



UTILITY RATES REVIEW COUNCIL OF NUNAVUT

ANNUAL REPORT

For the year ending December 31, 2025

Members of the Legislative Assembly of Nunavut:

I take pleasure in submitting the Annual Report of the Utility Rates Review Council of Nunavut for the year ending December 31, 2025.

Original Signed By:

Hon. John Main, Premier
Minister responsible for the Utility
Rates Review Council



February 6, 2026

The Honourable Jonh Main, Premier
Minister responsible for the
Utility Rates Review Council
of Nunavut

Dear Mr. Premier,

I have the honour of presenting the Annual Report of the Utility Rates Review Council of Nunavut for the year ending December 31, 2025.

Respectfully submitted,

Paul Okalik
Chair, Utility Rates Review Council
of Nunavut

The Utility Rates Review Council of Nunavut

MANDATE

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

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

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

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

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

PURPOSE

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

The purposes of the Review Council are to:

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

ORGANISATION

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

Commission (AUC). In 2025, the AUC were directed by the Alberta Government to discontinue external contracts.

• BUDGET

In 2025, the Council's operating and maintenance budget was \$346,000. This is an increase from \$345,00 in 2023.

STANDARD OBJECT CONTROL OBJECT	2026-27 Main Estimates
100 Permanent Salaries	219,000
1010 Overtime	
110 Casual Wages	52,000
1110 Overtime	
120 Employee Benefits	
100 Compensation & Benefits	271,000
130 Grants	
160 Grants-in-kind (GIK)	
190 Block Funding (BLF)	
220 One-time Contributions (OTC)	
250 Ongoing Contributions (OGC)	
280 Contributions-in-kind (CIK)	
130 Grants & Contributions	
310 Travel & Transportation	20,000
320 Materials & Supplies	2,000
330 Purchased Services	5,000
340 Utilities	
350 Contract Services	30,000
360 Fees & Payments	10,000
370 Other Expenses	
380 Tangible Assets	5,000
390 Computer Hardware & Software	3,000
310 Other Expenses	75,000
TOTAL O & M^D	346,000

• **SUMMARY of RECOMMENDATIONS:**

The following recommendations were made with respect to rates regarding the following three applications:

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

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

Utility Rates Review Council Report 2025-01: Major Project Permit Application (MPPA) by the Qulliq Energy Corporation for Genset Replacements in Baker Lake, Rankin Inlet and Iqaluit.

On October 7, 2024, QEC filed its application. QEC proposes that:

- Baker Lake – replace the 550 kW unit G4 with a new higher capacity 1,100 kW unit.
- Rankin Inlet – replace the 1,450 kW unit G5 with a new higher capacity 3,500 kW unit and replace the 2,150 kW unit G6 with a new higher capacity 4,400 kW unit.
- Iqaluit – replace the 3,000 kW unit G1 with a new 3,000 kW unit.
- In addition to the Genset replacements, each of the projects requires various upgrades and other new equipment in the power plants to address reliability and safety issues.

The total cost to complete the four Genset replacements is forecast to be \$33.926 million. This would result in an estimated \$2,924 million increase in the revenue requirement and a 1.58 cents/kWh increase in the territory-wide rates. QEC noted that the projects are

expected to be completed by the 2025/26 fiscal year for Baker Lake and Rankin Inlet and 2026/27 for Iqaluit. QEC states that rates would not be adjusted until a subsequent General Rate Application(s).

The Utility Rates Review Council of Nunavut (URRC) filed its Report on February 24, 2026.

URRC RECOMMENDATIONS

Having considered the foregoing matters, the URRC recommends as follows:

Project-specific recommendations

That the major capital project permit approvals for genset replacements in Baker Lake, Iqaluit and Rankin Inlet, be approved subject to the following recommendations:

- That, if the projected costs after tendering exceed the proposed costs for any of the communities (for the alternative approved by the Minister) by more than 25 per cent, QEC be instructed to prepare and submit a new MPPA to the Minister responsible for QEC.
- That, if after tendering, the proposed in-service date will differ from the proposed in-service date by more than one year for any of the three communities, QEC be instructed to advise the Minister responsible for QEC.
- That the prudence of the actual cost of each of the replacements be examined at the time each is proposed to be included in rate base.
- That QEC provide the URRC and the Minister responsible for QEC with an explanation of the load forecast discrepancies referred to in information request URRC-QEC-2-1¹,

¹66. The URRC questioned QEC about this apparent discrepancy in RFC, but QEC did not provide a clarification. The response to URRC-QEC-2-1 indicates that QEC's load forecast models may need to be revised; however, the response did not explain the difference between the project briefs and the body of the Application. The response also did not justify how much additional capacity is required.

67. The URRC notes that QEC acknowledged in the response to URRC-QEC-2-1 that "the available used genset sizes may not be the best fit when considering the N-1 criterion, the unit sizes do address the RFC requirements and are considered reasonable." QEC suggested in the response to URRC-QEC-2-1 that the opportunity to purchase used gensets "allows QEC to address the immediate risk much quicker and at a cost saving to QEC and its customers. The two large units will enable QEC to supply expected load growth for the next 20 years without need for further engine replacements due to load growth."

68. The URRC asked QEC (in URRC-QEC-2-1(c)) to justify the installation of IC and IFC that significantly exceeds RFC in the Rankin Inlet power plant, which was constructed in 1973. QEC submitted that it has contracted an engineering company to on the genset sizing needs. QEC has been replacing gensets on a regular basis, and that the cost of a replacement power plant could be about \$100 million.

reasons for not disclosing/explaining in the Application the rationale for the genset sizing provided in response to URRC-QEC-2-1, the age, condition and availability of spare parts for the used gensets, and strategies QEC will employ to prevent the genset replacement assets from becoming stranded, in the event a new power plant is constructed before the genset(s) end of life.

- That, in light of the apparent discrepancy between QEC and the City of Iqaluit regarding “any issues with city accounts regarding frequency stability and power quality,” QEC be directed to engage the City of Iqaluit in a process to determine if there are power frequency stability and power quality issues to resolve, feasible solutions, and the responsibility of each party (if any), and
- That QEC be directed to report to the URRC and the Minister responsible for QEC the emergency/modular units currently installed, in progress, and/or planned for the community of Rankin Inlet, including the respective capacity of each genset, and the location of each genset.
- That QEC be directed to clarify and report to the URRC and the Minister responsible for QEC how its planning criteria consider the capacity of a power plant/community that includes an emergency generator (or more than one), compared to a power plant/community that does not include an emergency generator. If there is no difference, then QEC should clarify how it decides which communities need an emergency generator.

General recommendations

- That QEC provide information to the URRC about the statuses of the four genset replacements in the next applicable general rate application (GRA).
- That future MPPAs provide “standard” information that the URRC would otherwise need to obtain via IRs.
- That future MPPAs provide an assessment of other feasible approaches/options rather than replace or not (with the latter always being unacceptable nor feasible given current/future demand and/or reliability concerns).

Utility Rates Review Council Report 2025-02: Request for Review of 2025-26 General Rate Application (GRA).

By letter dated November 29, 2024, the Minister Responsible for the Qulliq Energy Corporation (QEC), submitted a request for a GRA review pursuant to s. 12 of the Utility Rates Review Council Act. In its application QEC requested approval, from the Minister Responsible, of the following:

- a) a forecast revenue requirement for the 2025/26 test year of \$183.9 million. This would result in a shortfall of \$21.5 million based on revenue at existing rates. QEC has considered existing rates to be those approved in the 2022/23 GRA Base Rate Adjustment plus the current FSR rate that will expire on March 31, 2025. As well as the maintenance of the existing territory-wide levelized rate structure, sometimes referred to as 'postage stamp rates'.
- b) a two-fold increase in monthly customer service charges and monthly demand service charges an average increase in energy rates of 9.5% for domestic and commercial customers, and 12.9% for streetlight customers, new rates to be implemented based on the April 1, 2025/26 test year. QEC states its intention to submit a subsequent application for interim rates to cover the time between April 1, 2025, and the approval of final 2025/26 rates.

The forecast revenue requirement of \$183.9 million is about \$40.0 million higher than that requested in the original 2022/23 GRA, and \$27.3 higher than the 2022/23 GRA Base Rate Adjustment, effective October 1, 2023, which incorporated higher fuel costs. The increase of \$27.3 million since the GRA Base Rate Adjustment is primarily due to: increases in non-fuel operation and maintenance expenses (\$19.3 million), production fuel (\$5.9 million), and return on rate base (\$4.3 million), partially offset by lower fixed asset amortization (\$2.1 million). The increase in costs is also offset by higher revenues at existing rates (\$2.4 million primarily due to load growth), higher non-electrical revenues

(\$0.9 million) and amounts that would be collected if the FSR remained in place (\$2.5 million). A revenue shortfall of \$21.5 million results from these forecast changes since the 2022/23 GRA Base Rate Adjustment.

The Utility Rates Review Council of Nunavut (URRC) filed its Report on April 22, 2026.

URRC RECOMMENDATIONS

Having considered the foregoing matters, the URRC recommends as follows:

Revenue requirement recommendations

That the 2025/26 forecast revenue requirement of \$183.297 million be approved.

Rate design recommendations

That the proposed 2025/26 rates be approved as follows:

- That the increased domestic customer monthly service charge of \$36 and the commercial customer monthly demand charge of \$16 per kW be approved.
- That the proposed energy and streetlighting rates for 2025/26 be approved.
- That the Schedule C of the Terms and Conditions of Service be updated to reflect the approved changes to the domestic customer monthly service charges and the commercial customer monthly demand charges.

Future GRAs and general recommendations

- That in future GRAs, QEC should continue to provide more information about the other factors it reviewed to determine if adjustments were considered and/or made to the baseload customer forecast for any communities.
- That QEC report on its efforts to address streetlighting concerns (e.g., maintenance, flickering, and instances of fixtures remaining on during daylight hours) in the next GRA.
- That QEC report on the actual changes to the salary and wage index/rates and the benefits it has achieved in the next GRA.

- That QEC continues to move the commercial demand charge and the domestic customer service charge closer to the average unit costs.
- That QEC continue to work with customers or municipalities that are experiencing (and/or filing complaints about) reliability issues.
- That QEC provide validation or review of the lead-lag study and determination of working capital in its next GRA.
- That in future GRAs, QEC consider subdividing its existing rate classes if, for example, the discrepancy between low and high consumption customers is unduly affecting certain groups of customers.
- That QEC use more than one test year in its next GRA if significant volatility in the revenue requirement can be expected in subsequent year(s).

Utility Rates Review Council Report 2025-03: QEC Standby Rate Application

By letter dated July 11, 2025, the Qulliq Energy Corporation (QEC) applied to the Minister Responsible for QEC for approval of a new QEC standby service and the associated rate, connection and disconnection fees, and revisions to the QEC terms and conditions of service (T&Cs).

The Utility Rates Review Council of Nunavut (URRC) filed its Report on October 24, 2025.

URRC RECOMMENDATIONS

Having considered the foregoing matters, the URRC recommends as follows:

Standby service, rates, fees and T&Cs

That the Application be approved subject to the following: Standby service be approved as following:

- Standby service be approved.

- Standby rate be set at the full cost monthly demand charge of \$86.35/kW.
- Connection and disconnection fees be approved.
- Revisions to the T&Cs, including clarification of the matters raised by the URRC in this report, be approved.
- Above be approved effective as of the date of the Ministerial Instruction.

General recommendations

- That in the next GRA, QEC should review the maximum corporate investment portion of the T&Cs to address the potential for stranded cost and cross-subsidization related to standby and other low load factor customers.
- That in the next GRA, QEC continue increasing its demand charge to improve the RCC ratio for commercial fixed costs being recovered by demand charges.
- That in the next GRA, QEC consider subdividing its existing rate classes if, for example, the discrepancy between low and high consumption customers, and low and high load factor customers is unduly affecting certain groups of customers.

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

The Canadian Association of Members of Public Utility Tribunals (CAMPUT) is a self-supporting, non-profit association composed of Canada's federal, provincial, and territorial energy and utility regulatory boards and commissions. These bodies are responsible for regulating electric, water, gas, and pipeline utilities across Canada, and in some cases, additional matters such as automobile insurance.

The Utility Rates Review Council (URRC) is a member of CAMPUT, alongside regulatory boards and councils from each province and territory. The National Energy Board is also a member. In support of CAMPUT's mandate to strengthen and improve regulatory practices in Canada, several quasi-judicial boards participate as associate members.

CAMPUT's regular conferences, annual general meetings (AGMs), and training events provide URRC members with valuable opportunities to remain current in the highly dynamic and demanding field of energy regulation. URRC members also actively participate in CAMPUT's Education and Regulatory Affairs Committees.

As part of the Council's ongoing professional development, the URRC is represented at CAMPUT's annual regulatory key topics meeting, the international conference held each May in Canada, and the CAMPUT AGM. These meetings rotate among provinces and territories. Nunavut last hosted the CAMPUT AGM in 2018.

A LOOK AHEAD AT 2026

Looking ahead to 2026, the URRC will continue to review and make recommendations respecting applications forthcoming from the Minister Responsible for Qulliq Energy Corporation. The URRC is currently preparing Report 2026-01 for a Major Project Permit Application for a distribution line in Cambridge Bay. The URRC expects QEC to file further applications. All URRC members will be attending either the CAMPUT conference or its AGM for further experience.

ON BEHALF OF THE UTILITY RATES REVIEW COUNCIL OF NUNAVUT



DATED February 6, 2026
Paul Okalik, Chair