



2020
ANNUAL REPORT
UTILITY RATES REVIEW COUNCIL
OF NUNAVUT



UTILITY RATES REVIEW COUNCIL OF NUNAVUT

ANNUAL REPORT

For the year ending December 31, 2020



Members of the Legislative Assembly of Nunavut:

I take pleasure in submitting the Annual Report of the Utility Rates Review Council of Nunavut for the year ending December 31, 2020.

Original Signed By:

Premier Joe Savikataaq
Minister responsible for the Utility
Rates Review Council

May 25, 2021

The Honourable Joe Savikataaq

Minister responsible for the
Utility Rates Review Council
of Nunavut

Dear Mr. Premier:

I have the honour of presenting the Annual Report of the Utility Rates Review Council of Nunavut for the year ending December 31, 2020.

Respectfully submitted,

Anthony Rose
Chair, Utility Rates Review Council
of Nunavut

The Utility Rates Review Council of Nunavut

1. MANDATE

The *Utility Rates Review Council Act*, created in the spring of 2001, and amended in the summer of 2010, gives the power to the Utility Rates Review Council of Nunavut (URRC) to provide advice to ministers regarding rates and tariffs to be charged by designated utilities and any other matters as requested and directed by the Minister responsible for the URRC (Review Council).

Under the Act, a designated utility is defined as *a utility or a member of a class of utilities designated in the regulations*:

Additionally, a utility is any of the following that provides goods or services to the public:

- (a) a corporation that is owned or controlled by the Government of Nunavut, and to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a):*
- (b) a department or administrative division of the Government of Nunavut to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a):*
- (c) a person or organization not mentioned in paragraph (a) or (b) to which this Act applies either by legislation or a regulation made under paragraph 20(1)(a).*

The Qulliq Energy Corporation, and, as a consequence Nunavut Power Corporation, as Designated Utilities, are subject to the URRC through the *Utility Rates Review Council Act*.

2. PURPOSE

The purpose of the Review Council as outlined in Section 7 of the URRC Act:

The purposes of the Review Council are to:

- (a) advise the responsible Minister of a designated utility concerning the imposition of rates and tariffs in accordance with Sections 11 to 18.*
- (b) advise the responsible Minister of a utility other than a designated utility with regard to any questions that the responsible Minister refers to it concerning rates, tariffs and rate structures,*
- (c) advise the responsible Minister for any utility concerning any matter related to the utility that is referred to it by the responsible Minister on the advice of the Executive Council,*
- (d) advise any Minister concerning any matter related to charges for the provision of goods and services that is referred to it by the Minister on the advice of the Executive Council,*
- (e) advise the Minister responsible for the Qulliq Energy Corporation, concerning applications for permission for major capital projects under Section 18.1 of the Qulliq Energy Corporation Act.*

3. ORGANISATION

The Review Council consists of five members appointed for a term of three years. The Minister responsible for the URRC appoints members of the Review Council and designates one member of the Review Council as chair and one member as vice-chair.

As of December 31, 2020, the following URRC members are:

Anthony Rose	Chair
Graham Lock	Vice-Chair
Jimmy Akavak	Member
Robbin Sinclair	Member
Nadia Ciccone	Member

The appointments for Jimmy Akavak and Robbin Sinclair expired this year and at the time this report was generated Robbin Sinclair was reappointed and Bill Williams has been appointed to fill the vacancy. Per section 3 (6) of the URRC Act, members of the

Review Council retain their membership until they are re-appointed, or a new member is appointed. Mr. Lock's appointment is due to expire in 2021.

Temporary Members

The responsible Minister for the URRC, on the request of the council, may appoint, in addition to the members appointed under Section 3 (1) of the URRC Act, no more than two temporary members of the Review Council for the purpose of dealing with a particular matter before the Review Council and may specify the terms and duties of the temporary members. Temporary members were not required for this fiscal year.

Executive Director

Under Section 3 (9), the Review Council may appoint an executive director and fix the terms and conditions of the appointment. Duties of executive director are under Section 3 (10), the executive director shall (a) keep a record of all proceedings of the Review Council and have custody of all of the Review Council's records and documents; and (b) perform any other duties that may be assigned by the Review Council.

Consultants

Per Section 8 (1) (b) of the URRC Act, in 2018, the URRC has entered into an agreement with the Alberta Utilities Commission to provide analysis and drafting services for matters referred to the URRC. The Alberta Utilities Commission has designated Mr. Wade Vienneau to provide support on all applications received.

Mr. John Donihee continues to be retained as per Section 8 (1) (b) of the URRC Act, as Legal Counsel to the URRC. Mr. Donihee comes to the URRC with extensive knowledge and expertise in energy and indigenous law, in addition to regulatory consultations.

4. BUDGET

In 2020 the Council's operating and maintenance budget was \$475,000.

2020 Utility Rates Review Council O&M Budget		
Budget Item	Main Estimate	Revised Estimate
Permanent Salaries	\$187,000	\$187,000
Casual Wages	\$52,000	\$52,000
Travel & Transportation	\$60,000	\$60,000
Materials & Supplies	\$5,000	\$5,000
Purchased Services	\$50,000	\$50,000
Contract Services	\$100,000	\$100,000
Fees & Payments	\$15,000	\$15,000
Other Expenses	\$3,000	\$3,000
Computer Hardware & Software	\$3,000	\$3,000
TOTAL Operations & Maintenance	\$475,000	\$475,000

5. SUMMARY OF 2020 RECOMMENDATIONS:

The following recommendations were made with respect to rates in regard to the following application:

Under Section 13. (1) of the Act states: The Review Council, shall report to the responsible Minister its recommendation that:

- a) the imposition of the proposed rate or tariff should be allowed,
- b) the imposition of the proposed rate or tariff should not be allowed, or
- c) another rate or tariff specified by the Review Council should be imposed.

Report 2020-01, The Major Capital Project Permit Application Respecting Construction of a New Power Plant in Arctic Bay, February 5, 2020

The URRC recommended as follows:

- That the major capital project permit approval for construction of a new power plant in Arctic Bay, as described in the Application and Information Request responses, be approved.
- That if the projected costs after tendering exceed the proposed costs of \$32.357 million by more than 25 percent, that QEC be instructed to prepare and submit a new major project permit application to the Minister responsible for QEC.
- That the prudence of the actual cost of the project be examined at the time the project is proposed to be included in rate base.

Report 2020-02, An Application for Approval of a Fuel Stabilization Refund Rider, April 21, 2020

In accordance with the above, the URRC recommended that a fuel stabilization refund rider of 2.76 cents per kWh be approved for QEC, for the period April 1, 2020 to September 30, 2020.

Report 2020-03, An Application for Approval of a New Rate for 60 Watt LED Streetlights, April 22, 2020

The URRC recommended that:

- a) the imposition of the proposed rate or tariff should be allowed,
- b) the imposition of the proposed rate or tariff should not be allowed, or
- c) another rate or tariff specified by the Review Council should be imposed

In accordance with the above the URRC recommends that a new 60W LED streetlight rate of \$21.81 per month be approved for QEC commencing on April 1, 2020. This rate will replace the interim rate previously approved.

Report 2020-04, The Application for Commercial and Institutional Power Producers Pricing Structure, October 6, 2020

The URRC recommended:

- That the application for approval of Option 3 as described in the

Application and information responses be denied at this time.

- That QEC should directly engage with stakeholders in its supply chain to identify any other potential avoided costs related to the introduction of renewable energy generation.
- That QEC should directly engage with other government departments and private organizations that are currently developing or are currently actively planning for the development and installation of commercial-scale renewable energy generation systems in Nunavut in order to better understand the financial requirements of those projects.
- That QEC should address the many concerns expressed in this Report about its pricing structure in any new CIPP Application.
- That QEC should reapply for approval of the CIPP program in its entirety when all aspects of the program are ready for approval, perhaps when the IPP is also ready to be submitted.
- That if any new grants, benefits, incentives, or cost savings related to renewable energy are identified by the GN or elsewhere, they should be made available to QEC so that they may be flowed through to CIPP proponents in the CIPP price.

Report 2020-05, An Application for Approval of a Fuel Stabilization Refund Rate, December 10, 2020

In accordance with the above, the URRC recommends that a fuel stabilization rate refund rider of 1.25 cents per kWh be approved for QEC, for the period October 1, 2020 to March 31, 2021.

CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITY TRIBUNAL (CAMPUT) AND EDUCATION

The Canadian Association of Members of Public Utility Tribunals (CAMPUT) is Canada's Energy and Utility Regulators. It is a self-supporting, non-profit association of Canadian federal, provincial, and territorial regulatory boards and commissions. These boards,

councils and commissions are responsible for the regulation of the electric, water, gas, and pipeline utilities across Canada. Some CAMPUT members are also responsible for the regulation of matters such as automobile insurance.

The URRC continued its ongoing association with CAMPUT. The membership of CAMPUT is made up of all the boards and councils from the ten provinces and three territories in addition to the National Energy Board. As part of its ongoing goal of improving numerous types of regulation in Canada, CAMPUT also admitted several quasi-judicial boards as associate members to CAMPUT.

CAMPUT's regular conferences, annual general meetings (AGM) and training events offer an invaluable opportunity for members of the URRC to remain well informed and up-to-date on the highly dynamic and demanding field of energy regulation.

URRC members are actively engaged as members of CAMPUT's Education and Regulatory Affairs Committees. As part of the Council's continuing education, the URRC is represented at CAMPUT's annual regulatory key topics held each January, the international conference held in May in a province or territory, as well as the CAMPUT annual general meeting. All meetings in 2020 were held remotely via Zoom.

CAMPUT meetings bring together the member boards from across Canada to discuss events and issues that affect the regulatory community.

Please see *Appendix I* for a list of CAMPUT members and its committee.

6. A LOOK AHEAD AT 2021

Looking forward to 2021, the URRC will continue to review and make recommendations respecting applications forthcoming from the Minister Responsible for Qulliq Energy Corporation, anticipating updates to the Fuel Stabilization Account. Further applications



from QEC respecting upgrades/replacements to power plants in Iqaluit, Cambridge Bay, Gjoa Haven, and Igloolik were anticipated and received in early 2021.

ON BEHALF OF THE UTILITY RATES REVIEW COUNCIL OF NUNAVUT

DATED May 20, 2021
Anthony Rose, Chair

APPENDIX I

CAMPUT Member Boards:

The current CAMPUT membership includes the following federal, provincial and territorial boards and commissions:

- Alberta Utilities Commission
- British Columbia Utilities Commission
- Manitoba Public Utilities Board
- National Energy Board
- New Brunswick Energy and Utilities Board
- Newfoundland & Labrador Board of Commissioners of Public Utilities
- Northwest Territories Public Utilities Board
- Nova Scotia Utility and Review Board
- Nunavut Utility Rates Review Council
- Ontario Energy Board
- Prince Edward Island - Island Regulatory and Appeals Commission
- Régie de l'énergie du Québec
- Saskatchewan Rate Review Panel
- Yukon Utilities Board

CAMPUT Associate Members:

Canadian Nuclear Safety Commission (CNSC)

Comisión Reguladora de Energía (CRE), Mexico

Utilities Regulation & Competition Authority (URCA), Bahamas

NOTE: While CAMPUT has 14 member boards and commissions, and 3 associate member boards and commissions, all current board members/commissioners and staff of member boards and commissions are considered to be individual members of CAMPUT.

CAMPUT Executive Committee:

The affairs of CAMPUT are directed and managed by its Executive Committee which is elected annually from the Association's membership. The Committee comprises the chair, vice-chair, past-chair, Secretary-Treasurer, chair of the Education Committee, and the chair of the regulatory affairs committee. The executive director of CAMPUT provides support to the executive committee and manages the day-to-day operations of the association.

François Beaulieu, Chair

Board/Commission: New Brunswick Energy and Utilities

francois.beaulieu@nbeub.ca

Christine Long, Vice-Chair,

Registrar Ontario Energy Board Christine.long@oeb.ca

Jennifer Nicholson, Secretary-Treasury

Member, Nova Scotia Utility Review Board

jennifer.nicholson@novascotia.ca

Anne Michaud, Chair, Education

Vice-Chair, Alberta Utilities Commission

Anne.michaud@auc.ab.ca

Scott MacKenzie, Q.C., co-Chair, Regulatory Affairs



Trena Grimoldby, co-Chair, Regulatory Affairs
Commissioner, Canada Energy Regulator
Trena.grimoldby@cer-rec.gc.ca

David Morton, Chair, International Affairs
Chair, British Columbia Utilities Commission
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Louis Legault, Past Chair
General Counsel, Régie de l'énergie
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