY**

2

3 Maritime Electric works to provide electricity at a reasonable cost in a safe and environmentally
4 responsible manner. With electrification occurring nationwide to mitigate climate change
5 challenges, the amount of electricity customers require daily is increasing. The Canadian and PEI
6 Governments have set net zero electricity goals, and Maritime Electric has established a 55 per
7 cent greenhouse gas (“GHG”) emissions reduction target by 2030 (from 2019 baseline values) to
8 align with these goals. Public interest in renewable energy initiatives and additional on-Island
9 supply of electricity with cleaner attributes are key contributors to meeting the future service
10 interests of Island customers. To meet these objectives, a combination of additional solar and
11 wind energy and demonstration energy storage systems have been recommended by industry
12 planning consultants from the Commission, Maritime Electric and PEI Government.

13

14 This Application seeks approval from the Commission to proceed with the development of two
15 utility-scale renewable energy projects in partnership with local community groups, contingent on
16 securing government funding. The first project, Project A, is a partnership with a community group
17 located in Prince County. The second project, Project B, is a partnership involving multiple
18 community partners, located in Queens County. Each project proposal also includes a utility-scale
19 battery energy storage system (“BESS”) to facilitate shifting load to off-peak demand periods and
20 grid support capabilities.

21

22 The proposed projects are structured with a minority percentage capital investment from Maritime
23 Electric, in conjunction with grant funding and community capital investment to make up the
24 remaining majority percentage of the project construction costs. Maritime Electric’s investment is
25 calculated to maintain cost neutrality for customers. This means that the cost to Maritime Electric
26 is comparable to the cost to purchase the equivalent amount of energy from the New Brunswick
27 Energy Marketing Corporation (“NBEM”), resulting in less than 0.1 per cent impact to customer
28 rates. To meet this objective, partner capital investment and grant funding of 50 to 61 per cent of
29 total project capital cost will be required.

30

31 Maritime Electric’s investment in these projects will provide a number of customer benefits.
32 Electricity customers across PEI will benefit from the cost neutrality approach to utility
33 participation. Using funding opportunities will achieve the project’s goal of securing energy at

SECTION 3.0 – EXECUTIVE SUMMARY

1 avoided cost. This will add a portion of fixed energy supply cost into Maritime Electric’s supply
2 mix reducing the impact of future market changes on energy purchases. Customers gain
3 increased access to utility-scale solar which has been identified as a cost competitive renewable
4 energy generation option, second only to onshore wind energy.¹ Renewable energy generation
5 projects built and operated with the transparency of a regulated utility model provides value and
6 visibility to PEI customers.

7
8 Maritime Electric will act as project lead, having demonstrated the ability to deliver projects
9 effectively, both for annual capital projects and as construction agent. These utility-scale solar
10 projects will use industry leading practices in all phases of construction, while providing strategic
11 economic efficiencies. The projects align with the PEI Government’s sustainable community’s
12 strategy and public interest. As an experienced energy generation operator, Maritime Electric will
13 deliver safe, secure and reliable electricity generation projects.

14
15 Maritime Electric will be a minority owner in business partnerships with community and Indigenous
16 partners. Maritime Electric will operate and maintain the generation facility and have control of
17 operational decision-making for the life of the project. Energy generated from the facility will be
18 priced to align with the *Renewable Energy Act* “Minimum Purchase Price”. Maritime Electric’s
19 capital investment in the projects will be included in rate base, the project will be cost neutral for
20 customers.

21
22 By establishing partnerships with local communities and leveraging grant funding opportunities,
23 Maritime Electric can provide customers with increased access to renewable energy under a
24 regulated model with minimal impact to rate payers.

¹ Sargent & Lundy Capacity Resource Study – December 2022

1 **4.0 INTRODUCTION**

2

3 **4.1 Corporate Profile**

4 Maritime Electric owns and operates a fully integrated power system providing for the purchase,
5 generation, transmission, distribution and sale of electricity throughout PEI. The Company’s head
6 office is located in Charlottetown with generating facilities in Charlottetown and Borden-Carleton.

7

8 Maritime Electric is the primary provider of electricity on PEI delivering approximately 90 per cent
9 of the electrical energy supplied to Islanders. To meet customer energy demand and supply
10 requirements, the Company has contractual entitlement to capacity and energy from NB Power’s
11 Point Lepreau Nuclear Generating Station and an agreement for the purchase of capacity and
12 system energy from NB Power delivered via four submarine cables owned by the Province of PEI.
13 Through various contracts with the PEI Energy Corporation, the Company also purchases the
14 capacity and energy from 92.5 megawatts (“MW”) of wind generation and 10 MW of solar
15 generation on PEI. In the event that the contractual agreements fail to provide all the energy
16 required by customers, the Company owns and operates 90 MW of on-Island backup generation.

17

18 Maritime Electric is a public utility subject to the PEI *Electric Power Act*. As a public utility, the
19 Company is subject to regulatory oversight and approvals of the Commission. IRAC’s jurisdiction
20 to regulate public utilities is found in the *Electric Power Act* and the *Island Regulatory and Appeals*
21 *Commission Act*.

22

23 **4.2 Purpose**

24 Maritime Electric submits this application (the “Application”) seeking approval of a 2025
25 Supplemental Capital Budget Request for Utility-Scale Community Renewable Energy
26 Generation projects. A summary of the projects is provided in Section 5.1 and details are provided
27 in the confidential appendices.

28

29 **4.3 Background**

30 Maritime Electric is continually working to meet the growing electricity needs of its customers, with
31 a focus on delivering safe, reliable, and affordable electricity, while helping meet Federal and PEI
32 Government net zero targets. The Federal Government is committed to achieving a net zero
33 electricity system by 2035 and the PEI Government has proposed a net zero energy target by

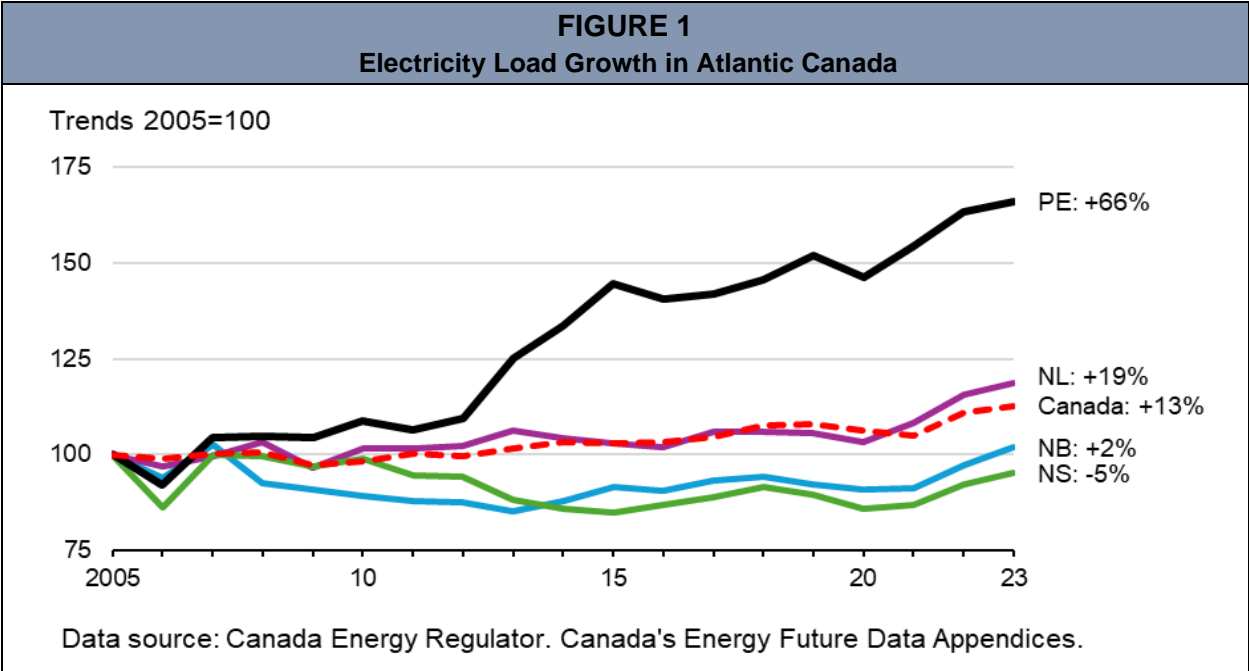
SECTION 4.0 – INTRODUCTION

1 2030 with a particular focus on sustainable communities, including the introduction of a
 2 Community Renewable Energy Generation Fund (“CREG”). This initiative follows two decades of
 3 renewable energy-centric strategic initiatives by the PEI Energy Corporation. Collectively, these
 4 initiative objectives target greater energy self-sufficiency, local economic opportunities and
 5 reducing GHG emissions.

6
 7 Maritime Electric has recognized the Federal and PEI Government initiatives and has set its own
 8 GHG emissions reduction target of 55 per cent by 2030 (from 2019 baseline values). To meet this
 9 target, Maritime Electric estimated that adding 100 MW of wind and 120 MW of solar generation,
 10 or a combination thereof, is required. This analysis highlighted the importance of bringing
 11 additional cleaner energy generating sources onto the grid. The proposed Maritime Electric utility-
 12 scale solar projects aim to meet public policy and customer needs.

13
 14 The combination of PEI’s high electrical load growth and Federal and PEI Government GHG
 15 emissions reduction initiatives creates an even greater need for additional cleaner energy
 16 generation. Load growth on PEI has been driven by the transition away from burning fossil fuels
 17 (i.e., electrification) and population growth. Figure 1 demonstrates that PEI’s load growth since
 18 2005 is over five times the Canadian average.

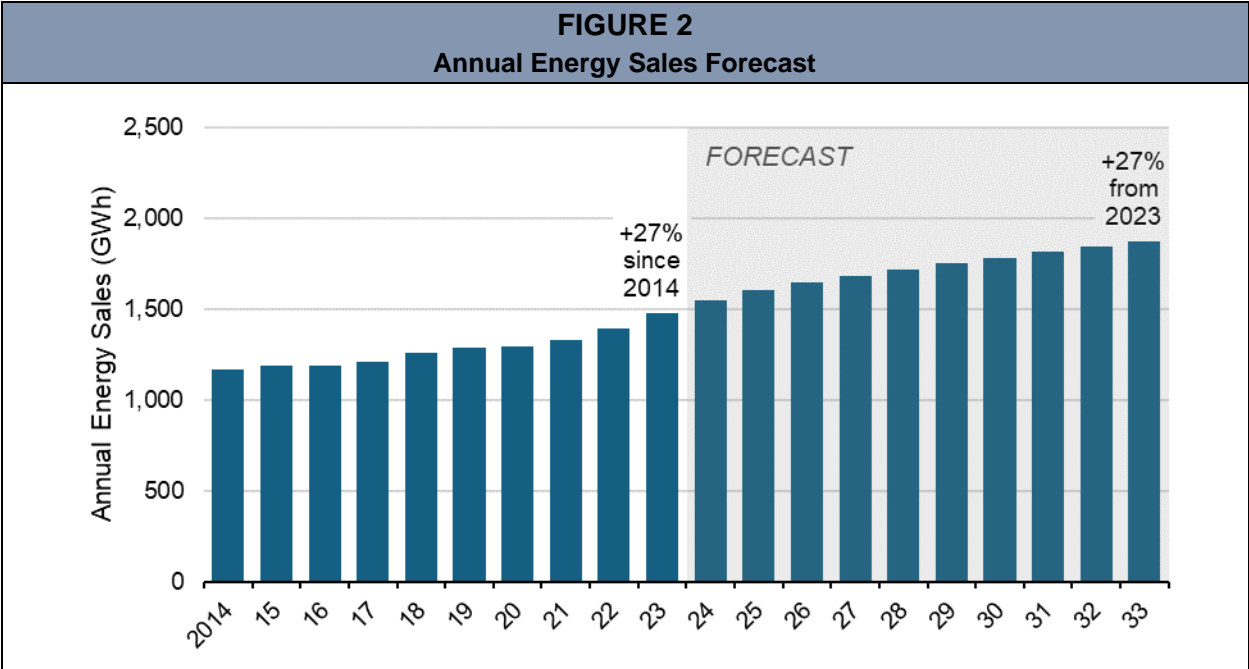
19



20

SECTION 4.0 – INTRODUCTION

1 As load growth on PEI is expected to continue, the demand for energy is also expected to continue
2 to increase, as shown in Figure 2. Maritime Electric forecasts a 27 per cent increase in annual
3 energy sales for the 10-year period from 2024 to 2033. This will require the addition of new cleaner
4 energy sources to maintain and improve upon the grid’s non-emitting energy supply mix, as
5 discussed in Section 5.2, and to meet increased energy needs.
6



7
8 Understanding climate risks and recognizing opportunities to reduce the GHG intensity of
9 electricity provided to customers supports the proposed investment in renewable energy projects.
10 Climate scenario analysis undertaken by Fortis Inc. (Maritime Electric’s parent company) is
11 detailed in the Fortis 2024 Climate Report.² Conducting science-based climate scenario analysis
12 identifies high and low emission scenarios to inform operational plans for the future. This
13 evidence-backed data further highlights the importance of meeting carbon reduction targets.
14 Maritime Electric is proposing these two renewable generation projects in order to contribute to
15 the necessary carbon reduction efforts, while working to build system resiliency with on-Island
16 solar and storage technologies.³

² Fortis Climate Report 2024. https://www.fortisinc.com/docs/default-source/environment-reports/fts-2024-climate-report-final.pdf?sfvrsn=fc5d7298_0

³ A Report on Maritime Electric’s Climate Change Adaptation Strategy, Spring 2024. https://www.maritimeelectric.com/media/pamwo2h/climate-change-adaptation-strategy_final_june-14-2024.pdf

1 **5.0 RATIONALE**

2

3 **5.1 Project Description**

4 Maritime Electric is proposing to lead the development and operation of two utility-scale solar
5 energy projects on PEI in partnership with community and Indigenous organizations. The
6 proposed projects are up to 32 MW each and are projected to supply an average of 40,000
7 megawatt-hours (“MWh”) of electricity annually to Maritime Electric customers.⁴ This equates to
8 powering approximately 4,000 households and eliminating an estimated 5,680 tonnes of carbon
9 dioxide equivalent (“CO₂e”) emissions from current grid sources per project.⁵ Both projects
10 incorporate a BESS in support of the addition of renewable generation to the grid.

11

12 The projects’ financial models, provided in confidential appendices, are based on avoided cost of
13 equivalent energy, which means that the estimated total project cost to Maritime Electric is
14 comparable with the cost to purchase the same energy from other sources.⁶ To meet this
15 objective, grant funding is required in the range of 50 to 61 per cent of the project capital cost.
16 The proposed projects are designed to be cost neutral to Maritime Electric’s customers while
17 providing additional on-Island renewable energy generation.

18

19 Maritime Electric’s over 100 years of experience working with local Island communities and its
20 electrical system knowledge will contribute to the delivery of quality renewable energy projects.
21 The Company’s experience and North American reach will be leveraged to operate and maintain
22 the projects, ensuring the facilities meet expected generation capacity. Preliminary details of each
23 project are in Confidential Appendices A and B.

24

25 **5.2 Benefits**

26 The projects present both cost and other customer benefits which are detailed in this section.

⁴ Calculated using Natural Resources Canada annual photovoltaic potential resource map data for PEI of 1,130 kWh/kWp multiplied by 38,000 kWp estimated installed wattage. kWp is the peak kilowatt rating of solar panels. After applying annual degradation of 0.5 per cent over the project period, the 30-year average expected output is approximately 40,000 MWh annually.

⁵ Based on 2023 values, the addition of 40,000 MWh of solar energy to the grid would offset an equivalent amount of electricity generated from a mix including GHG-emitting sources, displacing the associated emissions.

⁶ The other source used in the model is the current and estimated forecast NBEM energy purchase price.

SECTION 5.0 – RATIONALE

1 **Cost Neutral**

2 The proposed projects will provide access to energy at a cost-neutral price, having less than 0.1
3 per cent cost impact to ratepayers, while providing secure, locally generated renewable energy
4 (refer to Appendix A.3 and B.3).

5
6 The energy generated from the projects will displace energy that Maritime Electric would
7 otherwise purchase from NBEM. To achieve cost neutrality, Maritime Electric’s share of the
8 project costs is limited to an amount equivalent to the avoided cost of the same replacement
9 energy if it was purchased from NBEM (i.e., avoided-cost-of-equivalent-energy model). The
10 remaining project costs will be funded by partner investment and government funding.

11
12 With the global focus on climate change and efforts to reduce GHG emissions, Federal and
13 Provincial Government-led funding programs are supporting utility-scale capital projects with a
14 particular interest in utility, community and Indigenous involvement. Several funding programs are
15 available within the 2024-2025 fiscal year at the Federal, Provincial, and Municipal Government
16 levels. In most cases, the funding programs are stackable with other types of funding programs
17 to encourage investment by utilities in community and Indigenous renewable energy project
18 partnerships. Through its Smart Renewables and Electrification Pathways program, Natural
19 Resources Canada has provided \$1.87 million for pre-development activities associated with
20 Project A.

21
22 Maritime Electric’s participation in the projects will fix a portion of Maritime Electric’s energy supply
23 cost. The partnership model, detailed in Section 5.3, provides a cost-effective on-Island
24 renewable energy source. Maritime Electric’s capital investment in the project will be included in
25 rate base, and the Company will be responsible for its share of the partnership’s operating costs
26 and entitled to its share of the energy generated. Similarly, the other partner(s) will be responsible
27 for their share of the partnership’s operating costs and entitled to their share of the energy
28 generated which will be purchased by Maritime Electric at the Minimum Purchase Price. The
29 result for Maritime Electric customers is the net projects costs, over the life of the project, will be
30 comparable to purchasing the equivalent amount of energy from NBEM.

31
32 The proposed projects will result in the delivery of cost-effective renewable energy for customers.
33 Utility-scale solar is more cost effective in comparison to other solar generation types and is the

SECTION 5.0 – RATIONALE

1 second-most cost-effective renewable generation, with onshore wind energy being the most cost
2 effective.⁷ Specifically, utility-scale solar provides a more equitable alternative to net metered roof-
3 top solar, where cross-subsidization exists between non-net metered customers and net-metered
4 customers. This cross-subsidization is due to the legislated value assigned to the net electricity
5 generated to the grid by net metered customers. Net-metered customers are credited a higher
6 value than what other electricity generators are paid to supply electricity to the grid. As a result,
7 customers without net-metered installations are consequently paying for the higher legislated
8 value afforded to the net-metered customer credits. These utility-scale solar projects provide all
9 Maritime Electric customers equal access to the solar energy generated.

10
11 ***Other Customer Benefits***
12 In addition to the cost benefit, this section details the other customer benefits resulting from these
13 projects including regulatory transparency, improved access to cleaner energy, benefits of battery
14 storage, access to renewable energy credits, predictable energy supply, industry expertise and
15 societal benefits.

16
17 *Regulatory Transparency*
18 Maritime Electric’s participation in renewable energy generation projects, as a regulated utility,
19 provides a level of transparency to Island customers. Maritime Electric is subject to scrutiny by
20 the Commission which ensures that the projects are evaluated carefully, considering long-term
21 customer benefits and public interests, while unregulated renewable generators are typically not
22 subject to this level of oversight. The Commission will have a valuable role in assessing the
23 prudence of the projects and will have visibility into the short- and long-term operating efficiencies
24 of the assets. Customers will obtain value from the regulatory process.

25
26 *Improved Access to Cleaner Energy*
27 Maritime Electric recognizes the need for additional renewable energy generation on PEI and has
28 established a GHG reduction target of 55 per cent from 2019 baseline by 2030. Maritime Electric
29 also acknowledges the PEI and Federal Government emissions reduction targets and the need
30 for additional on-Island renewable energy generation sources that are located within the
31 communities of PEI. Maritime Electric has been working to meet these goals and, in 2023, 82 per

⁷ Sargent & Lundy Capacity Resource Study – December 2022

SECTION 5.0 – RATIONALE

1 cent of the energy supplied to customers originated from carbon-free sources. In 2021, on-Island
2 heavy fuel oil generating capacity was phased out through the decommissioning of the
3 Charlottetown Thermal Generating Station.

4
5 Maritime Electric supports renewable energy generation sources and currently purchases 100 per
6 cent of the wind and solar energy produced by the PEI Energy Corporation, in addition to
7 integrating over 40 MW of net metering solar generation agreements onto the grid. Table 1 details
8 Maritime Electric’s 2023 energy supply mix.

9

TABLE 1 Energy Supply Mix for 2023		
	MWh	%
System Energy Purchases from NB Power	1,074,300	72.6
Point Lepreau Participation (Nuclear)	194,300	13.1
On-Island Wind Generation	189,400	12.8
On-Island Solar Generation	18,500	1.3
On-Island Diesel-Fired Generation	2,300	0.2
TOTAL	1,478,800	100.0%

10

11 To meet Maritime Electric’s 2030 GHG reduction target, the addition of approximately 120 MW of
12 solar energy and 100 MW of additional wind energy to the grid, or a combination thereof, is
13 required. This Application will address some of this need and also contribute to maintaining and
14 improving upon the 82 per cent carbon-free supply mix.

15

16 Maritime Electric is obligated to meet both the energy and capacity demands of its customers.
17 Energy obligations are the need to meet the system’s electrical load continuously throughout the
18 day. Capacity obligations are the required reserve capacity necessary to meet the Maritime Area
19 reliability standards in accordance with the Northeast Power Coordinating Council. This
20 application is focused on meeting the Company’s energy needs while contributing to sustainability
21 targets.

22

23 Utility-scale solar is a viable energy resource to further assist in diversifying the renewable energy
24 mix on PEI. As an intermittent renewable resource, solar is considered to be more predictable

SECTION 5.0 – RATIONALE

1 than wind, which allows solar generation to complement other renewable energy sources,
2 particularly in consideration of PEI’s existing and future wind generation projects.⁸

3
4 Battery Storage

5 The projects in this Application will each incorporate a BESS that could serve as capacity
6 resources. The BESS would also serve as a demonstration installation for Maritime Electric to
7 assess the extent of system functionality and the potential use of stored energy during system
8 peak load when wind generation is low on PEI. The PEI system peak load typically occurs during
9 the hour between 17:00 and 18:00 in the winter months, which is after sunset when no solar
10 energy is being generated. The BESS could be used during this time.

11
12 The addition of a BESS at each project site provides renewable energy integration opportunities
13 as a utility use-case demonstration. For example, when renewable energy generation exceeds
14 load, the excess renewable energy can be stored in the battery. Then the stored energy can be
15 discharged to the grid at a later time when needed. Balancing the system load is an important
16 aspect of the electricity transition towards net zero goals and the delivery of reliable cleaner
17 energy to customers.

18
19 As more renewable generation connects to the grid, it is expected that there will be periods when
20 energy from renewable generation will exceed customer demand, potentially resulting in energy
21 being curtailed.⁹ Pairing battery storage with each project mitigates this risk, potentially avoiding
22 any curtailment by allowing renewable energy to be shifted and used during peak load periods.
23 This results in more renewable energy access for customers.

24
25 Additional On-Island Energy Supply

26 Increasing on-Island energy generation enhances the amount of on-Island energy supply during
27 times when the New Brunswick transmission system limits the amount of energy imported to PEI.
28 The proposed projects provide the potential to generate on-Island energy during times when
29 transmission system constraints in New Brunswick limit the amount of firm energy (i.e., 300 MW)
30 that can be supplied to the subsea cables. This benefit would apply to sunlight hours with a small
31 amount of electricity available through the BESS during non-sunlight hours.

⁸ The predictability of solar and the relation to the variability of wind are further detailed in the NREL Technical Report [Integrating Variable Renewable Energy: Challenges and Solutions](#) (2013).

⁹ Curtailed energy refers to energy from renewable energy plants that could have been generated but is instructed to reduce production due to restrictions.

SECTION 5.0 – RATIONALE

1 Industry Expertise

2 Technical expertise in the utility and generation sectors are key elements to Maritime Electric’s
3 history of executing major capital projects.¹⁰ The Company’s focus on responsible planning
4 practices, as well as detailed and early community engagement and environmental reviews have
5 contributed to setting its major capital projects on a course for success. This experience, as well
6 as grid knowledge and operational expertise stemming from running a 24-hours-a-day and seven-
7 days-a-week (“24/7”) service will contribute to the successful delivery of these quality renewable
8 energy generation projects.

9
10 The proposed projects are based on Maritime Electric being the operator of the facilities. This
11 provides greater supply of on-Island energy as Maritime Electric will directly ensure that the
12 renewable generation facilities are properly maintained and operated at their rated operating
13 capacity throughout the life of the projects. The existing 24/7 energy control operating
14 infrastructure allows for immediate troubleshooting of unscheduled maintenance incidents. This
15 provides customers with the most efficient operating scenario, resulting in less downtime and
16 better availability of cleaner energy generation.

17
18 Maritime Electric also has a network of resources and expertise in partnership structures and the
19 delivery of renewable generation projects through the Fortis Inc. group of companies. Access to
20 expertise at Fortis companies such as UNS Energy Corporation (“UNS”) in Tucson, Arizona, will
21 assist in facilitating the successful execution of these projects. UNS owns and operates 54 MW
22 of utility-solar energy. Access to this experience and expertise will provide efficiencies and risk
23 mitigation opportunities. For example, UNS can provide advice on supply chain challenges,
24 operating best practices and lessons learned. In addition, FortisOntario and FortisBC have a
25 history of establishing valuable partnerships with local Indigenous nations which can further
26 inform project activities. FortisOntario has constructed the Wataynikaneyap Transmission Project
27 in partnership with 17 First Nation communities and FortisBC has been in partnership for over a
28 decade with Stz’uminus First Nation and Cowichan Tribes on their Mount Hayes Liquefied Natural
29 Gas Facility.

¹⁰ Examples include the construction of new substations to meet load growth and the subsea cable interconnection project.

SECTION 5.0 – RATIONALE

1 Societal Benefits

2 Societal benefits to PEI customers include environmental, social, economic and societal benefits.

3
4 Environmental benefits are the positive impact on environmental factors, particularly as they relate
5 to climate change. The environmental benefit of the proposed projects is the projected
6 displacement of 40,000 MWh annually, by each project, of electricity generated by GHG emitting
7 mix of sources from the grid.

8
9 The social benefit of the proposed projects is the reduction of the social cost of GHG (“SC-GHG”).
10 SC-GHG is a measure of the avoided damages from a decrease in emissions or a reduced
11 increase in emissions. The SC-GHG takes into account damages from a variety of climate change
12 impacts, such as changes in net agricultural productivity, human health impacts, property damage
13 from increased flood risk, the value of ecosystem services and disruption of energy systems.
14 Using the Government of Canada’s SC-GHG methodology, the estimated avoided social cost
15 from the decrease in emissions associated with these projects equates to \$20.7 million (in C\$2021
16 dollars) per project.¹¹

17
18 The economic benefit is the amount of money from the projects that will impact the local economy.
19 All partners involved in the proposed projects are local PEI entities with an interest in making local
20 investments for the benefit of PEI. Local economic impact will be realized through local purchases
21 and other directly distributed economic value. The estimated local economic impact from the
22 development of the two projects is net positive, incorporating local construction, consulting
23 services, labour and project capacity building value. The partnership model also allows for a
24 proportional, generation-tied, revenue stream for the community and Indigenous partners to
25 reinvest in local resources, services, programs and initiatives, creating a ripple effect of economic
26 value on PEI.

27
28 The projects provide a societal impact in aligning with the PEI Government’s public policy
29 measures, which aim to have on-Island community and Indigenous partnered renewable

¹¹ Analyzed in accordance with the Social Cost of Greenhouse Gas Estimates – Interim Updated Guidance for the Government of Canada 2023 using Table 1 SC-GHG \$/tonne estimates. Prince Edward Island Greenhouse Gas Consumption Intensity estimates referenced from Table A13-3 values in *National Inventory Report 1990-2021: Greenhouse Gas Sources and Sinks in Canada Part 3, Government of Canada 2023*.

SECTION 5.0 – RATIONALE

1 generation. The establishment of these facilities aligns with the public interest as represented by
2 the local and federal governments.

3
4 Access to Renewable Energy Certificates
5 Renewable energy certificates (“RECs”) are an important benefit for customers to realize from the
6 on-Island generation of renewable energy. RECs are credits that represent the renewable
7 attributes from each MWh of renewable energy generated and delivered to the electricity grid.
8 Owning the RECs associated with the projects allows for the environmental attributes to be
9 claimed as a GHG emissions reduction. On PEI, RECs are currently owned by the PEI
10 government in accordance with the *Renewable Energy Act* and are not currently available or
11 assigned to Maritime Electric’s customers. The Company will work with the PEI Government to
12 ensure that the RECs associated with these projects are accessible by the project partners.

13
14 **5.3 Partnership Structure**

15 As Maritime Electric will not be the sole owner of the project assets, a different ownership structure
16 is needed. Maritime Electric has engaged expert advisors, Fasken Martineau DuMoulin LLP, and
17 consulted with FortisBC to provide input on the ownership structure based upon experience with
18 comparable project structures. The business partnership structures will be established to achieve
19 the most cost-effective projects and transparency to Maritime Electric customers.

1 **6.0 CONCLUSION**

2 The two utility-scale solar projects proposed in this Application are structured to have less than
3 0.1 per cent cost impact on customer rates, provide additional on-Island renewable energy
4 generation, build knowledge and capacity within Island communities and Indigenous
5 organizations, and align with public interest. The process to obtain regulatory approval of these
6 projects will also provide greater transparency to Islanders. Maritime Electric, with access to
7 capital and extensive long-term planning capabilities, is well-positioned to provide affordable,
8 reliable, and equitable solar energy to customers. The following Appendices provide the financial
9 details of rate base impact of the proposed Maritime Electric capital investments and detail the
10 community and Indigenous partnerships and grant funding considerations.

1 **7.0 PROPOSED ORDER**

2
3 **C A N A D A**

4
5 **PROVINCE OF PRINCE EDWARD ISLAND**

6
7 **BEFORE THE ISLAND REGULATORY**
8 **AND APPEALS COMMISSION**
9

10 **IN THE MATTER** of Section 17(1) of the *Electric*
11 *Power Act* (R.S.P.E.I. 1988, Cap. E-4) and **IN THE**
12 **MATTER** of the Application of Maritime Electric
13 Company, Limited for the approval of a 2025
14 Supplemental Capital Budget Request for Utility-
15 Scale Community Renewable Energy Generation
16 projects.
17

18 UPON receiving an Application by Maritime Electric Company, Limited (“Maritime Electric”) for
19 approval of the Utility-Scale Community Renewable Energy Generation projects pending award
20 of government funding;

21 AND UPON considering the Application and Evidence in support thereof;

22 NOW AND THEREFORE pursuant to the *Electric Power Act* and the *Island Regulatory and*
23 *Appeals Commission Act*,

24 **IT IS ORDERED THAT**

25
26
27 Pending award of the government funding of each individual project, as outlined in the Application,
28 the Utility-Scale Community Renewable Energy Generation Projects A and B, filed herein on
29 February 20, 2025 are approved to recover all indicated project capital costs of \$30,593,000 for
30 Project A and \$26,195,000 for Project B, and inclusion of Maritime Electric’s investment into rate
31 base.
32
33

34
35 DATED at Charlottetown this _____ day of _____, 2025

36
37 **BY THE COMMISSION**

38 _____
39 Chair

40 _____
41 Commissioner

42 _____
43 Commissioner