



ᓱᓴᓃᓄᓃᓃ ᓱᓴᓃᓄᓃᓃᓃᓃᓃᓃ ᓃᓱᓃᓃᓃ  
Qulliq Energy Corporation  
Société d'énergie Qulliq  
Qulliq Aluyaktuqtunik Ikumatjutiit

April 22, 2024

Hon. John Main  
Minister responsible for QEC  
926 Sivumugiaq, 2<sup>nd</sup> Floor,  
Iqaluit, Nunavut  
X0A 3H0

Dear Minister Main,

### **Re: Qulliq Energy Corporations 2023-2024 Letter of Expectation**

Qulliq Energy Corporation received our Letter of Expectation (LOE), dated September 26, 2023, from your predecessor minister Kaernerik. Our original Letter of Response was sent to him on November 16, 2023. This current letter more accurately reflects our response to the 2023-24 Letter of Expectation.

As this current letter will be received by you after the 2023-24 year-end, please understand that due to timing of receipt of the LOE and our official Letter of Response, much of what is described in this letter will be in the past. We look forward to receiving the 2024-25 Letter of Expectation soon.

The Board of Directors, Executives, and Senior Management are committed to Katujjiluta and will continue to work to achieve the government's objectives.

### **Inuit Employment & Education Plans**

Inuit Employment: QEC is committed to Inuit employment initiatives to achieve a representative workforce. The Inuit Employment Rate at QEC continues to be one of the higher of government units, with 57% in indeterminate and term positions, 70% in temporary positions and 92% in relief positions. QEC is taking action to increase the percentage for indeterminate employees, including seeking direct appointments for Inuit staff who have been performing the work in a casual or temporary status.

Inuit Leadership Development Program: Efforts are underway to identify how to best re-assess existing Inuit career development plans and engage new Inuit employees in leadership development. QEC will continue to regularly meet with Inuit employees to assess their development plans.



**Apprenticeship Program:** QEC recognizes the significant benefits of hiring local trade staff and in May of 2023 sought Cabinet approval for four additional indeterminate positions dedicated to apprenticeship positions, including two Inuit direct appointments in positions of Power Systems Electrician and Materials Technician. The remaining two positions will be identified once the corporation's needs are assessed. All apprenticeship positions are targeted to be filled by Inuit who will learn practical on the job skills through relevant on the job training from a qualified supervising tradesperson or journeyman.

### Community Infrastructure Plans

**Arctic Energy Fund:** It is important to recognize that the responsibility to expand partnerships with the federal government, and other funders, to facilitate alternative and renewable energy initiatives in the territory lies with all of government, and not the sole utility mandated to deliver reliable power. In addition to the Arctic Energy Fund, set to end in 2027-28, QEC is working with Electricity Canada to identify funding opportunities to access federal funds to continue to build power plants and replace aging infrastructure in our communities. This beneficial relationship with the national electricity organization is impactful for current and future proposals for funding.




**Energy Programs:** The Board of Directors and Cabinet approved three positions dedicated to renewable energy to better support the increased interest in renewable energy programs and allow for current Engineering staff, operating at a reduced capacity, to focus on power plant infrastructure priorities. Responsibilities of these new roles will also include researching funding opportunities to increase investments into renewable energy.


The corporation has made required changes to renewable energy programs based on internal and external feedback. The Terms and Conditions of Service were also updated to reflect the necessary changes to deliver a successful program. Specific program changes include:

#### *Net Metering Program (NMP)*


In August 2023, QEC received Cabinet approval for the following changes to the NMP:

- Increased individual customer renewable energy generation capacity limit from 10 to 15 kilowatts.
- Tracking and reporting on the financial impacts of the program (net revenue loss as a percentage of revenue requirement).
- Expanded municipal accounts from one to two accounts.
- Removed March 31 credit reset date.

 1-866-710-4200  
 867-793-4225  
 [www.qec.nu.ca](http://www.qec.nu.ca)

 ᐃᑦᑦᑦ 580  
ᐃᑦᑦᑦᐃᑦ, ᐃᑦᑦᑦᑦ  
X0C 0A0

Titiraqarvinga 580  
Iqaluit, Nunavut  
X0C 0A0

 P.O. Box 580  
Iqaluit, Nunavut  
X0C 0A0

C.P. 580  
Iqaluit, Nunavut  
X0C 0A0



### *Independent Power Producer (IPP)*

QEC recently signed the territory's first Energy Purchase Agreement (EPA) between the corporation and NNC for a wind turbine IPP program in Sanikiluaq. There are other IPPs that are at various stages of the application or assessment process since the Minister responsible granted interim approval to implement the program until December 31, 2023, with an instruction to submit a formal policy request to Cabinet before year end. The IPP Policy underwent two public consultations and a detailed review of pricing, while also incorporating input from interested stakeholders and potential proponents. The policy has been reviewed and approved by QEC's Board of Directors.

Baker Lake Headquarters: The new head office opened to the public in April 2023. While the intended official opening of the building did not take place on September 29 due to inclement weather and cancelled travel, the community feast still occurred and provided an opportunity for the Premier to recognize QEC employees for long service awards.

### Kugluktuk Power Plant:




This project was unsuccessfully publicly tendered four times, creating a strong likelihood that no qualified bids would be received with a subsequent tender in the current market. QEC needed an alternate approach to ensure the project will be completed within the project timelines and approved funding parameters. It was therefore necessary for the corporation to seek Cabinet approval in August 2023, which was obtained, to enter preliminary discussions with the Kitikmeot Corporation, an Inuit firm with proven strength in partnerships and quality project work in the region.


### Cambridge Bay, Gjoa Haven and Igloolik Power Plants

QEC holds Major Project Permits for the construction of these three power plants. QEC is exploring all options to be able to start these projects.


### Iqaluit Genset

QEC is pleased to update that the new genset and ancillary equipment was safely transported from the Iqaluit deep-sea port to the power plant on October 25. The existing genset will be replaced in May / June 2024, with installation and commissioning of the new genset completed by November 2024.

 1-866-710-4200  
 867-793-4225  
 [www.qec.nu.ca](http://www.qec.nu.ca)

 ᐃᑦᑦᑦ 580  
ᐃᑦᑦᑦᐃᑦ, ᐃᑦᑦᑦᑦ  
X0C 0A0

Titiraqarvinga 580  
Iqaluit, Nunavut  
X0C 0A0

 P.O. Box 580  
Iqaluit, Nunavut  
X0C 0A0

C.P. 580  
Iqaluit, Nunavut  
X0C 0A0



## Alternative Energy




QEC continues to explore the potential of alternative energy to offset the use of diesel fuel, without compromising its mandate to deliver safe reliable power. Although studies and participation in forums related to geothermal, micro modular reactors and hydro have been completed, these technologies are not available for use in Nunavut in the near future. The use of wind and solar will remain as primary energies to focus on deploying through QEC renewable energy programs.


QEC is the only energy corporation in Canada without developed local renewable energy resources or regional electricity transmission capability, creating a situation of high dependency on diesel fuel. At this time, therefore, QEC will remain dependant on diesel fuel in order to fulfil its mandate to deliver safe, reliable and affordable energy to Nunavut.

QEC is in the process of recruiting three renewable energy positions; one of which will have the focus on researching funding opportunities that QEC may be eligible to apply for and submit the applications, as well as provide financial reporting to the funding department, which QEC has not had the resources to manage in recent years. It would be advisable for the Government of Nunavut, potentially through the Climate Change Secretariat or Community and Government Services which administers federal agreements, to ensure that QEC is aware of all funding opportunities related to alternative energy and assists in the application process. QEC has secured the maximum amount of funding available through the CERRC and the AEF (*Arctic* Energy Fund, not Alternative); these have program end dates and caps that are directed by Canada. Respectfully, the corporation cannot comply with the directive “QEC must secure funding to reduce reliance on diesel fuel and decreases emissions through the implementation of more energy -efficient electricity generation systems and alternative energy technology”. However, QEC will continue to research and collaborate with all stakeholders to access new renewable funding opportunities while continuing to deliver its mandate to Nunavummiut.


## Auditor General & Inventory Controls:

QEC officials, along with the Board, have taken the qualified opinion regarding the persistence of inadequate inventory controls under critical review for action. QEC has been working with the Office of the Auditor General (OAG) to develop reliable and appropriate count processes for the inventory, to ensure accuracy and efficiencies. The OAG shared their recommendation with QEC senior management and GN officials; QEC is currently undertaking the work on implementing the recommendations shared by OAG. The OAG will review the inventory counts in 2 communities this year to see if the recommendations have been properly implemented or there is room for improvement. Based on results, and continued work, QEC is working towards the goal of an unqualified audit in 2025-26.

 1-866-710-4200  
 867-793-4225  
 [www.qec.nu.ca](http://www.qec.nu.ca)

 ᐃᑦᑦᑦ 580  
ᐃᑦᑦᑦᐃᑦ, ᐃᑦᑦᑦᑦ  
X0C 0A0

Titiraqarvinga 580  
Iqaluit, Nunavut  
X0C 0A0

 P.O. Box 580  
Iqaluit, Nunavut  
X0C 0A0

C.P. 580  
Iqaluit, Nunavut  
X0C 0A0



### Memorandum of Understanding

In further strengthening its relationship with the GN, QEC is looking forward to more clarity on establishing MOUs that formalize relations with the territorial government while maintaining QEC's autonomy as a public corporation within the governance structure.

### Central Accountability Committee and Territorial Corporation Committee

QEC will connect with other Territorial Corporations and the Manager of Public Agencies to learn more about these committees and how they can participate in it. QEC will commit to being involved in the development of the Terms of Reference for the committee if invited.




### Good Governance and Transparency

QEC's Board of Directors and the QEC organization understands the importance of maintaining public trust through adherence to the principles of good governance and transparency. This was the impetus for the organization's actions and response to the cyberattack it experienced on January 15, 2023. All communications were timely, factual, and shared all information that the company was able to do, in the interest of security. QEC took strong measures to safeguard both financial and personal information data. The organization updated all stakeholders and the Information and Privacy Commissioner (IPC) of Nunavut on a regular basis. In June 2023, QEC received a letter from the IPC commending the QEC team for 'its exemplary handling of its ATIPPA obligations'. The Finance department also ensured that employees, vendors, and other accounts payable and received commitments continued to be paid.

### Accountability and Financial Management Reporting


With respect to reporting, QEC is cognizant of its responsibilities to meet all financial reporting requirements and responsibilities outlined in legislation, as well as additional reporting and directives that the Minister or government may direct.

- QEC submitted their draft of the 2024-2026 Business Plan to EIA in November 2023
- Finance is working on the finalizing the CARPARLAR report and tentative timeline to submit the 2021-2022 report; the end of the November is the earliest time it will be available.
- QEC will participate in the Territorial Corporation Committee's meetings once they are developed and assignments as they are included on and will review a standardized template for Activity Reporting that has been developed.
- QEC will continue to be prompt in compiling formal responses to letters of expectation, instruction, and Ministerial directives.
- The 2022-2023 Annual Report is scheduled to be presented to the Board of Directors at the upcoming November 2023 meeting.
- Quarterly reporting to the Dept. of Finance: Board approved budget variance reports can be shared on a quarterly basis if required, however it is preferable for QEC to share these reports on an annual basis. The additional reporting on a quarterly basis using the Deputy Minister Central Accountability Committee (CAC) reporting template

 1-866-710-4200  
 867-793-4225  
 [www.qec.nu.ca](http://www.qec.nu.ca)

 ᐃᑦᑦᑦ 580  
ᐃᑦᑦᑦᐃᑦ, ᐃᑦᑦᑦᑦ  
X0C 0A0

Titiraqarvinga 580  
Iqaluit, Nunavut  
X0C 0A0

 P.O. Box 580  
Iqaluit, Nunavut  
X0C 0A0

C.P. 580  
Iqaluit, Nunavut  
X0C 0A0



at the requested schedule will pose a challenge for the corporation because of limited available resources at present. QEC will work with the Department of Finance to create an acceptable schedule for reporting requirements keeping in mind that QEC does not receive government appropriations (it is funded by ratepayer revenue) and its annual operating budgets and variances are overseen by the Board of Directors. As well there are current existing processes in place through FMB for the approval and variance reporting of capital budgets and individual projects.

#### Public Sector Accounting Standards

The QEC will continue to work with staff at the Department of Finance's Financial Reporting and Controls division to provide all requested documents in the GN's ongoing effort to ensure Public Sector Accounting Standards are appropriately implemented. In addition, QEC's Finance department signs a compliance letter ahead of each Board meeting that can be shared with the Minister.



In summary, QEC acknowledges that some financial deliverables and obligations have not been met by the deadline due to an acute shortage of staff and is working on a priority basis to rectify this. I would also like to bring to the Minister's attention that QEC's Finance team is acutely understaffed and struggles to comply with the existing reporting requirements, therefore, any additional reporting requests will need to be assessed and completed by priority.


Thank you for the opportunity to outline the corporation's achievements and challenges over the year, and to identify what the corporation will continue to work on for the remainder.

Sincerely,


Keith Peterson  
QEC Board Chairperson

Cc: Mr. Bill Nippard, Interim President & CEO, Qulliq Energy Corporation  
Mr. Daniel Young, Deputy Minister, Department of Finance

 1-866-710-4200  
 867-793-4225  
 [www.qec.nu.ca](http://www.qec.nu.ca)

 ၁၄၃၇ ၅၈၀  
Δ<sup>၅</sup>၆၁၁၄, ၂၀၁၅  
X0C 0A0

Titiraqarvinga 580  
Iqaluit, Nunavut  
X0C 0A0

 P.O. Box 580  
Iqaluit, Nunavut  
X0C 0A0

C.P. 580  
Iqaluit, Nunavut  
X0C 0A0