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Qulliq Energy Corporation
Société d'énergie Qulliq
Qulliq Alruyaktuqtunik Ikumatjutiit

Corporate Plan 2021-2024

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1.0 Introduction

Qulliq Energy Corporation (QEC) is a Government of Nunavut (GN) territorial corporation. Historically, the Northern Canada Power Commission (NCPC) was responsible for supplying power to the territory from 1949 to 1988. Operations were then transferred to Northwest Territories Power Corporation (NTPC). In 1999, Nunavut established its own locally managed utility, and on April 1, 2001, Nunavut Power Corporation (NPC) came into being under the *Nunavut Power Corporation Act*. NPC was subsequently renamed Qulliq Energy Corporation and the *Nunavut Power Corporation Act* was renamed the *Qulliq Energy Corporation Act* (“QEC Act”) as the result of legislation passed in March of 2003. This legislation also broadened the Corporation’s mandate to respond to a wider 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 Independent Power Producers program.

Through the operation of 25 stand-alone diesel power plants with a total installed capacity of approximately 76,000 kilowatts, QEC is the sole provider of electricity to approximately 15,000 customers in the territory. The Corporation provides mechanical, electrical, and line maintenance services from three regional centers: Iqaluit, Rankin Inlet, and Cambridge Bay. QEC’s administrative activities are carried out at the Head Office in Baker Lake and the Corporate Office in Iqaluit.

The Minister responsible for QEC appoints the Corporation’s Board of Directors to oversee QEC’s business activities. Since 2005, the responsible Minister has provided an annual Letter of Expectation to QEC to guide the Board of Directors in defining the priorities and desired outcomes of the Corporation while reinforcing the importance of QEC’s relationship with the GN. QEC’s Board of Directors is guided by the Inuit Societal Value *Aajiqatigiinni* (decision-making through discussion and consensus) regarding the strategic direction of the Corporation.

The Corporation attends to the overall objectives provided by legislation including, supporting the Minister responsible for QEC on intergovernmental and regulatory issues, managing capital projects, and analyzing and promoting the use of alternative energy sources throughout the territory.

1.1 Vision

Qulliq Energy Corporation’s vision is to provide the communities of Nunavut with safe, reliable, sustainable, and economical energy supply and service. QEC’s foundation to achieve our vision is based on an empowered and accountable workforce, representative of Nunavut’s population, and reflective of Inuit Societal Values, Inuit Qaujimagatuqangit, and *Turaaqtavut*, the mandate of the fifth Legislative Assembly of the Government of Nunavut. We operate as an enterprise with transparency, accountability, and integrity.

1.2 Mission

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

1.3 Corporate Objectives

Five strategic objectives guide QEC's actions to achieve its vision:

1. Enhance human resource capabilities to strengthen QEC's management capabilities;
2. Develop effective internal business processes to ensure QEC remains responsive to environmental influences;
3. Focus on effective communication to foster and sustain a positive corporate image;
4. Deliver Arctic Energy Fund programs to replace aging infrastructure and ensure a stable supply of power; and
5. Pursue economical alternatives to diesel to reduce diesel dependency and emissions.

QEC will focus on developing the territory's infrastructure base through *Pivaallirutivut*, one of the priorities of *Turaaqtavut*. Through this priority, QEC will endeavor to further the Corporation's alternative energy initiatives in Nunavut through partnerships with federal, territorial, municipal governments, as well as Inuit organizations.

2.0 Environmental Scan

QEC operates within a broad spectrum of political, geographical, environmental, and economic conditions specific to the unique challenges of generating and distributing electricity in Nunavut.

2.1 Political

The GN and the Minister responsible for QEC play a significant role in the Corporation's activities. The GN is the Corporation's sole shareholder in addition to being its largest customer, its largest supplier of fuel, its ultimate regulator and the source of consumer subsidy programs. Two subsidies offered through the GN are the User Pay Program (also known as the Public Housing Power Support Program) and the Nunavut Electricity Subsidy Program.

Residential customers in public housing are able to access the User Pay Program. Eligible customers in the program are billed at a rate of 6.0¢/kWh for their power usage. QEC invoices the Nunavut Housing Corporation for the difference between the approved residential rate and the 6.0¢/kWh for customers in this program.

The Nunavut Electricity Subsidy Program (NESP) is offered to all other qualifying residential customers across the territory. The subsidy is based on 50% of the Iqaluit residential electricity rate and it is applied 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. QEC applies the NESP subsidy directly to qualifying customers' power bills and invoices the GN Department of Finance

for the difference between the approved residential rate and the NESP subsidy. The Department of Finance directly administers the NESP for commercial customers.

QEC submits applications for rate changes to the Minister responsible for QEC, who may then seek the advice of the Utility Rates Review Council (URRC). The URRRC is an impartial advisory body whose role is to make rate recommendations to the Minister. The Minister (with Cabinet's approval) then determines whether to approve the URRRC's recommendation, approve QEC's request, provide a new option, or instruct the application process be restarted.

Capital projects with a total cost exceeding \$5 million are deemed major capital projects under the *QEC Act*. For major capital projects the Corporation must submit a Major Project Permit application to the Minister responsible for QEC and receive approval from the Minister prior to undertaking any work. The responsible Minister may seek advice from the URRRC before rendering a decision.

2.2 Rate Regulation Activity

QEC's electricity rates are based on the Corporation's revenue requirements: capital investments, fuel expense, non-fuel costs (such as operations and maintenance, salaries and wages, and travel). QEC uses the data from a revenue requirement forecast for the year in which a rate change is to take effect to prepare an application to the Minister responsible for QEC.

QEC submitted a General Rate Application (GRA) to the responsible Minister on October 18, 2017 requesting a new rate to take effect on April 1, 2018. In spring 2018, Cabinet approved a rate increase of 6.6% over 2 years. This was implemented in two stages, the first increase (3.3%) took effect on April 1, 2018 with second increase (3.3%) coming into effect on April 1, 2019. A proposed change to a standardized territorial rate structure was rejected during the same Cabinet meeting.

QEC maintains a Fuel Stabilization Rate Fund (FSRF) to offset the price difference between the fuel price included in the current electricity rates and the actual fuel price paid by the Corporation. The FSRF is only used to offset fuel prices and cannot be used for any capital or operations and maintenance initiatives.

If, at any time, the forecasts indicate the FSRF balance is expected to exceed the threshold of plus or minus \$1 million within a six-month period, QEC must apply to the Minister for a fuel rider designed to recover or refund the balance. Customers under the User Pay Program are exempt from FSR riders.

With Cabinet approval, QEC implemented a 2.76 cent per kilowatt-hour (kWh) Fuel Stabilization Rate (FSR) rider refund from April 1, 2020 to September 30, 2020. The fuel rider was related to the decrease in fuel price announced by the Government of Nunavut in January 2020.

On October 1, 2020, QEC submitted an FSR application to the responsible Minister for 1.25 cent per kWh rider refund from October 1, 2020 to March 31, 2021. The application is under review by the Utility Rates Review Council.

2.3 Environmental

QEC operates in some of the most difficult environmental conditions of any utility provider in the world. Weather, distance, and darkness generate stresses on employees, assets, and equipment. The Corporation's expectation to abide by *Avatittinnik Kamatsiarniq* (respect and care for the land, animals, and the environment) is reflected in environmental protection measures.

QEC abides by legislative and regulatory standards for environmental contamination. The Corporation has committed to implementing remedial measures when human health is at risk.

2.4 Economic

QEC's largest operations and maintenance expense is for the fuel used to generate electricity for all customers in the territory. Diversification of the energy supply mix can alleviate dependency on imported fossil fuels and help address diesel related environmental concerns.

2.5 Geographic

QEC serves 25 communities, 24 of which are located north of 60°. There are no roads linking communities and there is no shared transmission grid. Nunavut is unique in that it spans three time zones and covers nearly 2 million square kilometers of land mass. Supplies and fuel arrive either by ship – during the limited Arctic shipping season – or by air when deemed necessary.

2.6 Load Growth

QEC fosters the Inuit Societal Value of *Pijitsirniq* (serving and providing for family and/or communities) to ensure the Corporation provides safe, reliable power to Nunavummiut. Across Nunavut, both federal and GN departments, agencies, and municipalities are mobilizing to provide improved infrastructure to Nunavummiut. As such, QEC operates at a time when load growth or electricity demand in each of Nunavut's regions is forecasted to increase. The Corporation is working diligently to keep up with this growing electricity demand across the territory.

The GN's Capital Plan to upgrade, expand, or replace infrastructure in communities is one driver of increasing electricity demand. QEC relies upon its relationship with the GN Department of Community and Government Services, and the analysis of the GN's annual Main Estimates, to gather information on the various major projects scheduled over the coming years. In addition to territorial and federal government driven projects, newly built houses and private enterprise initiatives are adding to the electricity demand in each community.

2.7 Power Plant Replacements

Typically, a power plant is designed to function for 40 to 50 years. The Corporation owns and operates 25 diesel power plants across Nunavut, 11 of which are operating beyond their intended life span. QEC undertakes capital projects to replace aging critical infrastructure needed to provide safe, reliable power to Nunavummiut.

Through QEC's capital program, the Corporation is able to rebuild power plants and perform major capital overhauls to aging infrastructure and equipment that is at the end of its lifecycle. QEC has

prioritized power plant and generator set replacements in its capital plan, meeting environmental and regulatory requirements to address safety concerns.

Over the coming years, QEC will replace the Kugluktuk power plant with Nunavut's first solar-diesel hybrid power plant. This has been made possible in part through the Government of Canada's Arctic Energy Fund (AEF) which are cost shared 75:25 by AEF and QEC respectively. Additionally, seven diesel power generators will be replaced in the communities of Chesterfield Inlet, Coral Harbour, Pond Inlet (2 generator sets), Rankin Inlet, Clyde River, and Whale Cove.

2.8 Alternative Energy

QEC fosters the Inuit Societal Value of *Qanuqtuurniq* (being innovative and resourceful) regarding establishing alternative energy initiatives.

Currently almost all electricity generated by QEC relies on imported fossil fuel. Nonetheless, the Corporation continuously seeks ways to move toward a cleaner energy future by diversifying the territory's energy supply mix. QEC recognizes and supports the Government of Nunavut's commitment to the *Pan-Canadian Framework on Clean Growth and Climate Change* and is actively engaged in securing funding to reduce reliance on diesel fuel and decrease emissions through the integration of alternative energy technology and the use of more energy efficient electricity generation systems.

QEC is working to reduce its reliance on diesel by launching third party power generation programs. In 2018, QEC launched its Net Metering Program. Net Metering allows residential customers and one hamlet account per community to generate their own electricity supply using renewable sources, and send surplus electricity they produce to the electrical grid in exchange for an energy credit. This program provided QEC with a first step in connecting renewable energy to the grid; a process we continue with our forthcoming power producer programs.

QEC is also developing a Commercial and Institutional Power Producers (CIPP) program and an Independent Power Producers (IPP) program. The CIPP program will allow existing commercial and institutional customers to generate electricity on their premises using renewable energy systems. Through the CIPP program, all energy generated must be sold to QEC and bought back based on applicable community rate. Unlike the Net metering program, QEC is proposing to pay customers up to the avoided cost of diesel (the price QEC pays for diesel per kilowatt-hour) to ensure the CIPP program will not result in an increase to the cost of electricity for any QEC customers. This program is anticipated to launch at the end of 2020-2021.

The IPP program will allow for larger scale independent power producers to generate electricity and to sell all the power generated to QEC. Similar to CIPP program, QEC's proposal to pay IPP customers up to the avoided cost of diesel will ensure that the cost of electricity for QEC customers does not increase as a result of the IPP program. QEC anticipates to launch the IPP program following the implementation of the CIPP program.

Through Natural Resources Canada's Clean Energy for Rural and Remote Communities (CERRC) Program, and the Arctic Energy Fund, QEC has been able to fund the development of a solar project that will be part of the new power plant in Kugluktuk. QEC has secured additional funding from Environment and Climate Change Canada's Low Carbon Economy Fund for the construction of district heating systems (DHS) in Sanikiluaq and Taloyoak. The of Crown-Indigenous Relations and Northern Affairs Canada's Northern REACHE Program provided funds to establish the feasibility of a DHS expansion in Baker Lake and exhaust gas heat recovery Unit (EGRU) in Iqaluit. These new projects are in addition to existing DHS in Iqaluit, Arviat, Kugluktuk, Pangnirtung, and Rankin Inlet.

In 2018, QEC completed phase I of a feasibility study on the potential for geothermal resource development for Nunavut. QEC has now secured partial funding from Canadian Northern Economic Development Agency to execute phase II of this initiative; which, includes data collection at Baker Lake, Resolute Bay and Cambridge Bay and will be completed in 2022. This will help determine the economic viability of geothermal resources in these communities. QEC is working with various funding agencies to secure the funding required to complete phase II and the remaining two phases: exploration and utilization. These QEC efforts if successful, will provide a carbon neutral resource for heat/electricity or both in communities where economically exploitable geothermal resource are thought to exist.

QEC continues to work collaboratively with the Government of Nunavut to identify federal funding and investment opportunities that allow QEC to pursue new alternative energy projects.

3.0 Inuit Employment Plan

QEC has developed an Inuit Employment Plan (IEP) to 2023 that addresses issues and opportunities to increase Inuit employment, sets short, medium and long-term goals to increase capacity, and contains an action plan to achieve the goals. As of September 30, 2020, QEC's Inuit employment rate was 52%.

3.1 Inuit Employment Initiatives

The Corporation continues to make efforts to strengthen Inuit employment through the establishment of five separate but associated initiatives. Each element is an independent but interconnected recruitment or development strategy with the overall intent of moving both current Inuit employees and new Inuit hires into planned skills development and career opportunities.

1. The **Inuit Leadership Development Program** aims to increase Inuit representation at the professional, middle, and senior management employment categories. The program features three streams of activity to support the development of Inuit employees and prepare them for leadership in the Corporation:
 - o **Academic:** The program supports Inuit who wish to obtain certificates, diplomas, or degrees in an area of study that is beneficial to the Corporation.

- **Experiential:** Inuit employees who have expressed interest and have shown dedication and commitment to professional growth are provided with development assignments in professional and leadership roles. Eleven Inuit are currently on development assignments.
 - **Professional:** Corporation fully supports Inuit employees in obtaining professional licensing in their field. Two Inuit are currently pursuing professional accreditation in their vocational fields.
2. **Inuit Employee Career Development Plans** were established as part of QEC's commitment to lifelong learning for Inuit employees. Completing the development plan process with the support of the supervisors helps to ensure Inuit employees have the knowledge, skills, leadership competencies, and abilities to achieve their individual career goals within the Corporation.
- Through formal education, on-the-job training, internships and meaningful work experiences, Inuit employees work towards the next step on their career ladder as identified in their career development plan. Lateral moves within the Corporation and between departments and positions also provide opportunities for cross training.
3. The **Summer Student Program (SSP)** provides students with an opportunity to work within the Corporation. Students are hired for positions in their home community, providing them with exposure to local employment opportunities. Students in the SSP may also be considered for other Inuit employment opportunities. There were five students hired over the 2020 summer employment term.
4. The **Apprenticeship Program** reduces dependency on hiring transient trades from outside Nunavut. The recruitment of trades workers from other jurisdictions continues to be a significant expenditure for QEC. Competition from companies both in and outside the territory has resulted in extended vacancies within QEC. This program focuses on hiring Inuit as apprentices, supporting them through their apprenticeship, and providing professional employment upon completion.
5. The **Inuit Employment Plan Steering Committee** is mandated to review, analyze and provide feedback to senior management on policies and employment practices that impact Inuit employment. The committee acts as a formal group to exchange ideas, concerns and solutions related to the Corporation's Inuit Employment Plan.

3.2 Inuit Employment

With more focused and responsive Inuit employment initiatives in place, QEC has established Inuit employment targets. The targets for 2020-2021 include maintaining or increasing the number of Inuit employees as outlined in our Inuit Employment Plan.

Priorities (2020-2021)

- Create career development plans for up to 75% of Inuit employees.
Status: This priority has been completed.

- Revamp Inuit Leadership Development Program.
Status: Due to limited staff capacity, this priority has been deferred until 2021-2022.
- Develop targeted recruitment strategy by collaborating with local high schools and post-secondary institutions.
Status: This is anticipated to be completed by end of fiscal year 2020-2021.
- Revamp apprenticeship program.
Status: This is anticipated to be completed by end of fiscal year 2020-2021.
- Recruit two Inuit apprentices.
Status: Recruitment of Inuit apprentices will be deferred until the apprenticeship program revamp is completed.

Priorities (2021-2022)

- Create career development plans for up to 90% of Inuit employees.
- Recruit two Inuit candidates into apprenticeship program.
- Create internal internship program.

Priorities (2022-2023)

- Support employee cultural immersion through active engagement with QEC's IQ committee.
- Create internship position.

Priorities (2023-2024)

- Create internship for senior management role.

4.0 Corporate Priorities

The Corporation's core priority is the generation and distribution of safe, reliable, and efficient energy across the territory. QEC's operations must ensure:

- Electrical systems are reliable and dependable;
- Environmental responsibility and safety;
- Attention to fuel efficiencies in both capital and operations phases; and
- Attention to purchasing, spending, and financial management practices.

4.1 Administration

The Corporation's administrative branch has three distinct yet interrelated sections: Office of the President and Chief Executive Officer (CEO), Corporate Affairs, and Legal Services. Working closely with the Board of Directors, the President and CEO leads QEC's strategic direction towards fulfilling its vision and mission, exercises overall leadership and management of the Corporation, and aligns the mandate of the Government of Nunavut with QEC's objectives. Corporate Affairs is responsible

for overseeing the administration of corporate policies and reporting requirements, strategic planning, policy development, communications, inter-governmental and intra-governmental relations as well as providing support to all QEC departments and the Office of the President and CEO. The Legal Counsel oversees internal and external legal resources, when and where applicable, to secure the Corporation's best interests.

Priorities (2020-2021)

- Implement QEC branding guidelines.
Status: The branding guidelines are anticipated to be completed by end of fiscal year 2020-2021.
- Develop internal policy guidelines.
Status: This priority was completed in August 2020.
- Develop crisis communications guidelines.
Status: This priority is anticipated to be completed by the end of fiscal year 2020-2021.
- Coordinate content for new intranet.
Status: Due to staffing shortages this priority has been deferred until 2021-2022.
- Develop plan to promote QEC's 20th anniversary.
Status: QEC anticipates completing this priority by end of fiscal year 2020-2021.
- Expand Energy Wise campaign promotion.
Status: This priority has been delayed until next fiscal year due to COVID-19.
- Develop plan to update internal policy manual.
Status: This priority was completed in July 2020.

Priorities (2021-2022)

- Create community consultation guidelines.
- Promote QEC's 20th anniversary.
- Review Net Metering policy in collaboration with Engineering.
- Review Corporate Planning division processes.
- Review Communications division processes.
- Finalize and launch Independent Power Producers Program.
- Support the Board of Directors' work on updating the Board Policy Manual.

Priorities (2022-2023)

- Develop Corporate Planning division process manual.
- Develop Communications division process manual.
- Assess corporate website structure in collaboration with IT.
- Continue work with the Board of Directors on updating the Board Policy Manual

Priorities (2023-2024)

- Develop plan to update website structure based on assessment in collaboration with IT.

- Launch Corporate Planning division process manual.
- Launch Communications division process manual.
- Implement communications plan to share changes and new customer care processes and improvements.

4.2 Engineering

The Engineering Department is responsible for developing and implementing processes to ensure QEC provides safe, reliable, and efficient services to Nunavummiut. The Department also provides engineering design and technical support services to the Corporation. The Engineering team develops, maintains, and implements various corporate engineering standards and the capital plan. Engineering supports and partners with the Operations Department in ensuring that corporate business goals are consistently achieved at the lowest cost to customers, while achieving the highest possible standards in accordance with utility best practices.

Priorities (2020-2021)

- Complete generator set replacement in Rankin Inlet, Coral Harbor, Chesterfield Inlet, Pond Inlet, Sanirajak, and Gjoa Haven.
Status: Generator set replacements in Rankin Inlet, Coral Harbor, Chesterfield Inlet and Sanirajak completed in 2019. The Pond Inlet replacement project from 2019-2020 was completed in November 2020. Due to COVID-19 the Gjoa Haven project has been deferred until 2021-2022.
- Complete upgrade of power distribution system in Resolute Bay.
Status: Due to COVID-19, this project has been deferred until 2021-2022.
- Review QEC Project Management Standards.
Status: This priority is anticipated to be completed by the end of fiscal year 2020-2021.
- Complete Qikiqtaaluk Region electrical distribution survey.
Status: Three selected communities within Qikiqtaaluk Region have been completed. Two communities are scheduled to be completed by end of fiscal year 2021-2022. Due to COVID-19 this survey has been deferred to end of fiscal year 2022-2023.
- Complete plant condition assessment in Chesterfield Inlet and Gjoa Haven.
Status: This task is no longer required with the planning of new power plants in Chesterfield Inlet and Gjoa Haven.
- Complete generator set replacements Pond Inlet, Whale Cove and Clyde River.
Status: Due to COVID-19, completion of these projects has been delayed until 2021-2022.
- Complete Kivalliq and Kitikmeot electrical distribution survey.
Status: Due to COVID-19, project completion has been deferred until fiscal year 2021-2022.
- Complete Arctic Bay electrical distribution system extension.

Status: *The Request for Tender has been submitted; this project has been delayed until fiscal year 2021-2022.*

- Start construction of new District Heating Systems (DHS) in Taloyoak and Sanikiluaq.
Status: *Design has been completed for DHS in both Taloyoak and Sanikiluaq. Due to sealift scheduling and Covid-19 related delays, QEC anticipates construction to start in Sanikiluaq in summer 2021 and Taloyoak in summer 2022.*
- Start feasibility study to determine how the DHS system in Iqaluit can be expanded.
Status: *This priority was completed in September 2020.*
- Start design of new power plant in Arctic Bay.
Status: *Design has been completed and construction is in progress.*
- Submit Major Project Permit Application for new power plant in Cambridge Bay.
Status: *This priority has been delayed to incorporate additional power plants into the application process; QEC anticipates completion will be May 2021.*

Priorities (2021-2022)

- Based on previous electrical distribution surveys conducted, create a work plan and prioritize identified projects for completion.
- Submit Major Project Permit Application for new power plants in Cambridge Bay, Igloolik and Gjoa Haven.
- Complete construction of new DHS in Sanikiluaq.
- Continue construction of new power plant in Arctic Bay.
- Start construction of new hybrid diesel/solar power plant in Kugluktuk.
- Start replacement of G₃ generator set in Gjoa Haven.
- Start replacement of G₁ generator set in Kugaaruk.
- Complete connection of emergency generation set in Kugaaruk.
- Start replacement of G₃ generator set in Igloolik.

Priorities (2022-2023)

- Complete construction of new DHS in Taloyoak.
- Initiate construction of district heating system project in Iqaluit based on feasibility study report and funding availability.
- Complete construction of new power plant in Arctic Bay.
- Start design of new power plant in Cambridge Bay, Igloolik and Gjoa Haven pending approval of Major Project Permit Application.
- Complete replacement of G₃ generator set in Gjoa Haven.
- Start replacement of G₃ generator set in Clyde River.
- Complete replacement of G₁ generator set in Kugaaruk.
- Complete replacement of G₃ generator set in Igloolik.

Priorities (2023-2024)

- Complete construction of first hybrid power plant in Kugluktuk.
- Start construction of new power plants in Cambridge Bay, Igloolik and Gjoa Haven.

- Complete replacement of G3 generator set in Clyde River.

4.3 Operations

The Operations Department is responsible for the efficient generation and distribution of safe and reliable energy in all Nunavut communities. Each community has its own power plant staffed by employees who live in the community. Local employees are supported by electrical, mechanical, and line trades people based in the regional centers of Cambridge Bay, Iqaluit and Rankin Inlet. The Operations Department is a knowledgeable and accountable team with a strong focus on safety and quality customer service.

Priorities (2020-2021)

- Expand existing safety program to address unsafe conditions in the workplace in collaboration with the Health and Safety division
Status: QEC anticipates launching this expanded safety program by the end of fiscal year 2020-2021.
- Update Annual Work Plan, Annual Resource Plan, and Preventative/Predictive Maintenance program.
Status: This priority was completed in December 2020.
- Update weekly maintenance planning and scheduling process.
Status: This priority was completed in August 2020.
- Start territorial light emitting diode (LED) streetlight conversion project with 6 communities: Pond Inlet, Taloyoak, Kugaaruk, Resolute Bay, Igloolik, Grise Fiord.
Status: QEC expects to complete this priority by the end of 2020.

Priorities (2021-2022)

- Develop metrics to measure updated Annual Work Plan performance in terms of improved reliability and cost control.
- Develop metrics to measure success of updated weekly planning and scheduling processes.
- Continue with territorial light emitting diode (LED) streetlight conversion project in 6 communities: Coral Harbour, Whale Cove, Gjoa Haven, Sanirajak, Qikiqtarjuaq, Arctic Bay.

Priorities (2022-2023)

- Review cost estimation process at the individual work order level for materials and labour.
- Complete final commission and connection of new Arctic Bay power plant.
- Continue territorial light emitting diode (LED) streetlight conversion.

Priorities (2023-2024)

- Perform review of best practices employed by other off-grid diesel generating utilities.
- Finish territorial light emitting diode (LED) streetlight conversion.
- Complete final commission and connection of new Kugluktuk power plant.

4.4 Finance

The Finance Department is located in the QEC Head Office in Baker Lake, and has regional offices in Cambridge Bay, Iqaluit, and Rankin Inlet. Finance is responsible for providing support to all other QEC departments as well as providing accurate and timely reporting to stakeholder groups internal and external to QEC. Some key function areas of the department include: financial accounting and reporting, regulatory affairs, risk management, budgeting, planning, and analysis. In addition, the department manages all of the Corporation's logistics and procurement activities through the Supply Chain Management Division. The Customer Care Division handles all billing, collections, and customer service activities, while the Payroll, Benefits, and Pensions Division works closely with the Human Resources Department to provide support to QEC employees.

The department ensures financial controls are in place to protect QEC assets and revenues as well as guaranteeing funding is available to support corporate needs. It also plays a critical role in supporting all capital and O&M endeavors. The Finance Department focuses on efficient and effective functional and governance requirements and services.

Priorities (2020-2021)

- Assess feasibility of digitizing all finance documents to reduce paper handling and filing, and improve transfers of information between departments in collaboration with IT.
Status: COVID-19 has delayed aspects of this assessment but QEC expects to complete the assessment by end of fiscal year 2020-2021.
- Commence any required modification of existing financial processes as identified by the review of the Enterprise Resource Planning system.
Status: This priority has been delayed as work on the ERP review is scheduled to start in the 3rd quarter of this year with completion in the 2021-2022.
- Develop mechanisms that support the preparation and filing of the next General Rate Application.
Status: QEC anticipates this priority will be completed in fiscal year 2021-2022.
- Implement additional inventory control processes.
Status: This was completed in November 2020.
- Complete review and development of Key Performance Indicators.
Status: QEC anticipates completing this priority in fiscal year 2020-2021.
- Complete review of inventory management software solutions.
Status: QEC anticipates completing this review in fiscal year 2020-2021.

Priorities (2021-2022)

- Commence customer survey to assess progress in dealing with customers' concerns and develop plan to improve areas where issues are identified in collaboration with Corporate Affairs.
- Implement Key Performance Indicators.
- Prepare the General Rate Application for filing.

Priorities (2022-2023)

- Review Great Plains accounting system in collaboration with IT.
- Based on feedback from customer survey, implement changes to customer care processes in collaboration with Corporate Affairs.
- Evaluate Key Performance Indicators deployment.

Priorities (2023-2024)

- Implement action items stemming from Great Plains review in collaboration with IT.
- Develop training plans for staff to improve customer service based on customer survey results.

4.5 Health, Safety, Environment and Facilities

The Health, Safety, Environment, and Facilities (HSEF) Department is responsible for the overall administration of the Corporation's environment and safety management practices. HSEF ensures QEC operates in an environmentally conscious and responsible manner through the timely response and coordination of any environmental incident. HSEF is responsible for ensuring all QEC employees understand their rights and responsibilities on issues that have an impact on their occupational health and safety. The HSEF team has established an employee safety program and delivers occupational health, safety, and environmental training to all employees. HSEF is also responsible for ensuring QEC complies with all applicable federal and territorial health, safety, and environmental legislation. The HSEF department is responsible for the management, maintenance, and administration of QEC's real estate property portfolio; this includes owned and leased staff housing units/commercial facilities, plants, and land.

Priorities (2020-2021)

- Create online arc flash awareness program to be used internally for new and existing employees.
Status: This program has been developed and the training will be delivered during the Operator Training in spring 2021.
- Create and implement new tracking system for HSEF training courses. This system should be able to prompt expiration dates, notify of upcoming courses, track certificates, and generate training stats.

***Status:** Due to COVID-19, this priority has been delayed; the department is in the process of exploring options for this tracking system.*

- Implement new Staff Housing Policy and Procedures Manual.

***Status:** QEC anticipates implementing the Staff Housing Policy and Procedure Manual by the end of fiscal year 2020-2021.*

- Start construction of new head office in Baker Lake.

***Status:** The project bids came in over budget, in addition to expected material delivery delays stemming from COVID-19. The project was re-tendered and is anticipated to be awarded by the end of December 2020.*

Priorities (2021-2022)

- Audit the Contractor Safety Management Program.
- Start construction of a new head office in Baker Lake.
- Complete restructure and update of the Environmental Manual and associated Standard Operating Procedure Manual.
- Develop Transient Housing Policy and Procedures Manual.
- Complete new modular transient units in Kugluktuk and Resolute Bay.

Priorities (2022-2023)

- Create a Standard Operating Procedure Manual for environmental/health safety procedures and safe work practices.
- Complete construction of new head office in Baker Lake.
- Upgrade identified transient units.
- Complete an external Certificate of Recognition audit.

Priorities (2023-2024)

- Establish preventative maintenance schedule for Facilities' assets.
- Remove approximately 1500 meters of single-walled underground piping that tie into QEC's fuel system in Kugluktuk.
- Audit existing health, safety and environment training packages to ensure that they are in compliance with current regulations and industry best practices.

4.6 Human Resources

The Human Resources (HR) Department is responsible for staffing/recruitment, job evaluation, employee/labour relations, training, Inuit employment programs, and overall strategic/operational HR initiatives for the corporation. The department further ensures that all of the corporation's HR activities are completed in compliance with Inuit Qaujimajatuqangit (IQ), Article 23 of the *Nunavut Agreement*, applicable employment legislation, directives, human resources policies, employment contracts and Collective Agreements. The HR Department designs and implements progressive HR

plans that enhance overall corporate capacity, and ensure the Corporation successfully meets the growing energy demands of Nunavummiut.

Priorities (2020-2021)

- Implement Time Capture, Attendance Management, Human Resources Information systems.
Status: Payroll and Benefits modules are fully operational as of March 31, 2020. Time Capture and Attendance Management modules were delayed due to COVID-19. Anticipated completion by the end of fiscal year 2020-2021.
- Assess potential Applicant Tracking System
Status: A contract has been signed with a vendor. QEC anticipates completion by the end of fiscal year 2020-2021.
- Commence update of HR policies arising from review in collaboration with Corporate Affairs department.
Status: The update has commenced and will continue working towards completion.
- Implement Applicant Tracking System.
Status: Due to COVID-19, implementation of this priority will be deferred to 2021-2022.
- Deliver respectful workplace training.
Status: This priority was completed in 2019-2020, the updated respectful workplace training will now be incorporated into annual training provided to employees.
- Implement updated Performance Management System.
Status: Due to staffing capacity issues, this priority will be deferred to 2021-2022.

Priorities (2021-2022)

- Continue update of human resources policies in collaboration with Corporate Affairs department.
- Evaluate Time Capture and Attendance Management systems.
- Develop employee engagement survey to assess and improve employment experience at QEC.

Priorities (2022-2023)

- Evaluate Applicant Tracking System.
- Develop supervisor and management orientation for new hires.
- Conclude update of human resources policies in collaboration with Corporate Affairs.
- Conduct employee engagement survey and review results of survey.

Priorities (2023-2024)

- Develop employee retention strategy
- Implement supervisor and management orientation for new hires.
- Develop strategies based on results of employee engagement survey.

4.7 Information Technology

The Information Technology (IT) Department provides critical support to the Corporation through a series of services that includes the ongoing development of integrated computer systems and technology, data communications, and on demand IT assistance and support. The goal of the department is to provide a foundation for all departments to ensure information is available to make timely and accurate business decisions.

Priorities (2020-2021)

- Implement electronic billing to customers based on the results of internal testing.

Status: This priority was completed in September 2020.

- Complete review and update of Information Technology policies.

Status: QEC anticipates completing this priority by the end of 2020-2021.

- Complete implementation of human resources information system.

Status: The payroll portion of this initiative is up and running with the time clock component being tested. The applicant tracking system (ATS) component is anticipated to be installed and tested before the end of fiscal year 2020-2021.

- Implement Property Management software.

Status: This priority was completed in October 2020.

COVID-19 Related Action

- Finalize the Work from Home initiative in response to COVID-19.

Status: QEC anticipates completing IT infrastructure enabling employees in Baker Lake and Iqaluit to work from home by the end of 2020-2021.

Priorities (2021-2022)

- Implement new Computerized Maintenance management System designed to support the asset management processes in collaboration with Finance and Operations.
- Review existing communications and internet infrastructure.
- Review existing software to ensure alignment with corporate needs.

Priorities (2022-2023)

- Review benefits of on-premise vs. cloud computing.
- Develop work plan to address gaps identified arising from review of communications and internet infrastructure.
- Develop work plan to address gaps identified arising from review of existing software.

Priorities (2023-2024)

- Develop strategy based on previous year's review of on-premise vs. cloud computing.

- Review existing Enterprise Resource Planning training material.
- Develop plan to upgrade website structure based on review by Corporate Affairs

Appendix A - 2021-2022 Capital Budget

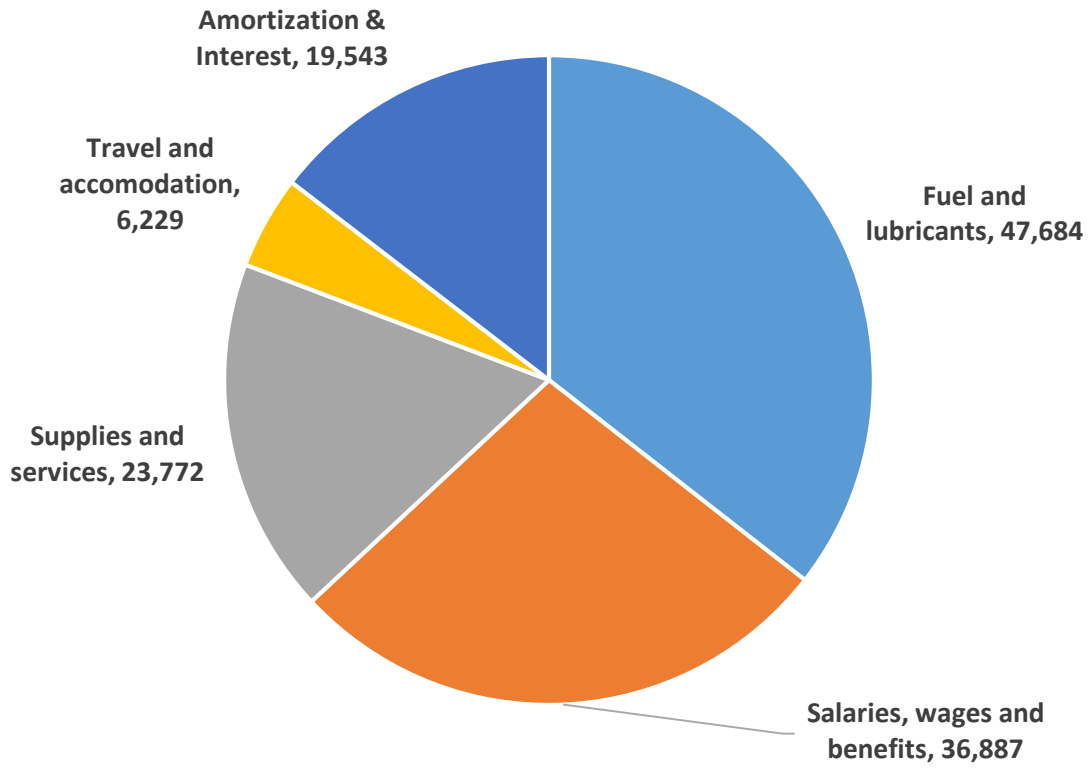
Community	Description	Budget FYE 2022
Arctic Bay	Power Plant Replacement	
Gjoa Haven	Genset Replacement G3	
Gjoa Haven	Volvo 500 KW Emergency Unit Connection	
Kugaaruk	Emergency Generating Unit Connection	
Kugaaruk	G1 Genset (550 kW)Replacement	
Igloolik	Modular unit for Igloolik Power Plant	
Gjoa Haven	Pole and Transformer Storage Purchase	
Taloyoak	Pole and Transformer Storage Purchase	
Rankin Inlet	Three phase line upgrade along the mine road	
Baker Lake	Pole and Transformer Storage Purchase	
Resolute Bay	Feeder 4 Rehabilitation	
Kimmirut	Pole and Transformer Storage Purchase	
Rankin Inlet	Station PLC & DC Upgrade	
Sanikiluaq	Transformer Replacement	
Sanikiluaq	Pole and Transformer Storage Purchase	
Nunavut	LED Streetlight Changeout	
	Subtotal - Generation and Distribution Upgrades	27,281,000
Cambridge Bay	Plant Truck Replacement	
Gjoa Haven	RBD Line Truck	
Baker Lake	Vehicle Replacement - Asset# 4101	
Baker Lake	Vehicle Replacement - Asset# 4602	
Chesterfield Inlet	RBD Line Truck	
Iqaluit	Vehicle Replacement - property truck	
Igloolik	RBD - Line Truck	
Sanirajak	Plant Truck Replacement	
Qikiqtarjuaq	Plant Truck Replacement	
Grise Fiord	Material Handling Boom Truck	
	Subtotal - Vehicle Upgrades	1,453,000
Kitikmeot	Digital Recording Ammeter (DRA) Purchase	
Kitikmeot	Battery Impedance Test Equipment	
Kivalliq	Digital Recording Ammeter (DRA) Purchase	
Kivalliq	Battery Impedance Test Equipment	
	Subtotal - Electrical Equipment Upgrades	60,000
Kugluktuk	Transient Unit Replacement	
Baker Lake	Head Office Building	
Resolute Bay	Transient Unit Replacement	

Resolute Bay	Quonset Garage	
Qikiqtarjuaq	Plant Yard Fencing	
Grise Fiord	Quonset Garage	
	Subtotal - Structural Upgrades	4,883,000
Nunavut	IT Hardware Replacement Unidentified Capital Projects	
	Subtotal – Communications, IT Upgrades & Other	1,617,000
	TOTAL GROSS EXPENDITURES	35,294,000
	Carbon Tax Contributions	500,000
	TOTAL NET EXPENDITURES	34,794,000

Appendix B - 2021-2022 Operations & Maintenance Budget

Amounts in '000		Territorial	Qikiqtaaluk	Kivalliq	Kitikmeot	Total
Revenue	Sales of Power	-	70,897	35,076	27,260	133,233
	Sales of Residual Heat	1,080	-	-	-	1,080
	Other Revenue	7,816	-	-	-	7,816
Total Revenue		8,896	70,897	35,076	27,260	142,129
Expenses	Fuel & Lubricants	-	27,602	12,085	7,997	47,684
	Labour	19,054	8,618	5,456	3,759	36,887
	Supplies & Services	6,859	9,202	4,860	2,851	23,772
	Travel	4,301	758	583	587	6,229
	Amortization & Interest	19,543	-	-	-	19,543
Total Expenses		49,757	46,180	22,984	15,194	134,115

**EXPENDITURE BUDGET 2021-2022
AMOUNT IN '000**



BUDGET SUMMARY REPORT 2021-2022

	AMOUNT IN CAD
TOTAL REVENUE	142,129,000
Fuel and lubricants	47,684,000
	<hr/>
GROSS MARGIN	94,445,000
Payroll	36,887,000
Supplies & Services	23,772,000
Travel & Accommodation	6,229,000
	<hr/>
TOTAL OPERATING EXPENSES	66,888,000
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION	27,557,000
Amortization & interest	19,543,000
	<hr/>
NET INCOME	8,014,000

Appendix C – Employment Summary

Departmental Inuit Employment Targets				
Qulliq Energy Corporation	As at Sept. 30, 2020		For March 31, 2022	
		Capacity %		Capacity %
Total Department Positions	208.4		208.4	
Total Filled Positions	175.8	84%	182.6	88%
Total Vacancies	32.6	16%	25.8	12%
Total Inuit	91.8	52%	97.9	54%
Total Executive Positions	2		2	
Total Filled Executive Positions	1	50%	1	50%
Total Vacant Executive Positions	1	50%	1	50%
Total Inuit in Executive Positions	1	100%	1	100%
Total Senior-Management Positions	9		9	
Total Filled Senior-Management Positions	8	89%	8	89%
Total Vacant Senior-Management Positions	1	11%	1	11%
Total Inuit in Senior-Management Positions	0	0%	0	0%
Total Middle-Management Positions	29		29	
Total Filled Middle-Management Positions	21	72%	22	76%
Total Vacant Middle-Management Positions	8	28%	7	24%
Total Inuit in Middle-Management Positions	4	19%	5	23%
Total Professional Positions	99		99	
Total Filled Professional Positions	89	90%	91	92%
Total Vacant Professional Positions	10	10%	8	8%
Total Inuit in Professional Positions	36	40%	37	41%
Total Paraprofessional Positions	45.4		45.4	
Total Filled Paraprofessional Positions	35.8	79%	38.2	84%
Total Vacant Paraprofessional Positions	9.6	21%	7.2	16%
Total Inuit in Paraprofessional Positions	29.8	83%	32.5	85%
Total Administrative Positions	24		24	
Total Filled Administrative Positions	21	88%	22.4	93%
Total Vacant Administrative Positions	3	13%	1.6	7%
Total Inuit in Administrative Positions	21	100%	22.4	100%