



MEETING GO 33-20-24

STANDING COMMITTEE ON GOVERNMENT OPERATION

**TUESDAY, DECEMBER 3, 2024
DET'ANCHOGH KÚÉ - EAGLE ROOM / ZOOM
1:30 PM**

AGENDA

1. Call to Order
2. Prayer
3. Review and Adoption of Agenda
4. Declarations of Conflict of Interest
5. Public Matters:
 - a. Public Briefing with Naka Power
6. In-camera Matters:
Committee Business
 - a. Debrief
 - b. Committee Workplan
7. New Business
8. Deferred Business
9. Date and Time of Next Meeting: Monday, December 9, 2024, 10:30 a.m.
10. Adjournment



STANDING COMMITTEE ON GOVERNMENT OPERATIONS

Darrell Beaulieu & Jay Massie

December 3, 2024





PURPOSE

We are here to share our unique perspective on the state of energy in the NWT.

We see ourselves as a key player in helping the NWT achieve its ambitious goals.

We will propose solutions to help foster a collaborative environment focused on **economic development, Indigenous ownership, and the future of energy in the NWT.**



OUR COMPANY

Operating in NWT for **70 YEARS**

Award-winning partnership for almost **40 YEARS**

One of Canada's **FIRST** Indigenous-owned electric utilities

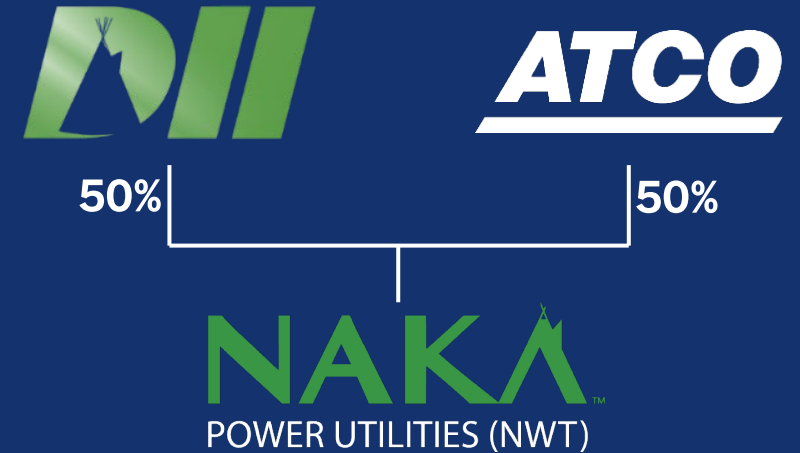
One of the largest private investors in NWT infrastructure
(forecast **\$34MM** from 2023-2027)

28 employees in NWT with **11,700** customers

REGULATED by the NWT Public Utilities Board

GENERATES, TRANSMITS, and **DISTRIBUTES** electricity

Mandate for **SAFE, RELIABLE,** and **AFFORDABLE** service



DII: WHAT OWNERSHIP MEANS FOR OUR COMMUNITIES

- ✓ Indigenous peoples make up more than 50% of NWT population
- ✓ We want to continue to participate in growing the NWT energy economy and creating economic opportunities for our communities
- ✓ Our partnership is celebrated in Canada and has demonstrated leadership for other Indigenous entrants into the utility economy
- ✓ We invest- and reinvest- capital into the power system to benefit the NWT
- ✓ We are proud of the achievements we've made with Naka in delivering electric service in the NWT





BENEFITS OF NAKA

- ✓ Local employees that remain accountable and contribute to local economy
- ✓ Access to economies of scale, supply chains, and materials
- ✓ Support from affiliate utilities for unique solutions and emergency response
- ✓ Access to capital which can reduce pressure on debt cap and free up government resources for other priorities – we bring new investment and we re-invest into the NWT
- ✓ Transparent costs that are scrutinized and approved by the NWT Public Utilities Board
- ✓ Local Indigenous ownership through DII



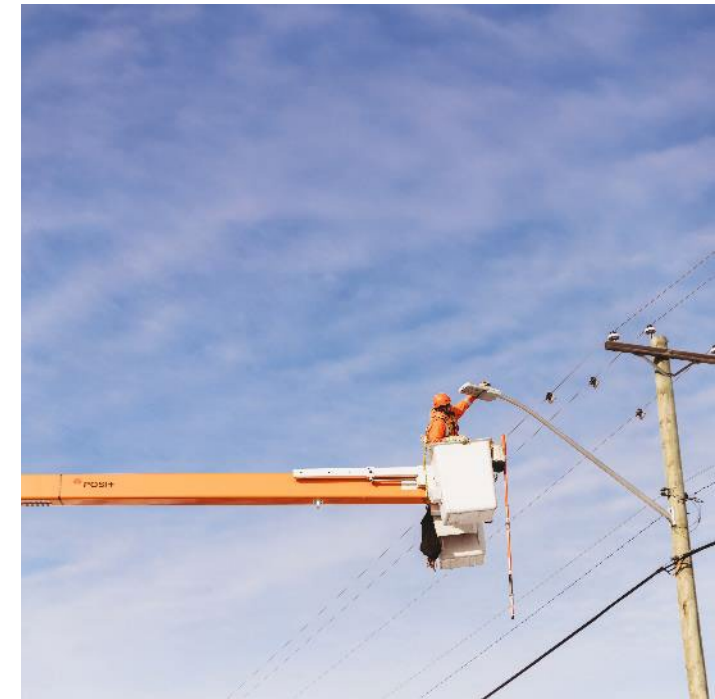
NWT ENERGY LANDSCAPE





NWT ENERGY LANDSCAPE

- ✓ Immense geography, low population, extreme weather, and isolation
- ✓ 27 isolated grids that rely on diesel generation
- ✓ Hydro grids have low water and diesel to replace is expensive: on utility costs and the environment
- ✓ Policy and financial support disproportionately directed to benefit NTPC customers. Financial support to customers needs to be equal for both NTPC and Naka
- ✓ NWT debt ceiling is under pressure, NTPC is a substantial debt holder
- ✓ Utility costs to operate in this environment are increasing, and with low population and industry growth, revenue is decreasing



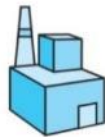


ENERGY LANDSCAPE - YELLOWKNIFE

Hydro Generation



Thermal Generation



Transmission



Distribution



General Operation Costs



NTPC



NTPC



NTPC

Naka



Naka



Naka costs



NTPC



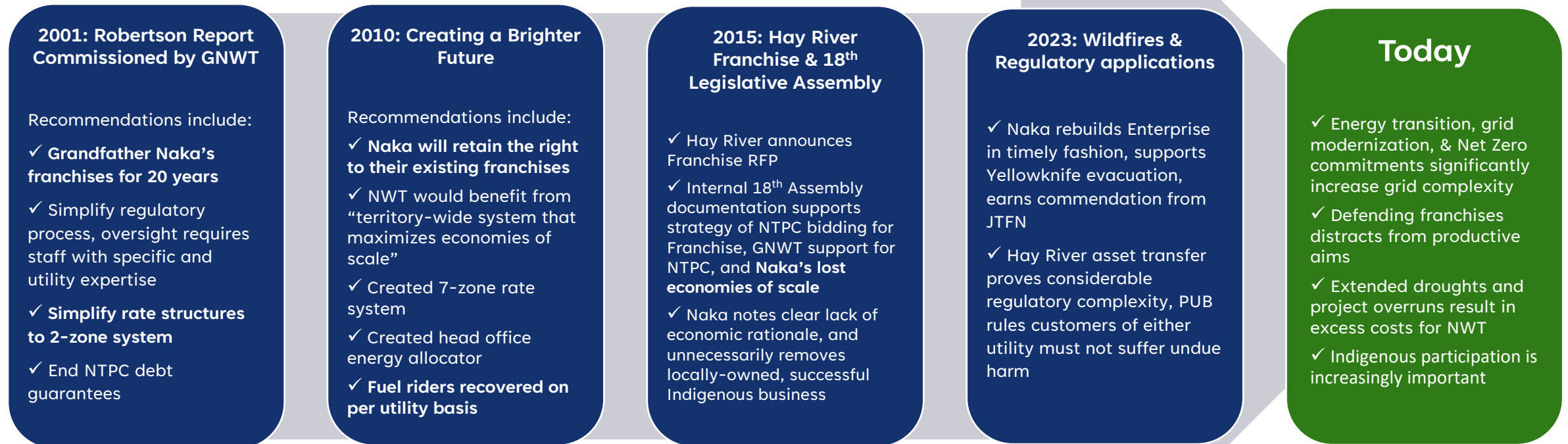
NTPC charges

Yellowknife Rate Composition





NWT ENERGY SECTOR TIMELINE





UTILITY RATES – COST RECOVERY

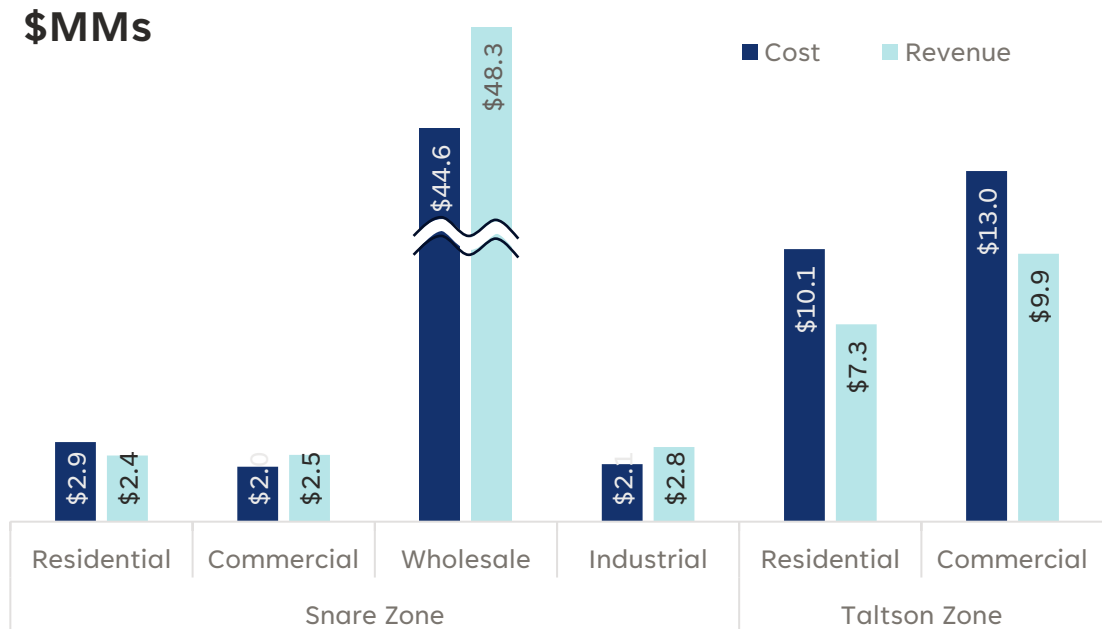
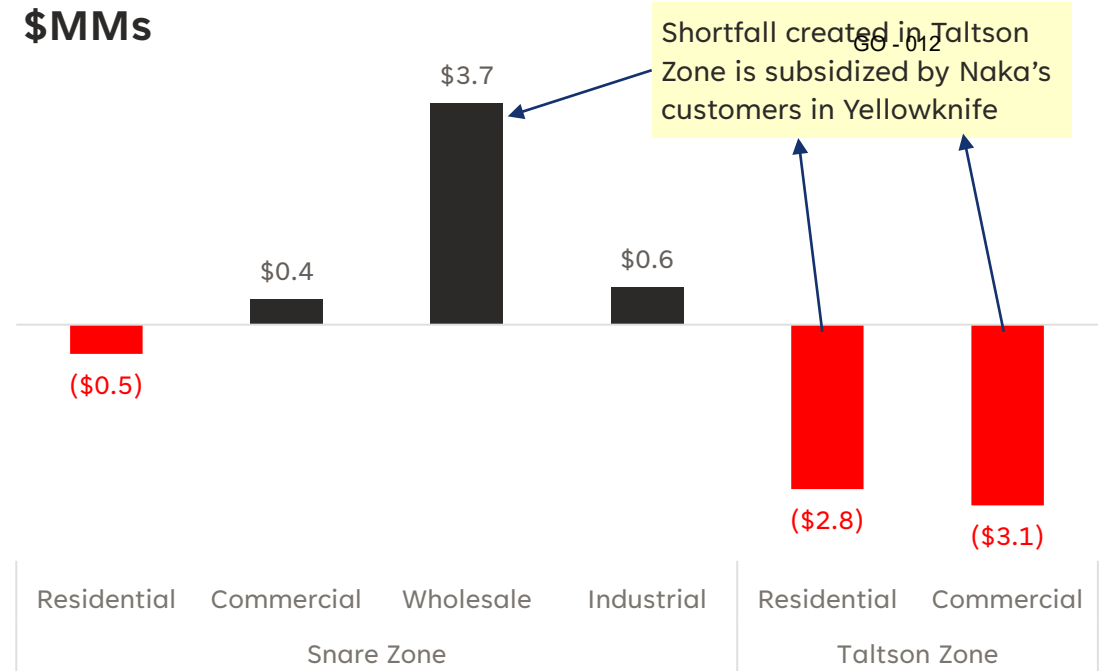
- ✓ Utilities need to recover their costs to provide service to remain sustainable
- ✓ NTPC’s proposed Taltson retail rates recover ~**76%** of costs, resulting in an unsustainable, material shortfall (\$5.7MM) every year
- ✓ Naka’s rates are typically designed to recover 100% of Naka’s costs – *customers pay Naka’s actual cost*





NTPC Rates

- ✓ NTPC Taltson retail rates are designed to only recover **75.6%** of NTPC’s costs – **this is called Revenue to Cost Coverage (RCC)**
- ✓ NTPC promised these rates to Hay River and won the franchise
- ✓ Material shortfall from NTPC’s Taltson Rates has ongoing subsidy of \$3.7MM from Naka’s Yellowknife customers, **where NTPC has proposed 108.4% RCC**
- ✓ Expanding NTPC’s Taltson rates to Hay River will increase NTPC’s revenue shortfall – there is no documented plan to address this inequity



RESIDENTIAL BILL COMPARISON – 600KWH

GO-013

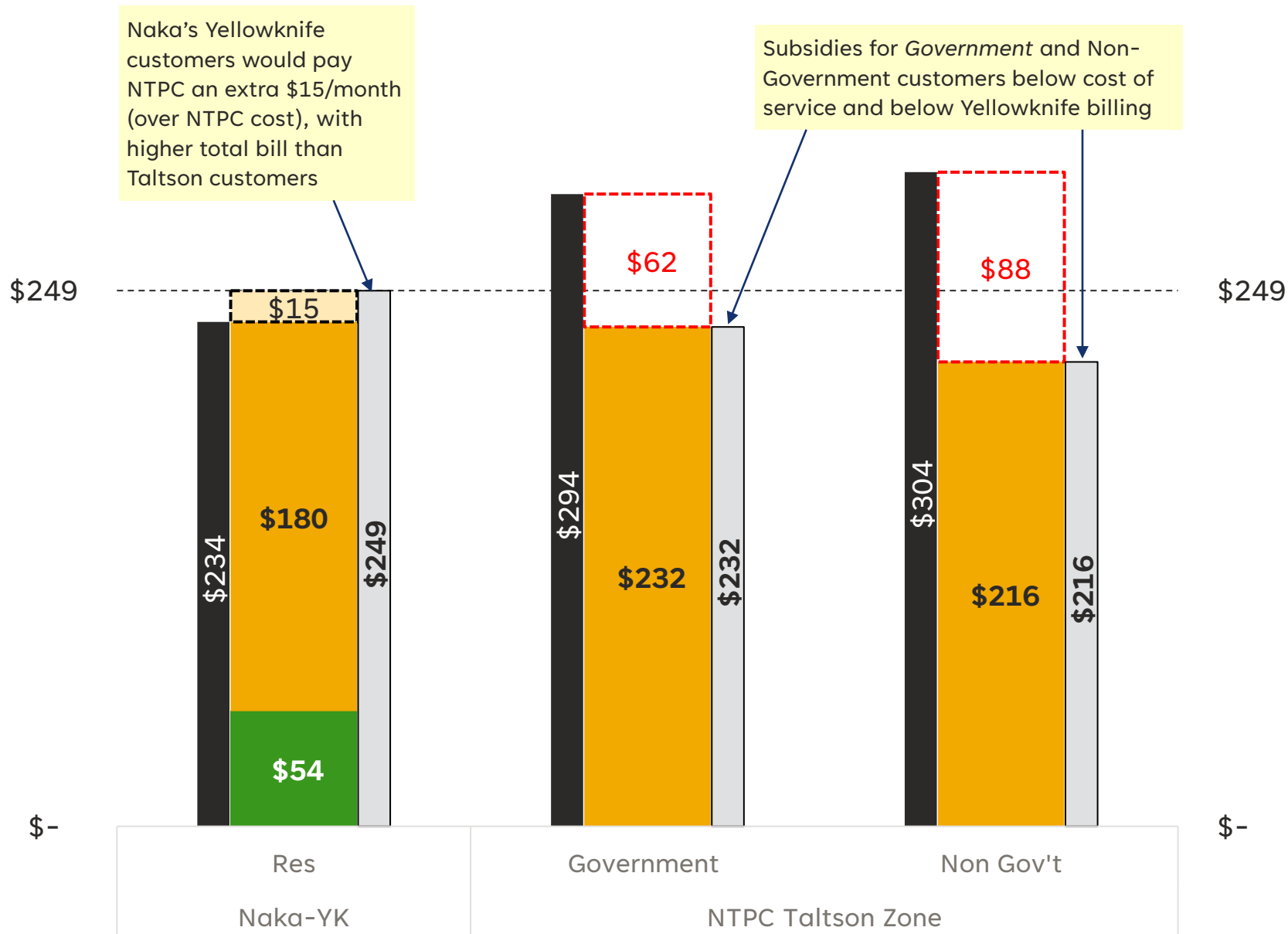
■ Naka Revenue ■ NTPC Revenue ■ Total Cost □ Total Bill

① Naka's Yellowknife customers would overpay NTPC costs by \$15 per month or ~\$180 per year, based on 108.4% RCC

② NTPC Taltson customers will receive significant subsidies, and pay lower bills than Yellowknife

③ Typically, Government RCCs are greater than 100%. However, even NTPC *Government* customers receive significant subsidies AND pay lower bills than Yellowknife.

④ Some NTPC customers in Taltson zone will receive over \$1,000 discount over the course of the year



COST PRESSURES



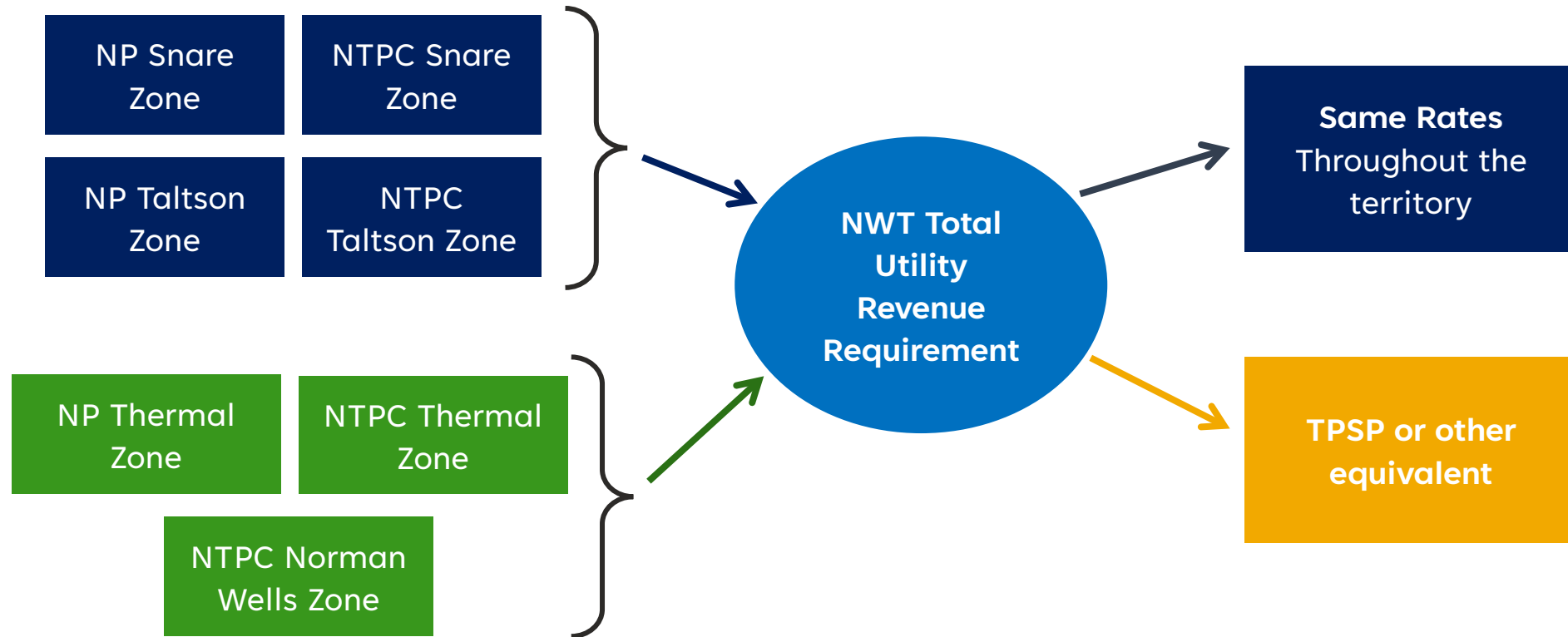
- ✓ The utility sector is experiencing significant cost pressures due to ongoing replacement and upgrading of electrical infrastructure to maintain the grids.
- ✓ The energy transition will require significant investments across the NWT
- ✓ Low population and industry growth results in low revenue growth
- ✓ Costs for utility operations and service is increasing while revenue is flat
- ✓ Hay River franchise transition was unnecessary and added unproductive expense to both utilities
- ✓ Promised electrical rates that do not recover costs to operate and apportioned costs to Naka's Yellowknife customers are not justifiable
- ✓ NTPC estimated cost to purchase Hay River is \$26 million (to Jan 1, 2025)



SOLUTIONS



SOLUTION: SIMPLIFY RATE ZONES





SOLUTION: SIMPLIFY RATE ZONES – TERRITORY-WIDE RATES

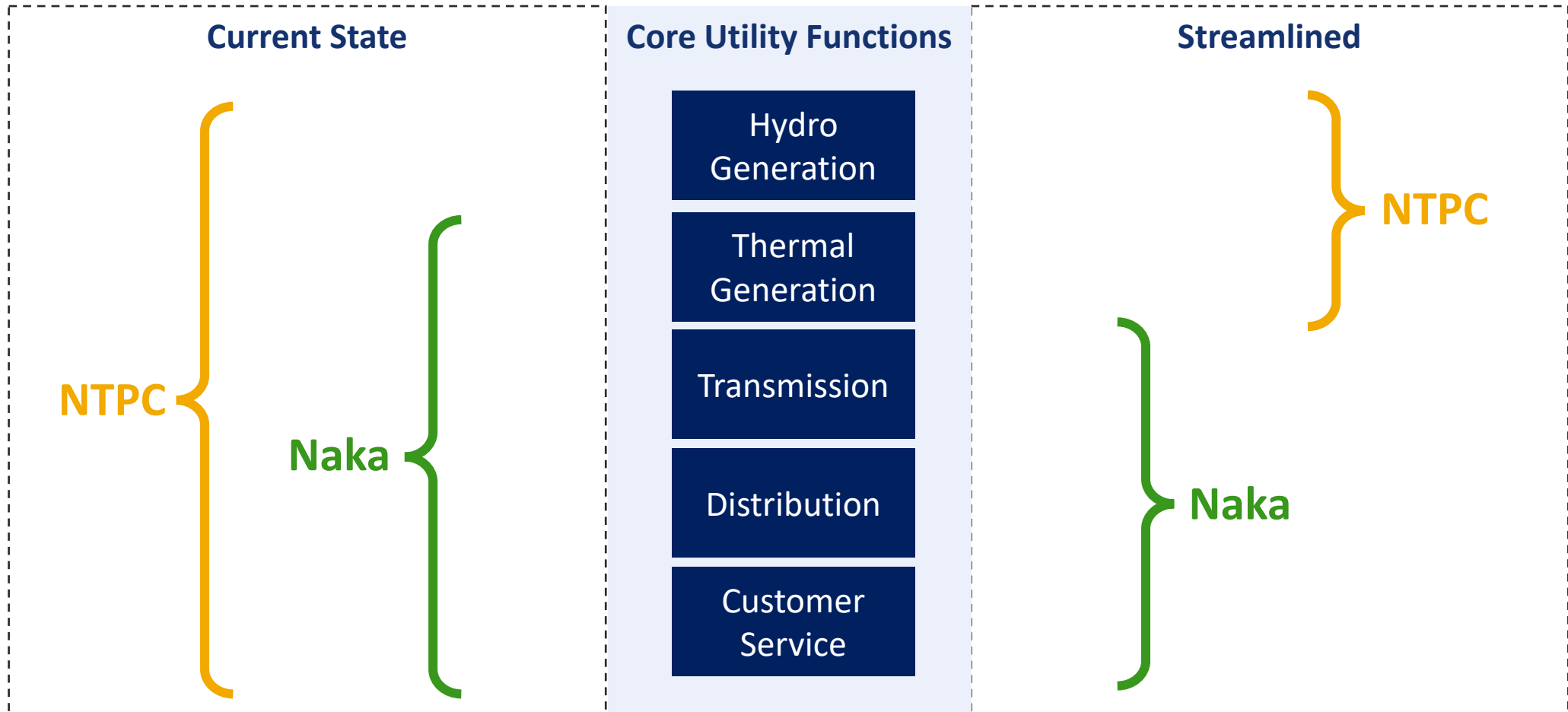
“THERE IS NO OTHER AREA OF THE COUNTRY THAT USES COMMUNITY-BASED RATES. JURISDICTIONS LIKE MANITOBA AND QUEBEC, WHICH ALSO HAVE A NUMBER OF SMALL REMOTE DIESEL LOCATIONS USE POSTAGE STAMP RATES.” – ROBERTSON REPORT, 2001

BENEFITS:

- ✓ Ensures all customers have fair and equitable rates, regardless of utility provider
- ✓ The goal of TPSP is for all customers to pay the same as Yellowknife, not less
- ✓ Distributes benefits of legacy hydro assets to all citizens
- ✓ Reduces administrative & regulatory complexity and costs
- ✓ Promotes rate and revenue stability
- ✓ Reduces NWT costs
- ✓ Promotes inter-utility collaboration
- ✓ Positions NWT for energy transition



SOLUTION: STREAMLINE UTILITY FUNCTIONS





SOLUTION: CREATE CERTAINTY AROUND NAKA'S FRANCHISES

BENEFITS:

- ✓ Respects long-standing Indigenous investment in NWT electricity sector
- ✓ Reduces significant costs associated with pursuing and defending franchises
- ✓ Increases stability for long-term planning
- ✓ Consistent with previous GNWT reports and policy
- ✓ Reduces distractions, promotes focus on existing utility issues
- ✓ Reduces energy costs in NWT
- ✓ Consistent with other jurisdictions



REQUEST

Embrace Naka as a valuable partner in the NWT and create certainty around Naka's franchises.

Pause Rate Design component of regulatory proceedings to work together on NWT Territory-wide rate design.

Explore potential efficiency improvements and streamline functions between NTPC and Naka.

Let's work together to tackle the challenges NWT is facing.



MAHSI CHO THANK YOU

nakapower.com

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Hay River NT Canada X0E 1G1





APPENDIX - Table 1.1 from NTPC 2024-2026 General Rate Application

Revenues by Zone			2025-26 COS Results (\$000)	Revenues at Proposed Rates (\$000)	RCC	Increase over existing %	Increase over interim %	
Government and Non-Government								
Non-Government Retail	Snare zone	Residential	\$ 2,119	\$ 1,736	82%	24%	23%	
		General Service	\$ 689	\$ 723	105%	24%	23%	
		Total	\$ 2,808	\$ 2,459	88%	24%	23%	
	Taltson zone	Residential	\$ 8,456	\$ 6,020	71%	24%	23%	
		General Service	\$ 5,121	\$ 3,662	72%	24%	23%	
		Total	\$ 13,577	\$ 9,682	71%	24%	23%	
	Thermal zone	Residential	\$ 23,060	\$ 19,059	83%	24%	11%	
		General Service	\$ 19,438	\$ 15,312	79%	24%	11%	
		Total	\$ 42,498	\$ 34,372	81%	24%	11%	
	Total	Total	\$ 58,883	\$ 46,512	79%	24%	14%	
	Government Retail	Snare zone	Residential	\$ 823	\$ 712	87%	24%	23%
			General Service	\$ 1,346	\$ 1,748	130%	22%	22%
Streetlights			\$ 67	\$ 87	130%	95%	84%	
Total			\$ 2,236	\$ 2,548	114%	24%	24%	
Taltson zone		Residential	\$ 1,633	\$ 1,284	79%	24%	23%	
		General Service	\$ 7,854	\$ 6,253	80%	24%	23%	
		Streetlights	\$ 394	\$ 513	130%	195%	176%	
		Total	\$ 9,881	\$ 8,050	81%	29%	28%	
Thermal zone		Residential	\$ 8,734	\$ 11,357	130%	22%	9%	
		General Service	\$ 23,643	\$ 30,538	129%	24%	11%	
		Streetlights	\$ 585	\$ 761	130%	39%	17%	
		Total	\$ 32,962	\$ 42,656	129%	24%	10%	
Total	Total	\$ 45,079	\$ 53,253	118%	25%	13%		
Industrial		Industrial						
		Government Industrial		\$ 2,762			64%	
Total	Total	\$ 2,125	\$ 2,762	130%	65%	64%		
Wholesale	Naka (YK)	Total	\$ 44,568	\$ 48,313	108%	24%	23%	
		Hydro Only						
		Hydro w/Thermal Back-up		\$ 563				
	Naka (NWT)	Total	\$ 749	\$ 563	75%	24%	23%	
Total	Total	\$ 45,317	\$ 48,876	108%	23%	23%		
Total Snare			\$ 51,737	\$ 56,082	108%	26%	25%	
Total Taltson			\$ 24,206	\$ 18,295	76%	26%	25%	
Total Thermal			\$ 75,460	\$ 77,027	102%	24%	10%	
Total NTPC			\$ 151,404	\$ 151,404	100%	25%	17%	

Standing Committee on Government Operations

Committee Planning

Highlight = Discussion or decision at today's meeting

	Subject	Committee tasks	Target	Output for February Sitting
Legislation	Heritage Fund Act Stat Review	Staff to book briefing with witnesses Staff to start literature review	Report back Spring 2026 sitting	
	Bill 12: Business Day Statute Law Amendment Act	Committee to receive internal briefing	Dec Committee week	Report back by _____
Projects/Studies	Indigenous Employment/Hiring	Letter sent to Minister of Finance, waiting response Include in Committee priority setting exercise	Dec Committee week	
	NTPC Governance	Presentation of project workplan Review of project Terms of Reference Internal Briefing on NTPC Governance Ministerial Briefing Include in Committee priority setting exercise	Dec Committee week	
	Bulk Land Transfers	Staff to prepare Internal Briefing to scope out project Include in Committee priority setting exercise	Dec Committee week	
Draft Reports				
Correspondence	iGaming Email	Seeking Committee direction on whether to continue booking the briefing	December 2nd meeting	
	2024-11-28 Follow-up to the September 18, 2024, Letter on the Indigenous Recruitment and Retention Framework and Action Plan	Take as information or respond	December 2nd meeting	
Miscellaneous Initiatives	Disaster Financial Assistance Arrangements (DFAA)	Include in Committee priority setting exercise	Dec Committee week	

	Subject	Committee tasks	Target	Output for February Sitting
	GNWT Employee Satisfaction Survey Results	Staff to schedule in-camera ministerial briefing		
	Invitation of a Briefing from Naka Power	Briefing to occur on December 3 rd meeting	December 3 rd meeting	