



2023-2024 Annual Report



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Qulliq Energy Corporation
Société d'énergie Qulliq
Qulliq Alruyaktuqtunik Ikumatjutiit

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CORPORATE PROFILE

Qulliq Energy Corporation (QEC) is a territorial corporation owned by the Government of Nunavut (GN). The corporation was originally established in 2001 as the Nunavut Power Corporation under the *Nunavut Power Utilities Act*, and subsequently renamed Qulliq Energy Corporation in 2003. The *Nunavut Power Utilities Act* was also renamed the *Qulliq Energy Corporation Act* as the result of legislation passed in March of 2003, which broadened the corporation's mandate to respond to a range of energy use and conservation issues within Nunavut. In 2018, the *QEC Act* was further amended, allowing the corporation to purchase power in anticipation of launching the Commercial and Institutional Power Producer (CIPP) and Independent Power Producer (IPP) programs.

QEC delivers electricity to approximately 15,500 customers across Nunavut. QEC generates and distributes power to Nunavummiut through the operation of 25 stand-alone diesel power plants in 25 communities, with a total installed capacity of approximately 84,000 kilowatts. The corporation also provides mechanical, electrical and power line maintenance from three regional centers: Iqaluit, Rankin Inlet and Cambridge Bay. The corporation's business activities are maintained at the head office located in Baker Lake and corporate offices in Iqaluit.

QEC attends to the overall objectives provided by legislation, supports the Minister responsible for QEC on intergovernmental and regulatory issues, has the mandate to manage the corporation's capital projects, and responds to opportunities for alternative generation sources.

All electricity needs in Nunavut are predominantly met by diesel generation. Through the implementation of the Net Metering, CIPP, and IPP programs, QEC has begun integrating small-scale renewable energy systems into the territory's electricity grid. Each community in Nunavut has its own independent electricity generation and distribution system. There is no back-up grid. QEC is the only energy corporation in Canada without developed local renewable energy resources or regional electricity transmission capability, creating high dependency on diesel fuel.

VISION, MISSION, AND GUIDING PRINCIPLES

VISION

QEC's vision is to provide the communities of Nunavut with safe, reliable, sustainable and economical energy supply and service. QEC's foundation to achieve its vision is based on an empowered and accountable workforce, representative of Nunavut's population, and reflective of Inuit Societal Values, *Inuit Qaujimajatuqangit* and *Katujjiluta*, the mandate document of the sixth Legislative Assembly of the Government of Nunavut. QEC operates as an enterprise with transparency, accountability and integrity.

MISSION

QEC provides safe, reliable and optimized electricity and plans long-term affordable energy for Nunavummiut.

VALUES

The Values included within the Mission Statement are:

Safety continues to be the corporation's priority. This is clearly and consistently communicated to employees and reflected in the corporation's policies and procedures.

Reliability is the focus of the corporation's day-to-day operations and is the provision of safe and reliable service to customers.

Optimization is applicable to all the corporation's operational and administrative activities. Optimization indicates QEC's intention to respect the investment in the corporation made by Nunavummiut, and to use resources with clear attention to efficiency and value.

At Qulliq Energy Corporation, we are committed to upholding the principle of fair and respectful treatment of our employees and customers. QEC recognizes its responsibility to maintain a diverse, respectful workplace where all employees enjoy an environment where the dignity and self-respect of every person is valued and is free of offensive remarks, material or behaviour.

QEC is guided in every facet of its operations by Inuit Societal Values and adheres to priorities set out by the Government of Nunavut.



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Qulliq Energy Corporation
Société d'énergie Qulliq
Qulliq Alruyaktuqunik Ikumatjutiit

243 Umiaq Crescent, Iqaluit, Nunavut, X0A 2H0

August 26, 2024

Honourable John Main
Minister Responsible for Qulliq Energy Corporation
Legislative Assembly of Nunavut
926 Queen Elizabeth II Way
PO Box 2410
Iqaluit, Nunavut
X0A 0H0

Dear Minister Main:

In accordance with Section 100(1) of the *Financial Administration Act*, I hereby submit on behalf of the Board of Directors of Qulliq Energy Corporation the 23rd Annual Report for the fiscal year ending March 31, 2024.

Respectfully submitted,

Keith Peterson
Chairperson
Board of Directors
Qulliq Energy Corporation

CHAIRPERSON'S MESSAGE

I am honoured to present the corporation's annual report for the fiscal year 2023-2024. This year was marked by significant changes and achievements as outlined in the Minister's Letter of Expectation, and I am grateful for the opportunity to share some in this message.

We continued to create a respectful, inclusive, and harassment-free workplace. A safe work environment is essential for our collective success.

Our commitment to Inuit employment is a core part of our identity. Our board is proud to report we have increased Inuit employment within QEC, reflecting our dedication to supporting Nunavummiut talent and ensuring that our workforce represents the communities we serve.

In the face of a rapidly changing energy landscape and territory-wide staffing shortages, this year QEC continued to innovate and invest in our communities' infrastructure, ensuring that our energy delivery services remain consistently reliable and efficient for our customers. A key achievement has been the integration of several renewable energy projects, which align with our long-term vision of reducing greenhouse gas emissions while empowering our communities.

QEC's focus on integrating renewable energy remained the basis of our strategic priorities. We saw increased applications from Inuit entities for the Independent Power Producer Program, which launched in 2022. Partnering with Inuit organizations has been crucial in facilitating alternative energy within the territory. This underscores our continued commitment to building new infrastructure using sustainable energy solutions and supporting Inuit entrepreneurship and innovation in the energy sector in the years to come.

As we move forward into 2024-2025, we remain steadfast in our mission to provide reliable, sustainable, and affordable energy solutions for Nunavut. To this end, we will seek significant investment to replace and upgrade our aging power plants.

I wish to extend my deepest thanks to our staff, management, and partners for their valuable contributions as we navigated another challenging year.

Sincerely,



Keith Peterson
Chairperson, Board of Directors
Qulliq Energy Corporation

PRESIDENT'S MESSAGE

As we reflect on the past fiscal year, I am pleased to share the substantial progress and milestones we have achieved across various divisions of our organization. Our commitment to excellence and innovation has continued to drive our success, ensuring reliable and efficient service to our communities.

The Human Resources team successfully filled 32 positions. Ten of these were direct appointments approved by the cabinet. QEC boasts 56% Inuit employment. The cabinet also approved four indeterminate apprenticeship positions. Four participants were selected for the four-year apprenticeship program. QEC reintroduced the Inuit Employment Plan Committee, which steers Inuit staff's continued development and support.

Our engineering team advanced critical projects and made strides in implementing renewable energy projects through the Independent Power Producer (IPP) Program and the Commercial and Institutional Power Producer (CIPP) Program. Several communities received key infrastructure upgrades, including genset replacements and the design of new power plants. A notable highlight was signing the first Energy Purchase Agreement (EPA) with Nunavut Nukkiksautiit Corporation for the wind project in Sanikiluaq, representing our ongoing commitment to sustainable energy solutions.

The operations team ensured excellent reliability and fuel efficiency throughout the territory. LED streetlights were successfully installed in all communities. Operations continued to provide critical support and remained responsive during emergency power outages, minimizing waiting times for power restoration in all 25 communities.

The cabinet approved QEC to join the GN IT network to enhance operational capabilities and align technological infrastructure with broader governmental frameworks. Teams from both the Community and Government Services (CGS) of GN and QEC IT continued to collaborate on the transition. This integration expands our security infrastructure, ensuring robust protection of our assets and data, which is paramount in today's fragile digital landscape.

As we look ahead, we remain dedicated to advancing our projects, improving our efficiencies, and upholding the highest standards of reliability and efficiency while serving Nunavummiut. Our achievements this year demonstrate our team's hard work and dedication, and I am confident we will continue to build on this solid foundation.

Sincerely,



Ernest Douglas
President and Chief Executive Officer
Qulliq Energy Corporation

KEY ACTIVITIES IN 2023-2024

- Celebrated the grand opening of the Baker Lake Headquarters building.
- Selected four (4) employees to participate in the Apprenticeship Program, which was approved by the Board of Directors in March 2023.
- Filled 32 positions through competition or developmental internal transfer assignments in alignment with QEC's Inuit Employment Plan (IEP)
- Reinstated the Union Management Consultations Committees.
- Expanded IT security infrastructure with the implementation of security tools, system and vendor patches and upgrades during the 2023-2024 fiscal year.
- Cabinet approved the adoption of QEC into the GN IT Network, directing that QEC and CGS establish a provision of Information Management (IM) IM/IT services for integrating QEC IT Network into the GN Network.
- LED streetlight replacement projects were completed in Sanikiluaq, Baker Lake, Chesterfield Inlet, Naujaat and Kinngait.
- Signed the Energy Purchase Agreement between Qulliq Energy Corporation and Nunavut Nukkiksautiit Corporation for Nunavut's First Community-Led, Inuit-Owned Renewable Energy Project.
- Generator set replacement projects in Clyde River and Pond Inlet were completed.
- Completed the design phase for building new power plants in Cambridge Bay, Igloolik, and Gjoa Haven.
- Completed the Engineering Distribution of Sanirajak Phase 1 upgrade and Kinngait insulator upgrade projects.
- Reported a 99.96 percent reliability rate across the territory.
- Pond Inlet reported no planned or unplanned outages and had a reliability of 100%.
- Operations continued to support Engineering for Emergency generator sets installation projects in Coral Harbour, Grise Fiord and Sanikiluaq.
- QEC received an overall score of 80% for the 2023 Certificate of Recognition (COR) Internal Audit.
- Hosted training sessions for employees in Standard First Aid, Fall Protection, Workplace Hazardous Materials Information System (WHMIS), Dangerous Goods (TDG), fire extinguisher inspection and maintenance, Supervisor Familiarization Safety course, Electrical Safety and Arc Flash Awareness and QEC's contractor safety orientation.
- Continued to host several in-house Health and Safety Week activities for employees.
- Acknowledged and awarded QEC's Award of Excellence to employees in Kugluktuk, Whale Cove, Kinngait and Pond Inlet for their continuous efforts in excelling in workplace safety practices.
- Hazardous building material assessments (HBMA's) were also conducted for properties in Pond Inlet, Taloyoak, Rankin Inlet and Whale Cove.
- In August 2023, the fuel system of the old power plant in Arctic Bay was decommissioned as per Storage Tank Systems for Petroleum Products Regulations.
- Increased the Net Metering Program's capacity for renewable power generation to 15 kilowatts.
- Multiple CIPP and NMP customer connections completed.
- Worked with Multiple third-party IPP proponents for renewable energy integration into the QEC energy mix.
- Major recoverable projects, such as Iqaluit Deep Sea Port power supply and lighting, Pond Inlet Craft Harbour power supply and lighting and Whale Cove water treatment plant power supply project, were completed.

COMMUNITY CONTRIBUTIONS

As the exclusive generator and distributor of electricity in Nunavut, QEC's commitment to Nunavummiut includes supporting and building relationships throughout the territory by actively participating in community events and providing financial and in-kind contributions to community and non-profit organizations. QEC takes pride in its employees' ongoing dedication to these community events and their engagement with the goal of conducting business in a socially responsible manner.

QEC's business practices are steered by the Inuit Societal Values of:

Inuuqatigiitsiarniq: Respecting others, relationships and caring for people

Tunnganarniq: Fostering good spirit by being open, welcoming and inclusive

Pijitsirniq: Serving and providing for family and/or community

Aajiiqatigiinni: Decision making through discussion and consensus

Pilimmaksarniq/Pijariuqsarniq: Development of skills through observation, mentoring, practice and effort

Piliriqatigiinni/Ikajuqtigiinni: Working together for a common cause

Qanuqtuurniq: Being innovative and resourceful

Avatittinnik Kamatsiarniq: Respect and care for the land, animals and the environment

PIJITSIRNIQ & PILIMMAKSARNIQ/PIJARIUQSARNIQ

DONATIONS AND SPONSORSHIP

In 2023-2024, QEC contributed to the Iqaluit Slow Pitch League for crucial infrastructure upgrades, enhancing recreational activities in Iqaluit. Additionally, QEC supported community wellness initiatives by sponsoring the Astro Theatre Holiday Movie Days.

COMMUNITY FEAST

In September 2023, the corporation organized a community celebration to mark the grand opening of its new headquarters in Baker Lake. The festivities were held at the new community hall and featured country food, cake, refreshments, and a speech from Premier P.J. Akeeagok.

LAURA ULLURIAQ GAUTHIER SCHOLARSHIP AWARD

QEC awards a \$5,000 scholarship to an outstanding Nunavummiuq who demonstrates a strong academic record and commitment to community involvement. Presented annually, the scholarship celebrates Laura's vital role in the creation of what is now known as Qulliq Energy Corporation and her community spirit.

Candy of Naujaat was awarded the 2023 Laura Ulluriaq Gauthier Scholarship. Candy is pursuing a Bachelor of Education through Arctic College's Nunavut Teacher Education Program. She demonstrates leadership qualities by volunteering at the elementary school in Naujaat while raising her children. She is currently in her fourth year of the program and studying at the Community Learning Centre in Naujaat. Her goal is to teach full-time in her community upon graduation, with an emphasis on strengthening Inuktitut and culture programming.

SKILLS NUNAVUT

Recognizing the importance of the skilled trades and technology sector to its business, QEC has been a long-term and active supporter of the Nunavut chapter of Skills Canada. The corporation is exploring new ways to be involved with Skills Nunavut through mentoring students in Heavy Equipment Technicians and Electrical Installations competitions in the future.

COMMUNITY CLEAN UP

QEC has been an active supporter of the annual Nunavut-wide community clean-up. Organized by the GN’s Department of Environment, QEC supports the event by encouraging its employees to participate in this community-building initiative. June 16, 2023, was Iqaluit’s Community Clean-up Day. Employees from all QEC departments in Iqaluit participated in the event, focusing on maintaining the areas around the Iqaluit power plant and corporate office.

ENERGY WISE CAMPAIGN

In partnership with the GN’s Climate Change Secretariat and Nunavut Housing Corporation, QEC continued to deliver the “Energy Wise” awareness campaign designed to educate the public on the importance of energy conservation. The 2023-24 year was focused on revamping the Energy Wise program using a social media campaign which highlighting small, but meaningful ways Nunavummiut can conserve energy and save money in their communities. The social media campaign featured graphic images and text in all four languages demonstrating behavioural changes residents can make with regards to energy consumption. The campaign ran on Facebook for January to March 2024.



COMMUNICATIONS PROTOCOL HANDBOOK

This year, the Communications team began the development of a comprehensive Communications Protocol Handbook, which will be accompanied by a virtual training session for all employees. This handbook is designed to ensure transparent, clear and effective communication both inside the corporation and with external stakeholders. The aim of this initiative is to reinforce QEC’s commitment to fostering a positive and respectful workplace culture, delivering operational and service excellence by means of equipping our workforce with essential and consistent communication skills.

QEC WEBSITE REDEVELOPMENT

As part of QEC’s ongoing rebranding strategy, the corporation undertook a major development of our website to modernize the platform, enhancing user experience, highlighting our renewable energy programs, and strengthening our brand presence. The new website will feature improved navigation, updated content and interactive tools that will allow customers to access information and services more intuitively. This redevelopment is crucial for optimizing service delivery and ensuring the stakeholders can easily find the resources needed. The new website is scheduled to launch in the summer of 2024.

INCREASING INTERNAL AND EXTERNAL TRANSPARENCY

QEC continues to strengthen the organization by building trust internally through frequently and clearly communicating new projects, information and direction. As a result, employees, customers, and communities have been able to better share in QEC's vision.

TUNNGANARNIQ & PILIRIQATIGIINNIQ/IKAJUQTIGIINNIQ

GENERAL RATE APPLICATION (GRA)

QEC is committed to charging its customers fair electricity rates. Ministerial instructions were given to the corporation to increase its rate to allow for a 5% increase in electricity revenues and implement harmonized territory-wide rates, effective October 2022. Under QEC's new rate structure, the Nunavut-wide rate has separate rates for government and non-government customers. The government rates have increased, and the non-government rates are capped at Iqaluit rates.

During the Utility Rates Review Council (URRC) review, QEC addressed the City of Iqaluit's concerns over the newly increased rates they would be experiencing as the only community that relies on property tax revenue. A new municipal tax-based rate structure was created for the City of Iqaluit, allowing them to be charged the same rates as non-government customers. QEC typically files a General Rate Application (GRA) in 3–4-year intervals. QEC is scheduled to file its next GRA in September 2024, requesting new rates effective April 1, 2025.

CRISIS COMMUNICATIONS

In 2023-2024, the corporation continued to make best efforts in improving internal and external communication, especially during a crisis. In response to the 2023 cyberattack, QEC is developing a comprehensive crisis communication strategy to enhance its territory-wide resilience and response capabilities. This strategic document outlines clear protocols and procedures for effective communication and mobilization during crises, ensuring timely and accurate information dissemination to employees and stakeholders. By incorporating lessons learned from the cyberattack, QEC is committed to maintaining transparency, protecting sensitive information, and addressing emerging threats to safeguard our operations and communities.

OUTLOOK FOR 2024-2025 AND BEYOND

As we look ahead to 2024-25, the corporation will focus on accelerating our renewable energy initiatives. We aim to empower communities and Inuit organizations to achieve energy reliability by increasing the integration of wind, solar, and other renewable energy sources into our grid. These efforts are critical for environmental sustainability and reducing our reliance on diesel fuel, thereby lowering operational costs and enhancing energy security for Nunavut.

QEC has seen an increased interest in renewable energy throughout the territory, particularly the CIPP and IPP programs. The corporation remains focused on removing barriers for organizations to access these initiatives, while identifying opportunities to expand. Our efforts focus on streamlining the administrative processes, ensuring that more communities can benefit from the integration of renewable energy sources, supporting the transition to a cleaner energy future.

The corporation will prioritize essential infrastructure replacement projects. Upgrading aging infrastructure is vital to maintaining the reliability and efficiency of our energy systems. Planned projects include the modernization of power plants and the enhancement of distribution networks, which will ensure a consistent and robust supply of electricity. These upgrades will also support our renewable energy goals by enabling better integration and management of diverse energy sources.

Investing in our future also means investing in our people and communities. We are proud to expand the annual Laura Ulluriaq Gauthier scholarship program to include two recipients, with one specifically dedicated to a student pursuing a post-secondary engineering field, enhancing our commitment to driving positive community impact through increased educational opportunities. QEC is committed to empowering youth in the skilled trades through developing opportunities for mentorship, expanding the apprenticeship program, and investing in employee training.

Safety remains our top priority in all our operations. QEC will continue to enhance our safety standards and protocols to protect our employees, customers, and assets. This includes ongoing training programs, regular safety audits, and the implementation of advanced safety technologies. Our overarching goal is to cultivate a culture of safety where every employee is empowered and equipped to uphold the highest safety standards. By combining the priorities of safety, affordability and sustainability, we aim to support economic growth as well as the well-being of Nunavummiut for the years to come.

ARCTIC ENERGY FUND

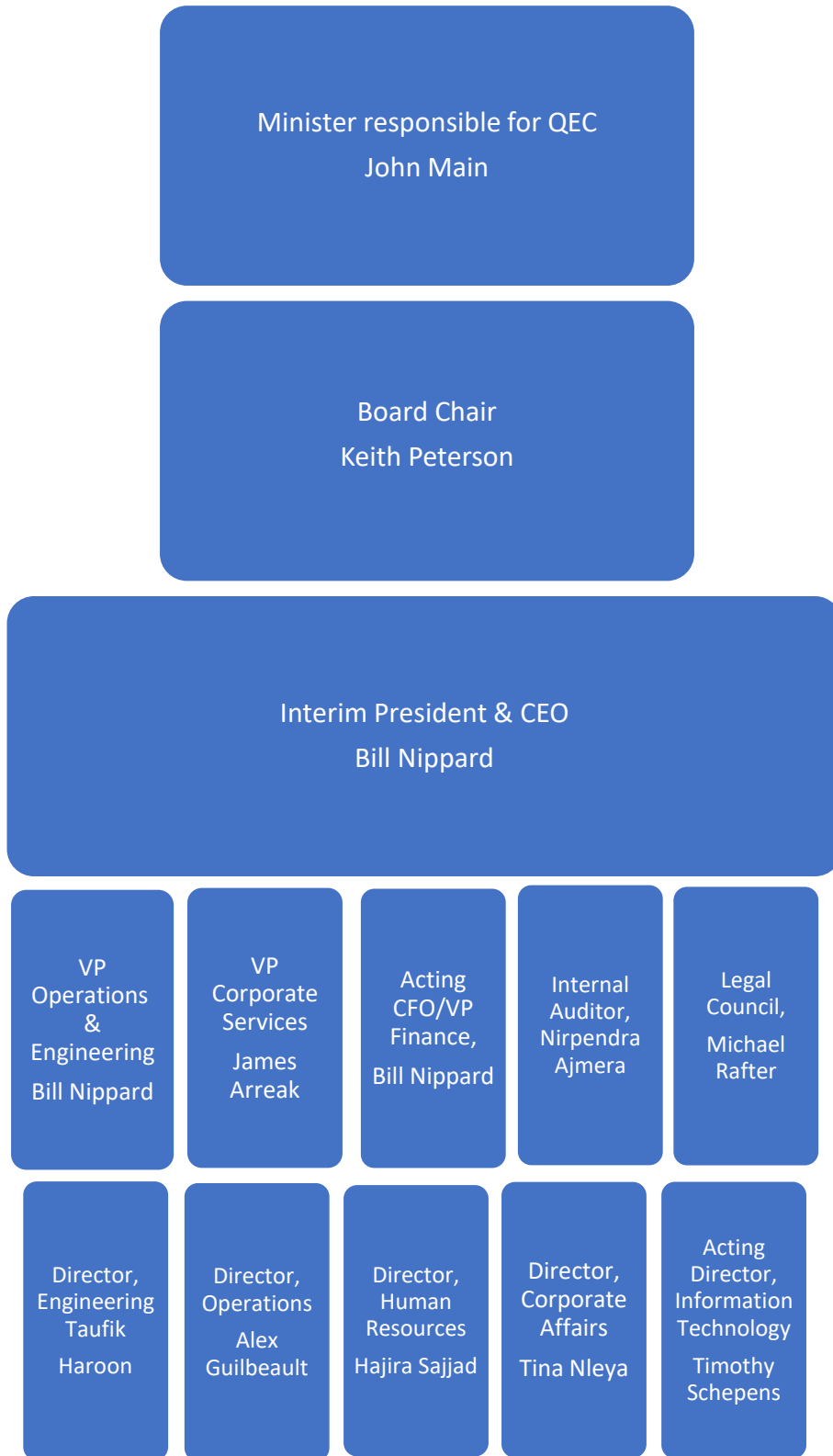
The Arctic Energy Fund (AEF) is a federal funding program aimed at enhancing energy efficiency and reliability in the North and is offered through Infrastructure Canada's *Investing in Canada Infrastructure* program. This fund will provide QEC up to \$175 million under a 75/25 percent cost shared arrangement.

Under this major construction initiative, QEC has identified complete power plant rebuilds and generator set replacements across the territory in communities which need it most. These upgrades are required to replace aging infrastructure and to ensure QEC is able to meet the energy needs of Nunavut's communities. QEC will communicate more details as projects receive funding.

To date, the corporation has received Arctic Energy Funding approval for four new diesel power plants (Kugluktuk, Cambridge Bay, Gjoa Haven and Igloolik) and nine diesel power generator upgrades in six other remote communities (Clyde River, Rankin Inlet, Chesterfield Inlet, Iqaluit, Coral Harbour, Pond Inlet, and Whale Cove). QEC has recently issued a Request for Proposal (RFP) for constructing power plants in Cambridge Bay and will issue RFPs for Igloolik and Gjoa Haven in the coming months. The construction cost increased from the time the original budgets were prepared, due to the disruption in the supply chain for materials and labour due to the COVID-19 pandemic. As the AEF program has a hard cap on total funding for all projects, QEC elected to prioritize completing projects with the available AEF funding. This resulted in the Kugaaruk power plant replacement project being dropped from the list; it has been postponed until additional funds can be sourced.

ORGANIZATIONAL STRUCTURE

As of March 31, 2024



BOARD OF DIRECTORS

QEC's Board of Directors is appointed by the Minister responsible for QEC. Under *the QEC Act*, the Board of Directors must be composed of no fewer than six directors, and no more than ten directors. The appointment terms for board members are staggered and are for up to three years. This ensures the corporation maintains business continuity and allows for growth in experience and knowledge. In 2023-2024, the Minister responsible for QEC appointed two new members to the Board of Directors. New members for the corporation's Board of Directors will be appointed by fall 2024, pending cabinet approval.

As of March 31, 2024, current members include:

Keith Peterson, Chairperson

Keith Peterson is a former cabinet minister in the Government of Nunavut and a Member of the Legislative Assembly (MLA) representing Cambridge Bay. He was responsible for the portfolios of Finance, Justice, and Health and also served as the Minister responsible for QEC. Mr. Peterson was the Mayor of Cambridge Bay for two terms and has held various positions with other public and Inuit organization boards. He has considerable experience in leading government departments, territorial corporations, board governance and community relations. His home is in Cambridge Bay.

Andrew Nakashuk, Vice Chair

Andrew Nakashuk has been an active member of committees, organizations, and boards for many years within Pangnirtung, the Baffin region, and across Nunavut. He is currently chairperson on the Nunavut Planning Commission, facilitating community consultations and planning meetings. Mr. Nakashuk has extensive experience with the land, serving as conservation and fishery officer, bear monitor, and interpretive guide. He has completed training in response to environmental emergencies, search and rescue management training, and various courses through the RCMP. Mr. Nakashuk resides in Pangnirtung.

Johnny Mike

Johnny Mike is a former MLA for Pangnirtung and has over 30 years of experience in business, government, and management roles throughout the territory. Mr. Mike was heavily involved in the Inuit land selection negotiations for South Baffin communities during Nunavut's land claim agreement process. As a former employee of the Northern Canada Power Commission, President and CEO of Qikiqtaaluk Corporation and NCC Investment Group, board member of QEC, and Minister responsible for QEC, Mr. Mike has a strong understanding of QEC's operations and governance. He is currently a board member for Pangnirtung Hunters and Trappers Organization. Mr. Mike is a Red Seal certified mechanic and resides in Pangnirtung.

Clarence Synard

Clarence Synard has spent over 26 years working in the North. He is currently the President & CEO of NCC Investment Group. In his multiple roles with NCC over the years, he has actively fostered strong relationships throughout the territory and focused on the health and safety of colleagues and employees. An active member of the community, Mr. Synard is a former President of the Baffin Regional Chamber of Commerce, Vice President of the Board for Skills Nunavut, and a member of the Government of Nunavut's Building Advisory Committee. He received his Red Seal Journey Certificate (Carpentry) from the College of the North Atlantic. Mr. Synard resides in Iqaluit.

Nayab Khan

Nayab Khan is currently the Chief Financial Officer for Nunavut Arctic College. She has worked in numerous financial roles throughout her career, most recently with Nunavut Housing Corporation where she was a District Comptroller. Ms. Khan is a Certified Management Accountant and has a specialization in forensic accounting. She graduated with a Bachelor of Science in Mathematics and Economics from the University of Peshawar and has a Master of Public Administration from Flinders University. Ms. Khan resides in Iqaluit.

Maya Jelali

Maya Jelali is a dynamic leader with over eight years of experience in human resources, project management, policy development, and stakeholder engagement. She is PMP-certified and has worked across various sectors, including government, Inuit-owned organizations, and for-profit companies, combining creativity and practicality for sustainable outcomes. Maya has a strong background in building processes that enhance operational efficiency and increase organizational capacity, and she has lived in Iqaluit since 2014, bringing extensive knowledge of Inuit communities. Currently serving as the Director of Policy, Planning & Communications at the Government of Nunavut's Department of Family Services, Maya leads policy development, strategic planning, and communication efforts. She also has significant experience in developing training programs that address the needs of adult learners and meet organizational objectives. Maya holds a Master of Public Policy and Administration from Carleton University and a Master of Social Work from the University of Ottawa. She is actively involved in community initiatives, serving on boards such as the Qulliq Energy Corporation and Les Petits Nanooks, and has recently founded the Iqaluit Kids Club, a non-profit aimed at supporting and strengthening young families in Iqaluit by providing inclusive and engaging programs

Alexander Cook

Alex Cook is a beneficiary of the Nunavut Land Claims Agreement and resides in Baker Lake, and an alumnus of St. Francis Xavier University, where he holds a Bachelor of Business Administration majoring in Leadership and Management. Mr. Cook began his career at the Qulliq Energy Corporation as a summer student, steadily rising through the corporation into a senior management role, reflecting his dedication and understanding of the Corporation's mandate, vision, and goals. In his current role, Mr. Cook holds the presidency of ArchTech, an exclusively Indigenous owned and operated design-build firm at the forefront of developing affordable, efficient, and resilient net-zero buildings in Nunavut. In addition to his corporate engagements, Mr. Cook serves on the Indigenous Council and Governing Board for Wah-Ila-Toos, a federal entity overseeing over \$400M in federal funding allocated for indigenous clean energy projects nationwide. His dedication to fostering clean energy solutions is further evidenced in his role as the Energy Champion for Baker Lake, a position appointed through the federal government's Indigenous Off-Diesel Initiative. Moreover, he lends his expertise to the Indigenous Clean Energy social enterprise as a member of the advisory board. Mr. Cook is excited to serve on the QEC Board of Directors where he hopes to leverage his knowledge, skills, and experience to assist in guiding the strategic direction of the Corporation.

Jeannie Ehaloak

Jeannie Ehaloak is a former MLA and Mayor of Cambridge Bay with extensive knowledge, experience, and accountability for the implementation of corporate policies, programs and projects. She worked effectively in consultation and strengthened communications with community members during her tenure as Mayor, MLA and Minister. Jeannie has acquired a greater understanding and appreciation for government policies and procedures in her roles as a Member of the Legislative Assembly, specifically as Minister of Justice, Human Rights, Labor,

Democratic Institutions, Status of Women, Qulliq Energy Corporation, Environment and Community and Government Services. While serving as QEC's Minister, she gained a unique understanding of QEC's operations and governance procedures. Jeannie is a resident of Cambridge Bay.

Martha Lenio

Martha Lenio brings insight into the global renewable energy economy to QEC's Board of Directors. As a renewable energy specialist with the World Wildlife Fund Canada, Dr. Lenio's knowledge of renewable energy technologies and power solutions incorporates the arctic environment in which QEC serves. Her ten years of extensive international experience with solar power applications is complemented by her Doctor of Philosophy in Photovoltaic Engineering from the University of New South Wales, and a Bachelor of Applied Science from the University of Waterloo. Dr. Lenio lives in Iqaluit.

BOARD COMMITTEES

HUMAN RESOURCES AND IQ COMMITTEE

The Human Resources and Inuit Qaujimajatuqangit (IQ) Committee provides recommendations relating to the corporation's organizational workforce. The committee reviews human resources and compensation and benefits matters pertaining to all QEC employees. In addition, the committee evaluates programs and initiatives related to Inuit employment, training and development, employee and labour relation environments, implementation of collective agreements, and initiatives aimed to improve the capability and capacity of employee performance results.

FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee assists the board in meeting its oversight and financial responsibilities and accountabilities to the corporation, stakeholders, the Government of Nunavut, and customers. The committee facilitates communication between the board and the external auditor and is the presiding body related to the activities of the internal auditor.

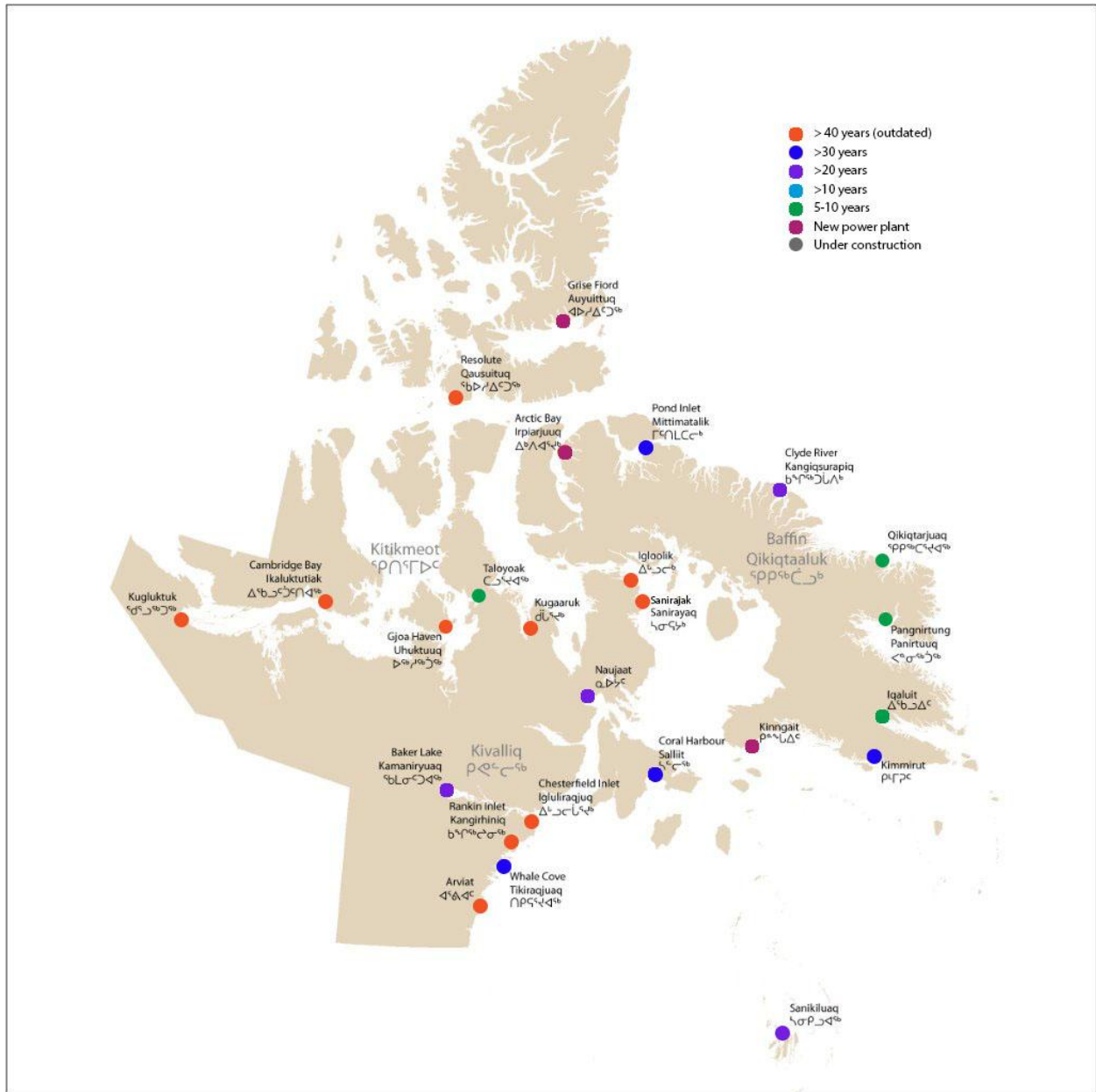
ALTERNATIVE ENERGY COMMITTEE

The Alternative Energy Committee provides recommendations to the board regarding the viability of alternative or renewable energy technologies in the North. The committee also provides input on financing options and financing sources for development, demonstration projects, research initiatives, collaboration opportunities, and supportive and overlapping mandates of other organizations.

GOVERNANCE COMMITTEE

The Governance Committee's primary function is to ensure that the QEC Board of Directors maximizes its effectiveness and is abreast of best practices for governance as it pertains to developing effective strategies for oversight and accountability to the corporation and its shareholder.

NUNAVUT POWER PLANTS BY AGE



OPERATIONS

The Operations department has a mandate of generating and distributing safe, reliable electricity to all Nunavut communities. Each community has its own power plant operated by employees who live in the community. Electricians, mechanics, meter techs, fleet personnel and power line technicians, based in the regional centers of Cambridge Bay, Iqaluit, and Rankin Inlet, support power plant staff in the communities.

Operations continues to build an exceptional team with the expertise and willingness to address operational concerns presented by the environment, aging infrastructure, and increasing demand for renewable energy alternatives. In addition to its core responsibility of electricity generation and distribution to the territory, Operations works closely with the departments of Engineering, Health, Safety, Environment, and Finance to facilitate and execute QEC's capital plan.

RELIABILITY

Providing a reliable electricity supply to Nunavummiut is one of Operation's top priorities. In 2023-2024, QEC reported a 99.96 percent reliability rate across the territory, similar to the previous fiscal year, despite the challenges of operating a critical service post-pandemic. Operations continually strive to improve power supply reliability, meet increased demand for electricity, and cope with the harsh northern climate.

QEC calculates its reliability rate based on the number of planned and unplanned power outages during the year and the time that customers are without power using the Canadian Electricity Association reliability reporting guidelines. Planned power outages occur when work is required to de-energize power plant equipment or the electrical distribution system for maintenance to help ensure the safety of QEC's Operations and Maintenance team. Unplanned outages occur due to adverse weather, external factors, or unexpected equipment failures.

During the 2023-2024 fiscal year, the following communities had the most reliable power supply in the territory:

- Pond Inlet reported no planned or unplanned outages and had a reliability of 100%. Baker Lake, Cambridge Bay, Grise Fiord, Kimmirut, Qikiqtarjuaq and Taloyoak had a reliability of 99.99%.
- Overall, the average QEC customer experienced a frequency of 3.87 power outages over the year, an increase from the previous fiscal year of 3.22. The average QEC customer also experienced 3.75 hours of power interruption, an increase from the previous fiscal year of 2.01 hours.

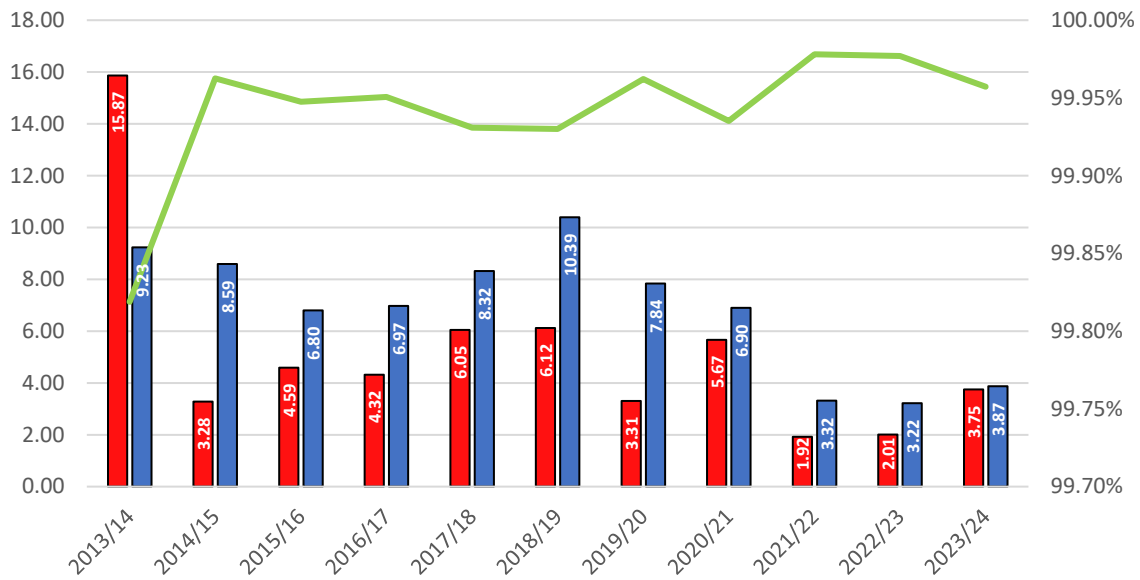
The Operations department continues to improve its operational and maintenance practices through strategic planning, proactive inspections and preventative and corrective maintenance of the power plants and equipment.

PERFORMANCE REPORTING

Operations measure performance data to report power interruption statistics each year. Power interruptions or outages are defined by a loss of electricity supply from the QEC power system to its customers. Performance reporting on power interruptions helps determine the quality and performance of QEC's utility service and distribution systems and can indicate areas needing improvement. Each year QEC measures performance indicators such as the **System Average Interruption Frequency Index (SAIFI)** for customers and the **System Average Interruption Duration Index (SAIDI)** for communities. These are standard power utility industry measurements of performance. The tables below indicate the results of this analysis. The reliability statistics reflect QEC's commitment to safe, reliable power for all Nunavummiut.

The reliability statistic charts below comprise all outage data from the fiscal year 2023-24. The chart below shows the last ten years of reliability data. The annual outage data follows the fiscal year calendar, which runs from April 1st until March 31st of the following year. As can be seen by the reliability trend line, QEC’s reliability has been consistently greater than 99.925% since 2014-15. During the 2018-19 fiscal year, the trend for SAIDI and SAIFI has decreased.

Reliability Statistics

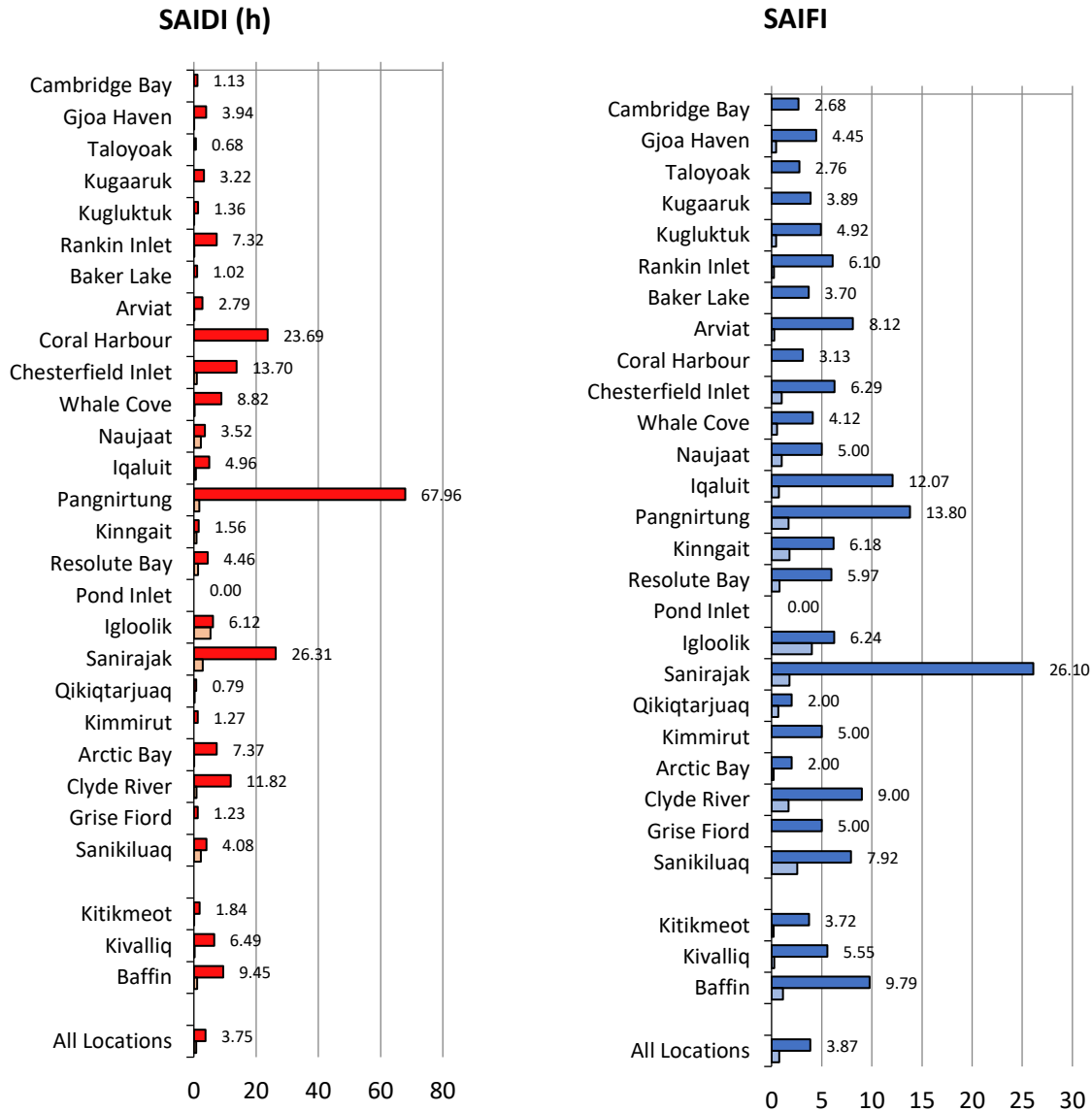


SAIDI – System Average Interruption Duration Index indicates the average outage duration for each customer served. It is measured in hours per year.

SAIFI – System Average Interruption Frequency Index indicates the average number of non-momentary interruptions a QEC customer would experience in a year.

RELIABILITY – The Reliability trend line measures the percentage of total outage duration hours over the total hours of energy supplied to all customers per year.

The charts below show the system’s average interruptions a customer observed in each community, region and territory. Total power outages (planned and unplanned) are indicated by darker/solid colour and include the numeric value of each system’s average interruption. Planned power outages are indicated by the lighter/transparent colour.



The **System Average Interruption Duration Index (SAIDI)** shows the average outage durations (in hours) for QEC’s system in each community and region from April 1, 2023, to March 31, 2024. The average outage duration is calculated by dividing the sum of all customer interruption durations by the total number of customers served. In 2023-2024, SAIDI was 3.75 hours per customer on average, an increase from the previous year.

The **System Average Interruption Frequency Index (SAIFI)** shows the average number of interruptions a customer experienced in each community and region from April 1, 2023, to March 31, 2024. The average number of interruptions is calculated by dividing the total customer interruptions by the total number of customers served. In 2023-2024, SAIFI had an average of 3.87 interruptions per customer, an increase from the previous year.

EFFICIENCY

Through QEC's capital plan, the corporation continues to invest in power plant equipment that will help improve fuel efficiency and reduce fuel consumption. Fuel efficiency enhancements are achieved through upgraded generator sets, improvements in equipment maintenance practices, and modifications to power plant automation and control systems. These initiatives ensure that power plants operate at an optimum level while meeting the daily power demand in each community.

In 2023-2024, QEC's fuel efficiency rate was 3.77 kilowatt hours per litre, a 1% increase over the previous few years. Despite QEC's aging infrastructure, Operations continually works to improve its fuel efficiency performance. While primarily reliant on diesel generation, QEC strives to reduce the fuel consumed to generate electricity, reducing greenhouse gas emissions.

GENERATION

To manage the challenges presented by aging power infrastructure across the territory, Operations adheres to a strict maintenance schedule on all equipment in the twenty-five power plants. Operations collaborates with the Engineering department on upgrades to existing power plant infrastructure and construction of new power plants. In 2023-2024, Operations worked with Engineering to commission a new generator set in Clyde River. Generator set upgrades allow QEC to meet the current and future energy needs of the communities. The Operations department continues to work with Engineering on design and planning for diesel power plant replacements across the territory.

DISTRIBUTION

QEC's Power Line Technicians (PLTs) spend most of the winter months flying into outlying communities to repair damage to power lines and poles and to correct issues with customer connections caused by adverse weather conditions and external factors. During the spring and summer months, the PLTs focus on maintaining the distribution systems, performing preventative maintenance, and preparing the systems for new customer connections as electricity demand continues to grow across the territory.

During the 2023-2024 fiscal year, Operations was involved in a variety of preventative maintenance projects to improve reliability and meet each community's power needs. Operations also supported Engineering on capital projects and completed the LED street light replacement projects for all Nunavut. Operations continue to support Engineering for Emergency generator set installation projects in Coral Harbour, Grise Fiord and Sanikiluaq.

PREVENTATIVE MAINTENANCE

QEC Operations staff develop annual work plans for resource planning and budgeting. The team meets each week to share and discuss divisional monthly and weekly schedules. In 2023-2024, maintenance staff faced significant delays in lead time for parts due to the current global supply chain delays post-COVID. QEC staff were able to adjust and modify procurement processes by factoring in the extended lead time for parts supply. The cyber-attack in January 2023 also impacted the planning and the procurement process for parts and equipment and obsoleted the computerized maintenance management system (CMMS) program. QEC operations staff were able to adjust and used other tools to complete preventative maintenance.

FACILITIES

TRANSIENT UNITS

The Facilities division works diligently to assess the conditions of QEC's transient units on a per unit basis. Required repairs and maintenance continue to be prioritized and completed in a cost-effective and timely manner. Regular

maintenance practices include fuel and sewage tank inspections, annual furnace servicing and water tank cleanings, and ensuring all fixtures and fittings are operable and adequately secured. Larger- scale repairs such as furnace replacements, roof repairs, and plumbing issues are completed as necessary to keep the units in good working order.

As of March 31, 2024, QEC had thirty transient units, some of which are vacant due to significant renovation requirements. The table below shows the breakdown by size of unit (bachelor unit, 1-bedroom unit, 2-bedroom unit, 3-bedroom unit).

Unit Size	Total
Bachelor	0
1 Bedroom	2
2 Bedroom	18
3 Bedroom	8
4 Bedroom	2
5 Bedroom	0
Total # Units	30

In 2023-2024, Facilities completed routine repairs and maintenance throughout the territory. Considering the COVID-19 pandemic, Facilities was able to purchase three new transient modular units to allow for the occupation of three staff members in the transient, each having a separate bedroom and washroom with shared kitchen, dining and living areas. Facilities has since implemented options to make the layout of those three transient units as a design standard for QEC transient units for future replacements.

STAFF HOUSING PORTFOLIO

As of March 31, 2024, QEC had a total of 130 staff housing units. The table below shows the breakdown by staff housing units in each region and size of unit (bachelor unit, 1-bedroom unit, 2-bedroom unit, 3-bedroom unit and 4-bedroom unit, and 5-bedroom unit).

Unit Size	Bachelor	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	Total # Units
Iqaluit	0	29	17	27	4	1	78
Rankin Inlet	0	1	2	3	0	0	6
Baker Lake	0	11	11	9	0	0	31
Cambridge Bay	0	1	4	8	2	0	15
Total	0	42	34	47	6	1	130

Facilities frequently analyzes the accommodation needs of QEC staff. This may result in the non-renewal of unsuitable leased accommodations due to changing living requirements or undesirable unit locations or conditions. Several QEC-owned staff housing units have been assessed and projects have been initiated to improve the condition of the properties through repairs or renovations or have been identified as non-feasible and will be taken offline as necessary.

BAKER LAKE HEAD OFFICE

Significant progress occurred for QEC's new Baker Lake head office in 2023-2024, including the substantial completion of the building and occupancy. The new head office accommodates all administration staff in the community who were previously located in three different offices, with spaces available for growth. The building was assessed for a 12-month period with the goal of becoming Canada's first northern Energy Star-certified facility.

IQALUIT MAIN PLANT OFFICE RENOVATIONS

Renovations at the Iqaluit power plant were required to gain sixteen additional workstations and accommodate the corporation's Operations, Facilities and Engineering staff in one building. All construction work was completed in 2023-2024, which included sound suppression panel installations on the wall separating the generator hall from the space that is now occupied by engineering staff.

ENGINEERING

The Department of Engineering is responsible for the corporation's capital planning, which includes, but is not limited to, design, execution, project management, and providing technical support services to other internal departments. The department also conducts technical assessments and life cycle analyses for new and existing power plant infrastructure. The strategic partnership between the Engineering and Operations departments ensures support for technical issues, long-term planning, and execution of QEC's Corporate Plan. Close collaboration with the Operations, Finance, Health, Safety, Environment and Facilities departments is paramount in successfully completing generator set replacements and installations, along with distribution and fuel system upgrades, to ensure a safe and reliable electricity supply for all Nunavummiut across the territory.

POWER PLANT REBUILD PROJECTS

QEC has developed project plans to replace 10 power plants that are operating beyond, or near the end of, their 40-year life cycle (Resolute Bay, Kugluktuk, Cambridge Bay, Gjoa Haven, Kugaaruk, Igloolik, Sanirajak, Chesterfield Inlet, Rankin Inlet, and Arviat). Power plants with aging equipment and infrastructure are at a higher risk of power interruptions due to system failures and in some cases, may not meet the current and future energy requirements of a community. Measures are regularly taken to ensure that aging infrastructure and equipment can continue operating beyond its life span. However, power plant replacements are required to ensure that QEC can provide safe and reliable power to all communities across the territory.

During the 2023-2024 fiscal year, the following activities for Capital projects took place:

- Kugluktuk's hybrid diesel-solar power plant tendering process was cancelled. The new power plant will follow the standard model with a four-generator set lineup and two-90,000-liter capacity fuel tanks. In December 2023, QEC received approval to enter contract negotiations with Kitikmeot Corporation to explore alternative solutions to complete the project.
- LED street light replacement projects were completed in Sanikiluaq, Baker Lake, Chesterfield Inlet, Naujaat and Kinngait.
- Generator set replacement projects in Clyde River and Pond Inlet were completed.
- Tendering processes progressed for generator set replacements in Baker Lake, Sanikiluaq, Clyde River and Iqaluit.
- QEC and Nunavut Nukkiksautiit Corporation signed an Energy Purchase Agreement for a wind energy IPP project in Sanikiluaq. This is the first IPP agreement in Nunavut.
- Major works for Naujaat Fuel Connection project were completed.
- Engineering Designs to build new power plants in Cambridge Bay, Igloolik, and Gjoa Haven were completed.
- Engineering Distribution—The Sanirajak Phase 1 upgrade and Kinngait insulator upgrade projects were completed. The procurement of critical equipment for distribution capital projects was also completed.
- Major recoverable projects, such as Iqaluit Deep Sea Port Power Supply and Lighting, Pond Inlet Craft Harbour Power Supply and Lighting and Whale Cove Water Treatment Plant Power Supply project, were completed.
- Multiple Commercial and Institutional Power Producer (CIPP) Program and Net Metering (NM) Program customer connections were completed.
- Worked with Multiple third-party Independent Power Producer (IPP) Program proponents to integrate renewable energy into the QEC energy mix.

NET METERING PROGRAM

Launched in April 2018, QEC's Net Metering Program allows residential customers and two municipal or hamlet accounts per community to generate an electricity supply by installing their own renewable power generation systems of 15 kilowatts or less. Eligible customers receive credit for the surplus electricity they produce and send to QEC's electrical grids. As of March 31, 2024, the program had approved sixteen municipal customers (three of them are not connected) and sixteen residential customers (seven of them were not connected).

Total Capacity (kW)		
Category	Installed and in service	Approved but not in service
Commercial	130 kW	35 kW
Residential	42.0 kW	55.3 kW
Total	172 kW	90.3 kW
Grand Total:		262.3 kW

COMMERCIAL AND INSTITUTIONAL POWER PRODUCER PROGRAM

QEC's Commercial and Institutional Power Producers (CIPP) Program allows existing commercial and institutional customers to generate renewable energy on their premises and sell all generated energy to QEC. For the first time, QEC can buy power from CIPP participants at a rate equal to the corporation's diesel savings.

As of March 31, 2024, the corporation has:

- approved and connected three participants in Rankin Inlet, Iqaluit, and Baker Lake
- approved, but not yet connected participants in
 - Cambridge Bay,
 - Pond Inlet,
 - Arctic Bay
 - Kinngait
 - Pangnirtung
 - Sanirajak
 - Grise Fiord
 - Clyde River
 - Iqaluit
 - Whale cove
 - Chesterfield and
 - Sanikiluaq

INDEPENDENT POWER PRODUCER PROGRAM

QEC continued to develop the Independent Power Producer (IPP) Program. This program will allow producers outside of the utility to generate electrical power from renewable energy systems to sell directly to QEC. Inuit organizations and municipalities will be given the first opportunity to own and operate community scale installations

in their respective regions with 51% ownership of all IPP's. QEC proposed to buy power from IPPs for up to the avoided cost of diesel – the maximum price that QEC can pay for renewable energy without raising customer rates.

On December 14th, 2023, QEC received an approval of the final IPP policy to be in effect till December 16th, 2026. QEC as of March 31st, 2024, has now received six (6) Connection Impact Analysis applications for participants in Sanikiluaq, Naujaat, Coral Harbour, Rankin Inlet and Baker Lake. Recently, QEC also received a data request application from a potential future applicant for a hydro project in Iqaluit in its exploration phase.

ALTERNATIVE ENERGY AND RENEWABLE ENERGY

QEC's mandate includes planning and providing for Nunavut's long-term needs for affordable energy, while considering Nunavut's desire to enhance energy self-reliance and to conserve energy and energy resources. To achieve this, QEC's Alternative Energy section advances initiatives to reduce the territory's reliance on diesel fuel and decrease greenhouse gas emissions while further working toward energy independence for Nunavummiut.

The Government of Nunavut's mandate, *Katujjiluta*, highlights investigating the potential for alternative building technologies to be used and manufactured in Nunavut as a territorial outcome. Continuing to build strong relationships with the land and providing a reliable power supply drive the need to explore alternative energy options that emphasize energy-efficient and climate-friendly construction.

The reliability of some alternative energy sources, which produce intermittent rather than continuous or on-demand power, and the significant capital cost to transition to these sources are the biggest challenges to their implementation in Nunavut. These realities mean diesel powered generation can only be reduced for the foreseeable future but not eliminated. QEC's limited financial resources are used to maintain and rebuild aging diesel generation facilities; QEC's renewable energy programs (Net Metering, CIPP, IPP) will leverage external investments to bring renewable energy into the grid.

To achieve energy self-reliance with minimal financial impact on the territory's population, QEC works in partnership with federal and territorial agencies such as Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), Natural Resources Canada (NRCan), Canadian Northern Development Agency (CanNor), Polar Knowledge Canada, and the Government of Nunavut, to facilitate alternative and renewable energy initiatives in the territory. QEC supports other organizations, institutions, and private ventures with their projects related to alternative energy technologies in the Arctic through information sharing and joint coordination of feasibility studies.

There are currently "on-demand" alternative energy sources known to QEC that have the potential to reduce reliance on diesel power generation (hydro and transmission supply from Manitoba). At present, technological, political and financial barriers exist for deploying these energy generation sources in Nunavut.

GEO THERMAL

Geothermal energy is a renewable and clean energy that uses heat from beneath the Earth's surface. Once harnessed, high-grade geothermal energy can be used to generate electricity. Lower grade geothermal energy can be used for community heating, which is achieved by distribution through district heating systems.

The current phase of Nunavut's geothermal assessment was completed on March 31, 2024. Generally, it was identified that producing geothermal power within Nunavut may be challenging due to the sparse population and scarcity of data, basically stating it would be expensive on a per person basis. QEC will not be pursuing geothermal research and development activities in the future as the cost is prohibitive, and the resource does not appear to be commercially attractive.

MICRO MODULAR REACTORS

The Government of Canada has deemed nuclear power as "clean energy", meaning that Micro Modular Reactors (MMRs) may be a viable alternative form of energy for off-grid and remote communities to replace diesel for electricity and heat. Currently, QEC is only gathering information to assess technical and financial considerations of MMRs in Nunavut. Many factors will be considered, including costs, community acceptance, safety data, and environmental assessments. No current plans or projects are underway for an MMR to be built or tested in Nunavut. In 2023-2024, QEC did not engage in MMR activities.

DISTRICT HEATING SYSTEM

District Heating System (DHS) is the process of harnessing the thermal energy produced as a by-product of diesel generated electricity and supplying captured thermal energy to customers through a piped distribution system. This process enables institutional and commercial customers to burn significantly less fuel to generate heat and minimizes the maintenance required on their heating systems. DHS displaces approximately two million litres of heating fuel in Nunavut on an annual basis and significantly reduces the territory's carbon emissions.

Under an agreement with the Government of Canada's Low Carbon Economy Fund (LCEF) program QEC completed installations of DHS systems in Sanikiluaq and Taloyoak. The Sanikiluaq DHS system became fully operational in December 2021, and the Taloyoak DHS became operational in December 2022. The 2022-2023 Taloyoak project connected Netsilik School, Moses Teelktaq Pool, Paleajook Eskimo Co-op Garage, and two hamlet garages. In 2023-2024, QEC actively explored approaches to incorporate more district heating systems in the future as they provide cost-effective heating solutions for Nunavut communities.

HEALTH, SAFETY, AND ENVIRONMENT

The department of Health, Safety, and Environment (HSE) is responsible for the administration of the corporation's health, safety, and environmental practices. HSE's mandate is to:

- Minimize QEC's environmental footprint.
- Ensure all employees understand their rights and responsibilities regarding issues that impact their health, safety, and environmental stewardship.
- Promote compliance with QEC's Health and Safety Program and Environmental Management System.
- Continue the development and revision of safe work practices and procedures.
- Provide health and safety training to all employees and contractors.
- Investigate safety occurrences (including "near-miss" events) and environmental spills and determine preventive measures.
- Liaise with consultants to carry out studies to delineate subsurface contamination, assess hazardous materials in buildings, and conduct human health risk assessments.
- Work with contractors to remediate contaminated sites and to conduct monitoring of legacy sites.
- Conduct due diligence studies such as annual soil monitoring.
- Ensure QEC's compliance with all applicable federal and territorial acts and regulations.
- Liaise with the Government of Nunavut regarding legacy contamination (including financial liabilities) on sites that we have inherited from predecessors (Northwest Territories Power Corporation and Northern Canada Power Commission).
- Contribute insights into new power-plant proposals. These insights pertain to improving operator safety, enhancing healthy working environments, reducing environmental impacts, reducing community impacts, and minimizing the risk of spills.
- Oversee the removal of hazardous waste from power generation (waste oil, used batteries, diesel fuel, glycol etc.) in all communities to a disposal facility via Sealift.

HEALTH AND SAFETY

QEC is committed to providing a healthy and safe work environment that prevents or minimizes the risk of occupational injury or illness for employees, contractors, customers, and members of the public. Corporate and individual accountability assists in protecting the wellbeing of all persons in the workplace.

CERTIFICATION OF RECOGNITION

QEC received an overall score of 80% for the 2023 Certificate of Recognition (COR) Internal Audit. This audit is part of the COR accreditation process of the Northern Safety Association (NSA). COR is a well-respected, Canada-wide certification program that evaluates and enhances existing health and safety programs and workplace practices. The purpose of the COR is to encourage safer workplace behaviors and practices that, in turn improve safety performance.

The corporation undergoes internal maintenance audits annually and external audits every three years; QEC has developed an action plan from the internal maintenance audit to address identified areas for improvement. QEC management believes that most injuries are preventable. For this reason, the corporation prioritizes feedback from the auditing process to ensure that safety programs are based on continuous improvement. Since acquiring the COR in 2013, HSE significantly enhanced QEC's Health and Safety Program to align itself with the requirements and standards for maintaining the accreditation.

TRAINING AND COMMUNICATION

In 2023-2024, the new tracking system for HSE safety courses was fully populated with existing training records and continues to be maintained. This has made updating records and compiling training status reports more accessible and faster, along with making it easier to identify training opportunities for QEC staff. The tracking system is part of the same platform as QEC's safety data sheet management system.

Operator Training occurred in Iqaluit from September 11 to September 20, 2023. All plant operators are flown in from their respective communities on an alternating basis (Plant Superintendent one year and Assistant Operators the following year) to attend 10 days of HSE and Plant Operations training. They also undergo audiometric testing and are fitted for custom-molded ear plugs while training is going on.

The cyber-attack in January 2023 had a negative impact on maintaining Key Performance Indicators and online training. However, the department continued to deliver mandatory health and safety orientations to all new employees and contractors. With e-learning, employees can complete the mandatory Health and Safety Orientation Program and WHMIS training online. The program ensures that employees and contractors successfully complete a safety orientation, as required by the Nunavut Occupational Health and Safety Regulations. In 2022-2023, 189 QEC employees and contractors completed the program.

DURING THE 2023-2024 FISCAL YEAR, HSE STAFF TRAINED:

- 32 workers in Standard First Aid
- 28 employees in Fall Protection
- 10 employees in the Workplace Hazardous Materials Information System (WHMIS)
- 24 employees in Transportation of Dangerous Goods (TDG)
- 25 employees in fire extinguisher inspection and maintenance
- 58 employees and contractors on QEC's internal Utility Work Protection Code
- 42 employees in the Supervisor Familiarization Safety course
- 24 employees in Electrical Safety and Arc Flash Awareness
- 189 employees and contractors in QEC's contractor safety orientation

SAFETY AND HEALTH WEEK

QEC is proud of its continued participation in the annual Safety and Health Week. Promoted in Canada, USA and Mexico, Safety and Health Week highlights to the public, government, and industry the importance of increasing understanding, raising awareness and reducing injuries and illness in the workplace, at home, and in the community.

In 2023-2024, QEC hosted several in-house Health and Safety Week activities for employees. HSE completed the following events:

- Hosted a Photo Contest for employees to send their best photo of their Nunavut community for the QEC 2024 Calendar.
- Encouraged staff to register for a free virtual event with Canadian Centre for Occupational Health and Safety during Safety & Health Week. Events included thought-provoking sessions on psychological health and inclusion in the workplace and wrapped up with a guided meditation.
- HSE held teleconference sessions on a variety of safety topics to learn great information and participants' names were entered into the daily prize draw.

SAFETY AWARD PROGRAM

During the 2023-2024 Annual Operator Training, QEC acknowledged and awarded the Award of Excellence to employees in Kugluktuk, Whale Cove, Kingait and Pond Inlet for their continuous efforts in excelling in workplace safety practices. The Safety Award Program recognizes the safe working practices of all QEC Power Plant Superintendents and Assistant Operators. The program also aims to encourage safe working practices to improve health and safety and promote a genuine safety culture within QEC.

ENVIRONMENT

HSE works hard to limit the corporation's environmental footprint in accordance with leading industry practices and standards, as well as applicable federal and territorial legislation. Generating and distributing electricity within a diesel power plant setting, with suitable control measures, mitigation, and response plans in place, reduces the risk of everyday work activities resulting in undesirable harm to the surrounding land and bodies of water. Environmentally focused measures also enhance safety for employees and communities.

QEC takes a risk-based approach to developing remediation plans for sites known to be affected by legacy contamination. Environmental Site Assessments (ESAs) are essential to determine the environmental condition and possible contamination of a property. This includes assessing site-specific human health and ecological factors while understanding the potential pathways to establish an appropriate remediation plan. This approach is outlined in the Government of Nunavut Environmental Guideline for the Management of Contaminated Sites. Previous assessments have determined that contaminants currently on QEC sites do not pose a risk to human health. This is due to either the location or the depth of the contamination.

As part of this risk-based approach, QEC has an environmental due diligence monitoring program for all facilities. This includes annual soil sample collection and analysis to document surface contamination's presence or absence. The results of this sampling program are compared to applicable environmental quality guidelines (e.g., Canadian Soil Quality Guidelines for the Protection of Environment and Human Health) to characterize potential contamination. The long-term sample record can be reviewed to determine if contamination is moving or changing and requires additional investigation. In 2023-2024, Hazardous Building Material Assessments (HBMA) were also conducted for properties in Pond Inlet, Taloyoak, Rankin Inlet and Whale Cove.

QEC continues to upgrade its fuel supply system infrastructure across the territory to ensure that communities have a reliable fuel supply, minimize the risk of potential fuel spills, and comply with federal regulations. HSE's Site-Specific Spill Plans for every community were revised and made available in March 2024.

Three reportable spills were reported to the Department of Environment in 2023-24:

- Resolute—A drum punctured during snow removal spilled 205 liters of Ethelene Glycol. The contaminated snow and soil were collected and shipped south for disposal.
- Iqaluit—A wrong valve was opened, causing a spill of 400 liters of oily water. The contaminated soil was collected and shipped south for disposal.
- Sanikiluaq—A 200-liter oil spill resulted from a drum being punctured by a loader. The contaminated soil was collected and shipped south for disposal.

In August 2023, the fuel system of the old power plant in Arctic Bay was decommissioned as per Storage Tank Systems for Petroleum Products Regulations. Once the tank was inspected and certified by a professional engineer, it was repurposed to Petroleum Products Division (PPD) for use at their tank farm in Arctic Bay.

HUMAN RESOURCES

The Human Resources (HR) department manages and administers the corporation's workforce. The HR department is comprised of three (3) functional divisions working in close collaboration to provide professional and strategic guidance to departments across the corporation. The divisions include Training and Development, Staffing and Recruitment, and Employee and Labour Relations.

The department is responsible for ensuring all HR initiatives are conducted in accordance with Article 23 of the *Nunavut Agreement* and comply with all applicable legislation, directives, policies, employment contracts, and the *QEC Collective Agreement*.

STAFFING AND RECRUITMENT

In the 2023-2024 fiscal year, the Staffing and Recruitment division of the HR department filled 32 positions through competition or developmental internal transfer assignments in alignment with QEC's Inuit Employment Plan (IEP). The department filled 81% of positions with term or indeterminate employees. Nunavut Inuit employees represent 56% of QEC's workforce as of March 31, 2024.

QEC follows the Government of Nunavut's (GN's) Priority Hiring Policy when recruiting and staffing positions. QEC utilizes the following strategies when carrying out its staffing activities:

- Screening of competitions comply with the Priority Hiring Policy and applicable GN Directives. This includes the provision that "Preference will be given to applicants who are Nunavut Inuit" in all job ads and ensures that the Priority Hiring Policy is applied to all competitions.
- Where appropriate, staffing vacant positions by restricting competitions (Inuit-only competition, Inuit-only by community competition).
- Offering developmental internal transfer assignments when appropriate to Inuit employees and supporting the employee in attaining the education and experience required for the position.
- Hiring Inuit staff to fill vacant positions in a temporary capacity when a competition is unsuccessful and assisting the employee in gaining the necessary experience and skills required to qualify for consideration when the position is re-advertised.
- Applying priority hiring for any temporary staff for short or long-term employment assignments.
- Establishing relationships with Nunavut high schools and post-secondary institutions to ensure access to QEC Summer Student Program.

LABOUR AND EMPLOYEE RELATIONS

COLLECTIVE BARGAINING

QEC's Collective Agreement with the Nunavut Employees Union (NEU) will expire in December 2024. In anticipation, the HR department kicked off initiatives and communication with the GN Labor Relations team in the 2023-24 fiscal year in preparation and due diligence for bargaining in December 2024.

GRIEVANCES

A grievance is typically filed if disputes are not resolved through, or are inappropriate for, the early intervention process. A grievance is a statement of dissatisfaction, produced by an individual, the union or, uncommonly, from excluded employees, regarding the interpretation or application of QEC's Collective Agreement or other instrument that affects the terms and conditions of employment.

As of March 31, 2024, there were no outstanding grievances. In the fiscal year 2023-2024, two grievances were submitted and closed. One NEU policy grievance was filed and settled, and one excluded employee individual grievance was filed and resolved.

EMPLOYEE RELATIONS INITIATIVES

In 2023-2024, the Excluded Employee and Senior Management handbooks were redeveloped, approved, and distributed, and training on its contents was provided.

In 2023-2024, Employee Relations training modules were developed for employees and delivered. QEC Management was offered training modules on Managing the Probationary Period, Performance Management, and Managing in a Unionized Environment. The training was offered in person in Baker Lake in June 2023, with managers from other communities joining remotely; it was offered for Iqaluit managers and directors in November 2023. A training module on QEC Employee responsibilities was developed and recorded and made accessible to all employees to complete through accessing the QEC HR Teams Channel.

In 2023-24, QEC Human Resources reinstated Union Management Consultation Committees that had not been in place for some time. Three meetings have been held: June 1st, 2023, September 21st, 2023, November 23rd, 2023, and a fourth is scheduled for the next fiscal year.

In 2023-24, QEC Human Resources created an HR Microsoft Teams channel where all QEC employees can access HR files, policies, forms, legislation, recorded training, wellness resource links and information, and onboarding information.

INUIT EMPLOYMENT PROGRAMS

INUIT EMPLOYMENT PLAN

The Inuit Employment Programs division administers six interconnected initiatives that contribute to achieving the corporation's Inuit employment goals. Each program builds on the foundation of the corporation's vision of an empowered and accountable workforce that is representative of Nunavut's population and reflective of Inuit Societal Values and Inuit Qaujimajatuqangit.

The initiatives are:

Summer Student Program (SSP): The program aims to expose Nunavut students to various functional areas of the organization by providing meaningful work experience over the summer months. This year, QEC plans to hire 18 students across Nunavut. Advertisements have been created and we will begin advertising and the interview process for student placements.

Inuit Career Development Program (ICDP): This program formally connects employees by creating individualized career development plans in collaboration with their supervisors. These plans assist in guiding employees along their career paths by establishing objectives, goals, and timelines that align with the corporation's strategic direction.

The initiative began in 2018 as part of a four-year commitment to providing Inuit employees with the opportunity to develop a career development plan. As of March 31, 2024, the department had engaged with 95% of its Inuit employees, marking the department's successful achievement of its 4-year commitment to engaging with at least 90% of interested Inuit employees before the end of the fiscal year. Specifically, 97 Inuit employees were engaged in the career development planning process: 45 plans were completed, two were in progress, and 50 declined.

The Training and Development division remains committed to the continued development of QEC’s Inuit employees. It will continue to administer the Career Development Program in alignment with the corporation’s Inuit Employment Plan as part of its commitment to increasing Inuit employment within QEC.

Apprenticeship Program: The purpose of this program is to reduce the dependency on hiring qualified journeypersons from outside of the territory and allow the corporation to fill positions in communities with local Inuit residents. The Apprenticeship Program was approved by the Board of Directors at the March 2023 board meeting. QEC has selected four employees for apprenticeship. One has been enrolled, and the other three employees have enrollment applications in progress.

Inuit Leadership Development Program (ILDLP): This program aims to increase Inuit representation within the professional, middle, and senior management levels.

Inuit Employment Plan (IEP) Committee: This committee is responsible for reviewing, analyzing, and evaluating the corporation’s Inuit Employment Plan, Inuit employment programs, human resources policies and procedures, and general employment practices related to Inuit employment. The committee also provides recommendations to the Senior Management Committee on potential methods of increasing Inuit employment. Although QEC continued supporting employees through various IEP programs, the IEP Committee did not convene due to concerns surrounding capacity and safety during COVID-19 public health restrictions. A relaunch of this committee is set to take place in 2024-2025.

Inuit Qaujimagatuqangit (IQ) Committee: This committee provides recommendations to the Senior Management Committee on potential methods of integrating Inuit Qaujimagatuqangit and Inuit Societal Values into standard employment protocols. A relaunch of this committee is anticipated in 2024-2025.

HUMAN RESOURCES PROJECTS

HUMAN RESOURCES INFORMATION SYSTEM IMPLEMENTATION

During 2023-2024, the HR department continued implementing StarGarden, a new Human Resources Information and Payroll System. The HR, IT, and Finance departments completed the implementation of the payroll module.

The HR department also successfully implemented and rolled out within the HR team, Prevue HR, an Applicant Tracking System (ATS) designed to improve the department’s staffing and recruitment processes as well as to provide quantifiable metrics and reports. QEC’s Staffing and Recruitment division has seen significant administrative efficiencies, as well as additional transparency and will be in compliance with Article 23 of the *Nunavut Agreement* by utilizing Prevue HR.

EMPLOYMENT SUMMARY AS OF MARCH 31, 2024

QULLIQ ENERGY CORPORATION EMPLOYMENT SUMMARY - MARCH 31, 2024

EMPLOYMENT SUMMARY, BY CATEGORY

	Total Positions				Nunavut Inuit	
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP
Executive	4.00	2.00	2.00	50%	1.00	50%
Senior Management	6.00	2.00	4.00	67%	-	0%
Middle Management	28.00	6.00	22.00	79%	7.00	32%
Professional	102.00	19.00	83.00	81%	38.00	46%
Paraprofessional	46.40	4.60	41.80	90%	31.80	76%
Administrative Support	25.00	6.00	19.00	76%	19.00	100%
Total Employment Categories	211.40	39.60	171.80	81%	96.80	56%

Employment Summary, by Community

Arctic Bay 200	1.60	-	1.60	100%	1.60	100%
Cape Dorset 210	2.00	-	2.00	100%	2.00	100%
Clyde River 215	1.60	-	1.60	100%	1.60	100%
Grise Fiord 220	1.60	0.60	1.00	63%	1.00	100%
Hall Beach 225	1.60	1.00	0.60	38%	0.60	100%
Igloolik 230	2.00	-	2.00	100%	2.00	100%
Iqaluit 235	92.00	15.00	77.00	84%	25.00	32%
Kimmirut 240	1.60	-	1.60	100%	1.60	100%
Pangnirtung 250	2.00	-	2.00	100%	2.00	100%
Pond Inlet 255	2.00	-	2.00	100%	2.00	100%
Qikiqtarjuaq 205	1.60	-	1.60	100%	1.60	100%
Resolute Bay 260	1.60	-	1.60	100%	1.60	100%
Sanikiluaq 265	1.60	-	1.60	100%	1.60	100%
Arviat 300	2.00	-	2.00	100%	2.00	100%
Baker Lake 305	48.00	14.00	34.00	71%	22.00	65%
Chesterfield Inlet 310	1.60	-	1.60	100%	1.60	100%
Coral Harbour 315	1.60	-	1.60	100%	1.60	100%
Nauyasat 325	1.60	-	1.60	100%	1.60	100%
Rankin Inlet 320	18.00	4.00	14.00	78%	10.00	71%
Whale Cove 330	1.60	-	1.60	100%	1.60	100%
Cambridge Bay 410	13.00	3.00	10.00	77%	5.00	50%
Gjoa Haven 415	2.00	-	2.00	100%	2.00	100%
Kugaaruk 425	1.60	1.00	0.60	38%	0.60	100%
Kugluktuk 420	2.00	-	2.00	100%	2.00	100%
Taloyoak 430	1.60	-	1.60	100%	1.60	100%
Total Community	207.40	38.60	168.80	81%	95.80	57%

Employment Summary, by Iqaluit and Other Communities

Iqaluit	92.00	15.00	77.00	84%	-	25.00	32%
Other communities	115.40	23.60	91.80	80%	-	70.80	77%
TOTAL	207.40	38.60	168.80	81%		95.80	57%

INFORMATION TECHNOLOGY

The Information Technology (IT) department is based at the corporation's headquarters in Baker Lake and consists of technical employees in Baker Lake and Iqaluit. The department provides data communications, enterprise applications, technology assistance and support, integrated computer systems, and application development services to all QEC departments. The IT team enables QEC to achieve its business objectives through the effective use of information technology.

During the 2023-2024 fiscal year, IT responded to over 6,300 reported issues and partnered with various departments to deliver support for our IT Infrastructure across the territory.

COMMUNICATIONS REVIEW

An internal review of existing infrastructure and the landscape of new and potential vendors has led a roadmap to a future technology direction for the corporation. The roadmap will focus on efficiencies in the communities to provide timely data when and where it is required. There is also an increased focus on security and enhanced features for the generation of electricity by means of further automation and monitoring.

IT VISION

QEC expanded security infrastructure with the implementation of security tools, system and vendor patches and upgrades during the 2023-2024 fiscal year. QEC has implemented the latest Microsoft cloud-based systems and tools, including the expanded security tools. These are critical investments that create and maintain a safe and secure IT network. This helps prevent unauthorized access, detect and respond to threats, protect sensitive data, and ensure business continuity. Investing in these tools is essential to ensure effective risk management and to safeguard the integrity, confidentiality, and availability of the corporation's digital assets.

QEC has developed a five-year Applications Roadmap. This roadmap outlines the strategic vision, milestones, and timelines developing and evolving key applications across the organization. Having this Application Roadmap is essential for effectively planning, executing, and managing the development and lifecycle of an application, leading to successful outcomes and maximizing our return on investment.

CYBER ATTACK: UPDATE FOR 2023-24

QEC was hit with a cyber-attack in January 2023, shutting down access to critical networks and applications. In response, QEC and the Government of Nunavut's (GN's) Community and Government Services (CGS) Information Management/ Information Technology (IM/IT) department immediately began restoring IT infrastructure and rebuilding a modern and secure network for the corporation. Interim IT solutions were put in place to continue providing a critical service to Nunavummiut, and power production operations continued as normal. Despite IT limitations, QEC employees quickly implemented contingency plans while delivering on the corporation's mandate.

Cyber security experts from several organizations, including Microsoft, the Royal Canadian Mounted Police, the Canadian Cyber Security Centre, and the GN were retained to investigate the cause of the attack and how to best restore business applications to resume daily operations. QEC implemented Microsoft's cloud-based email solution and Cyber security tools for a secure infrastructure across all communities.

Importantly, the forensics investigation by an expert, third-party Cyber security vendor concluded that there was no evidence of data exfiltration observed from the illegal cyberattack.

GN NETWORK AND DATA COMMUNICATIONS INTEGRATION

On April 26, 2023, the Cabinet approved the adoption of QEC into the GN IT Network, directing that QEC and CGS establish a provision of IM/IT services for the integration of QEC IT Network into the GN Network. Additional direction was given on June 1, 2023, when Premier P. J. Akeagok announced that the QEC IT Network would be permanently transitioned to the GN network.

The GN IM/IT and QEC IT Teams continue the integration project, which will be completed in 2024. To ensure a successful transition, the project will include a communications plan, a large support team and key integration gates.

FINANCE

The Finance department is located at the head office in Baker Lake with employees situated in the regional offices in Iqaluit, Rankin Inlet and Cambridge Bay. Finance plays a critical role ensuring that QEC meets its regulatory responsibilities, and financial and customer needs.

The focus of the Finance department is to:

- Ensure accurate billing and collection of revenue.
- Enhance quality of customer service.
- Provide payments to suppliers on a timely basis.
- Manage the control systems to ensure proper approval of expenditures.
- Manage QEC's debt and funding needs.
- Administer and manage the government funded projects.
- Provide internal services such as reporting, payroll and procurement.
- Provide regulatory support.

2023-2024 ACCOMPLISHMENTS FOR THE FINANCE DEPARTMENT

PLEASE NOTE DOLLARS ARE IN 000'S UNLESS OTHERWISE NOTED

FUEL STABILIZATION RATE FUND

Between April and September 2023, an FSR charge was in place for \$0.0733/kWh because the Fuel Stabilization Rate Fund balance exceeded its \$1 million threshold. The rider was then removed in October 2023 with the fuel rider charge being added to the regular utility rates to provide a more equitable subsidy amount to customers in the Nunavut Territorial Power Support Subsidy program, which is described below.

INVENTORY

Finance continues to work with Operations to develop and improve inventory management controls and reporting on the effective use of inventory in an effort to reduce its carrying value. This is balanced with the need to maintain optimum inventory levels to enable QEC to provide safe and reliable power to all Nunavut communities.

In 2023-24, a dedicated finance and operations team counted the inventory in October 2023, attending two communities (Iqaluit and Rankin Inlet). This served as an opportunity to evaluate the progress surrounding inventory control management. The main objectives behind these improvements continue to focus on better physical management of inventory, more timely reporting of usage and receipts, and strengthened coordination between operations, finance, and contractors. Further inventory controls that were implemented during the fiscal year had an overall positive impact on QEC's inventory processes such as the expensing of consumable items from the inventory system, allowing QEC to focus on items of higher value which is akin to the industry standard.

GENERAL RATE APPLICATION

On March 24, 2022, the Corporation submitted a General Rate Application to the Minister responsible for QEC to change electricity rates and to transfer from the existing rate structure to a territory-wide electricity rate that is more equitable for customers. Under this structure, all customers of the same type would pay the same electricity rate, regardless of where they are located in Nunavut.

The proposal also uses a different approach than previous applications requesting a territory-wide rate. To minimize financial impacts on customers, QEC recommended that government rates increase to lower rates for non-government customers. In previous applications, efforts were made to rebalance the rates by proposing communities with higher rates decrease and communities with lower rates increase to make up the shortfall. This approach meant that communities with lower rates (larger communities such as Iqaluit) would see major rate increases. On October 21, 2022, ministerial instructions were given to QEC to increase its rate to allow for a 5% increase in electricity revenues and implement the recommended harmonized territory-wide rates, effective October 1, 2022.

There have been no GRA activity in 2023-24; QEC plans to submit a new application in 2024-25.

HIGHLIGHTS OF OPERATIONS AND ACCUMULATED SURPLUS					
For the year ended March 31 st (\$ in thousands)	2024	2023	2022	2021	2020
Revenues					
Sale of Power	\$149,907	\$135,706	\$130,891	\$127,476	\$131,632
Sale of Heat	2,194	956	698	524	946
Government contributions	12,088	7,152	9,304	3,417	6,591
Other Income	6,202	5,113	5,220	5,666	4,953
Insurance proceeds	-	-	-	-	-
Total Revenues	170,391	148,927	146,113	137,083	144,122
Total Expenses	186,193	149,225	135,382	133,142	134,975
Surplus (deficit) for the Year	-15,802	-298	10,731	3,941	9,147

Total revenues in 2023-24 increased by 14.4% compared to the previous fiscal year, mainly driven by the increase in revenue from the sale of power which increased by 10.5% due to increased electrical sales (kWh).

The corporation assists in the administration of two support programs:

- 1) The Public Housing Power Support Program (PHPSP) subsidizes qualifying residential customers living in public housing. Customers in the program are billed at the rate of 6.0 cents per kilowatt hour for their power usage. QEC invoices Nunavut Housing Corporation for the difference between the approved residential rate and the 6.0 cents per kilowatt hour for customers in this program.
- 2) The Nunavut Territorial Power Support Subsidy (NTPSS) subsidizes all other qualifying residential customers at 50 percent of the Iqaluit base rate on the first 700 kilowatt hours consumed each month from April to September and on the first 1,000 kilowatt hours consumed each month from October until March. QEC invoices the Government of Nunavut on a monthly basis for the NTPSS subsidy and applies the subsidy directly to qualifying customers' bills each month.

Arctic Energy Fund grants that were earned during the 2023-24 fiscal year amount to \$7,437 (compared to \$1,890 in 2022-23), booked as income under Government contributions. These grants are designed to offset the related capital expenditures that qualify for the program which aims to help provide more efficient and/or reliable energy in Nunavut.

Other Income (as indicated in the table above) increased by 21.3% mainly due to an increase in recoverable projects, interest revenue on the available cash and rent recoveries from staff housing.

Overall Total Expenses increased by 24.7% (compared to a 10.2% increase in 2022-23) mainly from increased overhaul expenses (materials, labour, and travel), as well as increased interest on long-term debt and fuel prices.

HIGHLIGHTS OF OPERATIONS AND MAINTENANCE EXPENSES

For the year ended March 31st	2024	%	2023	%
Expenses by Object or Type				
Fuel and Lubricants	\$ 64,347	34%	\$ 54,914	37%
Supplies and Services	46,821	25%	30,465	21%
Salaries, Wages and Benefits	38,602	21%	34,916	23%
Amortization, Write Down and Disposal of Tangible Capital Assets	16,091	9%	15,254	10%
Interest Expense	13,641	7%	8,440	6%
Travel and Accommodations	5,762	3%	4,635	3%
Bad Debt Expense	752	1%	555	0%
Accretion Expense	177	0%	46	0%
Total Expenses	\$ 186,193		\$ 149,225	

In 2023-24, fuel and lubricants expenses increased due to increased fuel costs and consumption. Salaries, Wages, and Benefits were higher in 2023-24 than in 2022-23 due to the increased overtime. Interest Expenses were higher due to the increase in borrowing rate from 5.45% to 5.79% that occurred during 2023-24. Interest expenses are expected to increase further in 2024-25 as the Bank of Canada continues to increase its policy rate to manage inflation. In managing its liquidity and market risks, QEC continues to monitor the interest rate environment and corresponding impact on its borrowing facilities and has initiated discussions with its banker and the Government of Nunavut in exploring fixing a portion of its debt. Furthermore, as of July 2024, QEC loans with CIBC will be rolled over, using the Canadian Overnight Repo Rate Average (CORRA) rates instead of BA rates. CORRA rates have historically been 0.295% lower than the BA rates.

HIGHLIGHTS OF FINANCIAL POSITION

As at March 31st	2024	2023	2022	2021	2020
Financial Assets	\$69,943	\$70,006	\$37,219	\$34,308	\$49,266
Liabilities	-320,788	-307,487	-268,341	-237,192	-250,539
Net Debt	-250,845	-237,481	-231,122	-202,884	-201,273
Non-financial Assets	387,715	390,153	384,092	348,155	342,603
Accumulated Surplus	136,870	\$152,672	\$152,970	\$145,271	\$141,330

As of March 31, 2024, the change in financial assets is mainly explained by additional cash available at year end, and an overall decrease in accounts receivable. The increase in cash was due to the loan received from the Government of Nunavut to help QEC pay off debt with CIBC. The decrease in accounts receivable is explained by the reduction in utility, project, and subsidy receivables. Non-financial assets decreased due to the expensing of consumable inventory items with a value of \$100 or less as well as inventory count variances.

Liabilities increased from the previous year by \$13.3 million. This is explained by an increase in the amount due to the Petroleum Product Division (\$14.9 million) and an increase in deferred revenue (\$1.7 million).

2023-2024 CAPITAL EXPENDITURE SUMMARY

For the year ended March 31 st	2024	2023
Kitikmeot	\$ 2,904	\$ 4,424
Kivalliq	1,922	4,993
Qikiqtaaluk	9,722	4,482
Nunavut/Corporate	2,870	546
Total capital expenditures	\$ 17,419	14,445

Capital expenditures were \$2,974 higher than the previous fiscal year due to the Genset replacement project in Rankin Inlet, as well as a higher number of recoverable projects being closed out.

KEY PERFORMANCE INDICATORS

Key Performance Indicators (\$ in thousands)					
For the year ended March 31 st	2024	2023	2022	2021	2020
Interest Coverage Ratio					
Surplus before Interest on Long-term Debt	- \$3,830	\$6,635	\$12,363	\$6,362	\$14,196
Interest on Long-term Debt	11,972	6,932	\$1,632	\$2,421	\$5,058
Debt Expense Burden (<i>critical below 1.50</i>)	-0.3	1.0	7.6	2.63	2.81
Debt Ratio					
Assets	457,658	460,159	\$421,311	\$382,463	\$391,869
Liabilities	320,788	307,487	\$268,341	\$237,192	\$250,539
Ability to pay Long-term Debt	1.43	1.50	1.57	1.61	1.56
Bank Indebtedness					
Bank Indebtedness	10,000	10,000	\$10,000	\$12,685	\$15,874
Long-term Debt					
Long-term Debt	218,232	219,762	\$209,261	\$189,350	\$190,994
Total Debt					
Total Debt	228,232	229,762	\$219,261	\$202,035	\$206,868
Accumulated Surplus					
Accumulated Surplus	136,870	152,672	\$152,970	\$145,271	\$141,330
Debt ratio					
Debt ratio	0.48	0.48	0.50	0.50	0.49
Accumulated Surplus ratio					
Accumulated Surplus ratio	0.60	0.66	0.70	0.72	0.68
Debt to Accumulated Surplus Ratio					
Debt to Accumulated Surplus Ratio	1.67	1.50	1.43	1.39	1.46

In 2023-24, QEC repaid principal amounts of \$26,530, compared to \$15,611 in 2022-2023, toward the Corporation's long-term debt. In addition to decreasing its long-term debt, QEC has reduced its overall effective interest rate by borrowing through its bank using Bankers' Acceptances instead of borrowing at prime rate. This provides a much lower rate, compared to a fixed rate loan, where the rate could be up to 350 basis points higher. Rates are expected to increase in the future and the Corporation is considering fixing a portion of its debt to mitigate liquidity and market risks. QEC has also reduced its cost of borrowing by diversifying its debt by securing funding

through GN in the form of low-interest rate loans. The loan amount received from GN is earmarked for capital expenditure and retiring comparatively higher interest rate loans from CIBC.

The Corporation's debt to accumulated surplus ratio, referred to as the borrowing limit under Section 25 of the *Qulliq Energy Corporation Act* was 1.67:1 (2023: 1.50:1) and remained well below the maximum allowed 3:1 ratio.

DISCLOSURE OF DEBT FORGIVENESS FOR 2023-2024

Under Section 84 of the *Financial Administration Act* (Part IX, Public Agencies), QEC is required to publicly disclose in its annual report any asset, debt or obligation that exceeds \$500 and written off during the financial year. Section 83 of the *Financial Administration Act* requires Legislative Assembly approval to forgive debts owed to a public agency. There was no instance of debt forgiveness in 2023-2024.

2023-24 Audited Financial Statements to Follow

QULLIQ ENERGY CORPORATION

FINANCIAL STATEMENTS

March 31, 2024

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Management Statement

August 2, 2024

The Financial Statements, Management's Discussion and Analysis, and related financial information presented in this Annual Report have been prepared by the management of Qulliq Energy Corporation. Management is responsible for the integrity, consistency and reliability of all such information presented.

Management is responsible for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; and for ensuring compliance with applicable authorities. The preparation of the financial statements involves the use of estimates and assumptions based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances, with critical analysis of the significant accounting policies followed by the Corporation.

In discharging its responsibility for financial reporting, management is responsible for maintaining financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled, proper records are maintained, and compliance with applicable authorities. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the Corporation's policies and statutory requirements.

Qulliq Energy Corporation's Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The external auditors have full and open access to the Board of Directors, with and without the presence of management.

Qulliq Energy Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and issuing her report thereon.

On behalf of Qulliq Energy Corporation's management:



Ernest Douglas

President and Chief Executive Officer,
Acting Vice-President, Finance / Chief Financial Officer



Bill Nippard

Vice-President, Operations and Engineering



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister Responsible for Qulliq Energy Corporation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Qulliq Energy Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2024, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our Report on the Audit of the Financial Statements, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2024, and the results of its operations, changes in its net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards require inventories for use to be reported as a non-financial asset when acquired and recognized as an expense when used. Management has not implemented reliable count procedures and appropriate procedures to account for the usage of its spare parts and lubricants inventories, and we were not able to satisfy ourselves concerning those inventory quantities by alternative means. As a result, we were unable to determine whether any adjustments might be necessary to reported non-financial assets as at 31 March 2024 and 31 March 2023 and to the results of operations, changes in net debt and cash flows for the years then ended. Our audit opinion on the financial statements for the year ended 31 March 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Qulliq Energy Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Qulliq Energy Corporation Act* and regulations, and the by-laws of Qulliq Energy Corporation.


In our opinion, the transactions of Qulliq Energy Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by Qulliq Energy Corporation and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Qulliq Energy Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Qulliq Energy Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Firyal Awada, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
2 August 2024

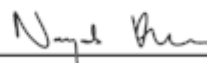
QULLIQ ENERGY CORPORATION**Statement of Financial Position****As at March 31***(in thousands of dollars)*

	2024	2023
Financial assets		
Cash (Note 4)	\$ 27,936	\$ 23,314
Accounts receivable (Note 5)	42,007	46,692
	69,943	70,006
Liabilities		
Bank indebtedness (Note 6)	10,000	10,000
Accounts payable and accrued liabilities (Note 7)	17,074	19,479
Asset retirement obligations (Note 8)	3,231	3,054
Utility deposits	1,844	1,814
Deferred revenue	3,640	1,895
Due to Petroleum Products Division	63,371	48,482
Debt (Note 9)	218,232	219,762
Due to the Governments of Nunavut and Canada (Note 10)	174	330
Employee future benefits (Note 11)	3,222	2,671
	320,788	307,487
Net debt	(250,845)	(237,481)
Non-financial assets		
Tangible capital assets (Schedule A)	355,730	354,955
Inventories for use (Note 12)	29,501	32,587
Prepaid expenses	2,484	2,611
	387,715	390,153
Accumulated surplus	\$ 136,870	\$ 152,672

Contractual obligations (Note 17)
 Contractual rights (Note 19)
 Environmental liability for contaminated sites (Note 20)

Approved on behalf of the Board:


Chair, Board of Directors



Chair, Finance and Audit Committee

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION

Statement of Operations and Accumulated Surplus

For the year ended March 31

(in thousands of dollars)

	2024		2024		2023
	Budget		Actual		Actual
Revenues					
Sales of power (Note 13)	\$ 142,197	\$	149,907	\$	135,706
Government contributions (Note 18)	12,000		12,088		7,152
Other income (Note 14)	4,236		6,202		5,113
Sales of heat	1,500		2,194		956
Total revenues	159,933		170,391		148,927
Expenses by department (Note 15)					
Plant Operations	72,861		94,139		76,988
Shared (Corporate)	22,422		36,220		29,641
Property Management	9,838		10,467		10,297
Lines Operations (East & West)	4,615		8,833		4,557
Regional Operations	6,536		7,792		5,200
Finance	7,288		6,365		5,749
Information Technology	3,434		5,387		4,947
Territorial Operations	2,745		4,186		2,646
Health, Safety & Environment	2,613		3,486		1,459
Iqaluit Office	1,253		3,294		1,641
Engineering	3,602		2,644		3,416
Human Resources	2,174		1,451		1,335
Corporate Affairs	1,793		1,131		786
Residual Heat	400		494		425
Board	263		304		138
Total expenses	141,837		186,193		149,225
Surplus (deficit) for the year	18,096		(15,802)		(298)
Accumulated surplus, beginning of the year	152,672		152,672		152,970
Accumulated surplus, end of the year	\$ 170,768	\$	136,870	\$	152,672

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION

Statement of Change in Net Debt

For the year ended March 31

(in thousands of dollars)

	2024 Budget	2024 Actual	2023 Actual
Surplus (deficit) for the year	\$ 18,096	\$ (15,802)	\$ (298)
Tangible capital assets			
Additions	(38,120)	(17,125)	(14,014)
Capitalized overhead	(1,308)	(195)	(364)
Capitalized interest (Note 16)	(222)	(99)	(67)
Amortization	14,700	16,092	15,254
Write-down	-	552	-
	(24,950)	(775)	809
Additions to inventories for use	-	(63,763)	(58,989)
Consumption of inventories for use	-	66,849	52,573
Additions of prepaid expenses	-	(6,093)	(6,926)
Use of prepaid expenses	-	6,220	6,472
	-	3,213	(6,870)
Increase in net debt for the year	(6,854)	(13,364)	(6,359)
Net debt, beginning of the year	(237,481)	(237,481)	(231,122)
Net debt, end of the year	\$ (244,335)	\$ (250,845)	\$ (237,481)

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION

Statement of Cash Flow

For the year ended March 31

(in thousands of dollars)

	2024	2023
Cash provided by (used for) operating activities:		
Cash received from customers	\$ 165,696	\$ 128,265
Cash paid to suppliers	(96,789)	(60,230)
Cash paid to employees	(38,282)	(35,517)
Interest paid	(13,641)	(8,440)
Cash provided by operating activities	16,984	24,078
Cash used for capital activities:		
Tangible capital asset acquisitions	(15,904)	(17,416)
Cash used for capital activities	(15,904)	(17,416)
Cash provided by (used for) financing activities:		
Increase in debt	25,000	26,112
Repayment of debt	(26,530)	(15,611)
Government contributions received	5,072	3,720
Cash provided by financing activities	3,542	14,221
Increase in cash	4,622	20,883
Net cash (bank indebtedness), beginning of year	13,314	(7,569)
Net cash, end of year	\$ 17,936	\$ 13,314
Represented by:		
Cash	27,936	23,314
Bank indebtedness	(10,000)	(10,000)
	17,936	13,314

The accompanying notes and schedule are an integral part of these financial statements.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

1 The Corporation

(a) Authority and corporate information

Authority - The Qulliq Energy Corporation (the Corporation) is a territorial corporation and operates in accordance with Part IX of the *Financial Administration Act* of Nunavut and the *Qulliq Energy Corporation Act*. The Corporation is exempt from income taxes under the *Income Tax Act* (Canada).

Mandate - The Corporation's mandate is to provide energy to residents and businesses in Nunavut on a safe, reliable and efficient basis and in a manner which minimizes the impact on the environment. The Corporation is also mandated to plan and provide for energy self-reliance for Nunavut and to inform consumers on conservation opportunities.

The Corporation supplies electricity to its customers through the operation of 25 independent diesel generation plants and distribution systems in 25 communities in Nunavut. The Corporation supplies heat through 5 residual heat systems connected to 5 of those plants.

Economic dependence - The Corporation is economically dependent on the Government of Nunavut which, directly and indirectly, accounts for the majority of the Corporation's sales of power. The Government of Nunavut also guarantees the Corporation's debt.

(b) Regulated activities

The Corporation is subject to the *Utilities Rate Review Council Act* for the establishment of rates and terms and conditions of service. The purpose of the Utilities Rate Review Council (URRC) is to advise the Minister of Energy on rates and terms and conditions of service. Final approval of the rates and terms and conditions of service rests with the Minister and the Government of Nunavut. As the URRC is appointed by the Government of Nunavut and the Corporation is a territorial corporation, the Corporation and the URRC are related parties.

The rate recommendations of the URRC are based on a cost of service mechanism, where the objective is to i) establish revenue that is sufficient to recover the forecasted operating costs of providing regulated services, including amortization; and ii) to provide a fair and reasonable return on utility investments.

The Corporation maintains a Fuel Stabilization Rate Fund (FSRF). The purpose of the FSRF is to track differences between the fuel price included in the base electricity rates approved by the Minister Responsible for QEC and the actual fuel price paid by the Corporation. The Corporation prepares a forecast for the FSRF every six months. When the forecasted balance of the FSRF exceeds \$1,000 (positive or negative), an application is made to the Minister Responsible for QEC to approve a rider to be applied on power bills and bring the forecast balance to \$0. This results in an additional charge or refund to customers on their monthly power bills. The rider applied to customers in public housing bills is charged or credited to the Public Housing Support Subsidy Program.

2 Adoption of PS 3400 – revenue recognition

The Corporation adopted PS 3400 Revenue, effective 1 April 2023, which establishes standards on how to account for and report on revenue. The Section sets out general guidance for how entities recognize, measure, present and disclose revenue arising from transactions that include performance obligations (exchange transactions) and transactions that do not have performance obligations (non-exchange transactions). There are two approaches to recognizing revenue with performance obligations: at a point in time or over a period of time. This determination is made based on when a performance obligation is satisfied.

The implementation of this new Section did not have a material impact on the financial statements.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

3 Significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (PSAB). The following is a summary of significant accounting policies:

(a) Budget

Budgeted figures have been provided for comparison purposes and have been derived from the budget approved by the Board of Directors and the Financial Management Board of Nunavut.

(b) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Corporation believes the estimates and assumptions to be reasonable.

The more significant management estimates and assumptions relate to employee future benefits liabilities, allowance for doubtful accounts, provision for environmental liabilities, the useful life of tangible capital assets, asset retirement obligations, and the valuation of inventories for use.

(c) Cash

Cash is comprised of bank account balances (net of outstanding cheques).

(d) Bank indebtedness

Bank indebtedness is comprised of Banker's Acceptances (BAs) which are not offset against cash as there is no legally enforceable right to offset these obligations against other bank accounts.

(e) Accounts receivable

Accounts receivable are valued at cost. Valuation allowances, if necessary, are recorded based on all circumstances known at the date the financial statements are prepared including past events and current conditions.

A valuation allowance for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, default or delinquency in payment and inability to locate the debtor are considered indicators that accounts receivable are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the Statement of Operations and Accumulated Surplus as bad debt expense. When an account receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad debt expense in the Statement of Operations and Accumulated Surplus. Write-offs of accounts receivable are approved by the Corporation's Board of Directors, and, if the individual account exceeds \$20, with the express authority of an Act for that write off.

(f) Inventories for use

Inventories for use consists of fuel, supplies, lubricants and spare parts. Fuel is valued at the lower of cost and replacement cost, with the cost being determined on a weighted average cost method. Supplies, lubricants and spare parts are valued at the lower of cost and replacement cost, with the cost being determined on a first-in first-out basis. Impairments, when recognized, result in a write-down to replacement cost and are recorded as an expense within the Statement of Operations and Accumulated Surplus.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

(g) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at original cost less accumulated amortization. Costs include contracted services, direct labour, materials and supplies, development costs, a proportionate share of overhead costs, contractual or legal obligations associated with the retirement of tangible capital assets, and an allowance for interest capitalized on construction projects. Amortization of tangible capital assets is provided on a straight-line average useful life basis using the following rates or range of rates:

	Useful life
Leased land	35 years
Generation assets	20 to 40 years
Distribution assets	15 to 45 years
Other assets	10 to 20 years
Non-plant buildings	45 years
Vehicles	12 years
Residual heat assets	25 years

Assets under construction are not amortized until put into production.

Intangible assets are not recognized as assets in these financial statements.

Land leases that transfer substantially all of the benefits and risks incidental to ownership of the land are accounted for as leased land. The value of leased land is recorded at the inception of the lease based upon the present value of minimum lease payments, excluding executory costs. When payment of the lease is made in full at inception, there is no associated capital lease obligation. Leased land is amortized on a straight-line basis over the lesser of the lease term or the useful life of the structure (generation asset) situated on it.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the Statement of Operations and Accumulated Surplus and is not reversed if conditions subsequently change. Write-offs of tangible capital assets are approved by the Corporation's Board of Directors, and, if the individual account exceeds \$20, with the express authority of an Act for that write-off.

(h) Project development costs

The Corporation undertakes certain projects whose objective is to pursue development of alternate energy generation. While in progress, these development costs are included under work in progress in tangible capital assets. If it is later determined that a project will not proceed to completion, that project is closed out and any costs previously capitalized are expensed in the Statement of Operations and Accumulated Surplus. The costs of completed projects are transferred to the costs of the resultant tangible capital assets when that asset is placed into productive use.

(i) Government funding

Government contributions are obtained in relation to operations and are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Funding is recognized as deferred revenue when funding stipulations give rise to a liability or as a loan when the amount is repayable. Funding revenue is recognized in the Statement of Operations and Accumulated Surplus as the stipulated liabilities are settled.

The Government of Nunavut has provided certain services without charge to the Corporation. These services have been recorded at the Government of Nunavut's carrying amount in the Corporation's financial statements as government contributions, and an equivalent amount has been expensed or capitalized based on the Corporation's capitalization policy.

QUILLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

(j) Employee future benefits liabilities

(i) Pension plan - Eligible employees participate in the Public Service Pension Plan (the Plan), a multi-employer pension plan administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are recorded as an expense on a current year basis and represent the total pension obligations of the Corporation. The Corporation is not required to make contributions with respect to any past service or funding deficiencies of the Plan. The Corporation's contributions reflect the full costs as employer.

(ii) Severance and removal benefits - Under the terms and conditions of employment, eligible employees may earn severance benefits and removal benefits for relocation costs. The severance benefits are paid upon resignation, retirement or death of an employee and are based on years of service and final salary. Removal benefits are based on years of service and their community of residence. The expected cost of providing these benefits is based on management's best estimates and is accrued as a liability as employees render service.

(iii) Sick leave benefits - Included in employee future benefits liabilities is an amount for employees who are permitted to accumulate unused sick leave. These entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which are expected to be used in future years is based on the number of hours estimated to be above the annual entitlement for the year.

(iv) Special leave benefits - Included in employee future benefits liabilities is an amount for employees who are permitted to accumulate unused special leave. These entitlements do not vest and can only be used where exceptional circumstances, which are not directly attributable to the employee, prevent their reporting to duty. The amount of accumulated special leave entitlements which are expected to be used in future years is based on the number of hours estimated to be above the annual entitlement for the year.

(v) Retirement benefits - Under the terms and conditions of employment, employees, upon retirement, are entitled to enroll in health and dental benefit programs, the cost of which are cost-shared by the Corporation. The estimated liability and related expenses for these benefit programs are recorded as employees earn them.

(k) Revenue recognition

Revenue is derived from the sale of power, heat, and other services or recoveries. Revenue is recognized when a transaction or event has occurred, and when QEC is expected to obtain future economic benefits. Revenue from transactions with performance obligations is recognized when, or as, QEC satisfies a performance obligation by providing the promised services to a payor. Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. QEC satisfies its performance obligation and recognizes revenue over a period of time when control of the benefits associated with the goods or services passes to the payor over a period of time. If a performance obligation is not satisfied over a period of time, QEC satisfies the performance obligation at a point in time. The performance obligation is satisfied when the payor obtains control of the benefits associated with the promised good or service. Where consideration is received from a payor prior to the provision of goods or services, these amounts are initially included in unearned revenue provided the definition of a liability is met. They are subsequently recognized as revenue as performance obligations are met.

The revenues disclosed are recurring in nature unless otherwise noted.

Sales of power

Utility sales contracts are generally comprised of long-term contracts that result in fees being applied monthly in exchange for the delivery of power to each customer. These revenues are recognized over a period of time by measuring the usage at established rates over the term of the contract.

Sales of heat

Residual heat sales are generally comprised of long-term contracts that result in fees being applied monthly in exchange for the delivery of residual heat captured by QEC to each customer. These revenues are recognized over a period of time by measuring the usage at established rates over the term of the contract.

Other income

Administrative and other services fees are generally earned based on one-time transactional support or services being offered to the customer and consist of one performance obligation that is satisfied at a point in time. These revenues are recognized when the service is provided to the customer.

Housing recoveries from employees for rent, fuel and utilities are amounts deducted from employees pay on a bi-weekly basis. These revenues are recognized over the period of time that the employee remains a tenant at QEC's on-site housing.

Capital funding from customers are project based recoveries for new services hooked up to the existing distribution network. Revenue would be recognized at a point in time when the project is completed.

Pole rentals are revenues earned from contracts with customers allowing these entities to use QEC's poles for their services. These revenues are recognized over the period of time that customers have access to the poles.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

(l) Financial instruments

The following is a list of the Corporation's financial instruments and their related measurement bases:

Financial Assets	Measurement Basis
Cash	Cost
Accounts receivable	Cost
Financial Liabilities	
Bank indebtedness	Cost
Accounts payable and accrued liabilities	Cost
Utility deposits	Cost
Due to Petroleum Products Division	Cost
Debt	Amortized cost
Due to the Governments of Nunavut and Canada	Cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains and Losses has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

(m) Environmental liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability reflects the Corporation's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination and is recorded as an accrued liability.

The liability is recorded net of any expected recoveries and includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. When the cash flows required to settle or otherwise extinguish a liability are expected to occur over extended future periods, a present value technique is used.

The liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of a future event that would confirm the Corporation's responsibility is not determinable, a contingent liability is disclosed in the notes to the financial statements.

(n) Contingencies

Contingent liabilities result from pending lawsuits and like items. The contingencies of the Corporation are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur, or fail to occur, and the costs can be reasonably estimated, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued. The Corporation recorded a liability of \$800 (2023 - \$173) in accounts payable and accrued liabilities to be paid in the next fiscal year.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recorded in the financial statements. The Corporation had no contingent assets to disclose for the year.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

(o) Related party transactions

Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. When transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where the costs of goods or services provided are recovered, they are measured at the exchange amount. All other inter-entity transactions are recorded on a gross basis and are measured at the carrying amount as recorded in the accounts of the provider.

The Corporation is related in terms of common ownership to all Government of Nunavut departments, territorial corporations, and public service bodies. The Corporation provides utility services to, and purchases fuel, materials, supplies and other services from, these commonly controlled entities in the normal course of its operations at terms and conditions similar to those adopted with arm's length entities.

Other related party transactions

Other related parties are key management personnel (President, Vice-Presidents, Board of Directors), as well as close family members of key management personnel and entities that are controlled by key management personnel or their close family members.

Related party transactions, other than some inter-entity transactions, are recorded at the exchange amount and are in the normal course of business completed under normal trade terms.

(p) Asset retirement obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii) The past transaction or event giving rise to the liability has occurred;
- iii) It is expected that future economic benefits will be given up; and
- iv) A reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at year end. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods. The liability is discounted using a present value calculation and adjusted annually for accretion expense. The discount rate used reflects the Corporation's cost of borrowing, associated with the estimated number of years to complete the retirement or remediation.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset and amortized over the asset's estimated useful life. An asset retirement obligation may arise in connection with a tangible capital asset that is not recognized or no longer in productive use. In this case, the asset retirement cost would be expensed.

At each financial reporting date, the carrying amount of the liability is reviewed. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. Once the related tangible capital asset is no longer in productive use, changes to the liability are recognized as an expense in the period they are incurred. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

4 Cash

	2024	2023
Cash	\$ 17,485	\$ 12,314
Cash (Restricted)	10,451	11,000
	\$ 27,936	\$ 23,314

Restricted cash is the balance of the Government of Nunavut \$25 million loan, which was used to pay out capital expenditures of \$14,549. \$10,451 is left to pay out the facility J in April 2024, and future capital expenditures.

5 Accounts receivable

	Related parties	Third parties	2024	2023
Trade receivables	\$ 22,856	\$ 25,391	\$ 48,247	\$ 52,521
Employee advances	-	16	16	14
GST receivable	-	350	350	11
	\$ 22,856	\$ 25,757	\$ 48,613	\$ 52,546
Less: Allowance for doubtful accounts	(1,285)	(5,321)	(6,606)	(5,854)
	\$ 21,571	\$ 20,436	\$ 42,007	\$ 46,692

Related party accounts receivable by source are as follows:

	Accounts Receivable	Allowance for Doubtful Accounts	2024 Net	2023 Net
Government of Nunavut				
Departments	\$ 17,226	\$ (1,032)	\$ 16,194	\$ 14,425
Territorial corporations	5,630	(253)	5,377	10,581
	\$ 22,856	\$ (1,285)	\$ 21,571	\$ 25,006

6 Bank indebtedness

The Corporation has a credit facility with a limit of \$20,000 (2023 - \$20,000). Interest charged on the credit facility is at Bankers' Acceptances' (BAs) rate (2024 - 5.29%; 2023 - 4.95%). The facility allows for the use of BAs for borrowing. The BAs have a stamping fee of 50 basis points per annum and the interest rate is approximately prime minus 2.0%, subject to market, with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of Canadian \$1,000 and multiples thereof. The credit facility is secured by a CIBC indemnity/operating agreement and guaranteed by the Government of Nunavut.

	2024	2023
BAs	\$ 10,000	\$ 10,000
	\$ 10,000	\$ 10,000

7 Accounts payable and accrued liabilities

	Related parties	Third parties	2024	2023
Trade payables and accrued liabilities	\$ 158	\$ 11,691	\$ 11,849	\$ 13,606
Payroll liabilities and taxes	-	4,808	4,808	5,039
Holdbacks	-	417	417	834
	\$ 158	\$ 16,916	\$ 17,074	\$ 19,479

Related party accounts payable and accrued liabilities by source are as follows:

	2024	2023
Government of Nunavut		
Departments	\$ 158	\$ 309
Territorial corporations	-	23
	\$ 158	\$ 332

QUILLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
(in thousands of dollars)

8 Asset retirement obligations

The Corporation has recorded asset retirement obligations for the removal of asbestos, lead, mercury and PCBs in buildings. The amount recognized was determined using the net present value of estimated future expenditures required to fund the decommissioning of the assets. The obligation is calculated using the current estimated costs to retire the asset inflated to the estimated retirement date and discounted to current present value. The retirement obligation is being provided for over the accreted value from the initial obligation to the end of the useful life of the asset. Future retirement expenditures will be charged against the accumulated liability as incurred.

In addition to assumptions based on the costing and prevalence of asset retirement obligations determined using sample testing of units throughout the territory, the following is a summary of the key assumptions upon which the carrying amount of the asset retirement obligations are based:

- i) Total undiscounted asset retirement obligations are \$3,173 (2023 - \$3,173).
- ii) The amortization of the asset with asset retirement obligation is calculated on a straight-line basis. Amortization rates are identified in Note 3 (g).

iii) Key assumptions in determining the provision are as follows:

	2024		2023	
	Asbestos and other hazardous materials in Non-plant Buildings	Asbestos and other hazardous materials in Generation assets	Asbestos and other hazardous materials in Non-plant Buildings	Asbestos and other hazardous materials in Generation assets
Discount rate	5.79%	5.79%	5.45%	5.45%
Time period over which the undiscounted expenditures are to be incurred	1-11 years	1-6 years	1-12 years	1-7 years
Long-term rate of inflation	2%	2%	2%	2%

This provision is sensitive to the discount rate and inflation rate used.

- i) A 1% increase in the discount rate would decrease the obligation by \$19 (2023 - \$19).
- ii) A 1% increase in the inflation rate would increase the obligation by \$33 (2023 - \$33).

	2024	2023
Opening balance	\$ 3,054	\$ 3,180
Change in ARO evaluation		(172)
Accretion expense (Note 15)	177	46
Ending balance	\$ 3,231	\$ 3,054

9 Debt

Facility G non-revolving committed loan with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments of \$83 plus interest due monthly, beginning on December 1, 2012 with the final payment due on November 30, 2022. The facility was extended on a monthly basis until its repayment on June 19, 2023 under the same conditions. This facility has an option to utilize BAs with stamping fees calculated at 50 basis points per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.

- 9,667

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9 Debt (continued)

	2024	2023
<p>Facility H non-revolving committed loan in nine tranches with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments on the first tranche of \$100 plus interest due monthly, beginning on April 1, 2015 with the final payment due on April 1, 2025; on the second tranche of \$58 plus interest due monthly, beginning on April 1, 2016 with the final payment due on April 1, 2026; on the third tranche of \$82 plus interest due monthly, beginning April 1, 2017 with the final payment due on April 1, 2027; on the fourth tranche of \$166 plus interest due monthly, beginning April 30, 2018 with the final payment due on April 30, 2028; on the fifth tranche of \$160 plus interest due monthly, beginning April 30, 2019 with the final payment due on April 30, 2029; on the sixth tranche of \$80 plus interest due monthly, beginning April 30, 2020 with the final payment due on April 30, 2030; on the seventh tranche of \$66 plus interest due monthly, beginning April 30, 2021 with the final payment due on April 30, 2031; on the eighth tranche of \$137 plus interest due monthly, beginning April 30, 2022 with the final payment due on April 30, 2032; and on the ninth tranche, interest only monthly payments until March 31, 2023. This tranche was repaid on April 28, 2023. This facility has an option to utilize BAs with stamping fees calculated at 50 basis points per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.</p>	149,745	160,971
<p>Facility J non-revolving committed loan with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments of \$67 plus interest due monthly, beginning on May 1, 2014 with the final payment due on April 30, 2024. This facility has an option to utilize BAs with stamping fees calculated at 50 basis points per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.</p>	8,067	8,867
<p>The Government of Nunavut \$20 million loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on September 29, 2021 in equal monthly instalments of \$173, including principal and interests. The final instalment, together with any other amounts accrued under this loan, is payable August 31, 2031. The loan was issued for the purpose of paying existing debt (debentures) and future capital needs.</p>	15,732	16,973
<p>The Government of Nunavut \$25 million loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on June 29, 2022 in equal monthly instalments of \$230, including principal and interests. The final instalment, together with any other amounts accrued under this loan, is payable June 30, 2032. The loan was issued for the purpose of paying existing debt (facility G) and future capital needs.</p>	21,663	23,284
<p>The Government of Nunavut \$25 million loan's interest is based on the operating account's deposit rate paid by the Government of Nunavut's banker plus 0.15 percent per annum compounded monthly not in advance, beginning on April 30, 2023 in equal monthly instalments of \$230, including principal and interests. The final instalment, together with any other amounts accrued under this loan, is payable March, 2033. The loan was issued for the purpose of paying existing debt (facility J) and future capital needs.</p>	23,025	-
	\$ 218,232	\$ 219,762

Related party debt by source is as follows:

	2024	2023
Government of Nunavut		
Departments	\$ 60,420	\$ 40,257
	\$ 60,420	\$ 40,257

QUILLIQ ENERGY CORPORATION
Notes to the Financial Statements
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9 Debt (continued)

Scheduled principal debt repayment amounts are as follows:

2025	23,350
2026	26,447
2027	20,915
2028	23,104
2029	31,439
2030 to 2033	92,977
Total	\$ 218,232

Section 25 of the *Quilliq Energy Corporation Act* requires the Corporation's borrowings not to exceed three times its accumulated surplus at any time. The Corporation's borrowings were 1.67 times its accumulated surplus at March 31, 2024 (March 2023- 1.5 times).

The debt is guaranteed by the Government of Nunavut up to a limit of \$300 million (2023 - \$300 million).

10 Due to the Governments of Nunavut and Canada

During 2023, the solar component of the Kugluktuk project was cancelled. Therefore, in 2024, the Corporation paid back contributions received from the Government of Nunavut in the amount of \$156 with a remaining payable to the Government of Canada of \$174 (2023 - \$330). See Note 18 for additional information.

11 Employee future benefits

Pension Plan:

The Corporation and all eligible employees contribute to the Public Service Pension Plan (the Plan). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end is 1.02 times (2023 - 1.02 times) for members enrolled before January 1, 2013 and 1.00 times (2023 - 1.00 times) for members enrolled beginning January 1, 2013. These amounts are included as an expense in salaries, wages and benefits.

Contributions to the Plan were as follows:

	2024	2023
Employer's contributions	\$ 2,157	\$ 2,285
Employees' contributions	2,223	2,139
Total contributions	\$ 4,380	\$ 4,424

Severance, removal, retirement and sick leave benefits:

The Corporation provides severance benefits upon resignation, retirement or death as well as removal, sick leave, special leave and retirement benefits to its eligible employees. Severance is based on years of service and final salary, removal benefits are based on years of service and their community of residence, while sick leave entitlements are based on the number of hours estimated to be above the annual entitlement for the year. Special leave benefits are calculated as a discounted projected future special leave payment for all existing employees and those that are on Long Term Disability. Upon retirement, employees are entitled to enroll in health and dental benefit programs, the cost of which are cost-shared by the Corporation. The estimated liability and related expenses for these benefit programs are recorded as employees earn them. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefits obligation. The liability for these benefits is as follows:

	2024	2023
Severance	\$ 1,232	\$ 1,140
Retirement benefits	933	823
Special leave	484	-
Removal	306	308
Sick leave	267	400
Total	\$ 3,222	\$ 2,671

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
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11 Employee future benefits (continued)

The discount rate used to determine the employee future benefit liabilities except special leave is 4.00% (2023 - 4.00%).
The discount rate used to determine the special leave is 4.5%. This year is the first year of valuation of the special leave.

The Corporation paid \$312 (2023 - \$264) in employee future benefits during 2024.

12 Inventories for use

	2024	2023
Spare parts	\$ 15,742	\$ 18,297
Fuel	11,878	12,753
Supplies and lubricants	1,881	1,537
	\$ 29,501	\$ 32,587

An allowance for obsolescence of \$507 (2023- \$507) has been recorded to reduce slow moving inventory items to their estimated replacement cost. There have been no reversals of previous write-downs. No inventories have been pledged as security for liabilities.

13 Sales of power

	Related parties	Third parties	2024	2023
Commercial customers	\$ 38,225	\$ 44,299	\$ 82,524	\$ 78,764
Residential customers	46,634	19,421	66,055	55,640
Electrical streetlights and private area lighting	1	1,327	1,328	1,302
	\$ 84,860	\$ 65,047	\$ 149,907	\$ 135,706

Related party sales of power by source are as follows:

	2024	2023
Government of Nunavut		
Departments	\$ 42,222	\$ 36,071
Territorial corporations	42,638	37,034
	\$ 84,860	\$ 73,105

The Corporation administers the Government of Nunavut's Public Housing Support Subsidy, for which it invoiced \$32,853 (2023- \$28,847) on behalf of customers. This program subsidizes qualifying residential customers living in public housing by supplementing the customer the difference between the approved residential rate and 6.0 cents per kWh. The Corporation invoices the Nunavut Housing Corporation on a monthly basis for the power subsidies and applies the amounts to individual customer invoices.

The Corporation administers the Government of Nunavut's Territorial Power Support Subsidy, for which it invoiced \$7,850 (2023 - \$8,354) on behalf of customers. This program subsidizes qualifying residential customers in all communities up to 50% of the Iqaluit base rate on the first 700 kWh consumed each month between April and September, and on the first 1,000 kWh consumed each month between October and March. The Corporation invoices the Government of Nunavut on a monthly basis for the power subsidies and applies the amounts to the individual customer invoices.

The Fuel Stabilization Rate (FSR) charge was \$0.0733/kWh for April 1, 2023 to September 30, 2023 (FSR charge was nil for April 1, 2022 to September 30, 2022). FSR charge was nil for October 1, 2023 to March 31, 2024 (FSR charge was nil from October 1, 2022 to March 31, 2023). The total fuel charge revenue recognized during the year was \$6,000 coming from the April to September 2023 charges (2023 - \$400 rebate).

14 Other income

	Related parties	Third parties	2024	2023
Administration and other service fees	\$ 555	\$ 3,317	\$ 3,872	\$ 2,060
Housing recoveries from employees	4	1,433	1,437	1,333
Capital funding from customers	19	290	309	1,136
Pole rentals	46	538	584	584
	\$ 624	\$ 5,578	\$ 6,202	\$ 5,113

Related party other income by source are as follows:

	2024	2023
Government of Nunavut		
Departments	\$ 213	\$ 519
Territorial corporations	411	405
	\$ 624	\$ 924

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15 Expenses

The following is a summary of the expenses by object or type:

	Related parties	Third parties	2024	2023
Fuel and lubricants	\$ 55,212	\$ 9,135	\$ 64,347	\$ 54,914
Supplies and services	804	46,017	46,821	30,465
Salaries, wages and benefits	-	38,602	38,602	34,916
Amortization of tangible capital assets (Schedule A)	-	16,091	16,091	15,254
Interest expense (Note 16)	3,026	10,615	13,641	8,440
Travel and accommodations	-	5,762	5,762	4,635
Bad debt expense	-	752	752	555
Accretion of asset retirement obligations (Note 8)	-	177	177	46
	\$ 59,042	\$ 127,151	\$ 186,193	\$ 149,225

Related party expenses by source are as follows:

	2024	2023
Government of Nunavut		
Departments	\$ 58,957	\$ 46,887
Territorial corporations	85	34
	\$ 59,042	\$ 46,921

16 Interest expense

	2024	2023
Interest on debt	\$ 11,972	\$ 6,932
Interest and bank charges	1,768	1,575
Less: Interest capitalized on construction projects	(99)	(67)
	\$ 13,641	\$ 8,440

17 Contractual obligations

Operating leases

The Corporation has leased property under various long-term operating leases. The minimum annual payments for these leases are as follows:

	2025	2026	2027	2028	2029	Total
Third parties	\$ 2,555	\$ 1,019	\$ 933	\$ 891	\$ 451	\$ 5,849
	\$ 2,555	\$ 1,019	\$ 933	\$ 891	\$ 451	\$ 5,849

Fuel purchase commitments

The Corporation has made purchase commitments of \$72,511 (56,625,000 litres) to purchase fuel in the fiscal year ending March 31, 2025. This amount is due to be paid in fiscal 2025. The majority of the commitment is with the Petroleum Products Division (a commonly controlled entity).

Capital purchase commitments

The Corporation has made commitments in relation to upcoming capital expenditures which are expected to be paid as follows:

	2025	2026	2027	2028	2029	Total
Third parties	\$ 13,611	\$ -	\$ -	\$ -	\$ -	\$ 13,611
	\$ 13,611	\$ -	\$ -	\$ -	\$ -	\$ 13,611

QUILLIQ ENERGY CORPORATION
Notes to the Financial Statements
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17 Contractual obligations (continued)

Other operating commitments

Commitments in the amount of \$15,031 have been made in relation to other upcoming operating expenditures which are expected to be paid in fiscal 2025.

18 Government contributions

	2024	2023
Arctic Energy Fund	\$ 7,437	1,890
Computer Hardware and Software Support from the Government of Nunavut	3,738	1,880
Government of Canada's Carbon Tax Program	500	500
Clean Energy in Rural and Remote Communities Deployment Program (Penetration study)	257	318
Canadian North Economic Development Agency (Geothermal study, Stage II)	88	1,013
Low Carbon Economy Fund	68	1,901
Clean Energy in Rural and Remote Communities Deployment Program (Solar panel part)	-	(350)
	\$ 12,088	\$ 7,152

The Government of Nunavut has entered into an agreement with the Corporation to provide financial support, under the Arctic Energy Fund, for a maximum amount of \$175,000 for eligible expenditures incurred, spent, approved and claimed on or before September 30, 2027 under the terms and conditions set out in the agreement. The Corporation will invest in projects that will provide more efficient and/or reliable energy in Nunavut. As of March 31, 2024 the Corporation has spent a cumulative amount of \$20,986.

The Government of Nunavut has provided support in the form of computers, software and labour for a total of \$3,738 (2023 - \$1,880) to support the Corporation with its IT functions (both O&M and capital). The Government of Nunavut has no intention of recovering the cost from the Corporation. As of March 31, 2024, the Government of Nunavut has provided support for the total amount of \$5,618.

The Government of Nunavut has entered into an agreement with the Corporation to provide a grant, under the Government of Canada's Carbon Tax Program, for a maximum of \$2,000 for eligible expenditures incurred and spent for replacement of conventional streetlights across Nunavut with high efficiency bulbs. The Corporation is not expecting any future government contributions for this purpose and has used all the allocated funding. This agreement is now closed as of 2024.

The Government of Canada has entered into an agreement with the Corporation to provide financial support, under the Clean Energy in Rural and Remote Communities Deployment Program, for a maximum amount of \$1,332 for eligible expenditures incurred, spent, approved and claimed on or before March 31, 2024 for a renewable penetration study. The study's objective is to gain a better understanding of territorial generation assets throughout Nunavut, as well as a better understanding of the recommended renewable energy penetration studies taking place on a community level. As of March 31, 2024, the agreement has not been extended and the final claim and reports have been submitted.

The Government of Canada (Canadian North Economic Development Agency) has entered into an agreement with the Corporation to provide financial support for a maximum amount of \$1,296 for eligible expenditures incurred, spent, approved and claimed on or before March 31, 2024 under the terms and conditions set out in the agreement. The Corporation will invest in the Nunavut Geothermal Feasibility Study. The Corporation expects to receive the 10% holdback portion of \$140 in fiscal 2025.

The Government of Nunavut has entered into an agreement with the Corporation to provide financial support, under the Low Carbon Economy Funding, for a maximum of \$6,348 for eligible expenditures incurred, spent, approved and claimed on or before September 30, 2024 under the terms and conditions set out in the agreement. The Corporation will invest in the installation of District Heating Systems in Sanikiluaq and Taloyoak. As of March 31, 2024 the Corporation has spent a cumulative amount of \$1,410.

The Government of Canada has entered into an agreement with the Corporation to provide financial support, under the Clean Energy in Rural and Remote Communities Deployment Program, for a maximum amount of \$3,380 for eligible expenditures incurred, spent, approved and claimed on or before September 30, 2023 under the terms and conditions set out in the agreement. The Corporation was intending to invest in Solar Photovoltaic with energy storage for Kugluktuk. However, the solar component of the project was cancelled in order to reduce the overall cost of the project so that the project bids could be within the approved budget. The total amount of funding received under this program of \$350 was reversed in the current year as the Corporation is required to return this funding to the Government of Canada and the Government of Nunavut given the associated expenditures will no longer be incurred. In fiscal 2024, the Corporation paid \$156 to the Government of Nunavut for the cancelled project.

QUILLIQ ENERGY CORPORATION
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19 Contractual rights

The Corporation enters into funding agreements with various government agencies and businesses (Note 18). These funding agreements will result in revenue and assets in the future if and when the Corporation meets the eligibility requirements stipulated within the agreements. The receipt of funding for each program is subject to the Corporation meeting the eligibility requirements under each of the respective funding agreements.

The following table outlines the maximum amount of funding available under each of the programs:

	2025	2026	2027	2028	2029	Total
Arctic Energy Fund	\$ 19,651	\$ 38,319	\$ 90,018	\$ 6,026	-	\$ 154,014
Canadian North Economic Development Agency	149	-	-	-	-	149
	<u>\$ 19,800</u>	<u>\$ 38,319</u>	<u>\$ 90,018</u>	<u>\$ 6,026</u>	<u>\$ -</u>	<u>\$ 154,163</u>

The Corporation has accrued an amount receivable of \$7,075 (2023 - \$3,953) for amounts contractually owed under its funding agreements with the Government of Nunavut and the Government of Canada as the Corporation met the eligibility requirements stipulated within the agreements. These receivables are expected to be received in fiscal 2025.

20 Environmental liability for contaminated sites

The Corporation's activities are subject to various federal and territorial laws and regulations, such as the *Environmental Protection Act* of Nunavut and the Environmental Guideline for Contaminated Site Remediation - 2010, governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations.

The Corporation has identified 27 sites (2023 - 27 sites) where the concentration of petroleum hydrocarbons and other pollutants in the soil exceeds environmental standards. The contamination of some of these sites occurred when other parties were responsible for the use of and/or held tenure to the sites.

Management estimates the future remediation costs to be approximately \$46 million (2023 - \$45 million). No environmental liability provision for remediation of these sites has been recognized in these financial statements as there is no legal requirement to remediate these sites; nor does management have the intention to remediate any of the sites. Going forward, an environmental liability provision for the remediation of any of these sites will be recognized if, and when, it is determined that public health is at risk.

The Corporation has a monitoring program in place to ensure that the identified contaminated sites do not harm persons or the environment. Accounts payable and accrued liabilities includes a provision of \$682 (2023 - \$670) related to the monitoring program. The undiscounted future expenditures for this liability are \$2,192 (2023 - \$1,276) based on historical costs incurred for monitoring and an expected future inflation rate of 2%. The provision was determined by discounting the total future expected cash flows over an estimated period of 43 years using a rate that reflects the Corporations' effective borrowing rate. The provision is subsequently revalued at the current discount rate in effect at each Statement of Financial Position date. At March 31, 2024, the future expenditures are discounted using a rate of 5.79 % (2023 - 2.45%).

QUILLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
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20 Environmental liability for contaminated sites (continued)

During 2016, the Corporation determined that the containment method used at its contaminated site, located in Baker Lake, was no longer functioning as intended. The Corporation proceeded with a Human Health Risk Assessment at this site which resulted in this - exceeding the prescribed contaminant levels. In September 2016, the Corporation proceeded with its remediation plan which included a lined land farm cell and a trench. The remediation of this site was completed during the summer of 2019. However, due to some concerns raised by residents, the Corporation is looking to establish a bigger land farm away from the community and has requested another parcel of land away from the Hamlet. Accounts payable and accrued liabilities includes a provision of \$ 217 (2023 - \$217) in relation to this site.

During 2018, one spill of significant volume occurred at the Corporation's power plant in Grise Fiord spilling 4,000 litres of diesel fuel. In compliance with Section 5 of the *Environmental Protection Act* of Nunavut, the Corporation is repairing damage caused by these discharges and eliminating any danger to life, health, property or the environment. Partial remediation was completed during the summers of 2018 and 2021 with further work expected in the summer of 2024. Accounts payable and accrued liabilities includes a provision of \$578 (2023 - \$578) in relation to this site.

During 2024, there was a heating fuel spill by a third party at an adjacent property to the QEC office building located in Rankin Inlet. Environmental authorities determined that the contamination migrated onto the QEC property. The remediation costs were estimated to be \$1,500. The responsible party has, to date, not remediated QEC's property. QEC commissioned a safe remediation plan and is working cooperatively with environmental authorities and the responsible party. The anticipated completion date of the remediation is the fall of 2024. Accounts payable and accrued liabilities includes a provision of \$1,500 in relation to this site.

21 Financial instruments

The Corporation is exposed to certain risks as a result of holding financial instruments. There have been no changes to the risks compared to prior year and no change in the methods and practices used to manage these risks. The following risks have no significant impact on the Corporation's financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk through cash deposits with financial institutions and accounts receivable arising from the sale of electricity and related services to customers. For cash in interest-bearing accounts and accounts receivable, the maximum exposure to credit risk is the carrying amount on the Statement of Financial Position. At the end of 2023, there were no known relevant concentrations of credit risk by type of customer or geography. Instead, the Corporation's credit risk exposure is mainly influenced by individual customer characteristics.

The credit risk related to accounts receivable is reduced by taking cash deposits from new customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit.

Accounts receivable are generally due in 30 days and interest is charged after 60 days at the rate disclosed in the terms and conditions of service. The Corporation utilizes an allowance account for potential credit losses related to accounts receivable. The movement in the allowance account during the year was as follows:

	2024	2023
Balance, beginning of year	\$ 5,854	\$ 5,299
Increase in allowance during year	752	555
Balance, end of year	\$ 6,606	\$ 5,854

The aging analysis of accounts receivable past due but not impaired, aged by billing date, is as follows:

	Days Past Billing Date				
	31 - 60	61-90	Over 90	2024	2023
March 31, 2023	\$ 6,657	\$ 4,836	\$ 10,416	\$ 21,909	\$ 31,152

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications that customers will not be able to meet their obligations.

QULLIQ ENERGY CORPORATION
Notes to the Financial Statements
March 31, 2024
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21 Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk to ensure sufficient liquid financial resources to finance operations and to meet long-term debt repayments. The Corporation believes that it has access to sufficient capital through internally generated cash flows, government support and external resources including borrowing facilities to meet current spending forecasts.

The following table shows the maturity risk analysis of the financial liabilities based on the remaining contractual maturities (assuming no renewals):

	Less than 1 year	Between 1 and 4 years	Greater than 4 years	2024	2023
Debt (including interest and stamping fee)	\$ 34,671	\$ 96,325	\$ 138,554	\$ 269,550	274,561
Due to Petroleum Products Division	63,371	-	-	63,371	48,482
Accounts payable and accrued liabilities	17,074	-	-	17,074	19,479
Bank indebtedness	10,000	-	-	10,000	10,000
Utility deposits	1,844	-	-	1,844	1,814
Due to the Governments of Nunavut and Canada	174	-	-	174	330
	\$ 127,134	\$ 96,325	\$ 138,554	\$ 362,013	\$ 354,666

Market Risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate, because of changes in market prices. The Corporation is exposed to interest rate risk on its variable rate long-term debt.

The Corporation's intention is to hold the fixed rate debt to maturity.

The Corporation is subject to interest rate cash flow risk on its variable rate debt and bank indebtedness. For each 1% change in the rate of interest on loans subject to floating rates, the change in annual interest expense would be as follows:

	2024	2023
Bank indebtedness	\$ 100	\$ 100
Debt	1,519	2,410
	\$ 1,619	\$ 2,510

The Corporation is not subject to other significant market risks pertaining to its financial instruments.

22 Budget figures

Actual expenditures exceeded the original approved budget disclosed in the statement of operations, and a revised operating budget was approved subsequent to year-end, on June 27, 2024. The original approved budget was calculated using actual figures from FYE2022, when COVID had resulted in overall prices being lower. Since then, fuel prices increased from \$0.95/L to \$1.35/L, and interest rates rose from 1.46% to 5.79%.

Budget increases were also made to the operating budget to account for contributions received from the GN which relate to the on-going efforts to move QEC to the GN core business network and to support the ongoing recovery of IT infrastructure.

Similar increases were made to the capital budget after the original budget was approved to support the ongoing recovery of IT infrastructure, which included purchase of new hardware and software.

	Original approved budget	Final approved budget
Statement of Operations:		
Total revenue	159,933	170,391
Total expenses	141,837	183,964
Statement of Net Debt:		
Tangible Capital Assets - Additions	38,120	86,902

QULLIQ ENERGY CORPORATION
SCHEDULE A
Schedule of Tangible Capital Assets
For the year ended March 31, 2024
(in thousands of dollars)

	Leased Land	Generation	Distribution	Residual Heat Assets	Non-plant Buildings	Vehicles	Other Assets	2024	2023
Cost of Capital Assets									
Opening balance	\$ 1,950	\$ 386,977	\$ 85,460	\$ 24,766	\$ 21,953	\$ 8,104	\$ 8,525	\$ 537,735	\$ 494,381
Transferred from work in progress	-	3,810	2,094	3,902	16,336	1,191	598	27,931	44,204
Disposals	-	-	-	-	-	-	-	-	(850)
Closing balance	1,950	390,787	87,554	28,668	38,289	9,295	9,123	565,666	537,735
Accumulated Amortization									
Opening balance	(697)	(152,250)	(30,792)	(13,693)	(7,756)	(5,794)	(4,457)	(215,439)	(201,035)
Amortization	(36)	(11,275)	(1,804)	(1,058)	(790)	(564)	(565)	(16,092)	(15,254)
Disposals	-	-	-	-	-	-	-	-	850
Closing balance	(733)	(163,525)	(32,596)	(14,751)	(8,546)	(6,358)	(5,022)	(231,531)	(215,439)
Work in Progress									
Opening balance	-	6,816	3,189	3,902	16,550	1,192	1,010	32,659	62,418
Additions	-	10,804	1,989	89	1,756	521	2,260	17,419	14,445
Transferred to cost of tangible capital assets	-	(3,810)	(2,094)	(3,902)	(16,336)	(1,191)	(598)	(27,931)	(44,204)
Write-downs	-	(552)	-	-	-	-	-	(552)	-
Closing balance	-	13,258	3,084	89	1,970	522	2,672	21,595	32,659
Net Book Value	\$ 1,217	\$ 240,520	\$ 58,042	\$ 14,006	\$ 31,713	\$ 3,459	\$ 6,773	\$ 355,730	\$ 354,955

Note:

The tangible capital asset additions presented in the Statement of Cash Flow excludes non-cash acquisitions totalling \$3,520 (2023 - \$2,644) which represents: i) unpaid purchases and holdbacks that are included in the outstanding accounts payables and accrued liabilities at year-end; and ii) assets received from the Government of Nunavut without consideration.