

Attention: Please see attached – three, broad fiscal recommendations

March 24, 2010

Dear Minister Sheridan and Deputy Minister Clow,

Thank you for meeting with ECO-PEI Energy today. We believe today's communication can be a platform for more, two-way information flows and collaboration for PEI's future.

ECO-PEI's current energy, economic and environmental outlook is attached. Clearly outlined are the three, broad fiscal recommendations to the PEI Government based on our current analysis.

For ease, we've consolidated findings and avoided using references. All of these backup details are available quickly upon request.

We're available to discuss the opportunity in more detail, to develop solutions more fully and effectively for PEI.

Sincerely,

Matt McCarville

“Big Three” PEI Energy Solutions

A focus on lower prices today is woefully insufficient, without first addressing the long-term econometric/emissions trends of PEI’s energy.

Getting started today on big solutions is critically valuable.

Government leadership is needed for the full capture of potential of efficiency and to transform electric systems/devices on PEI. Therefore, ECO-PEI Energy broadly suggests this three-stepped solution.

Step 1: Scale efficiency vastly.ⁱ

Investing \$240 million should create \$550 million in energy savings (not including program costs) for the buildings sector on PEI over 10 years.ⁱⁱ

Dollar per dollar, efficiency should create 1.8 times the jobs of wind.ⁱⁱⁱ

Step 2 – Activate channels for cooperative, large-scale wind.^{iv}

Create active way to stream local investments^v (ie – municipal, agricultural, individual streams of capital) into the effective development of PEI’s wind generating assets.

Large wind investments (ie – 3MW in North Cape) are 4.5 times more efficient as a mode than small wind (ie – 100 kW in Kensington).^{vi}

Step 3 - Unlock consumer adoption of EVs and wind-stored heat.^{vii}

Use incentives (ie - \$7,500 per EV) and building codes that drive the integrated, smartly-gridded rollout of systems and infrastructure.

Investing \$7.5 million then creates 1,000 new EV drivers. Revise and scale the incentive down to zero within the decade using a schedule.^{viii}

78 MW of wind could power all 78,000 light vehicles on PEI.

Plan EV-grid support infrastructure. Cost it. ECO-PEI has data to assist.

This SmartGrid^{ix} also enables wind-stored heat^x, by using off-peak power generated from PEI’s 500 MW of wind capacity available in 2013.^{xi}

END.^{xii}

In Sum, these ordered steps should by far achieve more positive impacts, including short-medium and long-term, both economically, and environmentally on PEI, as compared to BAU projections.

Endnotes – “Big Three” PEI Energy Programming Logics

ⁱ See Making Efficiency Cornerstone of Provincial Budgets, The Guardian letter to the Editor, March 2010.

ⁱⁱ Figures based on results of McKinsey Global Energy and Materials [Report](#), Unlocking Energy Efficiency in the U.S. Economy, July 2009. Energy savings available were 23% for U.S. compared to PEI’s commissioned [study](#) that says 25% for PEI. Based on available data in the two studies, ECO-PEI Energy developed figures of \$240 M and \$550 M, with a basic population conversion, 300 M to 140 K, assuming similar energy systems/economies. Attempt to show full macroeconomic potential of efficiency PEI (not shown in PEI’s study).

ⁱⁱⁱ Bill Clinton, speaking at the U.S. National Clean Energy Summit on energy efficiency and jobs in July 2009, available at <http://www.youtube.com/mattville1>

^{iv} Further details and discussion of investment channel structures is available with ECO-PEI consultation.

^v Direct into large coops: any municipal wind infrastructure funds being made available in Fed/Prov. gas taxes, any Agri-Flexibility Funds being made available for wind, and mobilize individual streams using the PEI Green Bond model from Eastern Kings Wind or an adapted CIDEF model such as in N.S.

^{vi} See Town of Kensington 100 kW turbine [real-time monitor](#) and stats w/ Dr. Larry Hughes ([PEI wind-stored heat](#)) for a sense of larger-scale output.

^{vii} ECO-PEI can make available its PEI smart grid outlook, which included conceptualization of efficiency, hydro import, wind export, and domestic wind storage potential in transport and heat classes from 2008-2030.

^{viii} See Carlos Ghosn, CEO, Renault-Nissan interview for additional insights of short-term public investment streams and private manufacturing capacity at <http://www.youtube.com/mattville1>

^{ix} For PEI’s purposes, go to “Wind Electricity” at <http://www.youtube.com/mattville1> to understand the opportunity to increase from 30% to more than 50% of domestic wind supply on PEI’s grid.

^x See stats w/ Dr. Larry Hughes, Dalhousie University ([PEI wind-stored heat](#))

^{xi} Figure based on Island Wind Strategy, 2008.

^{xii} Note - all other factors, beyond “BIG THREE” case, could be incorporated into plans, using other available info/people to cooperatively guide PEI’s energy decisions in an economical, environmentally benign way. All considerations, from hydro supply to passive solar heat supply are useful and necessary.