

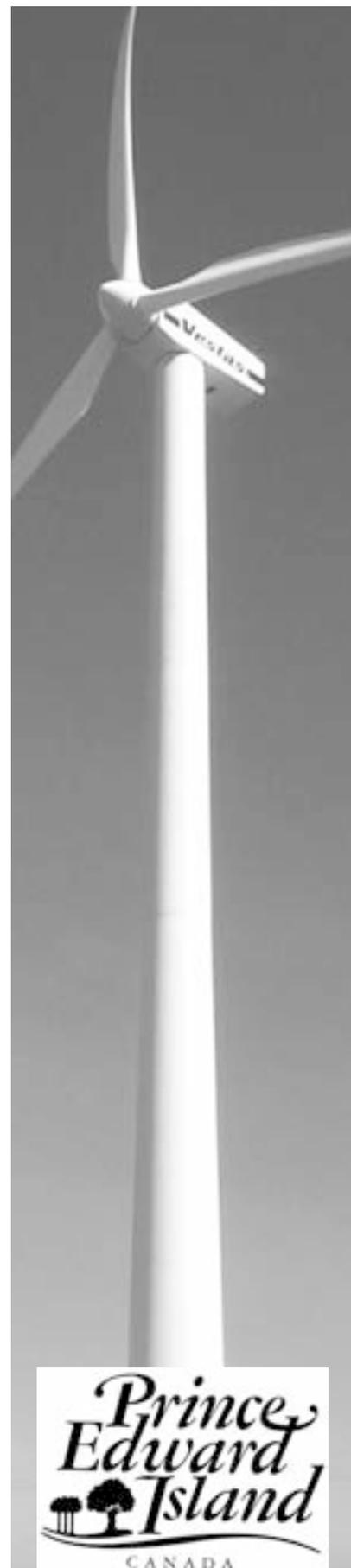
Highlights ~ Energy Framework and *Renewable Energy Strategy*

To ensure that residents of Prince Edward Island have access to secure and competitively priced energy supplies, which are acquired and consumed in an efficient and environmentally responsible manner, it is necessary to formulate a comprehensive provincial energy strategy. This requires response to immediate needs of price and security, but must also include a vision of what is the optimum path for meeting future energy demands. As with most strategies, it must be designed with the flexibility to respond to changes in fuel markets and technological advancements. Political decisions such as the ratification of the Kyoto Accord by the Government of Canada will undoubtedly impact how, and at what price, we consume fossil fuels.

But regardless of future commodity prices and other unforeseen events, it is expected that the development of renewable energy resources will play an important role in the provincial energy strategy. In recent years, the Prince Edward Island Energy Corporation has installed 10.56 megawatts of wind power that meets four per cent of the Island's electricity needs. Other wind projects are in the conceptual stage. Evaluation of developing alternative fuel facilities to produce ethanol for the transportation sector has begun. The Province is exploring its possible role in hydrogen fuel development - perhaps, the fuel of the future. Biomass and solar technologies, already deployed within the province, may play a larger role in meeting future thermal, and possibly electrical, demands.

Although the future is not fully known, it would appear that renewables will play a major role in PEI's energy future. The Renewable Energy Strategy will help define that role.

The Renewable Energy Strategy is but one component of the Prince Edward Island Energy Framework to address future energy demand. Over the next few months, the outcome of work on two fronts will influence how that framework evolves. There is a strong link between energy consumption and climate change, so Prince Edward Island's plans to address climate change could have a significant impact on the province's overall energy strategy. During the spring 2004 session of the Legislative Assembly, a Special Committee on Climate Change was struck to seek input from Islanders and make recommendations on a Climate Change Strategy for Prince Edward Island. The other factor at play is the work of the Atlantic Energy Ministers' Forum which is identifying opportunities for regional cooperation within the energy sector including cooperation on climate change, renewables, electrical generation, and oil and natural gas exploration and development. Currently, the utilities and Governments are working on a plan to address long-term energy supply needs within the region. The outcome of this work will influence the direction of the Prince Edward Island Energy Strategy.



Renewable Energy Strategy

In June 2003, the PEI Energy Corporation hosted six public consultation sessions across the Island. The intent of these meetings was to explain the current energy situation in Prince Edward Island and seek input as to how the Province should incorporate renewable sources into the future energy mix. Based on the input from Islanders, the Province will proceed with:

- Committing to a Renewable Portfolio Standard for electricity of at least 15 per cent by 2010. Given the favourable wind regime in Prince Edward Island, this will be met through the establishment of an additional 40 megawatts of wind capacity. Over the longer term, the Province will evaluate opportunities for having 100 per cent of its electrical capacity acquired by renewable energy by 2015.
- Requiring Maritime Electric Company Ltd. to file an Open Access Transmission Tariff with the Island Regulatory and Appeals Commission.
- Evaluating the feasibility of biomass-fueled generating systems to determine their suitability for economical power generation.
- Endorsing the use of solar technology, particularly for meeting domestic hot water requirements.
- Continuing to evaluate the economic viability of an ethanol and bio-diesel industry in Prince Edward Island.
- Evaluating the economic feasibility of collecting biogas from meat packing wastes for energy production.
- Showing its leadership by immediately introducing transportation efficiency standards for new or replacement vehicles in its fleet.
- Exploring with the Cities of Charlottetown and Summerside options for the development of public transportation systems.
- Encouraging the adoption of both the National Building Code and the Model National Energy Code for Houses for new construction to reduce the per capita energy consumption within the residential sector.
- Implementing electricity efficiency programs within its public buildings.
- Requiring Maritime Electric Company Ltd. to file an approved energy efficiency plan and demand side management strategy with the Island Regulatory and Appeals Commission.
- Allowing the PEI Energy Corporation to remain actively involved in advancing and developing wind projects in Prince Edward Island.

- Exploring the possibility of removing the sales tax on all components of wind turbines.
- Incorporating net metering for small wind power in statute to promote this development.
- Evaluating manners of compensation that may accrue from power generated from large wind facilities that are specifically developed to meet electricity export markets.
- Ensuring the economic viability of community or wind cooperative systems by guaranteeing a selling price to the utility of up to 85 per cent of the retail residential rate.
- Pursuing a method of enabling Prince Edward Island residents to invest in local wind energy projects.
- Embarking on a monitoring program that systematically appraises the wind profiles of the Island.
- Formulating a possible role in advancing, demonstrating and deploying wind-hydrogen technology in Prince Edward Island.

Next Steps

Renewable Energy Act

It is anticipated that, in the Fall 2004 sitting of the Provincial Legislature, a *Renewable Energy Act* will be introduced that puts into force components of this Renewable Energy Strategy, including:

- A mandated Renewable Portfolio Standard for electricity that requires 15 per cent of electricity consumed in Prince Edward Island by 2010 be acquired by on-Island renewable resources.
- An ability for the Lieutenant Governor in Council to prescribe a Renewable Portfolio Standard for transportation fuels through the development of an on-Island biofuels (i.e., ethanol, biodiesel, E-diesel, etc.) industry.
- Pronouncement of net metering for small wind power energy systems that are sized no larger than 100 kilowatts or meet no more than 150 per cent of the qualifying facility's peak demand, whichever is less.
- The ability to collect compensation from power generated from large wind facilities that are developed to meet electricity export markets.
- Mechanisms to enable community-sponsored and cooperative wind developments.

Next Steps cont.

Climate Change Consultations

During the past sitting of the Provincial Legislature, a motion was passed to appoint a Special Committee on Climate Change to consult with Islanders about this issue. Following these consultations, expected to proceed later this year, recommendations will be brought back to the House and incorporated into the provincial Climate Change Strategy and also form a significant component of the Energy Strategy.

*Hydrogen Village™ Project**

The Province continues to promote a hydrogen village concept to Industry Canada (NRCan) that would include several applications of wind and hydrogen technology.

*The Hydrogen Village Trademark has been applied for by a consortium managing the Hydrogen Village Project in the Greater Toronto area.

PEI Energy Strategy

Utilizing the vital components of the Renewable Energy Strategy and the Climate Change Strategy, a comprehensive Prince Edward Island Energy Strategy is expected to be released by Spring 2005.

Atlantic Energy Ministers' Forum

Since its inaugural meeting in Charlottetown in May 2002, the Atlantic Energy Ministers' Forum has made great strides to increase regional collaboration on a variety of energy issues. Prince Edward Island expects this forum will continue to serve a vital role in promoting regional cooperation in this sector, including the development of renewable energy.



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