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Qulliq Energy Corporation  
Société d'énergie Qulliq  
Qulliq Alruyaktuqtunik Ikumatjutiit

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## CORPORATE PROFILE

Qulliq Energy Corporation (QEC) is a territorial corporation wholly owned by the Government of Nunavut (GN). The Corporation was originally established in 2001 as the Nunavut Power Corporation under the *Nunavut Power Utilities Act*, and subsequently renamed Qulliq Energy Corporation in 2003. The *Nunavut Power Utilities Act* was also renamed the *Qulliq Energy Corporation Act* as the result of legislation passed in March of 2003, which broadened the corporation's mandate to respond to a 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 Commercial and Institutional Power Producers and Independent Power Producers programs.

QEC delivers electricity to approximately 15,000 customers across Nunavut. QEC generates and distributes power to Nunavummiut through the operation of 25 stand-alone diesel power plants in 25 communities, with a total installed capacity of approximately 76,000 kilowatts. The corporation also provides mechanical, electrical and power line maintenance from three regional centers: Iqaluit, Rankin Inlet and Cambridge Bay. The corporation's business activities are maintained at the head office located in Baker Lake and corporate offices in Iqaluit.

QEC attends to the overall objectives provided by legislation, supports the Minister responsible for Qulliq Energy Corporation on intergovernmental and regulatory issues, has the mandate to manage the capital projects of the corporation, and to respond to opportunities for alternative generation sources.

All electricity needs in Nunavut are predominantly met by imported diesel fuel supplies. Since launching the Net Metering Program in 2018 and the Commercial and Institutional Power Producer program in 2021, QEC has begun integrating small-scale renewable energy systems into the territory's electricity grid. Each community in Nunavut has its own independent electricity generation and distribution system. There is no back-up grid. QEC is the only energy corporation in Canada without developed local energy resources or regional electricity transmission capability, creating a situation of high dependency on diesel fuel.



**Qikiqtarjuaq's power plant, built in 2016.**

## VISION, MISSION, AND GUIDING PRINCIPLES

### VISION

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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 its vision is based on an empowered and accountable workforce, representative of Nunavut's population, and reflective of Inuit Societal Values, *Inuit Qaujimajatuqangit* and *Turaaqtavut*, the mandate document of the fifth Legislative Assembly of the Government of Nunavut. QEC operates as an enterprise with transparency, accountability and integrity.

### MISSION

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

### VALUES

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The Values included within the Mission Statement are:

**Safety** is and will continue to be the Corporation's first priority. This fact is communicated to and reflected in policies and procedures for the Corporation's employees clearly and consistently.

**Reliability** is second only to safety. The focus of the Corporation's day-to-day operations is the provision of safe and reliable service to customers.

**Efficiency** is applicable to all of the Corporation's operational and administrative activities. Efficiency indicates QEC's intention to respect the investment in the Corporation made by Nunavummiut, and to use resources with clear attention to reasonableness and value.

At Qulliq Energy Corporation, we are committed to upholding the principle of fair and respectful treatment of our employees and customers. QEC recognizes its responsibility to maintain a diverse, respectful workplace where all employees enjoy an environment in which the dignity and self-respect of every person is valued and which is free of offensive remarks, material or behavior.

QEC is guided in every facet of its operations by Inuit Societal Values and adheres to priorities set out by the Government of Nunavut.

P.O. Box 250, Iqaluit, Nunavut, X0A 0H0

August 26, 2021

Honourable Jeannie Ehloak  
Minister Responsible for Qulliq Energy Corporation  
Legislative Assembly of Nunavut  
926 Queen Elizabeth II Way  
PO Box 2410  
Iqaluit, Nunavut  
X0A 0H0

Dear Minister Ehaloak:

In accordance with Section 100(1) of the *Financial Administration Act*, I hereby submit on behalf of the Board of Directors of Qulliq Energy Corporation the 20<sup>th</sup> Annual Report for fiscal year ending March 31, 2021.

Respectfully submitted,

*[Signature]*

Keith Peterson  
Chairperson  
Board of Directors  
Qulliq Energy Corporation

## CHAIRPERSON'S MESSAGE

The 2020-21 fiscal year was very challenging for Qulliq Energy Corporation. In response to the global pandemic our employees displayed exemplary performance in fulfilling the corporate mandate to provide safe, reliable and affordable electricity supply to the territory. We recognize their hard work and dedication to ensuring that QEC remained resilient and effective in an ever changing environment.

Safety is our top priority at QEC. While protecting employees and communities from the threat of COVID-19, the corporation oversaw transitions in leadership that enabled QEC to improve and thrive during the pandemic. In May 2020, QEC welcomed three new board members. The new directors brought a variety of skills to the leadership team, including expertise in uniquely remote fuel systems, power plant operations and cultural competency. Our Board of Directors thanks Rick Hunt, QEC's President and CEO, for his leadership navigating the corporation through a turbulent year.

On behalf of the Board, I am pleased that the corporation made significant progress in meeting the goals outlined in the Honourable Minister Jeannie Ehloak's 2020-21 Letter of Expectation. Her clear guidance was vital to QEC's successful alignment with the Government of Nunavut's mandate, Turaagtavut. By maintaining and strengthening working relationships with our Minister, the Board of Directors, and key stakeholders, QEC's leadership delivered on key commitments outlined in her letter. QEC encourages open and transparent engagement with our customers and to ensure we continue to meet their electricity needs.

In 2020-21, our Board of Directors made ensuring a harassment-free workplace a high priority. The corporation actively promoted a respectful workplace and this will remain a standing priority. During the year, the Government of Nunavut completed an internal human resources review to establish benchmarks and highlight areas for improvement. The GN was pleased with QEC's Inuit Career Development Plan, Performance Management Tool, and Health and Safety Program. The focus on career development plans helped our Inuit employees to advance their careers. QEC looks forward to making further improvements to our internal human resource practices that will enhance our workforce. The corporation also intends to restructure our organization chart to improve delivery of our services.

The corporation met its financial obligations for the last fiscal year. In 2020-2021, QEC executed a number of contingency plans to advance major capital projects in Arctic Bay, Kugluktuk, and Baker Lake. The Arctic Energy Fund and other federal funding supports QEC's own resources to invest in new power plants and upgrades that will provide significant savings to customers. With major project permit applications currently being reviewed for critical upgrades and power plant replacements in Cambridge Bay, Gjoa Haven, Igloolik, and Iqaluit, as well as the development of the Independent Power Producers program, QEC continues to move Nunavut closer to a more reliable and clean energy future.

The new Commercial and Institutional Power Producer Program, launched in 2020-2021, provides Nunavummiut with further opportunities to generate renewable energy in Nunavut. This program, along with the corporation's Net Metering Program, is aimed at advancing Nunavut's energy independence and self reliance, by reducing the territory's reliance on burning diesel fuels.

Looking forward, we expect that proactive responses to COVID-19 will remain a primary objective for the corporation's leadership. We anticipate that the pandemic will continue to impact some operations and the delivery of projects in 2021-2022. The Board of Directors is committed to the corporation's mandate of providing Nunavut's present and future energy needs.

Sincerely,



Keith Peterson  
Chairperson, Board of Directors  
Qulliq Energy Corporation



## PRESIDENT'S MESSAGE

The 2020-2021 fiscal year was an exceptionally challenging year for many governments, organizations, businesses, and individuals. For QEC, it meant changes in leadership including my own transition into the role of President and CEO, making positive strides in the territory's alternative energy mix, replacing aging infrastructure, and maintaining critically important systems while carefully responding to a global pandemic. Despite these obstacles, the corporation's focus remained on delivering safe, reliable and affordable energy to Nunavut's communities.

Safety is top priority at QEC, and 2020-2021 gave us an opportunity to exercise our expertise in this area. The corporation's teams worked diligently to respond to ever changing environments and efficiently implement new procedures on travel, prevention and sanitization, aimed at keeping employees and communities safe from COVID-19. Frequent internal memos for employees and clear public service announcements for customers are a few examples of COVID-19 communication practices that helped us through hurdles this last fiscal year. Quick and effective communication in response to restrictions set by the Government of Nunavut's Chief Public Health Officer, along with the cooperation and patience of our staff and communities, continue to be the cornerstone of seamless crisis recovery in our operation.

Despite some of the challenges presented by 2020-2021, the corporation persevered in advancing major capital projects that will improve power supply reliability and customer service across the territory. QEC's contingency planning skills were mobilized and assisted in moving major projects forward. While COVID-19 public health restrictions created obstacles, progress was made on the new Arctic Bay power plant construction, the new solar-diesel hybrid power plant in Kugluktuk design, and Baker Lake's new head office contract. Our specialized teams completed generator set replacements in Pond Inlet, and continue to work on design and planning for diesel power plant replacements across the territory, demonstrating QEC's commitment to accommodating growth and meeting energy needs in our remote communities.

Securing federal funding support for capital projects minimizes financial impacts on customers and allows the corporation to continue its mandate of providing affordable energy for the territory. The Government of Canada's Arctic Energy Fund enabled QEC to continue its capital project development throughout the 2020-2021 fiscal year. This vital funding program covers significant portions of our capital costs, and contributes to supplying affordable energy and savings to Nunavummiut.

Focusing on value for our customers was a primary objective in the last fiscal year. QEC expanded progressive customer service and communications strategies to efficiently and effectively bring our programs and services to customers across the territory. With the successful launch of paperless billing, approximately 4,280 customers signed up for the new, convenient, and environmentally friendly billing option. More frequent and targeted online promotion furthered customer awareness of QEC programs and initiatives, while strengthening vital relationships with our audiences.

QEC also spent the end of the 2020-2021 fiscal year preparing for the corporation's 20th birthday. Recognizing the commitment and dedication of QEC's workforce and the support of our trusted customers, April 1, 2021, will be an opportunity to celebrate two decades of servicing the territory as the sole power provider. Leading up to the birthday celebration, the corporation has also been steadily rebranding in efforts to better highlight QEC's hard working employees and Nunavut's valuable communities.

The corporation launched the new Commercial and Institutional Power Producer program in 2020-2021. The new program allows existing commercial and institutional customers to sell clean energy that they generate directly to QEC. This initiative ultimately aims to support locally owned renewable energy projects while making the reduction of the territory's diesel fuel dependence a priority. Additional consultation and meaningful engagement with



municipal governments, Inuit organizations, and the public on pricing structures will help steer the program and further Nunavut's transition to clean energy.

All employees share in the collective responsibility for a safe, respectful, and harassment-free work environment. In 2020-2021, significant improvements were made to the Government of Nunavut directive that applies this to the workplace and QEC is committed to supporting all employees in this area. In the fall of 2020, the GN Department of Human Resources conducted a Best Practice Review at QEC. The review provided an overview of areas to improve as well as areas that would be considered a benchmark within departments. Through the best practice review and updated directive, QEC is working to further empower employees with tools needed to have a positive impact on our workplace.

Overall, 2020-2021 was a fiscal year where the corporation was able to overcome obstacles, despite a significant and unheralded strain on our limited resources. By focusing efforts on maintaining our critical services in a global pandemic, QEC employees worked together to adapt to Nunavut's ever changing environment and challenging conditions. Maintaining safe and reliable power for Nunavummiut, along with continuously improving our customer experience, continues to be top priority for QEC in the fiscal year ahead.

Sincerely,

A handwritten signature in blue ink, reading "Rick Hunt". The signature is fluid and cursive, with the first name "Rick" and last name "Hunt" clearly distinguishable.

Rick Hunt  
President and Chief Executive Officer  
Qulliq Energy Corporation

## KEY ACTIVITIES IN 2020-2021

- Appointed three new members to the Board of Directors
- Launched the Commercial and Institutional Power Producer program
- Continued to develop the Independent Power Producer program
- Increased number of Net Metering Program customers
- Ongoing Energy Wise energy conservation programming
- Achieved 99.94% reliability rate
- Reduced frequency of power outages QEC customers experienced
- Upgraded a generator set in Pond Inlet
- Submitted major project permit applications for projects in Cambridge Bay, Gjoa Haven, Igloolik and Iqaluit
- Received Arctic Energy Funding for generator set replacement in Clyde River
- Completed design and began construction of Arctic Bay power plant replacement project
- Continued progress on power plant replacement and solar photovoltaic panel installation in Kugluktuk
- Completed electrical distribution surveys in Sanikiluaq and Resolute Bay
- Replaced streetlights with LEDs in Pond Inlet, Kugaaruk, Resolute Bay, Igloolik, and Grise Fiord
- Awarded and signed contract for new Baker Lake head office
- Began construction for Iqaluit power plant renovations
- Submitted funding application to federal government to further geothermal studies in the territory
- Further participated in federal discussions on small modular reactors
- Continued progress on Sanikiluaq and Taloyoak district heating installations
- Completed feasibility studies for district heat expansions in Baker Lake and Iqaluit
- Signed 20-year contract with City of Iqaluit for four district heating connections
- Developed COVID-19 Exposure Plan for employees returning to the workplace after lock downs
- Completed Environmental Site Assessments in Cambridge Bay, Kugluktuk, Gjoa Haven, Igloolik
- Decommissioned fuel system in Grise Fiord
- Implemented two Fuel Stabilization Rate refunds to customers
- Provided Customer Care support during COVID-19 response
- Developed internal COVID-19 travel, prevention and sanitization protocols
- Improved video conferencing and work from home capabilities in response to public health restrictions
- Awarded Certificate of Recognition by Northern Safety Association
- Filled 21 positions through competition or Internal Transfer Assignments
- Delivered presentations on harassment prevention and respect in the workplace
- Engaged 32 Inuit employees in the Inuit Career Development Program
- Launched environmentally friendly paperless billing options for customers
- Developed new brand with improved online promotion of QEC projects and programs

## COMMUNITY CONTRIBUTIONS

As the exclusive generator and distributor of electricity in Nunavut, QEC's commitment to Nunavummiut includes supporting and building relationships throughout the territory by actively participating in community events and providing financial and in-kind contributions to community and non-profit organizations. QEC takes pride in its employees' ongoing dedication to these community events and their engagement with the goal of conducting business in a socially responsible manner.

QEC's business practices are steered by the Inuit Societal Values of:

***Inuuqatigiittiarniq:*** Respecting others, relationships and caring for people

***Tunnganarniq:*** Fostering good spirit by being open, welcoming and inclusive

***Pijittirniq:*** Serving and providing for family and/or community

***Aajiiqatigiinni:*** Decision making through discussion and consensus

***Pilimmakharniq/Pijariuqharniq:*** Development of skills through observation, mentoring, practice and effort

***Havaqatigiingniq/Ikajuqtigiingniq:*** Working together for a common cause

***Qanuqtuurniq:*** Being innovative and resourceful

***Avatiptingnik Munarittiarniq:*** Respect and care for the land, animals and the environment

### PIJITSIRNIQ

During the 2020-2021 fiscal year, QEC contributed to the following community events and organizations:

- Astro Theatre
- Alianait Arts Festival
- Kinngait hamlet

In 2020-2021, QEC saw a decrease in donation and sponsorship requests, likely due to cancelled or postponed events in light of changing COVID-19 public health restrictions.

### PILIMMAKSARNIQ & IKAJUQTIGIINNIQ

#### LAURA ULLURIAQ GAUTHIER SCHOLARSHIP AWARD



**Jenna Kilabuk, Pangnirtung**

QEC awards a \$5,000 scholarship to an outstanding Nunavummiut who demonstrates a strong academic record and commitment to community involvement. Presented annually, the scholarship celebrates Laura's vital role in the creation of what is now known as Qulliq Energy Corporation and her community spirit.

Jenna Kilabuk of Pangnirtung was awarded the 2020 Laura Ulluriaq Gauthier Scholarship. Jenna is a student enrolled in the Nunavut Teachers Education Program at Nunavut Arctic College, and is working to obtain a Bachelor of Education Degree with a focus on strengthening Inuit language and culture. She is a dedicated volunteer, a mother to small children and a role model for youth in her community.

## SKILLS NUNAVUT

Recognizing the importance of the skilled trades and technology sector to its business, QEC has been a long-term and active supporter of Skills Canada Nunavut. The organization's promotion of skilled trades and technology sector as a viable career for the young generation of Nunavut reflects QEC's vision of a proficient workforce, representative of Nunavut's population. The 2020 Nunavut skills competition was not held due to risks associated with the COVID-19 pandemic.

## AVATITTINNIK KAMATSIARNIQ

### COMMUNITY CLEAN UP

QEC has been an active supporter of the annual Nunavut-wide community clean-up. Organized by the GN's Department of Environment, QEC supports the event by encouraging its employees to participate in this community building initiative. In the spring of 2020, Iqaluit staff showed their community spirit by taking time to help safely clean-up the city. Equipped with gloves and garbage bags provided by the GN's Department of Environment, over 30 bags of garbage were filled by QEC staff alone. Cambridge Bay employees also volunteered in their community to pick up garbage bags and large items from the side of the road and deliver them to the local landfill.

### ENERGY WISE CAMPAIGN

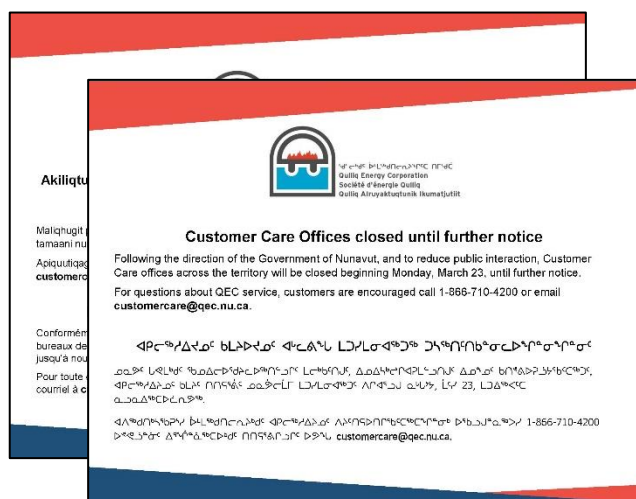
In partnership with the GN's Climate Change Secretariat and Nunavut Housing Corporation, QEC continued to deliver the "Energy Wise" awareness campaign, designed to educate the public on the importance of energy conservation. A popular video and corresponding media campaign formed the foundation of the second phase which continued into early 2019. During 2020-2021, the Energy Wise team focused on planning engagement opportunities to build on the territory-wide campaign with intentions of safely implementing in the next fiscal year.



## INCREASING INTERNAL AND EXTERNAL TRANSPARENCY

QEC continues to strengthen the organization by building trust internally through the implementation of progressive communications strategies. By taking steps to more frequently and clearly communicate new projects, information and direction, employees, customers and communities have been able to better share in QEC's vision.

## HAVAQATIGIINGNIQ/IKAJUQTIGIINGNIQ



### COVID-19 RESPONSE

In 2020-2021, regular and factual communications played a key role in keeping employees and Nunavut communities not only safe, but comfortable, with new and changing information on how the territory's COVID-19 public health measures impact QEC operations. Regularly providing updates directly to employees and local hamlets on internal changes (such as critical work travel procedures and public health safety measures) strengthened pertinent relationships.

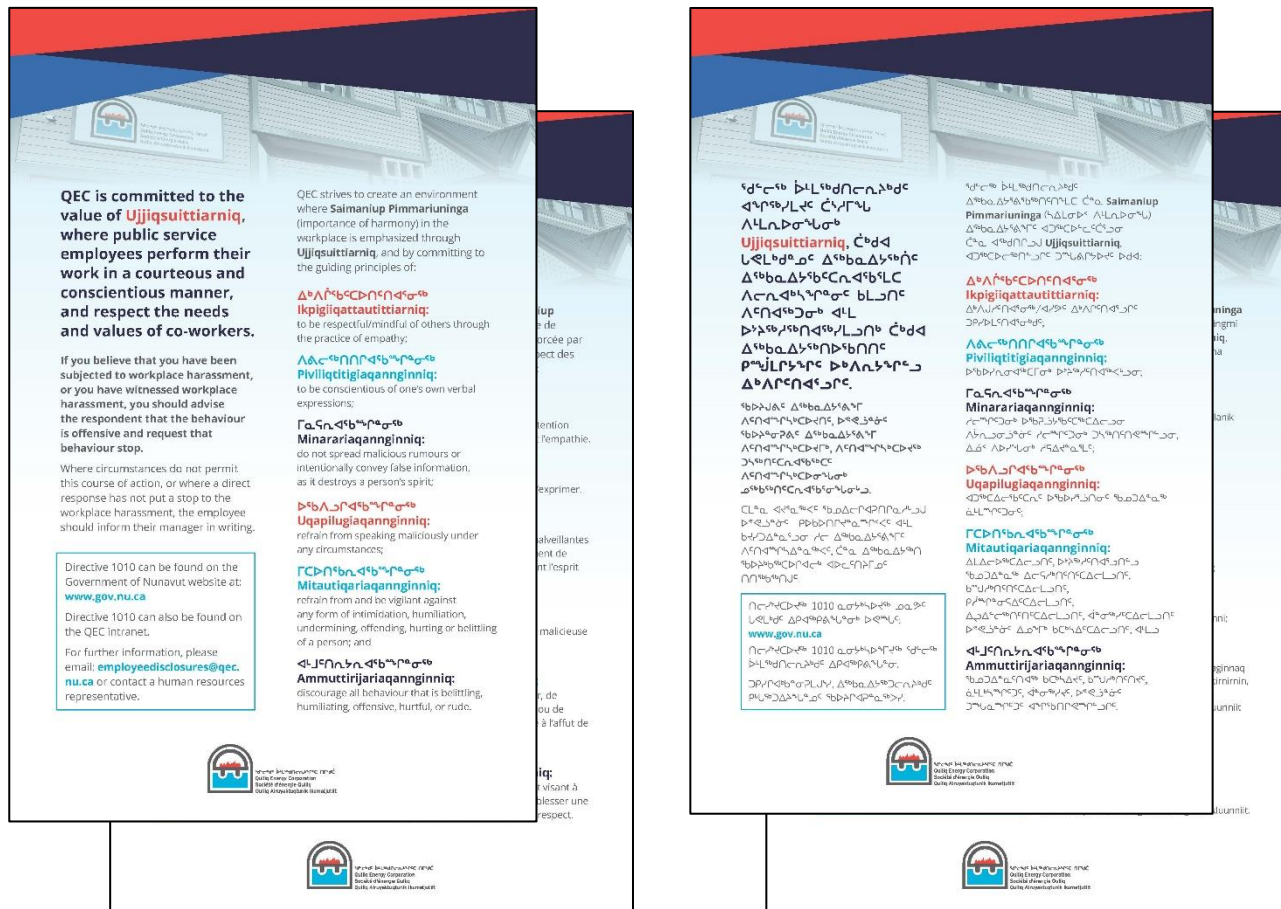
## NEWLY BRANDED ONLINE ADVERTISING

A renewed focus on implementing targeted online promotional ads for QEC programs began in 2020-2021. Tactfully utilizing newly branded elements added appeal and esthetics to new and regular messaging and improved the corporation's reach to customers and the public (including initiatives like Board of Directors recruitment and scholarship applications for example). Paid promotional opportunities on social media provided a platform for the Communications division to steadily roll out new branding aimed at highlighting employees and Nunavut communities to online audiences. QEC looks forward to analyzing social media data in the next fiscal year to further understand the impacts of paid and branded advertising.



## HARASSMENT FREE WORKPLACE PROMOTION

QEC is committed to the value of Ujjiqsuittiarniq, where public service employees perform their work in a courteous and conscientious manner, and respect the needs and values of co-workers. In 2020-2021, with direction from the Board of Directors and senior management, the corporation internally endorsed the GN's revised Respectful and Harassment Free Workplace by creating QEC-specific posters and brochures providing thorough information for employees on how to seek support. Printed promotional materials on respectful workplace will be distributed to QEC's workplaces in the next fiscal year.



## COVID-19 PANDEMIC RESPONSE


For the entire 2020-2021 fiscal year, the Government of Nunavut (GN) declared a Public Health Emergency. As the sole provider of electricity in the territory, QEC was identified as a critical service during Nunavut's COVID-19 response led by the Chief Public Health Officer (CPHO) who focused on keeping all Nunavummiut safe. QEC remained committed to keeping safety a top priority by sharing timely, factual and supportive information with all employees.

Following public health measures implemented by the GN's CPHO, QEC started the 2020-2021 fiscal year with a reduced work structure. With the exception of Operations staff responding to maintenance work, designated power plant operators, and employees conducting daily property checks, all QEC staff were instructed to remain home and work from home. The corporation worked diligently to equip staff with the necessary components needed to transition to working from home, while creating child care leave provisions and providing regular updates of the evolving COVID-19 situation. Further to closing non-essential business, the CPHO implemented strict travel measures for the territory. QEC cancelled all non-essential duty travel and began evaluating requested leave on a case by case basis.

In June 2020, the corporation completed a plan for exposure control based on recommendations from the CPHO and Workers' Safety and Compensation Commission as staff returned to their workplaces. Workstation assessments were completed as part of the Exposure Control Plan and extra cleaning measures were taken to protect the health and safety of employees at work.

In early November 2020, Nunavut recorded its first positive COVID-19 cases in Sanikiluaq, Rankin Inlet, Arviat and Whale Cove. On November 18, 2020, the GN introduced two-weeks of mandatory, territory-wide restrictions to reduce the spread of COVID-19 in Nunavut. QEC re-introduced a work from home initiative for employees across the territory, with the exception of critical power plant operations and maintenance staff. Once restrictions were eased and thorough cleaning measures were completed, QEC offices in Iqaluit, Baker Lake, Rankin Inlet, and Cambridge Bay began to reopen in early December. Most communities affected by COVID-19 outbreaks saw recoveries within weeks, with the exception of Arviat whose restrictions continued until March 2021.


### PHYSICAL DISTANCING @ QEC



- ▶ Physical (social) distancing will be required.
- ▶ Stay two metres (six feet) from others or have a barrier in place such as a cubicle wall, plexiglass or private office.
- ▶ Work shifts may also be staggered.


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### FACE MASKS @ QEC



- ▶ Not required without COVID-19 in territory.
- ▶ Employees can choose to wear their own masks.
- ▶ Masks are only effective when used in combination with hand washing and physical distancing.


### SANITIZATION @ QEC



- ▶ Disinfecting wipes or sanitizing solution will be available to regularly clean and disinfect shared equipment.
- ▶ Clean high touch items such as sink taps, handles, door knobs, light switches, and cellphones frequently.
- ▶ Hand sanitizer will be made available at all work sites.

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### SELF MONITORING @ QEC



- ▶ Notify your supervisor of COVID-19 exposure or signs of illness as soon as possible.
- ▶ Workers that are symptomatic should not be at the workplace.
- ▶ Employees who contract the virus will be required to quarantine at the discretion of public health authorities.



## OUTLOOK FOR 2021-2022 AND BEYOND

COVID-19 had significant impacts on QEC operations in 2020-2021. Looking toward the upcoming fiscal year, the corporation will continue to efficiently and effectively respond to the challenges of the global pandemic to ensure the safety of employees and Nunavut communities.

Moving forward, QEC remains committed to supplying safe and reliable power across the territory by replacing and upgrading diesel power plants with generous federal funding from the Government of Canada's Arctic Energy Fund. Improved financial security enables the corporation to continue providing an affordable energy service, minimize financial impacts of capital projects on valued customers, and further build a strong foundation for growth throughout Nunavut.

QEC will require continued financial support from the Government of Canada to expand clean energy beyond its current initiatives. In the meantime, QEC's specialized teams remain diligent in seeking new opportunities to affordably incorporate renewable energy systems into the Nunavut's energy supply mix and develop new programs that promote local ownership and environmental stewardship. These initiatives demonstrate the corporation's commitment to serve the long term needs of Nunavummiut by bringing the territory closer to a cleaner energy future and encouraging energy independence.

The corporation's Board of Directors, President and CEO, and senior management team fulfill immediate and long-term strategic objectives, all of which target a safe and respectful workplace representative of Nunavut's population. Along with these focused efforts, QEC remains dedicated to improving customer satisfaction by strengthening clear and transparent communication practices and expanding strong community relations strategies. Transparency and accountability also remain at the forefront of QEC operations to meet the current energy needs and build future capacity.



## FEDERAL FUNDING PROGRAMS

### ARCTIC ENERGY FUND

The Arctic Energy Fund (AEF) is a federal funding program aimed at enhancing energy efficiency and reliability in the north and is offered through Infrastructure Canada's Investing in Canada Infrastructure program. This fund will provide QEC up to \$175 million under a 75/25 percent cost shared arrangement.

Under this major construction initiative, QEC has identified complete power plant rebuilds and generator set replacements across the territory in communities which need it most. These upgrades are required to replace aging infrastructure and to ensure QEC is able to meet the energy needs of Nunavut's communities. QEC will communicate more details as projects receive funding.

In 2020-2021, QEC officially received funding through the Arctic Energy Fund to replace a generator set in Clyde River. To date, the corporation has received Arctic Energy Funding approval for a new diesel-solar hybrid power plant in Kugluktuk and eight diesel power generator upgrades in five other remote communities (Rankin Inlet, Chesterfield Inlet, Coral Harbour, Pond Inlet, and Whale Cove).



**Kinngait power plant, built in 2018.**

## ORGANIZATIONAL STRUCTURE

Minister responsible  
for QEC  
Jeannie Ehaloak

Board Chair  
Keith Peterson

President & CEO  
Rick Hunt

Vice-President  
Jamie Flaherty

A/Director,  
HR & OD  
Alex Cook

Director,  
Engineering  
Taufik Haroon

Director,  
Operations  
Bill Nippard

A/Chief  
Financial Officer  
Srinivasan  
Ramaswamy

A/ Director,  
Corporate  
Affairs  
Sheila Papa

A/Director,  
Health Safety  
Environment &  
Facilities  
Cheryl Wells

Director,  
Information  
Technology  
John Geary

Legal Counsel  
Denford  
Madekufamba

As of March 31, 2021

## BOARD OF DIRECTORS

QEC's Board of Directors is appointed by the Minister responsible for QEC. Under *the QEC Act*, the Board of Directors must be composed of no fewer than six directors, and no more than ten directors. The appointment terms for board members are staggered and are for up to three-years. This ensures the corporation maintains business continuity and allows for growth in experience and knowledge. In 2020-2021, QEC appointed three new members to the Board of Directors and QEC commenced efforts to recruit new members at the end of the fiscal year. New members for the corporation's Board of Directors will be appointed by fall 2021. As of March 31, 2021, current members include:

### **Keith Peterson, Chairperson**

Keith Peterson is a former cabinet minister in the Government of Nunavut and a Member of the Legislative Assembly (MLA) representing Cambridge Bay. He was responsible for the portfolios of Finance, Justice, and Health and also served as the Minister responsible for QEC. Mr. Peterson was the Mayor of Cambridge Bay for two-terms, and has held various positions with other public and private sector boards. He has considerable experience in leading government departments, territorial corporations, board governance and community relations. His home is in Cambridge Bay.

### **Andrew Nakashuk, Vice Chair**

Andrew Nakashuk has been an active member of committees, organizations and boards for many years within Pangnirtung, the Baffin region, and across Nunavut. He is currently chairperson on the Nunavut Planning Commission, facilitating community consultations and planning meetings. Mr. Nakashuk has extensive experience with the land serving as conservation and fishery officer, bear monitor, and interpretive guide. He has completed training in response to environmental emergencies, search and rescue management training, and various courses through the RCMP. Mr. Nakashuk resides in Pangnirtung.

### **Martha Lenio**

Martha Lenio brings insight into the global renewable energy economy to QEC's Board of Directors. As a renewable energy specialist with the World Wildlife Fund Canada, Dr. Lenio's knowledge of renewable energy technologies and power solutions incorporates the arctic environment in which QEC serves. Her ten years of extensive international experience with solar power applications is complemented by her Doctor of Philosophy in Photovoltaic Engineering from the University of New South Wales, and a Bachelor of Applied Science from the University of Waterloo. Dr. Lenio lives in Iqaluit.

### **Nastania Mullin**

Nastania Mullin completed his Juris Doctor of Law from the Nunavut Law Program. Mr. Mullin obtained a Bachelor of Business from Gold Coast, Australia and completed his final semester in Paris, France, majoring in marketing. He also has a Diploma in Business Administration from St. Lawrence College in Ontario. With his experience in sustainability planning, being part of the negotiating team with the Devolution Secretariat, being a former Sr. Advisor to the Deputy Minister and former Director of Policy, Planning, he brings strategic thinking, policy development and good governance skills to the board. By travelling to and working in every community in

Nunavut, he has extensive knowledge of the territory. He also serves as a board member for the Nunavut Business Credit Corporation. Mr. Mullin lives in Iqaluit and is a proud father of three children.

#### **Roxanne Ruediger**

Roxanne Ruediger is a Chartered Professional Accountant (CPA) and has served on the QEC Board since October 2018. Ms. Ruediger received her accounting designation in 2015 and was recognized as the second Inuk in Nunavut and the first female aboriginal to get their designation from the CPA NWT/NU Association. She has significant business experience in management and executive positions at the Government of Nunavut and Nunavut Tunngavik Incorporated (NTI), and has been an active member of various committees. Ms. Ruediger, originally from Baker Lake, lives in Ottawa and heads the finance department for the Ontario Native Women's Association.

#### **Sheena Akoomalik**

Sheena Akoomalik has over 15 years of experience with the Government of Nunavut's Community and Government Services. Working primarily in the Petroleum Products Division, she has extensive, first-hand experience with the fuel systems that power the territory. Most recently, she has served as the elected member of the District Education Authority in her community of Pond Inlet. An award-winning theatre artist, Ms. Akoomalik is the founder and manager of the Tununiq-muit Theatre group presenting cultural performances to tourists from around the world. With a broad understanding of Inuit traditions, culture and language, Ms. Akoomalik brings strong community-focused skills to the corporation's Board of Directors.

#### **Okalik Egeesiak**

Okalik Egeesiak possesses in-depth knowledge and understanding of the Inuit Land Claim agreements within Canada and internationally. Most recently, she served as the Chair of the Inuit Circumpolar Council and, prior to that, as President of the Qikiqtani Inuit Association. During her career, Ms. Egeesiak has held key positions with Inuit Tapiriit Kanatami (ITK), Nunavut Tunngavik Incorporated (NTI), and the Government of Nunavut's Human Resources department. She currently resides in Iqaluit. A past and present member of many volunteer organizations and boards, she is currently a member of the Arctic Children and Youth Foundation, Inuit Communications Systems, and serves as the International Chair of the Pikialasorsuaq Commission. A bilingual Inuk with sound sensitivity to cultural differences, Ms. Egeesiak is the president of Makibi Consulting in Iqaluit.

#### **Marvin Dion**

With 40 years of experience as a power plant operator and superintendent in both Nunavut and the Northwest Territories, Marvin Dion, brings a well-developed understanding of power generation to QEC's Board of Directors. Currently, he works as a foreman with Sarliaq Holdings in Rankin Inlet. Mr. Dion was previously elected as mayor of Coral Harbor and subsequently served a term as deputy mayor. Over the years, he has also been involved with many Keewatin and Kivalliq regional boards and is a supporter of many community groups.

## BOARD COMMITTEES

### HUMAN RESOURCES AND IQ COMMITTEE

The Human Resources and IQ Committee provides recommendations relating to the corporation's organizational workforce. The committee reviews human resources and compensation and benefits matters pertaining to all QEC employees. In addition, the committee evaluates programs and initiatives related to Inuit employment, training and development, employee and labour relation environments, implementation of collective agreements, and initiatives aimed to improve the capability and capacity of employee performance results.

### FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee assists the board in meeting its oversight and financial responsibilities and accountabilities to the corporation, stakeholders, the Government of Nunavut, and customers. The committee facilitates communication between the board and the external auditor and is the presiding body related to the activities of the internal auditor.

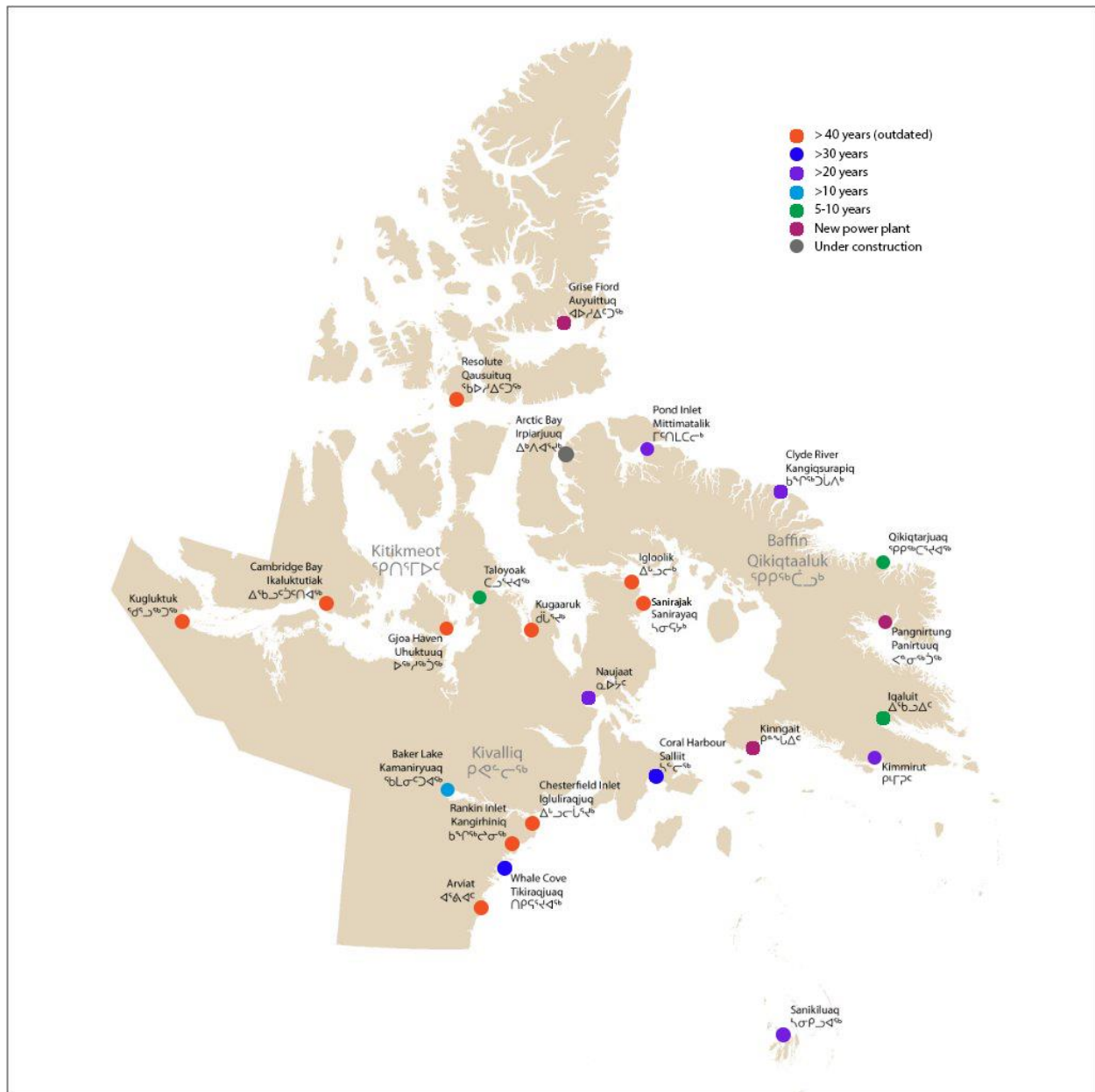
### ALTERNATIVE ENERGY COMMITTEE

The Alternative Energy Committee provides recommendations to the board regarding the viability of alternative or renewable energy technologies in the North. The committee also provides input on financing options and financing sources for development, demonstration projects, research initiatives, collaboration opportunities, and supportive and overlapping mandates of other organizations.

### GOVERNANCE COMMITTEE

The Governance Committee's primary function is to ensure that the QEC Board of Directors maximizes its effectiveness and is abreast of best practices for governance as it pertains to developing effective strategies for oversight and accountability to the corporation and its shareholder.

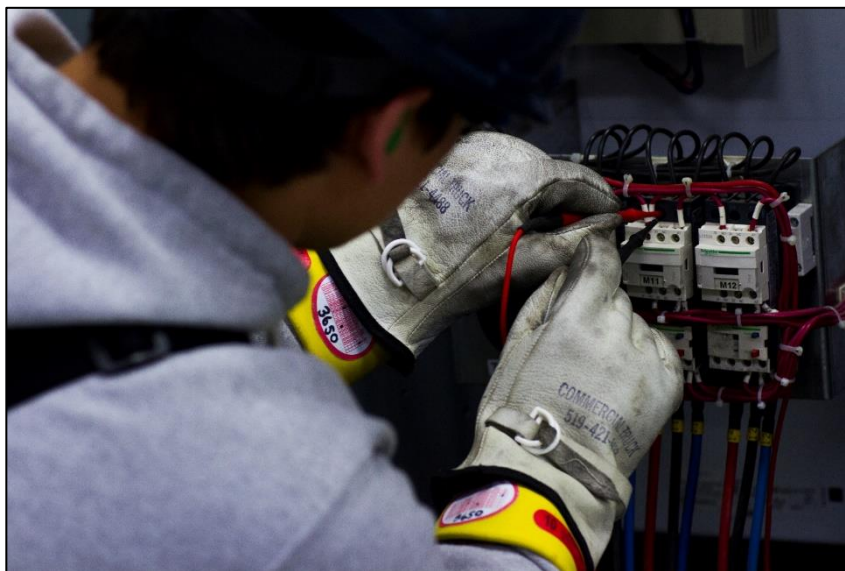
## NUNAVUT POWER PLANTS BY AGE



## OPERATIONS

The Operations department has a mandate of generating and distributing safe, reliable electricity to all Nunavut communities. Each community has its own power plant operated by employees who live in the community. Electricians, mechanics, and power line technicians, based in the regional centers of Cambridge Bay, Iqaluit, and Rankin Inlet, support power plant staff in the communities.

Operations continues to build an accountable team with the expertise and willingness to address operational concerns presented by the environment, aging infrastructure, and increasing demand for renewable energy alternatives. In addition to its core responsibility of electricity generation and distribution to the territory, Operations works closely with the departments of Engineering, Health, Safety, Environment and Facilities, and Finance to facilitate and execute QEC's capital plan.



**Electrical maintenance is necessary for reliability across the territory.**

## RELIABILITY

Providing a reliable electricity supply to Nunavummiut is one of Operation's top priorities. In 2020-2021 QEC reported a 99.94 percent reliability rate across the territory, a minimal decrease from the previous fiscal year, despite challenges of operating a critical service during a global pandemic. Operations continually strives to improve power supply reliability, meet increased demand for electricity, and cope with the harsh northern climate.

QEC calculates its reliability rate based on the number of planned and unplanned power outages that occur during the year and the length of time that customers are without power using the Canadian Electricity Association reliability reporting guidelines. Planned power outages occur when work is required on de-energized power plant equipment or an electrical distribution system to help ensure the safety of QEC's Operations and Maintenance team. Unplanned outages generally occur as a result of adverse weather, external factors, or unexpected equipment failures.

**During the 2020-2021 fiscal year, the following communities had the most reliable power supply in the territory:**

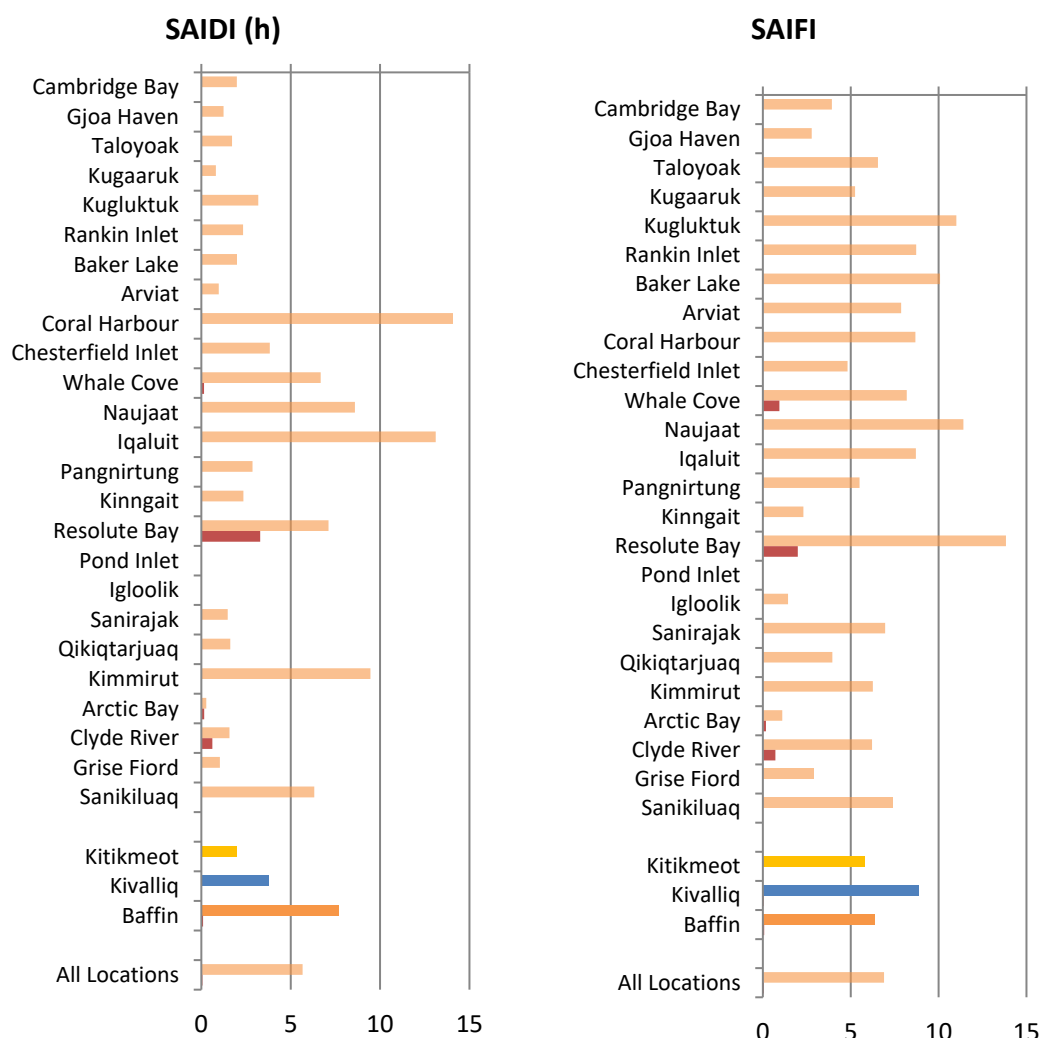
- Kugaaruk, Arviat, Pond Inlet, Igloodlik, Arctic Bay, and Grise Fiord all experienced reliability of 99.99%.
- Overall, the average QEC customer experienced a frequency of 6.90 power outages, an improvement from the previous fiscal year. The average QEC customer also experienced 5.67 hours of power interruption, a small increase from the previous fiscal year due to two city-wide power outages in Iqaluit. Lack of power at the diesel power plant resulted in an issue with fuel pressure, delaying restart of available engines and power restoration to the city during both outages.



- Operations continues to improve its operational and maintenance practices through pro-active inspections and preventative maintenance of the power plants and equipment.

## PERFORMANCE REPORTING

Operations measures performance data to report power interruption statistics each year. Power interruptions or outages are defined by a loss of electricity supply from the QEC power system to its customers. Performance reporting on power interruptions helps determine the quality and performance of QEC's utility service and distribution systems and can indicate areas in need of improvement. Each year QEC measures performance indicators such as the **System Average Interruption Frequency Index (SAIFI)** for customers and the **System Average Interruption Duration Index (SAIDI)** for communities. These are standard power utility industry measurements of performance. The tables below indicate the results of this analysis. The reliability statistics reflect QEC's commitment to safe, reliable power for all Nunavummiut.



The **System Average Interruption Frequency Index (SAIFI)** shows the average number of interruptions a customer experienced in each community and region from April 1, 2020, to March 31, 2021. The average number of interruptions is calculated by dividing the total number of customer interruptions by the total number of

customers served. Unplanned power outages are in **orange**. Planned power outages are in **red**. In 2020-2021, SAIFI was 6.90 interruptions per customer on average, a decrease from the previous year.

The **System Average Interruption Duration Index (SAIDI)** shows the average outage durations (in hours) for QEC's system in each community and region from April 1, 2020, to March 31, 2021. The average outage duration is calculated by dividing the sum of all customer interruption durations by the total number of customers served. Unplanned power outages are in **orange**. Planned power outages are in **red**. In 2020-2021, SAIDI was 5.67 hours per customer on average, an increase from the previous year.

## EFFICIENCY

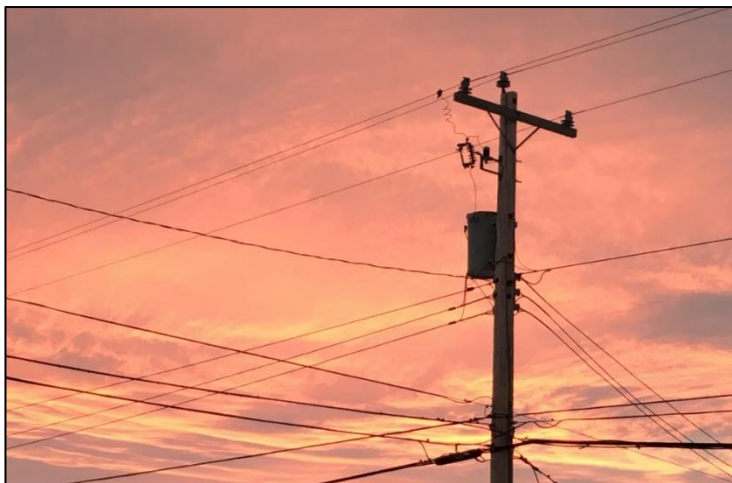
Through QEC's capital plan, the corporation continues to invest in power plant equipment that will help improve fuel efficiency and reduce fuel consumption. Enhancements in fuel efficiency are achieved through a combination of upgraded generator sets, improvements in equipment maintenance practices, and modifications to power plant automation and control systems. These initiatives ensure that power plants are operating at an optimum level while meeting the daily power demand in each community.

In 2020-2021, QEC's fuel efficiency rate was 3.74 kilowatt hours per litre, a rate consistent over the last three fiscal years. Despite QEC's aging infrastructure, Operations continually works to improve its fuel efficiency performance. While primarily reliant on diesel generation, QEC strives to reduce the amount of fuel consumed to generate electricity, which in turn reduces greenhouse gas emissions.

## GENERATION

To manage the challenges presented by aging power infrastructure across the territory, Operations adheres to a strict maintenance schedule on all equipment in the 25 power plants. Operations collaborates with the Engineering department on upgrades to existing power plant infrastructure and construction of new power plants. In 2020-2021, Operations worked with Engineering to commission a new generator set in Pond Inlet. Generator set upgrades allow QEC to meet the current and future energy needs of the communities. Operations continues to work with Engineering on design and planning for diesel power plant replacements across the territory.

## DISTRIBUTION



**QEC's distribution system sees preventative maintenance in the summer.**

QEC's Power Line Technicians (PLTs) spend most of the winter months flying into outlying communities to repair damage to power lines and poles and to correct issues with customer connections caused by adverse weather conditions and external factors. During the spring and summer months, the PLTs focus on maintaining the distribution systems, performing preventative maintenance, and preparing the systems for new customer connections as demand for electricity continues to grow across the territory.

During the 2020-2021 fiscal year, Operations was involved in a variety of preventative

maintenance projects in an effort to improve reliability and meet the power needs of each community. Operations also worked with Engineering on capital projects to replace an underground power line to the Clyde River airport that required repairs and upgrades for reliability purposes. Streetlights in five of the territory's northernmost communities (Pond Inlet, Kugaaruk, Resolute Bay, Igloolik and Grise Fiord) were also replaced with upgraded LED technology.

## ENGINEERING

The department of Engineering is responsible for the corporation's capital planning which includes, but not limited to, design, execution, project management and to provide technical support services to other internal departments. The department also conducts technical assessments and life cycle analyses for new and existing power plant infrastructure. The strategic partnership between the Engineering and Operations departments ensures support for technical issues, long term planning, and execution of QEC's Corporate Plan. Close collaboration with the Operations, Finance, and Health, Safety, Environment and Facilities departments is paramount in successfully completing generator set replacements and installations, along with distribution and fuel system upgrades, to ensure a safe and reliable electricity supply for all Nunavummiut across the territory.

### POWER PLANT REBUILD PROJECT

QEC has developed project plans to replace all 11 power plants that are operating beyond, or near the end of, their life span. Power plants with aging equipment and infrastructure are at a higher risk of power interruptions due to system failures and in some cases, may not meet the current and future energy requirements of a community. Power plant replacements ensure that QEC can provide safe and reliable power to all communities across the territory.

**During the 2020-2021 fiscal year, the following activities for power plant rebuild projects took place:**

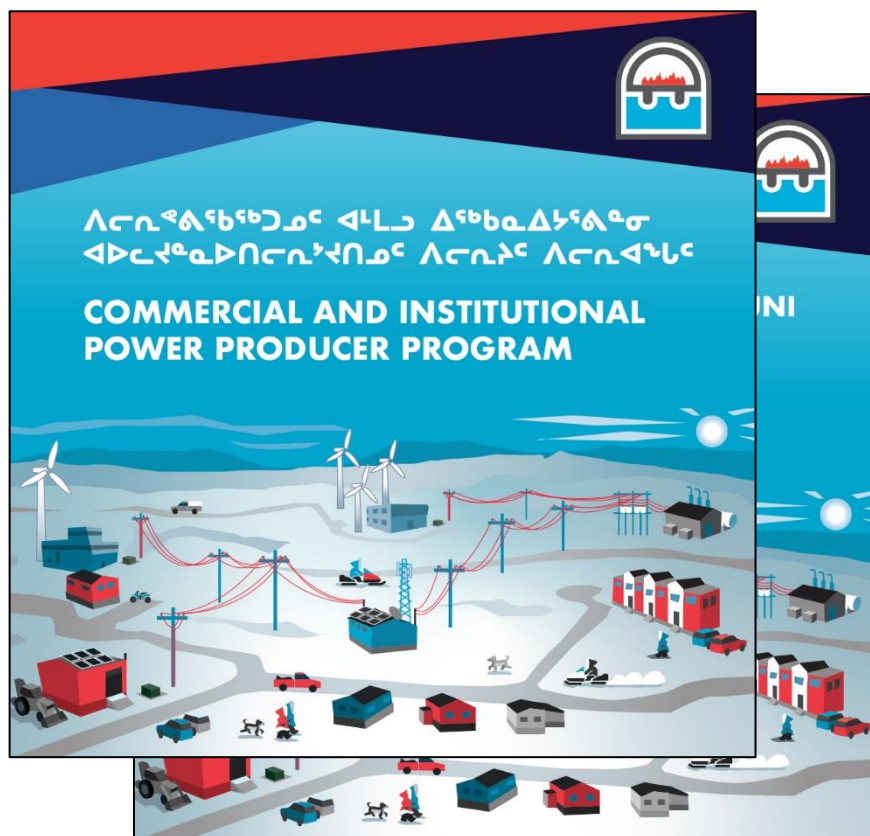
- Design work was completed and construction began for a new power plant in Arctic Bay. The project is on schedule and expected to be completed in 2021-2022.
- QEC continues to progress a solar photovoltaic panel installation and battery storage facility for the Kugluktuk power plant. In the previous fiscal year, design build procurement for the project was delayed due to budget constraints and extensive civil work required for the site. In 2020-2021, QEC conducted further studies on optimal land options for the solar-diesel plant and hired a consultant who completed project site and civil design work. The anticipated new project timeline will see the power plant design completed in 2021-2022, with a completion date targeted in 2023-2024.
- The Engineering team completed electrical distribution surveys in Sanikiluaq and Resolute Bay to collect accurate data on QEC's infrastructure and develop plans to update the distribution systems in these communities. Electrical distribution surveys are critical components to future power plant rebuild projects.

### NET METERING PROGRAM

Launched in April 2018, QEC's Net Metering Program allows residential customers, and one municipal or hamlet account per community, to generate their electricity supply by installing their own renewable power generation systems of 10 kilowatts or less. Eligible customers receive credit for the surplus electricity they produce and send to QEC's electrical grids. As of 2020-2021 year end, fifteen customers (six residential and nine hamlet) were approved for the program.

## COMMERCIAL AND INSTITUTIONAL POWER PRODUCER PROGRAM

In 2020-2021, QEC finalized and launched the Commercial and Institutional Power Producers (CIPP) program. This program allows existing commercial and institutional customers to generate renewable energy on their premises and sell all generated energy to QEC. For the first time, QEC is able to buy power from CIPP participants at a rate equal to the corporation's diesel savings. In the next fiscal year, QEC will complete an additional pricing structure analysis for the program as per Ministerial instruction.



## INDEPENDENT POWER PRODUCER PROGRAM

QEC continued developing the Independent Power Producer (IPP) program in 2020-2021. This program will allow producers outside of the utility to generate electrical power from renewable energy systems to sell directly to QEC. Inuit organizations and municipalities will be given the first opportunity to own and operate community scale installations in their respective regions. Similar to the CIPP pricing structure, QEC is proposing to buy power from IPPs for up to the avoided cost of diesel – the maximum price that QEC can pay for renewable energy without raising customer rates.

## ALTERNATIVE ENERGY AND RENEWABLE ENERGY

QEC's mandate is to plan and provide for Nunavut's long term needs for affordable energy, while taking into consideration Nunavut's desire to enhance energy self-reliance and to conserve energy and energy resources. To achieve this, QEC's Alternative Energy division advances initiatives that aim to reduce the territory's reliance on diesel fuel and decrease greenhouse gas emissions, while further working toward energy independence for Nunavummiut.

The Government of Nunavut's mandate, Turaaqtavut, prioritizes Pivaallirutivut, which incorporates developing and managing our renewable and non-renewable resources for the long-term benefit of Nunavummiut. Continuing to build on strong relationships with the land and providing a reliable power supply drives the need to explore alternative energy options that can satisfy both of these important obligations.

The reliability of some alternative energy sources, which produce intermittent rather than continuous or on-demand power, and the large capital cost to transition to these sources, are the biggest challenges to their implementation in Nunavut. These realities mean diesel powered generation can only be reduced for the foreseeable future, but not eliminated, as back up power is crucial when intermittent resources are not available. QEC's limited financial resources are used to maintain and rebuild aging diesel generation facilities; new sources of funding will be required to incorporate alternative energy into the energy mix.

To achieve energy self reliance with minimal financial impact to the territory's population, QEC works in partnership with federal agencies such as Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), Natural Resources Canada (NRCan), Canadian Northern Development Agency (CanNor), Polar Knowledge Canada, and the Government of Nunavut, to facilitate alternative and renewable energy initiatives in the territory. QEC supports other organizations, institutions and private ventures with their projects related to alternative energy technologies in the Arctic through information sharing and joint coordination of feasibility studies.

There are currently two 'on-demand' alternative energy sources known to QEC that have the potential to replace the reliability of diesel power generation – heat within the earth's crust (geothermal) and nuclear fission (very small modular reactors). For both of these energy sources, once 'turned on' they can continuously provide heat which can be used to generate electrical power. At present, technological and financial barriers exist for deploying these two generation sources in Nunavut.

In December 2020, the corporation issued an Alternative Energy Report on QEC's energy options. The report highlights the efforts QEC has undertaken to review and analyze clean energy alternatives for power generation in remote northern environments. QEC's Alternative Energy Report is available on the corporation's website.

## GEOTHERMAL

Geothermal energy is a renewable and clean form of energy that uses heat from beneath the Earth's surface. Once harnessed, this energy can be used to generate electricity. Assessment and modelling for geothermal potential has not been completed in the Canadian arctic, but there is potential for deep hard rock geothermal systems that could provide reliable energy.

QEC planned to assess geothermal potential in Nunavut through data collection of three territorial communities, with further exploration based on detailed study data. These efforts were significantly delayed in 2020-2021 due to COVID-19 restrictions and unanticipated increased costs of the studies. Federal funding QEC received from CanNor to assist in covering the geothermal study costs was affected by the corporation's inability to complete field work



in 2020-2021. Due to the nature of the federal funding agreement, QEC requested to cancel the funding. In late 2020-2021, QEC resubmitted a funding application to CanNor that includes the geothermal studies not completed in the cancelled funding agreement, plus an expansion of studies to explore geothermal storage, as well as accurate study costs and improved timelines of the project to avoid further delays due to COVID-19 restrictions.

#### SMALL MODULAR REACTORS

The Government of Canada has deemed nuclear power as “clean energy”, meaning that Small Modular Reactors (SMR’s) may be a viable alternative form of energy for off-grid and remote communities to replace diesel for electricity and heat. At this time, QEC is only gathering information to assess technical and financial considerations of SMRs in Nunavut. Many factors will be considered including costs, community acceptance, safety data, and environmental assessments. There are no current plans or projects underway for an SMR to be built or tested in Nunavut.

In 2020-2021, the Government of Canada launched the SMR Action Plan, which included work from QEC and other government and industry partners, to highlight progress and ongoing efforts across Canada on SMRs.

In 2020-2021, QEC also attended informational SMR meetings between NRCan and municipal governments of Pond Inlet and Cambridge Bay. These conversations are part of the Government of Canada’s consultation process to provide communities an opportunity to ask questions and share concerns regarding SMR technology.

#### DISTRICT HEATING SYSTEM

District Heating System (DHS) is the process of harnessing the thermal energy produced as a by-product of diesel generated electricity, and supplying captured thermal energy to customers through a piped distribution system. This process enables institutional and commercial customers to burn significantly less fuel to generate heat, and minimizes the maintenance required on their heating systems. DHS displaces approximately two million litres of heating fuel in Nunavut on an annual basis and significantly reduces the territory’s carbon emissions.



**QEC has district heating systems in five communities across the territory.**

In September 2018, the Government of Canada committed to major funding in Nunavut under their Low Carbon Economy Fund (LCEF) that will enable QEC to install DHS in Sanikiluaq and Taloyoak. QEC plans to connect the Nuiyuk School and Paatsaali High School to the DHS in Sanikiluaq. In Taloyoak, Netsilik School, Moses Teelktaq Pool, Paleajook Eskimo Co-op Garage, and two hamlet garages are expected to be connected to the DHS.

**In 2020-2021, the corporation was involved in the following district heating projects:**

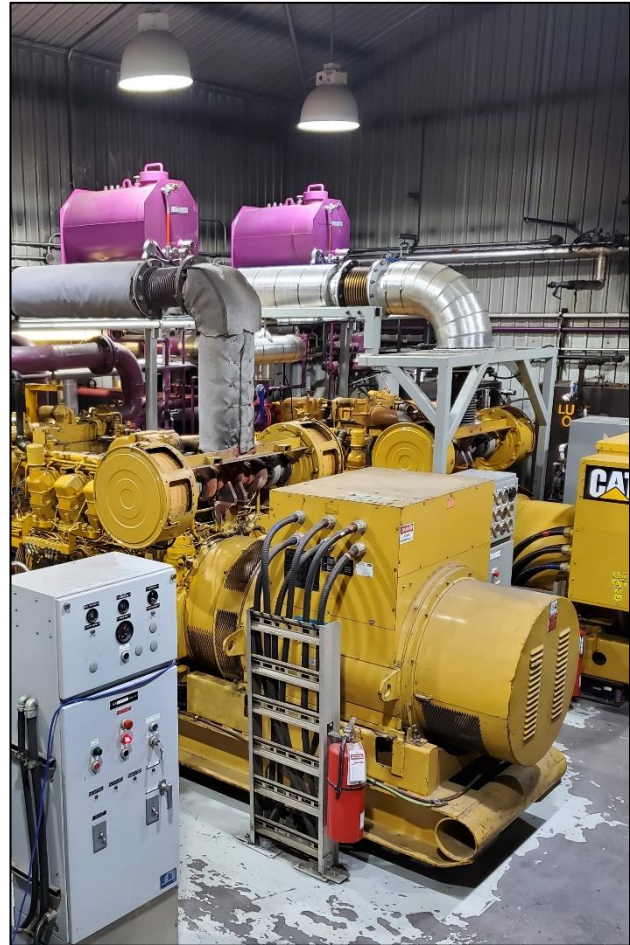
- Due to COVID-19 restrictions, there were significant delays in the DHS expansion projects located in Taloyoak and Sanikiluaq. Under an agreement of up to \$6.3 million, the Government of Canada's LCEF program continues to fund these projects. The Sanikiluaq DHS expansion is expected to be completed in 2021-2022, with the Taloyoak expansion following in 2022-2023.
- An agreement with the City of Iqaluit to connect the Aquatic Centre, Water Treatment Plant, Water Booster Station and Water Reheat Station for a 20-year term was signed in 2020-2021.
- In 2020-2021, QEC completed feasibility studies of DHS expansions in Iqaluit and Baker Lake, which were funded in full by CIRNAC through the Northern REACHE program, in the amount of \$142,947. Recommendations from the study in Iqaluit include an expansion of customers and heat capture equipment for the system located in the city. Recommendations for Baker Lake include building a system from the ground up, including several approaches depending on available budgets.



## HEALTH, SAFETY, ENVIRONMENT AND FACILITIES

The department of Health, Safety, Environment, and Facilities (HSEF) is responsible for the administration of the corporation's health, safety, and environmental practices along with the maintenance and administration of QEC's real estate property portfolio. HSEF's mandate is to:

- Minimize QEC's environmental footprint.
- Ensure all employees understand their rights and responsibilities on issues that have an impact on their health, safety and environmental stewardship.
- Promote and ensure compliance with QEC's Health and Safety Program and Environmental Management System.
- Continue the development and revision of safe work practices and procedures.
- Provide health and safety training to all employees and contractors.
- Ensure QEC's compliance with all applicable federal and territorial acts and regulations.
- Conduct life cycle costing in support of decision making to either maintain or retire assets throughout Nunavut.
- Manage, maintain and administer QEC's real estate property portfolio, including owned and leased staff housing units, commercial facilities, power plants and land.
- Provide comprehensive facility management services by developing, implementing and administering processes to manage and maintain QEC's infrastructure to ensure it operates in a safe, efficient and economical manner.
- Adhere to industry best practices and standards, national building code, financial management and procurement rules, and all applicable policies, procedures and laws.



**Health and safety remains a top priority for QEC.**

## HEALTH AND SAFETY

QEC is committed to providing a healthy and safe work environment that prevents or minimizes the risk of occupational injury or illness for employees, contractors, customers, and members of the public. Corporate and individual accountability assists in protecting the wellbeing of all persons in the workplace.

### CERTIFICATION OF RECOGNITION

In September 2020, QEC successfully passed an internal Certificate of Recognition (COR) maintenance audit as part of the accreditation process of the Northern Safety Association (NSA). Part of a well-respected, Canada-wide certification program, COR audits evaluate and enhance existing health and safety programs along with workplace

practices. The purpose of the COR is to encourage safer workplace behaviours and practices that, in turn, lead to improved safety performance. QEC completed the internal audit with an overall score of 86% for the 2020-2021 fiscal year.

The corporation undergoes internal maintenance audits annually and external audits every three years. The 2020-2021 assessment included 17 worksites visits, 45 employee interviews and a full review of all health and safety documentation. QEC developed an action plan from the internal audit to address identified areas for improvement. QEC management believes that most injuries are preventable. For this reason, the corporation prioritizes feedback from the auditing process to ensure that safety programs are based on continuous improvement.

Since acquiring the COR in 2013, HSEF significantly enhanced QEC's Health and Safety Program to align itself with the requirements and standards for maintaining the accreditation.

### TRAINING AND COMMUNICATION

QEC's ability to train staff was significantly reduced by COVID-19 restrictions; however, HSEF continues to deliver mandatory health and safety orientations to all new employees and contractors. With e-learning, employees are able to complete the mandatory *Health and Safety Orientation Program* and WHMIS training on-line. The program ensures that employees successfully complete a safety orientation as required by the Nunavut Occupational Health and Safety Regulations. In 2020-2021, 24 QEC employees completed the program.

#### DURING THE 2020-2021 FISCAL YEAR, HSEF STAFF TRAINED:

- 17 employees in Fall Protection
- 61 employees in Workplace Hazardous Materials Information System (WHMIS)
- 1 employee in fire extinguisher inspection and maintenance
- 44 employees and 18 contractors on QEC's internal Utility Work Protection Code
- 4 employees in Elevated Work Platform training
- 15 employees in the Supervisor Familiarization Safety course
- 2 employees in Electrical Safety and Arc Flash Awareness
- 145 contractors in QEC's contractor safety orientation
- 9 employees in Incident Command Systems training

HSEF also delivered a presentation in Iqaluit to territory-wide Volunteer Firefighters to ensure that they were provided with the necessary information on how to address a pole fire, what to do if a residential or commercial building requires disconnecting in the event of a fire, and what fire hazards are present in a power plant environment.

### SAFETY AND HEALTH WEEK

QEC is proud of its continued participation in the annual *Safety and Health Week*. Promoted in Canada, USA and Mexico, *Safety and Health Week* highlights to the public, government, and industry the importance of increasing understanding, raising awareness and reducing injuries and illness in the workplace, at home, and in the community.

In 2020-2021, QEC hosted a number of in-house *Health and Safety Week* activities for employees. Due to COVID-19 restrictions and staff working from home, all of the activities were required to be done remotely. HSEF completed the following events:

- Hosted a colouring contest for kids and selected top submissions to include in the internal 2021 QEC calendar.
- Encouraged employees to familiarize themselves with the 2020 version of the QEC Safety Rule Book by hosting a Safety Week Rule Book Quiz.
- Hosted a photo contest with various topics throughout the week (including working safely from home, health and wellness, personal protective equipment, high risk, and arc flash safety).
- Delivered daily safety messages to online audiences on Twitter and Facebook.

## PROGRAM DEVELOPMENT

At the beginning of the fiscal year HSEF rolled out the 2020 version of the QEC Safety Rule Book. Revisions were required to the 2015 version to reflect changes to the Nunavut Safety Act and Occupational Health and Safety Regulations as well as changes to the QEC Health and Safety Manual. An additional section was also added to include Safe Work Practices and Standard Operating Procedures.

During the 2020-2021 COVID-19 pandemic, QEC developed a COVID-19 Exposure Plan for Employees Returning to the Workplace. Additional personal protective equipment and sanitation supplies were provided to all employees and worksites. Barriers were installed in some locations where physical distancing could not be maintained. While this did have an impact on the ability to hold face-to-face in-house training and Annual Operator Training, more on-line training opportunities were available in 2020-2021. QEC acknowledged and awarded QEC's Award of Excellence to employees in Gjoa Haven and Resolute Bay for their continuous efforts in excelling in workplace safety practices.

QEC also rolled out a comprehensive Drug and Alcohol Program that aligns with the GN Alcohol, Cannabis and Other Drugs Directive. The program includes a procedure on how to address substance use issues in the workplace, as well as an educational component in order to educate all levels of the organization. QEC recognizes that a substance use disorder is a medical condition and will support employees by providing recommendations for treatment and time off to attend appointments.

## ENVIRONMENT

HSEF works hard to limit the corporation's environmental footprint according to leading industry practices and standards, and applicable federal and territorial legislation. Generating and distributing electricity within a diesel power plant setting, with control measures, mitigation, and response plans in place, reduces the risk of everyday work activities resulting in undesirable harm to the surrounding land and bodies of water.

QEC takes a risk-based approach to developing remediation plans for sites known to be affected by legacy contamination. Environmental Site Assessments (ESAs) are essential to determining the environmental condition and possible contamination of a



**Bodies of water are important in environmental protection.**

property. This includes assessing site-specific human health and ecological factors while understanding the potential effects pathways to establish an appropriate remediation plan. This approach is outlined in the Government of Nunavut Environmental Guideline for the Management of Contaminated Sites. Previous assessments have determined that contaminants currently on QEC sites do not pose a risk to human health. This is due to either the location or the depth of the contamination.

As part of this risk-based approach, QEC has an environmental due diligence monitoring program in place for all facilities. This includes annual collection and analysis of soil samples to document the presence or absence of surface contamination. The results of this sampling program are compared to applicable environmental quality guidelines (e.g., Canadian Soil Quality Guidelines for the Protection of Environment and Human Health) to characterize potential contamination. The long term sample record can be reviewed to determine if contamination is moving or changing and requires additional investigation.

In 2020-2021, ESAs were completed on properties in Cambridge Bay, Kugluktuk, Gjoa Haven and Igloolik as part of QEC's ongoing efforts to understand the environmental liability associated with each of its properties. A contracted consultant worked with QEC's Operations staff to collect and analyze soil samples in each community. A report summarizing the results of the 2020-2021 soil sampling program was prepared. Surface soil samples from 12 facilities were compliant with applicable environmental quality guidelines and surface soil samples from 15 facilities exceeded applicable environmental quality guidelines. The HSEF Department will use this information provided in the report to continue to monitor the environmental risk associated with QEC locations.

QEC continues to upgrade its fuel supply system infrastructure across the territory in an effort to ensure that communities have a reliable fuel supply, minimize the risk of potential fuel spills, and comply with federal regulations. In 2020-2021, the fuel systems associated with the old power plant in Grise Fiord was fully decommissioned and the bulk fuel storage tanks were inspected and repurposed to PPD.

Further remediation of the old Grise Fiord power plant grounds will be also required in 2022. However, QEC is unable to investigate the extent of the contamination until the old power plant and cement slab have been removed.

During the 2020-2021 fiscal year, there was a total of six reportable spills; two occurred in Rankin Inlet, two in Iqaluit, one in Nauyasat, and one in Kugluktuk. Of the six spills, three were the result of glycol leaks, two were related to punctured drums of waste during transport (one mixed waste, one waste oil), and one spill was the result of a fuel tank overfilling. All spills were cleaned up and contained on QEC property, with the exception of the fuel tank overfill which will require additional effort to remove a small volume of contaminated soil in 2021-2022 once the snow melts.

In response to the glycol leak from the DHS in Rankin Inlet reported in the 2019-2020 fiscal year, QEC contracted a third party consultant to complete a soil and water sampling investigation in the vicinity of the leak in July 2020. Propylene glycol was below laboratory detection limits in soil, groundwater and surface water where sampling took place. Based on the results of the environmental investigation, residual propylene glycol impacts do not appear to be present where sampling occurred and no remedial action was recommended by the contractor.

HSEF's Spill Contingency Plan was revised and shared with all QEC employees in 2020-2021. HSEF department continued to update environmental standard operating procedures (ENV SOP) in 2020-2021 by archiving two that were identified as no longer required and identifying three new ENV SOPs required to be completed in the next fiscal year.

## UNITED NATIONS WORLD ENVIRONMENT DAY

To raise environmental awareness and in recognition of United Nations World Environment Day on June 5, 2020, QEC hosted an internal photo contest. The focus for World Environment Day was on biodiversity and QEC employees were encouraged to submit photos to share why the environment, specifically arctic biodiversity, was important to them.

## ARCTIC ENERGY FUND POWER PLANT REPLACEMENT PROJECTS

Throughout the 2020-2021 fiscal year, the HSEF Department continued to support QEC's Arctic Energy Fund projects which include the design and construction of new power plants in Cambridge Bay, Kugaruuk, Kugluktuk, Gjoa Haven, Igloolik and Chesterfield Inlet. This support included the following activities:

- development and completion of preliminary location options analysis for the new power plant (including an internal evaluation of up to four locations in each community);
- preparation for and participation in communications with Hamlet Council to discuss location options for the new power plant in each community and receive feedback from Council;
- planning and coordination of site investigations (including geotechnical and environmental investigations);
- development of a land acquisition and environmental permitting process narrative to guide the process for all six communities; and
- initiating the process to secure land with the submission of land applications in two communities.

The HSEF Department also continued to provide support on revisions to the Kugluktuk power plant project. This involved providing input to the revised location selections for the components of the project (e.g., power plant, bulk fuel storage facility, and solar panel system), coordinating additional site investigations to confirm location selection, submitting an amendment to the Nunavut Impact Review Board (NIRB) for review of the project changes, and submission of a land application to Hamlet of Kugluktuk Council for the lands required for the solar panel system.

## FACILITIES

### TRANSIENT UNITS

The Facilities division works diligently to assess the conditions of QEC's transient units on a per unit basis. Required repairs and maintenance continue to be prioritized and completed in a cost effective and timely manner. Regular maintenance practices include fuel and sewage tank inspections, annual furnace servicing and water tank cleanings, ensuring all fixtures and fittings are operable and properly secured. Larger scale repairs such as furnace replacements, roof repairs, and plumbing issues are completed as necessary to keep the units in good working order.

In 2020-2021, Facilities completed routine repairs and maintenance throughout the territory as well as priority items in the communities identified below. These priority items included fuel tank replacements, heat trace installations and furnace replacements, as well as emergency transient repairs after a freeze up.

Baffin	Kivalliq	Kitikmeot
<ul style="list-style-type: none"><li>• Pangnirtung</li><li>• Kinngait</li><li>• Igloolik</li><li>• Sanirajak</li></ul>	<ul style="list-style-type: none"><li>• Whale Cove</li><li>• Naujaat</li></ul>	<ul style="list-style-type: none"><li>• Cambridge Bay</li><li>• Taloyoak</li><li>• Kugaaruk</li><li>• Kugluktuk</li></ul>

In 2020-2021, in light of the COVID-19 pandemic, Facilities researched designs for new transient modular units to allow for the occupation of three staff members in the transient, each having a separate bedroom and washroom with shared kitchen, dining and livingroom areas. Facilities will look at implementation options to make the new design a standard for QEC transient units in the next fiscal year.

#### STAFF HOUSING PORTFOLIO

As of March 31, 2021, a total of 179 housing units were maintained by QEC. The table below shows the breakdown by community and size of unit (bachelor unit, 1 bedroom unit, 2 bedroom unit, 3 bedroom unit and 4+ bedroom unit).

	Bachelor	1 Bdrm	2 Bdrm	3 Bdrm	4 Bdrm	5 Bdrm	Total # Units
Iqaluit	1	39	19	31	4	1	95
Igloolik	–	–	1	–	1	–	2
Pangnirtung	–	–	1	–	1	–	2
Pond Inlet	–	–	1	–	–	1	2
Kinngait	–	–	–	1	–	–	1
Resolute Bay	–	–	–	1	–	–	1
Sanijarak	–	–	1	–	–	–	1
Qikiqtarjuaq	–	–	1	–	–	–	1
Kimmirut	–	–	1	–	–	–	1
Arctic Bay	–	1	–	–	–	–	1
Clyde River	–	–	1	–	–	–	1
Grise Fiord	–	–	1	–	–	–	1
Sanikiluaq	–	–	1	–	–	–	1
Rankin Inlet	–	1	3	5	–	–	9
Baker Lake	–	13	14	7	1	–	35
Arviat	–	–	–	–	1	–	1
Coral Harbour	–	–	–	1	–	–	1
Chesterfield Inlet	–	–	1	–	–	–	1
Whale Cove	–	–	1	–	–	–	1
Nauyasat	–	–	1	–	–	–	1
Cambridge Bay	–	1	4	8	2	–	15
Gjoa Haven	–	–	1	–	–	–	1
Taloyoak	–	–	–	1	1	–	2
Kugaaruk	–	–	1	–	–	–	1
Kugluktuk	–	–	–	1	–	–	1
<b>Total</b>	<b>1</b>	<b>55</b>	<b>54</b>	<b>56</b>	<b>11</b>	<b>2</b>	<b><u>179</u></b>

During the 2020-2021 fiscal year, Facilities obtained additional staff housing units in Iqaluit to accommodate newly hired employees and their families. Facilities frequently analyzes the accommodation needs of QEC staff. This may result in non-renewal of unsuitable leased accommodations due to changing living requirements or undesirable unit locations or conditions.

Several QEC-owned staff housing units have been assessed and projects have been initiated to improve the condition of the properties through repairs or renovations or have been identified as non-feasible and will be taken offline as necessary.

#### BAKER LAKE HEAD OFFICE

The contract for the Baker Lake Head Office was awarded and signed in 2020-2021. Construction is planned to begin in 2021 and completed in August 2022 at an estimated cost of \$16.2 million. The new head office is expected to accommodate all administration staff in the community who are currently located in three different offices in the community.

#### IQALUIT MAIN PLANT OFFICE RENOVATIONS

In 2020-2021, construction began to complete renovations at QEC's Iqaluit power plant. The renovations are required to gain 18 additional workstations and accommodate the corporation's Operations and Engineering staff in one building. This project is expected to be completed in fall 2021.



## HUMAN RESOURCES

The Human Resources (HR) department is responsible for the overall management and administration of the Corporation's workforce. The department is comprised of three functional divisions working in close collaboration to provide professional guidance and service to departments. The divisions include: Training and Development, Staffing and Recruitment, and Employee and Labour Relations.

The department is responsible for ensuring all human resources activities are conducted in accordance with Article 23 of the *Nunavut Agreement*, and comply with all applicable legislation, directives, policies, employment contracts, and the *QEC Collective Agreement*.

## STAFFING AND RECRUITMENT

In the 2020-2021 fiscal year, the department filled 21 positions through competition or developmental internal transfer assignments in alignment with QEC's Inuit Employment Plan (IEP). Currently, the department has filled 83% of positions with term or indeterminate employees. Nunavut Inuit employees represent 56% of QEC's workforce as of March 31, 2021.

QEC follows the Government of Nunavut's Priority Hiring Policy when recruiting and staffing positions. QEC utilizes the following strategies when carrying out its staffing activities:

- Screening of competitions comply with the Priority Hiring Policy and applicable GN Directives.
- Including the provision that *"Preference will be given to applicants who are Nunavut Inuit"* in all job ads and ensuring that the Priority Hiring Policy is applied to all competitions.
- Where appropriate, staffing vacant positions by restricting competitions (Inuit-only competition, Inuit-only by community competition).
- Hiring new employees into term positions when Inuit are not successful in the competition for the indeterminate role, but may qualify for the position in the future.
- Cancelling competitions when no qualified Inuit candidates have been identified and reposting to attract Inuit applicants.
- Offering developmental internal transfer assignments when appropriate to Inuit employees and supporting the employee in attaining the education and experience required for the position.
- Hiring Inuit staff to fill vacant positions in a temporary capacity when a competition is unsuccessful, and assisting the employee in gaining the necessary experience and skills required to qualify for consideration when the position is re-advertised.
- Applying priority hiring for any temporary staff for short or long-term employment assignments.
- Establishing relationships with Nunavut high schools and post-secondary institutions to ensure access to QEC Summer Student Program.

## LABOUR AND EMPLOYEE RELATIONS

### EARLY INTERVENTION

Pre-grievance dispute resolution is an alternative method to more traditional approaches of resolving workplace disputes (such as grievances, litigation, harassment complaints, etc.). Where appropriate, union stewards engage

with management in pre-grievance dispute resolution to reach a mutually acceptable outcome to identified issues. In 2020-2021, there were no formal engagements that required QEC to enter into pre-grievance dispute resolution.

## GRIEVANCES

A grievance is typically filed in the event that disputes are not resolved through, or are inappropriate for, the early intervention process. A grievance is a statement of dissatisfaction, produced by an individual, the union or, uncommonly, from excluded employees, regarding the interpretation or application of QEC's Collective Agreement or other instrument that effects the terms and conditions of employment. Negotiation between the parties is usually the first step in resolving grievances. If no resolution is reached, a mediator may be engaged to assist the parties. Ultimately, if there is no accord, the dispute is escalated to a third party arbitrator who hears the matter and renders a decision. As of March 31, 2021, QEC had six active grievances and 10 new grievances.

## EMPLOYEE RELATIONS INITIATIVES

In 2020-2021, QEC led meetings on respect in the workplace, in Rankin Inlet and Baker Lake, addressing appropriate workplace behaviours and reinforcing performance and attendance expectations. Similar meetings were scheduled for Cambridge Bay and Iqaluit employees, but were postponed due to COVID-19 public health measures. QEC continued to remind employees about respectful workplace practices through email and Tusarasai, the corporation's internal newsletter. Further meetings were delivered to keep employees informed of Inuit employment initiatives, probationary management, performance management, and fitness for duty.

## INUIT EMPLOYMENT PROGRAMS

### INUIT EMPLOYMENT PLAN

The corporation developed an Inuit Employment Plan (IEP) in line with its commitment to Article 23 of the *Nunavut Agreement* and as part of the Government of Nunavut's Master Inuit Employment plan. This comprehensive employment strategy outlines the corporation's current and future strategies for reducing barriers to employment and increasing Inuit participation across the corporation.

### INUIT EMPLOYMENT INITIATIVES

The Inuit Employment Programs division administers six interconnected initiatives that contribute to achieving the Corporation's Inuit employment goals. Each program builds on the foundation of the Corporation's vision of an empowered and accountable workforce that is representative of Nunavut's population and reflective of Inuit Societal Values and *Inuit Qaujimajatuqangit*. The initiatives are:

### Inuit Employment Plan Programs



**Summer Student Program (SSP):** The purpose of this program is to expose Nunavut students to various functional areas of the organization by providing meaningful work experience over the summer months. Seven students were hired for the 2020-2021 summer work term. Typically, QEC employs between 10-15 students across the territory, however, participation in the SSP in 2020-2021 was limited due to ongoing challenges caused by COVID-19.

**Inuit Leadership Development Program (ILDP):** The purpose of this program is to increase Inuit representation within the professional, middle, and senior management levels. The program features three streams of activity to support the development of Inuit employees:

- **Academic:** Supports Inuit who wish to obtain certificates, diplomas, or degrees in an area of study that is beneficial to the corporation. QEC did not have any Inuit employees enrolled in certification, diploma or degree programs for the 2020-2021 fiscal year.
- **Experiential:** Provides Inuit employees with temporary developmental assignments in professional and leadership roles. In 2020-2021, three Inuit employees engaged in Developmental Transfer Assignments to develop leadership within the Middle Management, Professional, and Administrative employment categories.
- **Professional:** Supports Inuit employees in obtaining professional accreditation. Two Inuit employees engaged in developmental opportunities to work towards attaining professional credentialing in 2020-2021.



**QEC prioritizes increasing Inuit participation and employment across the corporation.**

**Photo: Sateana Goupil, Acting Maintenance Supervisor, Qikiqtaaluk Region**

**Inuit Career Development Program (ICDP):** The purpose of this program is to formally connect employees through the creation of individualized career development plans in collaboration with their supervisors. Career

development plans assist in guiding employees along their career path by establishing objectives, goals, and timelines that align with the strategic direction of the corporation.

The initiative began in 2018 as part of a four-year commitment to providing every Inuk employee with the opportunity to develop a career development plan. In 2020-2021, QEC approached 32 Inuit employees for the purpose of creating career development plans and 20 chose to engage in career development plans. In relation to its four-year target, the corporation has currently reached out to 71% of Inuit employees. The remainder of Inuit employees will be engaged during 2021-2022.

**Apprenticeship Program:** The purpose of this program is to reduce the dependency of hiring qualified journeypersons from outside of the territory and allows the corporation to fill positions in communities with local residents. The program was expected to be complete in 2020-2021; however, due to limited capacity within the department, the program was delayed. The Apprenticeship Program is anticipated to be available to staff in 2021-2022.

**Inuit Employment Plan (IEP) Committee:** This committee is responsible for reviewing, analyzing, and evaluating the corporation's Inuit Employment Plan, Inuit employment programs, human resources policies and procedures, and general employment practices as they relate to Inuit employment. The committee also provides recommendations to the Senior Management Committee on potential methods of increasing Inuit employment. Although QEC continued supporting employees through various IEP programs, the IEP Committee did not convene due to concerns surrounding capacity and safety during COVID-19 public health restrictions.

**Inuit Qaujimagatuqangit (IQ) Committee:** This committee provides recommendations to the Senior Management Committee on potential methods of integrating Inuit Qaujimagatuqangit and Inuit Societal Values into standard employment protocols.

## HUMAN RESOURCES PROJECTS

### HUMAN RESOURCES INFORMATION SYSTEM IMPLEMENTATION

During 2020-2021, the HR department continued implementing StarGarden, a new Human Resources Information System. The HR department is currently working alongside the IT and Finance departments to implement the Payroll module. The next phase of the StarGarden project will include an applicant tracking system designed to improve the efficiency of the corporation's HR recruitment and staffing processes. QEC foresees significant administrative efficiencies by utilizing this new system.

### HUMAN RESOURCES REVIEW

In 2020-2021, the GN Department of Human Resources conducted a Best Practice Review at QEC, an initiative that the GN began in 2018. After a comprehensive review of all QEC's Human Resources policies, processes, and practices, the GN HR department provided positive feedback on QEC's Inuit Employment Plan, Performance Management Tool and Health and Safety Program.

## EMPLOYMENT SUMMARY

### Qulliq Energy Corporation March 31, 2021

#### Employment Summary, by Category

	Total Positions				Nunavut Inuit	
	Total Positions	Vacancies	Filled	% Capacity	Hired	% IEP
Executive	2.00	-	2.00	100%	1.00	50%
Senior Management	9.00	6.00	3.00	33%	-	0%
Middle Management	29.00	10.00	19.00	66%	4.00	21%
Professional	99.00	11.00	88.00	89%	39.00	44%
Paraprofessional	45.40	6.00	39.40	87%	31.40	80%
Administrative Support	24.00	3.00	21.00	88%	21.00	100%
<b>Total Employment Categories</b>	<b>208.40</b>	<b>36.00</b>	<b>172.40</b>	<b>83%</b>	<b>96.40</b>	<b>56%</b>

#### Employment Summary, by Community

Arctic Bay	1.60	-	1.60	100%	1.60	100%
Kinngait	2.00	-	2.00	100%	2.00	100%
Clyde River	1.60	-	1.60	100%	1.60	100%
Grise Fiord	1.60	-	1.60	100%	1.60	100%
Sanirajak	1.60	-	1.60	100%	1.60	100%
Igloolik	2.00	-	2.00	100%	2.00	100%
Iqaluit	94.00	24.00	70.00	74%	19.00	27%
Kimmirut	1.60	-	1.60	100%	1.60	100%
Pangnirtung	2.00	-	2.00	100%	2.00	100%
Pond Inlet	2.00	-	2.00	100%	2.00	100%
Qikiqtarjuaq	1.60	-	1.60	100%	1.60	100%
Resolute Bay	1.60	-	1.60	100%	1.60	100%
Sanikiluaq	1.60	-	1.60	100%	1.60	100%
Arviat	2.00	-	2.00	100%	2.00	100%
Baker Lake	47.00	9.00	38.00	81%	23.00	61%
Chesterfield Inlet	1.60	-	1.60	100%	1.60	100%
Coral Harbour	1.60	-	1.60	100%	1.60	100%
Nauyasat	1.60	-	1.60	100%	1.60	100%
Rankin Inlet	18.00	2.00	16.00	89%	11.00	69%
Whale Cove	1.60	-	1.60	100%	1.60	100%
Cambridge Bay	13.00	1.00	12.00	92%	7.00	58%
Gjoa Haven	2.00	-	2.00	100%	2.00	100%
Kugaaruk	1.60	-	1.60	100%	1.60	100%
Kugluktuk	2.00	-	2.00	100%	2.00	100%
Taloyoak	1.60	-	1.60	100%	1.60	100%
<b>Total Community</b>	<b>208.40</b>	<b>36.00</b>	<b>172.40</b>	<b>83%</b>	<b>96.40</b>	<b>56%</b>

#### Employment Summary, by Iqaluit and Other Communities

Iqaluit	94.00	24.00	70.00	74%	19.00	27%
Other communities	114.40	12.00	102.40	90%	77.40	76%
<b>TOTAL</b>	<b>208.40</b>	<b>36.00</b>	<b>172.40</b>	<b>83%</b>	<b>96.40</b>	<b>56%</b>

## INFORMATION TECHNOLOGY

The Information Technology (IT) department, based in the head office, consists of technical employees in Baker Lake and Iqaluit. The department provides data communications, enterprise applications, technology assistance and support, integrated computer systems, and application development services to all departments in the corporation. The department provides a critical service with a goal to enable QEC to achieve its business objectives through effective use of Information Technology.

During the 2020-2021 fiscal year, IT responded to over 3,300 reported issues and partnered with various departments to deliver the following projects.

### WORK FROM HOME

With the advent of the global COVID-19 pandemic, the department strengthened its infrastructure to allow employees to work from home. The initiative saw a number of upgrades to the core infrastructure to ensure security, productivity, efficiency and the development of corresponding internal procedures.

### VIDEO CONFERENCING

Launched in Baker Lake and Iqaluit, the video conferencing solution provides collaboration and video communication between the corporation's two major hubs. The advantage of video conferencing is the ability to boost productivity, save time, reducing travel expenses and overall collaboration.

### ELECTRONIC BILLING

QEC launched a new electronic billing service which provides customers a more convenient way of receiving their bills while minimizing environmental impacts of paper billing.

### SAFETY DEVELOPMENT

An internal intranet application was developed to allow employees to coordinate safety records and will move QEC to a more proactive approach to health, safety, and environment processes. The program is in a testing phase and is expected to be shared with staff in 2021-2022.

### PROPERTY MANAGEMENT SOFTWARE

QEC's IT department also facilitated the procurement of a property management software aimed to assist the corporation's facilities division in preventative maintenance and asset and project planning.



## FINANCE

The Finance department is located at the head office in Baker Lake with employees situated in the regional offices in Iqaluit, Rankin Inlet and Cambridge Bay. Finance plays a critical role ensuring that QEC meets its regulatory responsibilities, and financial and customer needs.

The focus of the Finance department is to:

- Ensure accurate billing and collection of revenue.
- Enhance quality of customer service.
- Provide payments to suppliers on a timely basis.
- Manage the control systems to ensure proper approval of expenditures.
- Manage QEC's debt and funding needs.
- Administer and manage the government funded projects.
- Provide internal services such as reporting, payroll and procurement.
- Provide regulatory support.

### 2020-2021 ACCOMPLISHMENTS FOR THE FINANCE DEPARTMENT

In 2020-2021, two Fuel Stabilization Rate (FSR) Applications were approved by the responsible Minister. A refund of 2.76 cents per kilowatt hour was applied to monthly customer bills from April 1, 2020 to September 30, 2020, and a second refund of 1.25 cents per kilowatt hour was applied to customer bills from October 1, 2020 to March 31, 2021. The total fuel rebate granted during the 2020-2021 fiscal year was \$3,419 (dollar in thousands), compared to \$0 rebate in 2019-2020.

Finance has also been working with Operations to develop improved controls and reporting on the effective use of inventory in an effort to reduce the carrying value of inventory. This is balanced with the need to maintain optimum inventory levels to enable QEC to provide safe and reliable power to all Nunavut communities.

In 2020-2021, dedicated finance and operations teams counted the inventory for all locations resulting in a reduction in inventory of approximately 0.002%. This was attributed to unfiled usage reports and was charged to operations. Further inventory controls were implemented during the fiscal year and had a positive impact on QEC's inventory processes.

In addition, Operations upgraded internal paper flow and documentation controls to improve its annual count practices and will continue to work towards removing the qualification regarding its inventory practices.

### HIGHLIGHTS OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31 <sup>st</sup> (\$ in thousands)	2021	2020	2019	2018	2017
<b>Revenues</b>					
Sale of Power	\$ 127,476	\$ 131,632	\$ 127,522	\$ 118,202	\$ 119,856
Sale of Heat	524	946	724	840	1,156
Government contributions	3,417	6,591	593	-	-
Other Income	5,666	4,953	6,727	4,819	6,712
Insurance proceeds	-	-	15	7,994	13,000
<b>Total Revenues</b>	<b>137,083</b>	<b>144,122</b>	<b>135,581</b>	<b>131,855</b>	<b>140,724</b>
<b>Total Expenses</b>	<b>133,142</b>	<b>134,975</b>	<b>131,089</b>	<b>122,134</b>	<b>128,792</b>
<b>Surplus (deficit) for the Year</b>	<b>\$ 3,941</b>	<b>\$ 9,147</b>	<b>\$ 4,492</b>	<b>\$ 9,721</b>	<b>\$ 11,932</b>

Revenue from the sale of power decreased in 2020-2021 by 3.1% (compared to a 3.2% increase the previous fiscal year) due to FSR refunds of \$3,419 (dollar in thousands).

The corporation assists in the administration of two support programs:

- 1) The Public Housing Power Support Program (PHPSP) subsidizes qualifying residential customers living in public housing. Customers in the program are billed at the rate of 6.0 cents per kilowatt hour for their power usage. QEC invoices Nunavut Housing Corporation for the difference between the approved residential rate and the 6.0 cents per kilowatt hour for customers in this program.
- 2) The Nunavut Territorial Power Support Subsidy (NTPSS) subsidizes all other qualifying residential customers at 50 percent of the Iqaluit base rate on the first 700 kilowatt hours consumed each month from April to September and on the first 1,000 kilowatt hours consumed each month from October until March. QEC invoices the Government of Nunavut on a monthly basis for the NTPSS subsidy and applies the subsidy directly to qualifying customers' bills each month.

Arctic Energy Fund grants that were earned during the 2020-2021 fiscal year amounts to \$316 thousand (compared to \$6,313 in 2019-2020) booked as income under Government contributions. These grants are designed to offset the related capital expenditures that qualify for the program. The balance is due to other credits earned.

Other Income (as indicated in the table above) increased by 14% mainly due to increase in administration charges related to recoverable projects. The previous fiscal year saw a 12% decrease due to reduced administration fees.

Overall Total Expenses decreased by 1% (–compared to a 3% increase in 2019-2020) mainly from reduced travel and lower interest on borrowings as a result of COVID-19 impact.

#### HIGHLIGHTS OF OPERATIONS AND MAINTENANCE EXPENSES

For the year ended March 31st	2021	2020	2019	2018	2017
<b>Expenses by Object or Type</b>					
<b>Fuel and Lubricants</b>	<b>35%</b>	<b>36%</b>	38%	38%	37%
<b>Salaries, Wages and Benefits</b>	<b>28%</b>	<b>27%</b>	24%	26%	26%
<b>Supplies and Services</b>	<b>22%</b>	<b>18%</b>	18%	18%	18%
<b>Amortization, Write Down and Disposal of Tangible Capital Assets</b>	<b>10%</b>	<b>10%</b>	10%	10%	11%
<b>Travel and Accommodations</b>	<b>2%</b>	<b>5%</b>	4%	4%	4%
<b>Interest Expense</b>	<b>3%</b>	<b>4%</b>	5%	4%	4%
<b>Bad Debt Expense</b>	-	-	1%	-	-
	<b>100%</b>	<b>100%</b>	100%	100%	100%

In 2020-2021, fuel and lubricants expenses decreased due to cost reductions. Salaries, Wages, and Benefits were stable as the base rate in 2019-2020 was also applied in 2020-2021. This expense is expected to increase in 2021-2022 with the anticipated implementation of a new collective agreement effective January 1, 2021. Interest Expenses were lower due to the decrease in borrowing rate that occurred during the 2019-2020 year. The borrowing rate was as low as 0.95%.

## HIGHLIGHTS OF FINANCIAL POSITION

Highlights of Financial Position (\$ in thousands)					
As at March 31st	2021	2020	2019	2018	2017
Financial Assets	\$ 34,308	\$ 49,266	\$ 30,793	\$ 29,346	\$ 33,255
Liabilities	(237,192)	(250,539)	(235,112)	(211,524)	(192,312)
Net Debt	(202,884)	(201,273)	(204,319)	(182,178)	(159,057)
Non-financial Assets	348,155	342,603	336,511	309,878	277,036
Accumulated Surplus	\$ 145,271	\$ 141,330	\$ 132,192	\$ 127,700	\$ 117,979

As of March 31, 2021, financial assets were lower compared to the previous fiscal year as the corporation collected overdue amounts from customers.

Liabilities were also lower due to decreases in amounts due to the Petroleum Products Division. The decrease, however, did not fully offset the decrease in financial assets. This resulted in a net debt increase of \$1,611 (calculated in thousands).

## 2020-2021 CAPITAL EXPENDITURE SUMMARY

Capital Expenditures by Region (\$ in thousands)		
For the year ended March 31 <sup>st</sup>	2021	2020
Kitikmeot	\$ 1,815	\$ 587
Kivalliq	1,518	10,287
Qikiqtaaluk	14,396	7,734
Nunavut/Corporate	452	1,013
Total capital expenditures	\$ 18,181	\$ 19,621

Capital expenditures were \$1,440 (calculated in thousands) less than the previous fiscal year as capital projects were delayed due to territorial COVID-19 public health restrictions. In addition, a number of tenders this past year came in much higher than expected. This forced QEC to withdraw the tenders and explore other options. This contributed to reduced capital spending as the corporation refocused its efforts. The level of spending for capital projects will be higher over the next three to four fiscal years due to carry overs from delayed projects impacted by COVID-19 restrictions.

## KEY PERFORMANCE INDICATORS

Key Performance Indicators (\$ in thousands)					
For the year ended March 31 <sup>st</sup>	2021	2020	2019	2018	2017
<b>Interest Coverage Ratio</b>					
Surplus before Interest on Long-term Debt	\$ 6,362	\$ 14,196	\$ 9,691	\$ 13,876	\$ 15,865
Interest on Long-term Debt	\$ 2,421	\$ 5,058	\$ 5,199	\$ 4,155	\$ 3,933
Debt Expense Burden ( <i>critical below 1.50</i> )	2.63	2.81	1.86	3.34	4.03
<b>Debt Ratio</b>					
Assets	\$ 382,463	\$ 391,869	\$ 367,304	\$ 339,224	\$ 310,291
Liabilities	\$ 237,192	\$ 250,539	\$ 235,112	\$ 211,524	\$ 192,312
Ability to pay Long-term Debt	1.61	1.56	1.56	1.60	1.61
<b>Debt to Accumulated Surplus</b>					
Bank Indebtedness	\$ 12,685	\$ 15,874	\$ 9,867	\$ 11,201	\$ 8,393
Long-term Debt	\$ 189,350	\$ 190,994	\$ 186,483	\$ 163,263	\$ 134,959
Total Debt	\$ 202,035	\$ 206,868	\$ 196,350	\$ 174,464	\$ 143,352
Accumulated Surplus	\$ 145,271	\$ 141,330	\$ 132,192	\$ 127,700	\$ 117,979
Debt ratio	0.58	0.59	0.60	0.58	0.55
Accumulated Surplus ratio	0.42	0.41	0.40	0.42	0.45
Debt to Accumulated Surplus Ratio	1.39	1.46	1.49	1.37	1.22

In 2020-2021, QEC repaid principal amounts of \$17,574 (dollars in thousands), compared to \$16,179 in 2019-2020, toward the corporation's long-term debt. Although debt decreased, QEC has reduced its overall effective interest rate by borrowing through its bank credit lines using Bankers' Acceptances. These provide a much lower rate, recently in the region of 0.41% to 0.52%, compared to a fixed rate loan, where the rate is 350 basis points higher. The rates are expected to increase in the future and the corporation is considering fixing a portion of its debt to take advantage of the very low rates.

The corporation's debt to accumulated surplus ratio, referred to as the borrowing limit under Section 25 of the *Qulliq Energy Corporation Act*, was 1.39:1 (2020: 1.46:1) and remained well below the maximum allowed 3:1 ratio.

## DISCLOSURE OF DEBT FORGIVENESS FOR 2020-2021

Under Section 84 of the *Financial Administration Act* (Part IX, Public Agencies), QEC is required to publicly disclose in its annual report any asset, debt or obligation that exceeds \$500 and written off during the financial year. Section 83 of the *Financial Administration Act* requires Legislative Assembly approval to forgive debts owed to a public agency. In 2020-2021, QEC was granted approval by the Legislative Assembly, through an Act of Debt Forgiveness, to cancel \$419,084.54 owed by the City of Iqaluit. The amount reported for City of Iqaluit represents late fees on overdue balances caused by metering error.

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## **QULLIQ ENERGY CORPORATION**

### **FINANCIAL STATEMENTS**

**March 31, 2021**

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## Management Statement

August 6, 2021

The Financial Statements, Management's Discussion and Analysis, and related financial information presented in this Annual Report have been prepared by the management of Qulliq Energy Corporation. Management is responsible for the integrity, consistency and reliability of all such information presented.

Management is responsible for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; and for ensuring compliance with applicable authorities. The preparation of the financial statements involves the use of estimates and assumptions based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances, with critical analysis of the significant accounting policies followed by the Corporation.

In discharging its responsibility for financial reporting, management is responsible for maintaining financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled, proper records are maintained, and compliance with applicable authorities. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the Corporation's policies and statutory requirements.

Qulliq Energy Corporation's Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The external auditors have full and open access to the Board of Directors, with and without the presence of management.

Qulliq Energy Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and issuing her report thereon.

On behalf of Qulliq Energy Corporation's management:



Rick Hunt  
President and Chief Executive Officer



Srinivasan Ramaswamy  
Acting Chief Financial Officer





Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## INDEPENDENT AUDITOR'S REPORT

To the Minister Responsible for Qulliq Energy Corporation

### Report on the Audit of the Financial Statements

#### *Qualified Opinion*

We have audited the financial statements of Qulliq Energy Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2021, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our Report on the Audit of the Financial Statements, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2021, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Qualified Opinion*

Canadian public sector accounting standards require inventories for use to be reported as a non-financial asset when acquired and recognized as an expense when used. Our audit opinion on the financial statements for the year ended 31 March 2020 was modified because of a limitation in scope related to the absence of reliable count procedures and appropriate procedures to account for the usage of the spare parts and lubricants inventories. Due to the travel restrictions put in place as a result of the COVID-19 pandemic, we were not able to observe the counting of physical inventories as at 31 March 2021 or satisfy ourselves concerning inventory quantities by alternative means. As a result, we were unable to determine whether or not management had implemented reliable count procedures. We were unable to determine whether any adjustments might be necessary to reported non-financial assets as at 31 March 2021 and 31 March 2020 and to the results of operations, changes in net debt and cash flows for the years then ended.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Report on Compliance with Specified Authorities**

### *Opinion*

In conjunction with the audit of the financial statements, we have audited transactions of Qulliq Energy Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Qulliq Energy Corporation Act* and regulations, and the by-laws of Qulliq Energy Corporation.

In our opinion, the transactions of Qulliq Energy Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act* of Nunavut, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by Qulliq Energy Corporation and the financial statements are in agreement therewith.

### *Responsibilities of Management for Compliance with Specified Authorities*

Management is responsible for Qulliq Energy Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Qulliq Energy Corporation to comply with the specified authorities.

*Auditor's Responsibilities for the Audit of Compliance with Specified Authorities*

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, appearing to read "Michael Robichaud", is positioned above a thin yellow horizontal line.

Michael B. Robichaud, CPA, CA  
Principal  
for the Auditor General of Canada

Ottawa, Canada  
6 August 2021

## FINANCIAL STATEMENTS

### QULLIQ ENERGY CORPORATION

#### Statement of Financial Position

As at March 31

(in thousands of dollars)

	2021	2020
<b>Financial assets</b>		
Accounts receivable (Note 3)	\$ 34,308	\$ 49,266
<b>Liabilities</b>		
Bank indebtedness (Note 4)	12,685	15,874
Accounts payable and accrued liabilities (Note 5)	12,441	13,790
Utility deposits	1,632	1,525
Due to Petroleum Products Division	16,246	22,487
Deferred revenue	1,517	1,501
Debt (Note 6)	189,350	190,994
Due to the Government of Canada (Note 7)	-	1,352
Employee future benefits (Note 8)	3,321	3,016
	<b>237,192</b>	<b>250,539</b>
<b>Net debt</b>	<b>(202,884)</b>	<b>(201,273)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	321,748	317,311
Inventories for use (Note 9)	24,589	24,098
Prepaid expenses	1,818	1,194
	<b>348,155</b>	<b>342,603</b>
<b>Accumulated surplus</b>	<b>\$ 145,271</b>	<b>\$ 141,330</b>
Contractual obligations (Note 14)		
Contractual rights (Note 16)		
Environmental liability for contaminated sites (Note 17)		

Approved on behalf of the Board:



Chair, Board of Directors



Chair, Finance and Audit Committee

The accompanying notes and schedule are an integral part of these financial statements.

## QULLIQ ENERGY CORPORATION

### Statement of Operations and Accumulated Surplus

For the year ended March 31

(in thousands of dollars)

	2021	2021	2020
	Budget	Actual	Actual
<b>Revenues</b>			
Sales of power (Note 10)	\$ 133,776	\$ 127,476	\$ 131,632
Other income (Note 11)	7,065	5,666	4,953
Government contributions (Note 15)	32,609	3,417	6,591
Sales of heat	1,260	524	946
<b>Total revenues</b>	<b>174,710</b>	<b>137,083</b>	<b>144,122</b>
<b>Expenses by department</b> (Note 12)			
Plant Operations	65,529	68,062	66,770
Shared (Corporate)	21,936	20,535	23,533
Property Management	10,202	10,944	9,103
Finance	6,865	7,207	6,280
Regional Operations	6,907	6,781	8,728
Line Operations	4,262	3,529	2,825
Information Technology	2,847	3,379	3,191
Engineering	3,000	3,366	3,066
Territorial Operations	3,476	2,416	2,625
Health, Safety & Environment	3,218	2,241	2,909
Human Resources	2,283	1,575	2,208
Corporate Affairs	2,057	1,391	1,828
Iqaluit Office	1,431	1,256	1,502
Residual heat	277	294	229
Board	338	166	187
<b>Total expenses</b>	<b>134,628</b>	<b>133,142</b>	<b>134,984</b>
<b>Surplus for the year</b>	<b>40,082</b>	<b>3,941</b>	<b>9,138</b>
<b>Accumulated surplus, beginning of the year</b>	<b>141,330</b>	<b>141,330</b>	<b>132,192</b>
<b>Accumulated surplus, end of the year</b>	<b>\$ 181,412</b>	<b>\$ 145,271</b>	<b>\$ 141,330</b>

The accompanying notes and schedule are an integral part of these financial statements.



## QULLIQ ENERGY CORPORATION

### Statement of Change in Net Debt

For the year ended March 31

(in thousands of dollars)

	2021 Budget	2021 Actual	2020 Actual
<b>Surplus for the year</b>	\$ 40,082	\$ 3,941	\$ 9,138
<b>Tangible capital assets</b>			
Additions	(53,746)	(17,839)	(18,781)
Capitalized overhead	(420)	(303)	(707)
Capitalized interest (Note 13)	(2,220)	(39)	(133)
Amortization	14,305	13,744	13,362
	(42,081)	(4,437)	(6,259)
<b>Additions to inventories for use</b>	-	(46,084)	(47,387)
<b>Consumption of inventories for use</b>	-	45,593	47,588
<b>Additions of prepaid expenses</b>	-	(4,155)	(2,870)
<b>Use of prepaid expenses</b>	-	3,531	2,836
	-	(1,115)	167
<b>(Increase)/decrease in net debt for the year</b>	(1,999)	(1,611)	3,046
<b>Net debt, beginning of the year</b>	(201,273)	(201,273)	(204,319)
<b>Net debt, end of the year</b>	\$ (203,272)	\$ (202,884)	\$ (201,273)

The accompanying notes and schedule are an integral part of these financial statements.

## QULLIQ ENERGY CORPORATION

### Statement of Cash Flow

For the year ended March 31

(in thousands of dollars)

	2021	2020
<b>Cash provided by operating activities:</b>		
Cash received from customers	\$ 147,668	\$ 124,039
Cash paid to suppliers	(84,494)	(72,136)
Cash paid to employees	(35,681)	(36,699)
Interest paid	(3,762)	(6,544)
Cash provided by operating activities	23,731	8,660
<b>Cash used for capital activities:</b>		
Tangible capital asset acquisitions	(20,566)	(19,228)
Cash used for capital activities	(20,566)	(19,228)
<b>Cash provided by financing activities:</b>		
Increase in debt	15,930	20,690
Repayment of debt	(17,574)	(16,179)
Government contributions received	1,668	50
Cash provided by financing activities	24	4,561
<b>Decrease/(increase) in bank indebtedness</b>	<b>3,189</b>	<b>(6,007)</b>
<b>Bank indebtedness, beginning of year</b>	<b>(15,874)</b>	<b>(9,867)</b>
<b>Bank indebtedness, end of year</b>	<b>\$ (12,685)</b>	<b>\$ (15,874)</b>

The accompanying notes and schedule are an integral part of these financial statements.

**QULLIQ ENERGY CORPORATION**  
**Notes to the Financial Statements**  
**March 31, 2021**  
**(in thousands of dollars)**

**1 The Corporation**

**(a) Authority and corporate information**

*Authority* - The Qulliq Energy Corporation (the Corporation) is a territorial corporation and operates in accordance with Part IX of the *Financial Administration Act* of Nunavut and the *Qulliq Energy Corporation Act*. The Corporation is exempt from income taxes under the *Income Tax Act* (Canada).

*Mandate* - The Corporation's mandate is to provide energy to residents and businesses in Nunavut on a safe, reliable and efficient basis and in a manner which minimizes the impact on the environment. The Corporation is also mandated to plan and provide for energy self-reliance for Nunavut and to inform consumers on conservation opportunities.

The Corporation supplies electricity to its customers through the operation of 25 independent diesel generation plants and distribution systems in 25 communities in Nunavut. The Corporation supplies heat through 5 residual heat systems connected to 5 of those plants.

*Economic dependence* - The Corporation is economically dependent on the Government of Nunavut which, directly and indirectly, accounts for the majority of the Corporation's sales of power. The Government of Nunavut also guarantees the Corporation's debt.

**(b) Regulated activities**

The Corporation is subject to the *Utilities Rate Review Council Act* for the establishment of rates and terms and conditions of service. The purpose of the Utilities Rate Review Council (URRC) is to advise the Minister of Energy on rates and terms and conditions of service. Final approval of the rates and terms and conditions of service rests with the Minister and the Government of Nunavut. As the URRC is appointed by the Government of Nunavut and the Corporation is a territorial corporation, the Corporation and the URRC are related parties.

The rate recommendations of the URRC are based on a cost of service mechanism, where the objective is to i) establish revenue that is sufficient to recover the forecasted operating costs of providing regulated services, including amortization; and ii) to provide a fair and reasonable return on utility investments.

The Corporation maintains a Fuel Stabilization Rate Fund (FSRF). The purpose of the FSRF is to track differences between the fuel price included in the base electricity rates approved by the Minister Responsible for QEC and the actual fuel price paid by the Corporation. The Corporation prepares a forecast for the FSRF every six months. When the forecasted balance of the FSRF exceeds \$1,000 (positive or negative), an application is made to the Minister Responsible for QEC to approve a rider to be applied on power bills and bring the forecast balance to \$0. This results in an additional charge or refund to customers on their monthly power bills. The rider applied to customers in public housing bills is charged or credited to the Public Housing Support Subsidy Program.

**2 Significant accounting policies**

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) as issued by the Public Sector Accounting Board (PSAB). The following is a summary of significant accounting policies:

**(a) Budget**

Budgeted figures have been provided for comparison purposes and have been derived from the budget, including adjustments during the year, approved by the Board of Directors and the Financial Management Board of Nunavut.

**QULLIQ ENERGY CORPORATION**  
**Notes to the Financial Statements**  
**March 31, 2021**  
**(in thousands of dollars)**

**2 Significant accounting policies (continued)**

**(b) Use of estimates and measurement uncertainty**

The preparation of financial statements in accordance with PSAS requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Corporation believes the estimates and assumptions to be reasonable.

The more significant management estimates and assumptions relate to employee future benefits liabilities, allowance for doubtful accounts, environmental liabilities, the useful life of tangible capital assets, and the valuation of inventories for use.

**(c) Bank indebtedness**

Bank indebtedness is comprised of bank account balances, net of outstanding cheques and any drawings from the line of credit and Banker's Acceptances (BAs).

**(d) Accounts receivable**

Accounts receivable are valued at cost. Valuation allowances, if necessary, are recorded based on all circumstances known at the date the financial statements are prepared including past events and current conditions.

A valuation allowance for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due, according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, default or delinquency in payment and inability to locate the debtor are considered indicators that accounts receivable are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the Statement of Operations and Accumulated Surplus as bad debt expense. When an account receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against bad debt expense in the Statement of Operations and Accumulated Surplus. Write-offs of accounts receivable are approved by the Corporation's Board of Directors, and, if the individual account exceeds \$20, by the Financial Management Board of the Government of Nunavut.

**(e) Inventories for use**

Inventories for use consist mainly of fuel, supplies, lubricants and spare parts. Fuel is valued at the lower of cost and replacement cost, with the cost being determined on a weighted average cost method. Supplies, lubricants and spare parts are valued at the lower of cost and replacement cost, with the cost being determined on a first-in first-out basis. Impairments, when recognized, result in a write-down to replacement cost and are recorded as an expense within the Statement of Operations and Accumulated Surplus.

**(f) Tangible capital assets**

Tangible capital assets represent property, plant and equipment and are recorded at original cost less accumulated amortization. Costs include contracted services, direct labour, materials and supplies, development costs, a proportionate share of overhead costs and an allowance for interest capitalized on construction projects. Amortization of tangible capital assets is provided on a straight-line average useful life basis using the following range of rates:

	Useful life (up to)
Leased land	35 years
Generation assets	40 years
Distribution assets	45 years
Other assets	20 years
Non-plant buildings	45 years
Vehicles	12 years
Residual heat assets	25 years

Assets under construction are not amortized until put into production.

**QULLIQ ENERGY CORPORATION**  
**Notes to the Financial Statements**  
**March 31, 2021**  
**(in thousands of dollars)**

**2 Significant accounting policies (continued)**

Intangible assets are not recognized as assets in these financial statements.

Land leases that transfer substantially all of the benefits and risks incidental to ownership of the land are accounted for as leased land. The value of leased land is recorded at the inception of the lease based upon the present value of minimum lease payments, excluding executory costs. When payment of the lease is made in full at inception, there is no associated capital lease obligation. Leased land is amortized on a straight-line basis over the lesser of the lease term or the useful life of the structure (generation asset) situated on it.

When conditions indicate that a tangible capital asset no longer contributes to the Corporation's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the Statement of Operations and Accumulated Surplus and is not reversed if conditions subsequently change.

**(g) Project development costs**

The Corporation undertakes certain projects whose objective is to pursue development of alternate energy generation. While in progress, these development costs are included under work in progress in tangible capital assets. If it is later determined that a project will not proceed to completion, that project is closed out and any costs previously capitalized are expensed in the Statement of Operations and Accumulated Surplus. The costs of completed projects are transferred to the costs of the resultant tangible capital assets when that asset is placed into productive use.

**(h) Government funding**

Government contributions are obtained in relation to operations and are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability. Funding is recognized as deferred revenue when funding stipulations give rise to a liability or as a loan when the amount is repayable. Funding revenue is recognized in the Statement of Operations and Accumulated Surplus as the stipulated liabilities are settled.

**(i) Employee future benefits liabilities**

(i) Pension plan - Eligible employees participate in the Public Service Pension Plan (the Plan), a multi-employer pension plan administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are recorded as an expense on a current year basis and represent the total pension obligations of the Corporation. The Corporation is not required to make contributions with respect to any past service or funding deficiencies of the Plan. The Corporation's contributions reflect the full costs as employer.

(ii) Severance for resignation and retirement and removal benefits - Under the terms and conditions of employment, eligible employees may earn severance and removal benefits for resignation, retirement and removal costs based on years of service and final salary. The Corporation provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is based on management's best estimates and is accrued as a liability as employees render service.

(iii) Sick leave benefits - Included in employee future benefits liabilities is an amount for employees who are permitted to accumulate unused sick leave. However, such entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which are expected to be used in future years is based on management's best estimate of its discount rate, employee demographics and sick leave usage of active employees.

**(j) Revenues**

Sales of power and heat are recognized in the period in which the transactions and events have occurred and are calculated based on utility meters including any adjustments for the fuel stabilization rider. The majority of other income is recognized when the services are provided and is calculated on a per unit, fee-for-service basis. Revenues include an accrual for services provided but not yet billed which is based on historical consumption.

In addition, certain tangible capital asset additions are built with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the customer have been satisfied.

**QULLIQ ENERGY CORPORATION**  
**Notes to the Financial Statements**  
**March 31, 2021**  
**(in thousands of dollars)**

**2 Significant accounting policies (continued)**

**(k) Financial instruments**

The following is a list of the Corporation's financial instruments and their related measurement bases:

<b>Financial Assets</b>	<b>Measurement</b>	<b>Basis</b>
Accounts receivable		Cost
<b>Financial Liabilities</b>		
Bank indebtedness		Cost
Accounts payable and accrued liabilities		Cost
Utility deposits		Cost
Due to Petroleum Products Division		Cost
Debt		Amortized cost
Due to the Government of Canada		Cost

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains and Losses has been excluded.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

**(l) Environmental liability for contaminated sites**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability reflects the Corporation's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination and is recorded as an accrued liability.

The liability is recorded net of any expected recoveries and includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. When the cash flows required to settle or otherwise extinguish a liability are expected to occur over extended future periods, a present value technique is used.

The liabilities are adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of a future event that would confirm the Corporation's responsibility is not determinable, a contingent liability is disclosed in the notes to the financial statements.



**QULLIQ ENERGY CORPORATION**  
**Notes to the Financial Statements**  
**March 31, 2021**  
**(in thousands of dollars)**

**2 Significant accounting policies (continued)**

**(m) Contingencies**

Contingent liabilities result from pending lawsuits and like items. The contingencies of the Corporation are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and the costs can be reasonably estimated, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued. The Corporation had no contingent liabilities to disclose for the year.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recorded in the financial statements. The Corporation had no contingent assets to disclose for the year.

**(n) Related party transactions**

**Inter-entity transactions**

Inter-entity transactions are transactions between commonly controlled entities. When transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where the costs of goods or services provided are recovered, they are measured at the exchange amount. All other inter-entity transactions are recorded on a gross basis and are measured at the carrying amount as recorded in the accounts of the provider.

The Corporation is related in terms of common ownership to all Government of Nunavut departments, territorial corporations, and public service bodies. The Corporation provides utility services to, and purchases fuel, materials, supplies and other services from, these commonly controlled entities in the normal course of its operations at terms and conditions similar to those adopted with arm's length entities.

**Other related party transactions**

Other related parties are key management personnel (President, Vice-President, Chief Financial Officer, Senior Directors, Board of Directors), as well as close family members of key management personnel and entities that are controlled by key management personnel or their close family members.

Related party transactions, other than some inter-entity transactions, are recorded at the exchange amount and are in the normal course of business completed under normal trade terms.

**(o) Future changes in accounting standards**

Section PS 3280 Asset Retirement Obligations, has been issued by the PSAB and is effective for the fiscal years beginning on or after April 1, 2022. This section establishes standards as to how to account for and report a liability for asset retirement obligations along with post-retirement operation, maintenance and monitoring costs.

Section PS 3400 Revenue has been issued by the PSAB and is effective for the fiscal years beginning on or after April 1, 2023. This section establishes standards on how to account for and report revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The Corporation will adopt these new standards on their effective date. QEC is evaluating the impact, if any, of implementing the above standards.

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**3 Accounts receivable**

	Related parties	Third parties	2021	2020
Trade receivables	\$ 20,265	\$ 19,817	<b>40,082</b>	\$ 55,165
Employee advances	-	-	-	8
	\$ 20,265	\$ 19,817	<b>\$ 40,082</b>	\$ 55,173
Less: allowance for doubtful accounts	(1,146)	(4,628)	<b>(5,774)</b>	(5,907)
	\$ 19,119	\$ 15,189	<b>\$ 34,308</b>	\$ 49,266

Related party accounts receivable by source are as follows:

			2021	2020
	Accounts Receivable	Allowance for Doubtful Accounts	Net	Net
Government of Nunavut				
Departments	\$ 9,396	\$ (448)	<b>\$ 8,948</b>	\$ 15,087
Territorial corporations	10,869	(698)	<b>10,171</b>	15,566
	\$ 20,265	\$ (1,146)	<b>\$ 19,119</b>	\$ 30,653

**4 Bank indebtedness**

The Corporation has a credit facility with a limit of \$30,000 (2020 - \$30,000). Interest charged on the credit facility is at prime minus 0.5% (2021 - 1.95%; 2020 - 1.95%). The facility allows for the use of Bankers' Acceptances (BAs) for borrowing. The BAs have a stamping fee of 50 basis points per annum and the interest rate is approximately prime minus 2.0%, subject to market, with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of Canadian \$1,000 and multiples thereof. The credit facility is secured by a CIBC indemnity/operating agreement and guaranteed by the Government of Nunavut.

	2021	2020
BAs	<b>\$ 10,000</b>	\$ 10,000
Overdraft	<b>2,685</b>	5,874
	<b>\$ 12,685</b>	\$ 15,874

**5 Accounts payable and accrued liabilities**

	Related parties	Third parties	2021	2020
Trade payables and accrued liabilities	\$ 231	\$ 6,116	<b>\$ 6,347</b>	\$ 9,015
Payroll liabilities and taxes	-	4,919	<b>4,919</b>	4,101
Holdbacks	-	877	<b>877</b>	655
GST payable	-	298	<b>298</b>	19
	\$ 231	\$ 12,210	<b>\$ 12,441</b>	\$ 13,790

Related party accounts payable and accrued liabilities by source are as follows:

	2021	2020
Government of Nunavut		
Departments	<b>\$ 207</b>	\$ 402
Territorial corporations	<b>24</b>	16
	<b>\$ 231</b>	\$ 418

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**6 Debt**

	2021	2020
Debtenture, redeemable with interest calculated at a fixed rate of 6.809%, amortized over 20 years, due September 27, 2021. Blended semi-annual payments of \$2,848 with a balloon payment of \$17,502 at the end of the term.	\$ 17,502	\$ 21,787
Facility B non-revolving committed loan with interest calculated at a fixed rate of 4.24% per annum, with blended payments of \$42 due monthly, beginning on August 1, 2011 with the final payment due on May 1, 2021.	74	561
Facility C non-revolving committed loan with interest calculated at a fixed rate of 4.24% per annum, with blended payments of \$53 due monthly, beginning on August 1, 2011 with the final payment due on May 1, 2021.	106	726
Facility D non-revolving committed loan with interest calculated at a fixed rate of 4.24% per annum, with blended payments of \$74 due monthly, beginning on August 1, 2011 with the final payment due on June 1, 2021.	188	1,053
Facility E non-revolving committed loan with interest calculated at a fixed rate of 4.24% per annum, with blended payments of \$30 due monthly, beginning on March 1, 2012 with the final payment due on February 1, 2022.	3,092	3,312
Facility F non-revolving committed loan with interest calculated at a fixed rate of 4.24% per annum, with blended payments of \$133 due monthly, beginning on August 1, 2011 with the final payment due on July 1, 2021.	515	2,055
Facility G non-revolving committed loan with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments of \$83 plus interest due monthly, beginning on December 1, 2012 with the final payment due on November 30, 2022. This facility has an option to utilize BAs with stamping fees calculated at 50 bps per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.	11,667	12,667
Facility H non-revolving committed loan in seven tranches with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments on the first tranche of \$100 plus interest due monthly, beginning on April 1, 2015 with the final payment due on April 1, 2025; on the second tranche of \$58 beginning on April 1, 2016 with the final payment due on April 1, 2026; on the third tranche of \$82 beginning April 1, 2017 with the final payment due on April 1, 2027; on the fourth tranche of \$166 beginning April 30, 2018 with the final payment due on April 30, 2028; on the fifth tranche of \$160 beginning April 30, 2019 with the final payment due on April 30, 2029; on the sixth tranche of \$80 beginning April 30, 2020 with the final payment due on April 30, 2030; and on the seventh tranche of \$66 beginning April 30, 2021 with the final payment due on April 30, 2031. This facility has an option to utilize BAs with stamping fees calculated at 50 bps per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.	145,739	137,566

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**6 Debt (continued)**

Facility J non-revolving committed loan with interest calculated at a variable rate of prime minus 0.5% per annum, with principal payments of \$67 plus interest due monthly, beginning on May 1, 2014 with the final payment due on April 30, 2024. This facility has an option to utilize BAs with stamping fees calculated at 50 bps per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of \$1,000 and multiples thereof.

	10,467	11,267
	<b>\$ 189,350</b>	<b>\$ 190,994</b>

Scheduled principal debt repayment amounts are as follows:

2022	\$ 31,830
2023	20,019
2024	9,353
2025	16,620
2026	19,453
2027 to 2032	92,075
<b>Total</b>	<b>\$ 189,350</b>

Section 25 of the *Qulliq Energy Corporation Act* requires the Corporation's borrowings not to exceed three times its accumulated surplus at any time. The Corporation's borrowings were 1.39 times its accumulated surplus at March 31, 2021 (2020 - 1.46 times).

The debt is guaranteed by the Government of Nunavut. During the year 2018-2019, the guarantee limits were increased from \$200 million to \$250 million to meet the Corporation's capital expenditure needs.

**7 Due to the Government of Canada**

The Government of Canada, through the ecoENERGY Innovation Initiative, has provided to the Corporation an interest free repayable contribution to help fund its Iqaluit Smart Meter project. The project was completed in 2016 and the final repayable contributions were received in 2017. The contribution is payable in annual instalments based on annual net profit arising from the project each year until March 31, 2021. Annual net profit arising from the project in 2021 was \$0 (2020 - \$0). As at March 31, 2021, there are no monies payable to the Government of Canada under this initiative and the amount of \$1,352 has been recorded as revenue, under Government contributions, in the Statement of Operations and Accumulated Surplus.

**8 Employee future benefits**

*Pension Plan:*

The Corporation and all eligible employees contribute to the Public Service Pension Plan (the Plan). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan benefits and they are indexed to inflation.

Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year end was 1.01 times (2020 - 1.01 times) for members enrolled before January 1, 2013 and 1.00 times (2020 - 1.00 times) for members enrolled beginning January 1, 2013. These amounts are included as an expense in salaries.

Contributions to the Plan were as follows:

	<b>2021</b>	<b>2020</b>
Employer's contributions	<b>\$ 2,256</b>	<b>\$ 2,210</b>
Employees' contributions	<b>2,144</b>	<b>2,107</b>
<b>Total contributions</b>	<b>\$ 4,400</b>	<b>\$ 4,317</b>

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**8 Employee future benefits (continued)**

*Severance and sick leave benefits:*

The Corporation provides resignation, retirement, removal benefits and sick leave to its eligible employees. Severance is based on years of service and final salary, removal benefits are based on years of service and their community of residence, while sick leave benefits are based on the number of hours estimated to be above the annual entitlement for a year. These benefits are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefits obligation. The liability for these benefits is as follows:

	<b>2021</b>		<b>2020</b>
Severance, resignation and retirement	\$ 2,094	\$	1,892
Sick leave	700		700
Removal	527		424
	<b>\$ 3,321</b>	<b>\$</b>	<b>3,016</b>

The Corporation paid \$769 (2020 - \$489) in employee future benefits during 2021.

Significant assumptions used by management towards the calculation of these benefits are as follows:

	<b>2021</b>		<b>2020</b>
Discount rate	1.95%		1.95%
Reduction factor for employees with less than 10 years of service	50.0%		50.0%
Estimated age of retirement or resignation	65 years		65 years

**9 Inventories for use**

	<b>2021</b>		<b>2020</b>
Spare parts	\$ 16,756	\$	15,243
Fuel	5,497		6,477
Supplies and lubricants	2,336		2,378
	<b>\$ 24,589</b>	<b>\$</b>	<b>24,098</b>

An allowance for obsolescence of \$507 (2020 - \$507) has been recorded to reduce slow moving inventory items to their estimated replacement cost. There have been no reversals of previous write-downs. No inventories have been pledged as security for liabilities.

**10 Sales of power**

	Related parties	Third parties	<b>2021</b>		<b>2020</b>
Commercial customers	\$ 27,125	\$ 47,814	\$ 74,939	\$	77,187
Residential customers	38,888	11,936	50,824		52,778
Electrical streetlights and private area lighting	-	1,713	1,713		1,667
	<b>\$ 66,013</b>	<b>\$ 61,463</b>	<b>\$ 127,476</b>	<b>\$</b>	<b>131,632</b>

Related party sales of power by source are as follows:

	<b>2021</b>		<b>2020</b>
Government of Nunavut			
Departments	\$ 32,635	\$	35,629
Territorial corporations	33,378		32,327
	<b>\$ 66,013</b>	<b>\$</b>	<b>67,956</b>

The Corporation administers the Government of Nunavut's Public Housing Support Subsidy, for which it invoiced \$26,774 (2020 - \$25,767) on behalf of customers. This program subsidizes qualifying residential customers living in public housing by supplementing the customer the difference between the approved residential rate and 6.0 cents per kWh. The Corporation invoices the Nunavut Housing Corporation on a monthly basis for the power subsidies and applies the amounts to individual customer invoices.

**QULLIQ ENERGY CORPORATION**  
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**10 Sales of power (continued)**

The Corporation administers the Government of Nunavut's Territorial Power Support Subsidy, for which it invoiced \$10,106 (2020 - \$9,994) on behalf of customers. This program subsidizes qualifying residential customers in all communities up to 50% of the Iqaluit base rate 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. The Corporation invoices the Government on a monthly basis for the power subsidies and applies the amounts to the individual customer invoices.

The Fuel Stabilization Rate (FSR) refund was 2.76 cents/kWh for April 1, 2020 to September 30, 2020 (FSR was 0 cents/kWh for April 1, 2019 to September 30, 2019). FSR refund was 1.25 cents/kWh for October 1, 2020 to March 31, 2021 (FSR was 0 cents/kWh from October 1, 2019 to March 31, 2020). The total fuel rebate granted during the year was \$3,419 (2020 - \$0).

**11 Other income**

	Related parties	Third parties	2021	2020
Administration and other service fees	\$ 691	\$ 1,282	\$ 1,973	\$ 2,029
Capital funding from customers	680	920	1,600	630
Housing recoveries from employees	-	1,512	1,512	1,628
Pole rentals	46	535	581	666
	\$ 1,417	\$ 4,249	\$ 5,666	\$ 4,953

Related party other income by source are as follows:

	2021	2020
Government of Nunavut		
Departments	\$ 975	\$ 485
Territorial corporations	442	392
	\$ 1,417	\$ 877

**12 Expenses**

The following is a summary of the expenses by object or type:

	Related parties	Third parties	2021	2020
Fuel and lubricants	\$ 38,919	\$ 7,774	\$ 46,693	\$ 48,784
Salaries, wages and benefits	-	36,804	36,804	36,599
Supplies and services	899	27,721	28,620	24,139
Amortization of tangible capital assets (Schedule A)	-	13,744	13,744	13,362
Interest expense (Note 13)	-	3,746	3,746	6,517
Travel and accommodations	-	3,264	3,264	5,155
Bad debt expense	78	193	271	428
	\$ 39,896	\$ 93,246	\$ 133,142	\$ 134,984

Related party expenses by source are as follows:

	2021	2020
Government of Nunavut		
Departments	\$ 39,550	\$ 43,590
Territorial corporations	346	8
	\$ 39,896	\$ 43,598

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**13 Interest expense**

	2021		2020
Interest on debt	\$ 2,421	\$	5,058
Interest and bank charges	1,364		1,592
Less: Interest capitalized on construction projects	(39)		(133)
	\$ 3,746	\$	6,517

**14 Contractual obligations**

*Operating leases*

The Corporation has leased property under various long-term operating leases. The minimum annual payments for these leases are as follows:

	2022	2023	2024	2025	2026	Total
Related parties						
Departments	231	96	-	-	-	\$ 327
	231	96	-	-	-	327
Third parties	3,376	1,791	702	111	4	5,984
	\$ 3,607	\$ 1,887	\$ 702	\$ 111	\$ 4	\$ 6,311

*Fuel purchase commitments*

The Corporation has made purchase commitments of \$48,347 (56,705,000 litres) to purchase fuel in the fiscal year ending March 31, 2022. This amount is due to be paid in fiscal 2022. The majority of the commitment is with the Petroleum Products Division (a commonly controlled entity).

*Capital purchase commitments*

Commitments in the amount of \$46,473 have been made in relation to upcoming capital expenditures which are expected to be paid in the next two fiscal years.

*Other operating commitments*

Commitments in the amount of \$6,614 have been made in relation to other upcoming operating expenditures which are expected to be paid in fiscal 2022.



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**15 Government contributions**

The Government of Nunavut has entered into an agreement with the Corporation to provide financial support, under the Arctic Energy Fund, for a maximum amount of \$175,000 for eligible expenditures incurred, spent, approved and claimed on or before September 30, 2027 on the terms and conditions set out in the said agreement. The Corporation will invest in projects that will provide more efficient and/or reliable energy in Nunavut.

The Government of Nunavut has entered into an agreement with the Corporation to provide financial support, under the Low Carbon Economy Funding, for a maximum of \$6,348 for eligible expenditures incurred, spent, approved and claimed on or before September 30, 2024 on the terms and conditions set out in the said agreement. The Corporation will invest in installation of District Heating System at Sankiluaq and Taloyoak.

The Government of Nunavut has entered into an agreement with the Corporation to provide financial support, under the Government of Canada's Carbon tax, for a maximum of \$2,000 for eligible expenditures incurred and spent for replacement of conventional streetlights across Nunavut with high efficiency bulbs. An amount of \$500 will be provided per year over four years to replace high efficiency bulbs in 21 communities.

The Government of Nunavut provided financial support to the Corporation towards Contractor isolation costs for lost wages for executing capital and operations and maintenance projects during the year.

The Government of Canada has entered into an agreement with the Corporation to provide financial support, under the Clean Energy in Rural and Remote Communities Deployment Program, for a maximum amount of \$3,380 for eligible expenditures incurred, spent, approved and claimed on or before September 30, 2023 on the terms and conditions set out in the said agreement. The Corporation will invest in Solar Photovoltaic with energy storage for Kugluktuk.

The Corporation signed several smaller value funding agreements with Government of Canada towards exploration of alternative and renewable energy resources and improving the energy efficiency.

*Government contributions*

	<b>2021</b>	<b>2020</b>
ecoENERGY Innovation Initiative (Note 7)	<b>\$ 1,352</b>	<b>\$ -</b>
COVID-19 isolation costs	<b>1,000</b>	<b>-</b>
Support under Government of Canada's Carbon tax	<b>500</b>	<b>-</b>
Arctic Energy Fund	<b>316</b>	<b>6,313</b>
Others	<b>103</b>	<b>90</b>
Low Carbon Economy Fund	<b>97</b>	<b>182</b>
Clean Energy in Rural and Remote Communities Deployment Program	<b>49</b>	<b>6</b>
	<b>\$ 3,417</b>	<b>\$ 6,591</b>

**QULLIQ ENERGY CORPORATION**  
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**16 Contractual rights**

The Corporation enters into funding agreements with various government agencies and businesses (Note 15). These funding agreements will result in revenue and assets in the future if and when the Corporation meets the eligibility requirements stipulated within the agreements. The receipt of funding for each program is subject to the Corporation meeting the eligibility requirements under each of the respective funding agreements.

The following table outlines the maximum amount of funding available under each of the programs:

Arctic Energy Fund	\$	168,371
Low Carbon Economy Fund		6,069
Clean Energy in Rural and Remote Communities Deployment Program		3,325
Support under Government of Canada's Carbon tax		1,500

The Corporation has accrued an amount receivable of \$492 (2020 - \$6,501) for amounts contractually owed under its funding agreements with the Government of Nunavut and the Government of Canada as the Corporation met the eligibility requirements stipulated within the agreements. These receivables are expected to be received in fiscal 2022.

**17 Environmental liability for contaminated sites**

The Corporation's activities are subject to various federal and territorial laws and regulations, such as the *Environmental Protection Act* of Nunavut and the Environmental Guideline for Contaminated Site Remediation - 2010, governing the protection of the environment or to minimize any adverse impact thereon. The Corporation conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations.

The Corporation has identified 27 sites (2020 - 27 sites) where the concentration of petroleum hydrocarbons and other pollutants in the soil exceeds environmental standards. The contamination of certain of these sites occurred when other parties were responsible for the use of and/or held tenure to the sites.

Management has estimated that remediation would cost approximately \$39 million (2020 - \$40 million). No environmental liability provision for remediation of these sites has been recognized in these financial statements as there is no legal requirement to remediate these sites; nor does management have the intention to remediate any of the sites. Going forward, an environmental liability provision for the remediation of any of these sites will be recognized if it is determined that public health is at risk.

The Corporation has a monitoring program in place to ensure that the identified contaminated sites do not harm persons or the environment. Accounts payable and accrued liabilities includes a provision of \$670 (2020 - \$670) related to the monitoring program. The undiscounted future expenditures for this liability are \$1,272 (2020 - \$1,391). The provision was determined by discounting the total future expected cash flows over an estimated period of 46 years using a rate that reflects the Corporations' effective borrowing rate. The provision is subsequently revalued at the current discount rate in effect at each Statement of Financial Position date. At March 31, 2021, the future expenditures are discounted using a rate of 1.95% (2020 - 2.95%).

During 2016, the Corporation determined that the containment method in use at one of its contaminated sites, located in Baker Lake, was no longer functioning as intended. The Corporation proceeded with a Human Health Risk Assessment at this site which resulted in one particular site exceeding the prescribed contaminant levels. In September 2016, the Corporation proceeded with its remediation plan which included a lined landfarm cell and a trench. The remediation of this site was completed during the summer of 2019. However, due to some concerns raised by residents, the Corporation is looking to a bigger landfarm away from the community and has requested another parcel of land away from the Hamlet. Accounts payable and accrued liabilities includes a provision of \$ 217 (2020 - \$217) in relation to this site.

**QULLIQ ENERGY CORPORATION**  
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**17 Environmental liability for contaminated sites (continued)**

During 2018, two spills of significant volume occurred at the Corporation's power plants. One spill occurred in Cambridge Bay in August 2017, spilling 1,800 litres of diesel fuel and one occurred in Grise Fiord in March 2018 spilling 4,000 litres of diesel fuel. In compliance with Section 5 of the *Environmental Protection Act* of Nunavut, the Corporation is repairing damage caused by these discharges and eliminating any danger to life, health, property or the environment. Cambridge Bay spill was cleaned up during summer of 2020. Partial remediation of Grise Ford was completed during the summer of 2018. Accounts payable and accrued liabilities includes a provision of \$ 212 (2020 - \$320) in relation to this site.

During 2020, there was a glycol spill amounting to 30,000 litres at Rankin Inlet. The Corporation conducted laboratory detection limits in soil, groundwater and surface water where sampling took place. Based on the results, residual propylene glycol impacts do not appear to be present and no remedial action is recommended. Accounts payable and accrued liabilities includes a provision of \$ Nil (2020 - \$130) in relation to this site.

**18 Financial instruments**

The Corporation is exposed to certain risks as a result of holding financial instruments. There has been no change to the level of risk compared to prior year and no change in the methods and practices used to manage these risks. The following risks have no significant impact on the Corporation's financial statements.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk through cash deposits with financial institutions and accounts receivable arising from the sale of electricity and related services to customers. For cash in interest-bearing accounts and accounts receivable, the maximum exposure to credit risk is the carrying amount on the Statement of Financial Position. At the end of 2021 and 2020, there were no known relevant concentrations of credit risk by type of customer or geography. Instead, the Corporation's credit risk exposure is mainly influenced by individual customer characteristics.

The credit risk related to accounts receivable is reduced by taking cash deposits from new customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit.

Accounts receivable are generally due in 30 days and interest is charged after 60 days at the rate disclosed in the terms and conditions of service. The Corporation utilizes an allowance account for potential credit losses related to accounts receivable. The movement in the allowance account during the year was as follows:

	<b>2021</b>	<b>2020</b>
Balance, beginning of year	\$ 5,907	\$ 5,479
Increase in allowance during year	286	428
Receivables written-off during the year	(419)	-
Balance, end of year	\$ 5,774	\$ 5,907

The aging analysis of accounts receivable past due but not impaired, aged by billing date, is as follows:

	<b>Days Past Billing Date</b>			<b>2021</b>	<b>2020</b>
	<b>31 - 60</b>	<b>61-90</b>	<b>Over 90</b>		
March 31, 2021	\$ 7,106	\$ 5,186	\$ 7,955	\$ 20,247	\$ 29,622

With respect to accounts receivable past due but not impaired, based on credit history and credit ratings, there are no indications that customers will not be able to meet their obligations.

**QULLIQ ENERGY CORPORATION**  
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**18 Financial instruments (continued)**

*Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk to ensure sufficient liquid financial resources to finance operations and to meet long-term debt repayments. The Corporation believes that it has access to sufficient capital through internally generated cash flows, government support and external resources including borrowing facilities to meet current spending forecasts.

The following table shows the maturity risk analysis of the financial liabilities based on the remaining contractual maturities (assuming no renewals):

	Less than 1 year	Between 1 and 4 years	Greater than 4 years	2021	2020
Debt (including interest)	\$ 34,038	\$ 69,983	\$ 94,093	\$ 198,114	\$ 208,804
Due to Petroleum Products Division	16,246	-	-	16,246	22,487
Bank indebtedness	12,685	-	-	12,685	15,874
Accounts payable and accrued liabilities	12,441	-	-	12,441	13,790
Utility deposits	1,632	-	-	1,632	1,525
Due to the Government of Canada	-	-	-	-	1,352
	\$ 77,042	\$ 69,983	\$ 94,093	\$ 241,118	\$ 263,832

*Market Risk*

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate, because of changes in market prices. The Corporation is exposed to interest rate risk on its variable rate long-term debt.

The Corporation's intention is to hold the fixed rate debt to maturity.

The Corporation is subject to interest rate cash flow risk on its variable rate debt and bank indebtedness. For each 1% change in the rate of interest on loans subject to floating rates, the change in annual interest expense would be as follows:

	2021	2020
Bank indebtedness	\$ 127	\$ 159
Debt	1,679	1,615
	\$ 1,806	\$ 1,774

The Corporation is not subject to other significant market risks pertaining to its financial instruments.

**19 COVID - 19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic while it rapidly spread throughout Canada and the rest of the world. The pandemic resulted in changes to the Corporation's operations including (i) the closure of its offices by territorial decree, (ii) the temporary suspension of disconnection activities for non-payment, (iii) the waiver of late payment charges for customers and (iv) the provision of payment plans for certain customer accounts across the territory.

Although these changes did not have a significant impact to the Corporation for the current year, the pandemic continues to evolve and in the event the situation is prolonged, the operations of the Corporation and its clients could be adversely impacted which has the potential to significant impact the financial statements.

**20 Comparative figures**

Certain comparative figures have been reclassified to conform to current year's presentation.

**QULLIQ ENERGY CORPORATION**  
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**QULLIQ ENERGY CORPORATION**

**SCHEDULE A**

**Schedule of Tangible Capital Assets**

**For the year ended March 31**

*(in thousands of dollars)*

	Leased Land	Generation	Distribution	Residual Heat Assets	Non-plant Buildings	Vehicles	Other Assets	2021	2020
<b>Cost of Capital Assets</b>									
Opening Balance	\$ 1,957	\$ 342,566	\$ 77,355	\$ 21,973	\$ 21,049	\$ 8,095	\$ 6,967	\$ 479,962	\$ 461,385
Transferred from work in progress	-	2,804	1,499	-	-	-	57	4,360	18,501
Land Lease Additions	-	-	-	-	-	-	-	-	115
Disposals	(7)	(4,902)	(27)	-	(176)	-	(35)	(5,147)	(39)
Closing Balance	1,950	340,468	78,827	21,973	20,873	8,095	6,989	479,175	479,962
<b>Accumulated Amortization</b>									
Opening Balance	(596)	(123,530)	(25,951)	(11,277)	(6,327)	(4,872)	(3,554)	(176,107)	(162,784)
Amortization	(36)	(10,054)	(1,556)	(793)	(417)	(612)	(276)	(13,744)	(13,362)
Disposals	7	4,902	27	-	176	-	35	5,147	39
Closing Balance	(625)	(128,682)	(27,480)	(12,070)	(6,568)	(5,484)	(3,795)	(184,704)	(176,107)
<b>Work in Progress</b>									
Opening Balance	-	8,779	3,067	278	959	-	373	13,456	12,451
Additions	-	15,184	1,931	140	409	111	406	18,181	19,506
Transferred to cost of tangible capital assets	-	(2,804)	(1,499)	-	-	-	(57)	(4,360)	(18,501)
Closing Balance	-	21,159	3,499	418	1,368	111	722	27,277	13,456
<b>Net Book Value</b>		\$ 232,945	\$ 54,846	\$ 10,321	\$ 15,673	\$ 2,722	\$ 3,916	\$ 321,748	\$ 317,311

Note:

The purchases of tangible capital assets presented in the Statement of Cash Flow are higher by \$2,385 (lower in 2020 – \$393), which is a result of an decrease (increase in 2020) in outstanding payables at year end relating to tangible capital asset additions. These amounts total \$1,633 at March 31, 2021 (2020 - \$4,018).