

# Qulliq Energy Corporation



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Qulliq Energy Corporation  
Société d'énergie Qulliq  
Qulliq Alruyaktuqtunik Ikumatjutiit

## Application for Self-Generation Customer Standby Service Rate Structure

July 2025

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## 1.0 Application

Qulliq Energy Corporation (QEC) hereby applies to the Minister Responsible for Qulliq Energy Corporation pursuant to section 12 of the Utility Rates Review Council Act, for an instruction respecting proposed standby service rate for self-generation customers who rely on QEC's grid for backup power supply.

## 2.0 Background

QEC's mandate is to provide safe and reliable electricity in an affordable fashion. It is the sole provider of electrical power in Nunavut. QEC delivers electricity to approximately 16,000 electrical customers across Nunavut through the operation of 25 standalone diesel power plants in 25 communities, with peak demands ranging from approximately 200 kW at Grise Fiord to 11 MW at Iqaluit.

Standby rates refer to charges applied to customers who generate their own electricity but rely on the utility grid for backup when self-generation falls short. These customers are not expected to move off-grid from a utility's distribution system but rather rely on it as a secondary source at times where self-generation is not available due to weather, maintenance or emergency repairs.

This requires the utility to maintain plant and distribution system firm capacity at the level required to meet the system's peak load, including those of standby customers. Accordingly, self-generation customers impose a cost to the utility's system for the utility to be able to service them. These customers pay standby charges to secure reliable access to utility-supplied electricity in the event their on-site generation is unavailable, whether due to scheduled maintenance or an unplanned outage, thereby ensuring continuity of service for the load normally served by self-generation.

In view of ongoing interest from QEC's customers in self-generation with back-up supply from QEC, the Corporation considers it important to implement a standby service rate for the following objectives:

- Provide customers with a clear understanding of the rate structure applicable to their service should they seek standby service from QEC allowing them to make informed decisions, and
- Avoid rate increases to other customers resulting from potentially under-recovering the full cost to serve standby customers

The Corporation has undertaken a review of existing standby rate practices by major Canadian electric utilities, focusing on their rate structures, design approaches, and applicability to customers. Based on this review, the Corporation developed a standby rate proposal for consideration and approval of the Minister responsible for QEC.

### 3.0 Overview of Canadian Utilities Standby Rates

The review included all Canadian provinces and territories and identified self-generation standby service rates in the following jurisdictions:

- Alberta
- British Columbia
- Saskatchewan
- Ontario
- Northwest Territories
- Nova Scotia

Detailed discussion of utility standby rate practices in these jurisdictions is provided below.

#### Northwest Territories

Northwest Territories Power Corporation (NTPC) customers who install their own generation are subject to NTPC's standby charge, first approved in the Public Utilities Board (PUB) Order 26-2008. This charge totals \$24/kW each month for each installed kW of customer generation. Stand-by eligibility is negotiated with NTPC on a per customer basis and subject to all applicable energy rates and riders.<sup>1</sup>

The retail stand-by service **rate** approved by the PUB in Decision 26-2008 was developed primarily to respond to requests for such a rate from customers with access at that time to natural gas for self-generation in Norman Wells and Inuvik. Considering the year-round availability of natural gas supply, it was anticipated these customers would generate the vast majority of their load with natural gas and therefore would not purchase from NTPC any material energy units (kWh), the billing determinant used to recover the majority of the revenue requirement (both fixed and variable costs). However, these customers would still expect NTPC to fully back up their power supply in cases when the gas supply was unavailable due to a gas system failure or for any other reason.

The retail stand-by service rate was developed in order to provide this type of self-generation customer a fair allocation of costs to maintain the diesel generation required to provide stand-by service, and to protect other customers from the high costs associated with providing stand-by service for self-generation customers.<sup>2</sup>

#### Alberta

In Alberta, ATCO Electric Distribution (AED) offers standby back-up service to a large general service self-generation customer. AED has a relatively complex standby rate structure, approved by the Alberta Utilities Commission, which includes customer charge, demand charge and

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<sup>1</sup> <https://www.ntpc.com/sites/default/files/2024-07/July%201%202024%20Rates.pdf>

<sup>2</sup> NTPC's Net Metering and Standby Service Application dated June 14, 2013, page 4.

energy charge components, as well as incremental O&M and admin charges related to incremental interconnection costs to provide back-up to a self-generating customer.<sup>3</sup>

Charges to a self-generating customer in any billing period shall be the sum of the Customer Charges, Demand Charges, Energy Charges, Other Charges, Charge for Deficient Power Factor (determined for each individual Point of Service), and Fixed Charges defined as per AED's Price Schedule D32. The current standby charges are set as follows:

- **Customer charge:** \$4.0568/day (includes Distribution and Service components)
- **Demand charge:** 72.65 cents/kW/day for the first 500 kW (Transmission and Distribution components)<sup>4</sup>
- **Energy charge:** 0.56 cents/kWh (Transmission component)
- **Charge for Deficient Power Factor:** \$31.77 cents/kV.A/day
- **Capital Recovery Charges:** The Generating customer will be required to pay all replacement costs for incremental facilities as per Section 9.7 of the Customer Terms and Conditions for Electric Distribution Service.
- **Incremental O&M Charges:** 0.0069% x Incremental Interconnection Cost / day
- **Incremental Admin Charges:** 0.0046% x Incremental Interconnection Cost / day

### British Columbia

FortisBC Inc. provides standby service intended to provide the Customer with a firm supply of electric power and energy when the Customer's generating facilities are not in operation or are operating at less than full rated capability.

Stand-by Service is detailed in FortisBC Inc.'s Rate Schedule 37 and is available only to Large Commercial Customers that normally supply all or some portion of load from self-generation and is strictly for the continued operation of Customer facilities at times when the Customer-owned generation is unavailable.<sup>5</sup>

Net metering customers are not eligible for Standby Service.<sup>6</sup>

The standby charges include fixed monthly charge plus and hourly standby energy charge adjusted for system losses and administrative premium as follows:

- **Monthly rate:** A notification fee of \$200 per use; plus
- **An Hourly Stand-By Energy charge determined by:**

<sup>3</sup> AED Price Schedule D32. Available at: <https://media.auc.ab.ca/prd-wp-uploads/Shared%20Documents/Rates/Appendix3-ATCO-Interimpriceschedules.pdf>

<sup>4</sup> Billing demand shall be the higher of the metered demand during the billing period, 85% of the 12-month ratchet, the estimated demand, or the Contract Demand. Estimated demand shall be based on equipment nameplate ratings.

<sup>5</sup> FortisBC Inc. Rate Schedule 37 [https://www.cdn.fortisbc.com/libraries/docs/default-source/about-us-documents/regulatory-affairs-documents/electric-utility/fortisbcelectrictariff.pdf?sfvrsn=62823969\\_80](https://www.cdn.fortisbc.com/libraries/docs/default-source/about-us-documents/regulatory-affairs-documents/electric-utility/fortisbcelectrictariff.pdf?sfvrsn=62823969_80)

<sup>6</sup> Ibid

- The Hourly Powerdex Mid-Columbia (Mid-C) per kWh price for the Hour in which the Stand-by Energy is taken by the Customer. In Hours in which the Mid-C price is negative, a value of \$0.00 will be used; and
- System losses as per Rate Schedule 109; and
- Hourly transmission charges from the Mid-C hub to the border of \$0.0040 per kWh; and
- Administrative premium of 10 percent.

The Hourly charge is calculated as:

Rate Schedule 37 Energy Charges = [(Stand-by Energy x (1+ loss rate %)) x (Mid-C + 0.0040)] x 1.10

Further, billing under Rate Schedule 37 requires the establishment of a Stand-by Billing Demand (SBBD), expressed in kVA. SBBD for a Customer using this Rate Schedule will be set at an amount between zero and 100 percent of the Customer's Stand-by Demand Limit (SBDL) and is to be used in the determination of the Wires Charge in Rate Schedule 31. The SBBD is to be agreed to between the Customer and FortisBC and is specified in the General Service Agreement between FortisBC and the Customer. If the Customer and FortisBC cannot come to an agreement, the SBBD will be set by the BCUC.

### **Saskatchewan**

SaskPower has Customer-Owned Transformation Rate schedules for non-residential and non-farm customers served through customer-owned transformation and to which no other rates apply. Standby rates include basic monthly charge, demand charge and energy charge components and set separately for the following customer categories:

- For loads up to 75 kVA served through Customer-Owned Transformation — Small Commercial Rates.
- For loads greater than 75 kVA and up to 3,000 kVA served through Customer-Owned Transformation — Standard Rates.
- For loads over 3,000 kVA served through Customer-Owned Transformation — Power Standard Rates.

The rates effective April 1, 2025 are as follows:

	Small Commercial		Standard		Power Standard		
	E77 (Urban )	E78 (Rural)	E07 (Urban )	E08 (Rural)	E22 25kV	E23 75kV	E24 100kV+
Supply Voltage	25kV & less		25kV & less				
Basic monthly charge (\$)	41.18	41.18	278.68	278.68	6,759.21	7,845.52	8,403.75
Demand Charge							
First 50 kVA/month (\$/kVA)	0	0	n/a	n/a	n/a	n/a	n/a
Balance (\$/kVA)	19.308	19.308					
Per kVA of recorded demand			19.285	19.285			
Per kVA of billing demand					17.998	14.632	11.586
Energy Charge							
First block kWh (month)	14,500	13,000	n/a	n/a	n/a	n/a	n/a
First block (cents/kWh)	15.016	15.016					
Balance (cents/kWh)	6.153	6.153					
All kWh (cents/kWh)			7.014	7.014	6.253	6.208	6.025

Minimum bill is the basic monthly charge plus the demand charge.

### Ontario

Many distribution utilities in Ontario have a standby rate structure, including Alectra Utilities, London Hydro Inc and Kingston Hydro Corporation.<sup>7</sup> The standby rates by these utilities are designed to ensure that self-generating customers contribute to grid infrastructure costs. The standby rates are applicable to general service accounts that require distribution utilities to provide distribution service on a standby basis as a back-up supply to an on-site generator. The charges only include a demand component, where the charge is applied to the nameplate rating of generation facility.<sup>8</sup>

The current standby rates for some of the utilities are summarized below.

#### Alectra Utilities:<sup>9</sup>

Alectra Utilities provides distribution services in several Ontario municipalities and charge different standby rates by municipality or region.

Standby rates are applied to the contracted amount (e.g. nameplate rating of the generation facility).

- Brampton Rate Zone:
  - Standby rate: \$2.0414/kW
- Enersource Rate Zone:
  - General Service with 50-499 kW: \$5.6223/kW
  - General Service with 500-4,999 kW: \$2.8930/kW
  - Large Use Service: \$3.5908/kW

<sup>7</sup> <https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2025-electricity-distribution-rate>

<sup>8</sup> Toronto Hydro 2023 Rate Design, pdf page 30 of 37. <https://www.torontohydro.com/documents/d/guest/exhibit-8-rate-design>

<sup>9</sup> [https://alectrautilities.com/sites/default/files/assets/pdf/rev\\_final-rate-order\\_alectra-utilities\\_20241227\\_esigned.pdf](https://alectrautilities.com/sites/default/files/assets/pdf/rev_final-rate-order_alectra-utilities_20241227_esigned.pdf)

- Guelph Rate Zone:<sup>10</sup>
  - General Service with 50-999 kW: \$3.2275/kW
  - General Service with 1,000-4,999 kW: \$3.5827/kW
  - Large Use Service: \$3.2188/kW
- Horizon Utilities Rate Zone:
  - General Service > 50 kW: \$3.1156/kW
  - Large Use Standby Charge: \$1.7067/kW
- PowerStream Rate Zone:
  - Standby rate: \$3.3758/kW

### London Hydro:<sup>11</sup>

Standby rates are applied to the contracted amount (e.g. nameplate rating of the generation facility).

- Standby rate: \$3.9191/kW

### Kingston Hydro:<sup>12</sup>

Standby Charges are based on applicable monthly General Service less than 50kW, General Service greater than 50kW to 4,999 kW or Large Use Distribution Volumetric Charges, depending on the rate classification of the generator host facility.

Standby Charges are determined by multiplying the nameplate capacity of the behind the meter generator in KW by applicable Standby Power charges in each month.

### Nova Scotia

Nova Scotia Power (NSP) has a Standby Service Tariff schedule, which is however only available to Licenced Retail Suppliers (LRS) to fulfill the LRS's obligation to provide or pay for its share of firm capacity required to meet adequacy standards of the Nova Scotia electricity system arising from forced and unforced generation outages.<sup>13</sup> No standby service appears to be available to residential or commercial customers.

## Review Findings Summary

Table 1 provides key details with respect to standby rates of major Canadian utilities.

<sup>10</sup> <https://www.guelphhydro.com/en/rates-and-service-charges/resources/Documents/Rate-Schedule-Nov-1-2024.pdf>

<sup>11</sup> EB-2024-0040; <https://www.oeb.ca/applications/applications-oeb/electricity-distribution-rates/2025-electricity-distribution-rate>

<sup>12</sup> EB-2024-0037;

[https://www.kingstonhydro.com/Cms\\_Data/Contents/KingstonHydro/Media/documents/2024/dec\\_rate\\_order\\_Kingston-Hydro\\_2025-IRM\\_20241212\\_esigned.pdf](https://www.kingstonhydro.com/Cms_Data/Contents/KingstonHydro/Media/documents/2024/dec_rate_order_Kingston-Hydro_2025-IRM_20241212_esigned.pdf)

<sup>13</sup> NSP Tariffs Schedule as of January 1, 2025; Schedule I <https://www.nspower.ca/docs/default-source/regulatory/tariff-book-jan-6-2025.pdf>

**Table 1: Standby Rates Characteristics by Utility**

Standby Rate Components	ATCO Electric			
	NTPC	Distribution	FortisBC Inc.	SaskPower
Basic monthly charge		Yes	Yes	Yes
Demand Charge	Yes	Yes		Yes
Energy Charge		Yes	Yes	Yes
Additional charges		Yes	Yes	
<b>Customer types applicable</b>	Non-renewable generation customers	Large general service / industrial	Large Commercial Customers	Non-residential and non-farm customers

  

Standby Rate Components	Alectra Utilities	London Hydro	Kingston Hydro	Nova Scotia
	Basic monthly charge			
Demand Charge	Yes	Yes	Yes	Yes
Energy Charge				
Additional charges				
<b>Customer types applicable</b>	General service customers	General service customers	General service customers	Licensed Retail Suppliers

Based on this review, standby service rates are common across Canadian utilities. All utilities reviewed have a fixed component in the standby rate (via basic monthly charge, demand charge, or a combination of the two), while utilities in three jurisdictions also have standby energy charges in their standby rate structure.

Standby service is generally not available to residential customers and standby rates do not appear to be applicable to net metering customers.

#### 4.0 Assessment of Standby Rate Design Options

With respect to pricing structure and rate options which is based on the avoided cost of diesel fuel, QEC conducted a review of IPP program pricing option practices in other Canadian jurisdictions. Based on the review of standby rate structures of other Canadian utilities and expected self-generation load types of QEC’s existing customers, QEC considered the following principles with respect to standby service rate design:

1. The rate design must reflect full potential load of self-generation customers at the time of QEC’s system coincident peak in the respective community. In order to ensure system reliability and protect uninterrupted power supply to its existing customers, QEC must plan

its system capacity to be able to serve the full load of a standby customer at the time of the coincident peak in the community.

2. Target full cost recovery of providing standby service to self-generation customers to ensure regular customers are not subsidizing standby service customers, protecting regular customers from consequential rate increases.
3. It is expected that self-generation customers would have a notably low load factor as compared to regular customers, as they would only occasionally purchase energy from QEC while requiring a firm capacity during the year. Under QEC's existing rate structure, energy rates capture a significant portion of the demand and customer related costs, as highlighted in QEC's most recent general rate application (2025/26 GRA). Accordingly, revenues from customers who purchase very little energy from QEC relative to their peak demand will not adequately cover the costs they impose on the system. Therefore, the standby rate design should reflect a higher demand charge for self-generation customers compared to regular customers.

Additionally, QEC will enter into agreements with each customer setting out the terms for the supply of the standby service and any specific limitations on the service that may be required, which will only be available subject to the following conditions:

- a) The standby service will only be available to commercial customers (Customer Classes: Commercial Non-Government, Commercial Government and Commercial Municipal Tax Base).
- b) The customer must nominate a standby load to be served, which will be subject to verification by QEC. The customer will confirm or adjust this nominated load on an annual basis. QEC will enter into a standby arrangement only where it is technically feasible, in QEC's determination.
- c) The customer must agree to terms that will include a minimum subscription period of six months, connection and disconnection fees.
- d) If and when the customer requires back-up power from QEC, QEC staff will reconnect the customer to the QEC's grid. The customer's system must be designed where it cannot produce energy simultaneously while connected to the QEC's grid. When the customer wishes to start using their self-generation system again, they must first be disconnected from the QEC's grid by QEC's staff.
- e) The rates for the service are subject to future adjustments via QEC's general rate application process.

Standby rate options presented below have been developed following these rate design principles.

### **Option 1:**

Option 1 will include the following standby rate structure:

- Monthly full cost demand charge of \$86.35/kW applied to the nominated standby load based on QEC's 2025/26 cost-of-service study (COSS), subject to updates in the future rate applications.
- Energy charge at the prevailing government/non-government commercial rate.

- Connection and disconnection will be charged by way of a time and materials invoice (TMI) to recover its cost to make the connection, but in no event may the Corporation charge in excess of the Corporation's actual cost to make the connection. Connection and disconnection fee will be applicable each time the standby service is activated and deactivated.

A monthly demand charge will be applied to the nominated standby load reflected in the standby arrangement with the customer. This charge will be applicable during the period for which the customer requests a standby service (i.e., if a customer requests standby service for October through March period, and remains a regular customer for April through September, the customer will be charged a standby demand charge October through March and a standard demand charge April through September).

### **Option 2:**

QEC notes that its full demand cost may fluctuate significantly with every COSS update reflecting changes in QEC's cost structure and billing determinants. This may impose significant uncertainty to self-generation customer bills in the future rate applications, considering that a substantial portion of their bills will be fixed charges beyond their control. Accordingly, in the interest of rate stability for self-generation customers, Option 2 sets the following standby rate structure:

- Monthly demand charge of \$48/kW, calculated at 3 times the ratio over the standard demand charge of \$16/kW, applied to the nominated standby load, subject to the standard demand charge updates in the future rate applications.
- Energy charge at the prevailing government/non-government commercial rate.
- Connection and disconnection will be charged by way of a time and materials invoice (TMI) to recover its cost to make the connection, but in no event may the Corporation charge in excess of the Corporation's actual cost to make the connection. Connection and disconnection fee will be applicable each time the standby service is activated and deactivated.

The monthly demand charge will be applied to the nominated standby load reflected in the standby arrangement with the customer. This charge will be applicable during the period for which the customer requests a standby service (i.e., if a customer requests standby service for October through March period, and remains a regular customer for April through September, the customer will be charged a standby demand charge October through March and standard demand charge April through September).

This approach reflects a similar ratio between standby and standard demand charges in place for NTPC's standby service customers (where the current rate is \$24/kW for the standby load and 8/kW for the regular load).

## 5.0 Conclusion and Approval Requests

Based on the review of Canadian utilities standby service rate structures and rate design options for QEC, QEC hereby applies for a Ministerial Instruction approving:

- Proposed standby rate structure (QEC recommends Option 2)
- Revisions to QEC's Terms and Conditions of Service as set out in Attachment 1

**ATTACHMENT 1  
PROPOSED REVISIONS TO QEC’S TERMS AND CONDITIONS OF SERVICE TO  
IMPLEMENT THE STANDBY SERVICE FOR CUSTOMER GENERATION**

The proposed revisions to QEC’s Terms and Conditions of Service to implement the Self-Generation Customer Standby Service are detailed below.

Add to definitions section 2.0

**2.40 Standby Power:**

Refers to a standby service for self-generation customers who rely on QEC’s grid for backup power supply. The service is available to commercial customers only. Applicable rates and fees are outlined in Schedule C.

Add the following para to Section 5.1

For customers under a Standby Power Agreement the connection and disconnection for will be charged by way of a TMI to recover its cost to make the connection, but in no event may the Corporation charge in excess of the Corporation’s actual cost to make the connection. The connection fee will be included in the Customer’s billing. Connection and disconnection fee will be applicable each time the standby service is activated and deactivated.

**Schedule C**

Section 5.0 – Charges for Service

1. Add sub-section as follows:

*5.1 Standby Service Connection/Disconnection Fee* *TMI*

Section – Basic Service Charges

2. Add the following:

*Monthly Standby Service Charge (per kW of Nominated Load)* *\$48*