



2017/2018
ANNUAL REPORT
UTILITY RATES REVIEW COUNCIL
OF NUNAVUT



UTILITY RATES REVIEW COUNCIL OF NUNAVUT

ANNUAL REPORT

For the year ending March 31, 2018

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 fiscal year ending March 31, 2018.

Original Signed By:

Premier Paul Quassa
Minister responsible for the Utility
Rates Review Council

April 27, 2018

The Honourable Paul Quassa
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 fiscal year ending March 31, 2018.

Respectfully submitted,



Anthony Rose
Chair, Utility Rates Review Council
Of Nunavut

The Utility Rates Review Council of Nunavut

1. MANDATE

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

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

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

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

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

2. PURPOSE

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

The purposes of the Review Council are to:

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

3. ORGANISATION

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

As of March 31, 2018, the following URRC members are:

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

Temporary Members

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

Executive Director

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

Consultants

Mr. Chellaraj (Raj) Retnanandan has been retained on contract as per Section 8 (1) (b) of the URRC Act as an advisor to the URRC. Mr. Retnanandan comes to the URRC with extensive knowledge and expertise in energy management and regulatory consultations.

Mr. John Donihee continues to be retained as per Section 8 (1) (b) of the URRC Act, as Legal Counsel to the URRC. Mr. Donihee comes to the URRC with extensive

knowledge and expertise in energy and indigenous law, in addition to regulatory consultations.

4. **BUDGET**

In 2017-2018 the Review Council operating and maintenance budget was \$475,000.

2017 – 2018 Utility Rates Review Council O&M Budget		
Budget Item	2017-18 Main Estimates	2017-18 Revised Main Estimates
Permanent Salaries	\$187,000	\$187,000
Casual Wages	\$52,000	\$52,000
Travel & Transportation	\$60,000	\$60,000
Materials & Supplies	\$5,000	\$5,000
Purchased Services	\$50,000	\$50,000
Contract Services	\$100,000	\$100,000
Fees & Payments	\$15,000	\$15,000
Other Expenses	\$3,000	\$3,000
Computer Hardware & Software	\$3,000	\$3,000
TOTAL Operations & Maintenance	\$475,000	\$475,000

5. **SUMMARY OF 2017-2018 RECOMMENDATIONS:**

The following recommendations were made with respect to rates in regards to the following applications:

Report # 2017-01 on Qulliq Energy Corporation Application of 8.23 cents per kWh, Fuel Stabilization Rate refund rider from April 1, 2017 to September 30, 2017.

- The URRC recommended that a fuel stabilization refund rider of 8.23 cents per kWh be approved for QEC, for the period April 1, 2017 to September 30, 2017.

Report # 2017-02 on QEC Net Metering Application. September 20, 2018.

The URRC recommended:

- that the proposed changes to the Terms and Conditions of Service for introduction of net metering service in QEC's service area be approved;
- that QEC use best efforts to expedite, review of the 7% cap by feeder (or feeder section) and the 10kW limit by site, as well as the performance review work, and considerably shorten the roll out period to enable non-discriminatory access to net metering service. Also it is recommended that QEC be directed to report the findings to the URRC no later than 18 months following formal approval of the Net Metering Program. If the findings indicate that changes to the T&Cs are warranted it is recommended that QEC file an application with the responsible Minister for approval of such changes;
- that QEC provide the estimated impact of the loss of load and any related loss of revenue due to net metering on other customers, together with QEC's proposals for addressing such loss of revenue at the GRA following the full implementation of the Net Metering Program;
- that QEC address, at the GRA following full implementation of the Net Metering Program, its strategic plan for successful and orderly introduction, integration and uptake of the Net Metering Program, as well as other potentially larger renewable energy programs (example IPPs) with a view to progressively reducing dependence on diesel fuel while enabling a foreseeable path towards affordability and reduction in carbon emissions, over the next five years; and

- that QEC file the final versions of the TIR and NSA with the URRC for acknowledgement taking note of the URRC's comments in Section 5 of this Report, prior to introduction of the Net Metering Program. These documents may be subject to review by the URRC in the context of the GRA following the full implementation of the Net Metering Program.

Report 2017-03 on Qulliq Energy Corporation's Application of 5.41 cents per kWh, Fuel Stabilization Rate refund rider from October 1, 2017 to March 31, 2018.

- URRC recommended that a fuel stabilization refund rider of 5.41 cents per kWh be approved for QEC, for the period October 1, 2017 to March 31, 2018.

Report # 2017-04 Major Project Permit Application for Kugluktuk plant replacement, November 29, 2017.

The URRC recommended:

- that the major capital project permit approval for construction of the new power plant in Kugluktuk be granted, with the condition that QEC complete the additional due diligence steps as set out in paragraph 35 prior to commencement of construction and if a change in project concept and scope is considered appropriate, to present the proposed concept and costs to the URRC for information through the responsible Minister; and
- that the prudence of the actual cost of construction of the project be examined at the time the project is proposed to be included in rate base.

Report # 2018-01 on Qulliq Energy Corporation's 2018/19 General Rate Application, March 26, 2018

The URRC provided its report on QEC's 2018-2020 General Rate Application to the responsible Minister on March 26, 2018. As per section 13(3) of the Utility Rates Review Council Act, the GRA report was not considered final at the time of the drafting of this annual report, therefore the URRC's recommendations are not included in this annual

report. When finalized the URRC will distribute copies of the GRA report and make a copy of the GRA report available on its Webpage.

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

The URRC continued its ongoing association with CAMPUT in 2017-2018. The membership of CAMPUT is made up of all the boards and councils from the ten provinces and three territories in addition to the National Energy Board. As part of their ongoing goal of improving numerous types of regulation in Canada, CAMPUT also admitted a number of quasi-judicial boards as associate members to CAMPUT.

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

Subsequently, URRC members are actively engaged as members of CAMPUT's Education and Regulatory Affairs Committees. As part of the Council's continuing education, the URRC is represented at CAMPUT's annual conference held each May. As well, council members participated in the CAMPUT AGM in September 2017. It was held in Winnipeg, Manitoba. These meeting bring together the member boards from across Canada to discuss events and issues that affect the regulatory community. Lastly, Nunavut and the URRC will host CAMPUT's AGM in August 2018. At this time 90% of the planning has been completed.

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

7. A LOOK AHEAD AT 2018-2019

The URRC expects a response to GRA report # 2018-01 in the early spring.

ON BEHALF OF THE UTILITY RATES REVIEW COUNCIL OF NUNAVUT



DATED April 27, 2018
Anthony Rose, Chair

APPENDIX I

CAMPUT Member Boards:

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

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

CAMPUT Associate Members:

Canadian Nuclear Safety Commission (CNSC)

Comisión Reguladora de Energía (CRE), Mexico

Utilities Regulation & Competition Authority (URCA), Bahamas

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

CAMPUT Executive Committee:

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

Murray Doehler, Past Chair
Board/Commission: Nova Scotia Utility and Review Board
(902) 424-4448
murray.doehler@novascotia.ca

Louis Legault, Chair
Board/Commission: Régie de l'énergie
(514) 873-2452, ext. 305
louis.legault@regie-energie.qc.ca

François Beaulieu
Vice Chair
Board/Commission: New Brunswick Energy and Utilities Board
(506) 643-7459
francois.beaulieu@nbeub.ca

Jamie Ballem, Secretary-Treasurer
Board/Commission: National Energy Board
(902) 629-1581
jamie.ballem@neb-one.gc.ca

J. Scott MacKenzie, Q.C.
Chair, Education
Board/Commission: Island Regulatory and Appeals Commission
(902) 892-3501
smackenzie@irac.pe.ca

Christine Long, Chair, Regulatory Affairs
Board/Commission: Ontario Energy Board
(416) 440-7647
Christine.long@oeb.ca



David Morton
Chair, International Affairs
Board/Commission: British Columbia Utilities Commission
(604) 660-4700
david.morton@bcuc.com

CAMPUT Executive Director:
Terry Rochefort, Executive Director
CAMPUT
(905) 827-5139
rochefort@camput.org