



Mr. Keith Peterson
Chairperson
Qulliq Energy Corporation
PO Box 250
Iqaluit, NU X0A 0H0

September 26, 2023

Qulliq Energy Corporation 2023-2024 Letter of Expectation

Dear Mr. Peterson,

I am pleased to provide you with the 2023-2024 Letter of Expectation. This letter outlines the priorities and goals intended to give clear guidance to the Qulliq Energy Corporation (QEC) in the new fiscal year, to not only achieve their energy objectives, but those set out in the Government of Nunavut's (GN) mandate, *Katujjiluta*.

This letter also outlines the important financial reporting requirements and responsibilities of the corporation, intended to promote transparency and accountability in operations and governance. I look forward to further strengthening my relationship with the QEC board and senior management team, as we work closely to provide safe, reliable, and efficient electricity to Nunavummiut.

Expectations and Priorities for 2023-24

QEC's 2023-24 Corporate Plan and budget outline several important priorities for the corporation, many of which align with *Katujjiluta*, and should be implemented strategically, and with the overall well-being of Nunavummiut in mind.

I remind the Board of the benefits of integrating the Inuit Societal Value *Ajiiqatigiinniq* (decision making through discussion and consensus) regarding the strategic direction of the Corporation.

The expectations laid out in this letter focus on:

- Inuit Employment and Education Plans
- Community Infrastructure Plans and Partnerships
- Alternative Energy
- Auditor General and Inventory Controls
- Accountability and Financial Management Reporting Expectations

Inuit Employment and Education Plans

The *Katujjiluta Mandate* continues the GN commitment towards the employment of a strong, representative workforce, which is critical to the ongoing success of the Corporation and territory. *Katujjiluta* recognizes the capabilities of Nunavummiut and commits to utilizing their many skills and abilities through investments in sustainable local economies that, along with education and training, will provide more job opportunities and enrich our communities. I expect that QEC's 2023-24 Inuit Employment Plan (IEP) will lay out strategic actions for increasing Inuit employment at all levels.

Inuit Employment: I note that QEC Inuit employment was 55% in September 2022. I encourage QEC continue with its 2023-24 target of 58% that includes maintaining and increasing the number of Inuit employees by 3%, as outlined in your Inuit Employment Plan.

Inuit Leadership Development Program: I commend QEC for creating a program to increase Inuit representation in the professional, middle, and senior management employment categories to prepare them for leadership within the Corporation. QEC needs to continue this process by ensuring regular scheduling of re-assessments of the career development plans.

Apprenticeship Program: An Apprenticeship Program is crucial in reducing Nunavut's reliance on hiring transient trades from other jurisdictions, which is currently a significant expenditure for QEC. In order to increase the number of future apprenticeship intakes, it is crucial to follow the recommendations outlined in the Corporation's 2023-26 business plan and implement the apprenticeship program.

The apprenticeship program's success should influence the development of an internship program that teaches Inuit employees practical, on-the-job trade skills and work experience. In addition, I look forward to the Corporation creating a Coaching and Mentorship Program that will offer coaching and mentorship opportunities to interested employees and hiring at least one intern for a Senior Management role.

Community Infrastructure Plans and Partnerships

The *Katujjiluta mandate* has identified creating energy-efficient and climate-friendly infrastructure a priority. This requires programs and strategic planning which recognizes Inuit values and the strong relationship Nunavummiut have with the land and managing their resources for future generations.

Arctic Energy Fund: It is important that QEC expands partnerships with the Federal government to facilitate alternative and renewable energy initiatives in the territory, in particular, the Arctic Energy Fund cost sharing arrangement. This arrangement has enabled QEC to continue with replacement of energy infrastructure which is critical to providing safe, reliable, and affordable energy.

Energy Programs: While I was pleased to see QEC continuing with the Net Metering Program and the launch of the Commercial and Institutional Power Producer Program, I ask that QEC work to complete the pricing structure this fiscal year. In addition, the

Independent Power Producers program should be finalized and brought forward for implementation.

Baker Lake Headquarters: I would like to acknowledge the opening of the QEC Headquarters office in Baker Lake this past April. This is an important milestone not only for QEC but also for the community of Baker Lake. I am looking forward to the official opening in September, as it will have a positive impact on the community.

Community Infrastructure Plans: I look forward to an update on QEC's power plant replacement plans in Kugluktuk and the progress made on project permit applications for Cambridge Bay, Gjoa Haven, and Igloodik. Additionally, I would like an update about the genset replacement project in Iqaluit and its status.

Alternative Energy

QEC must continue working towards establishing alternative energy initiatives. The current reliance on imported fossil fuel for almost all electricity generation poses a serious threat to a cleaner and sustainable energy future. Diversifying the territory's energy supply mix is the only way forward. It is commendable that QEC recognizes and supports the Government of Nunavut's commitment to the *Pan-Canadian Framework on Clean Growth and Climate Change*. QEC must secure funding to reduce reliance on diesel fuel and decrease emissions through the implementation of more energy-efficient electricity generation systems and alternative energy technology.

I urge the QEC to continue its efforts in securing funding for solar energy projects through the Government of Canada's Clean Energy for Rural and Remote Communities (CERRC) Program and the Alternative Energy Fund (AEF). Additionally, I encourage the QEC to collaborate with the Government of Nunavut to identify federal funding and investment opportunities that can support their new alternative energy initiatives.

Auditor General & Inventory Controls

In the past fiscal year, the Office of the Auditor General (OAG) issued a qualified opinion regarding the persistence of inadequate inventory controls. I encourage you to continue working closely with the OAG and management to tighten control procedures and improve financial reporting. You must develop reliable and appropriate count procedures for your inventory to ensure accuracy and efficiency. Looking ahead to 2024-25, I expect QEC to have a comprehensive plan outlining how reliable and appropriate controls are implemented throughout the corporation's inventory management system.

Accountability and Financial Management Reporting Expectations for 2023-24

Memorandum of Understanding

Through the Territorial Corporations Committee (TCC), I ask that QEC work to establish a formal memorandum of understanding (MOU) with the GN. This MOU will strengthen QEC's relationship with the GN and ensure the efficient and effective administration of operations and delivery of the QEC's mandate.

This MOU will in no way diminish the duties or powers of either my office or QEC, but rather build upon the foundational principles of autonomy, accountability, and collaboration to ensure Nunavummiut are provided services at the highest level.

Central Accountability Committee and Territorial Corporation Committee

It is important for QEC to continue working with their counterparts in the GN and other territorial corporations. I encourage QEC to continue to participate in and contribute to the TCC. The opportunity for collaboration with Nunavut's other Territorial Corporations is invaluable, not only helping to foster a positive working relationship, but allowing Corporations to work collectively to meet their statutory reporting requirements. In the coming year, Terms of Reference for the TCC will be developed. This will outline the goals, objectives, and responsibilities of the TCC, as well as the scope of its work.

Accountability and Financial Management Reporting

The foundations of the GN and its public agencies are built on maintaining public trust through adherence to the principles of good governance. This commitment to transparency and accountability, requires us to meet all financial reporting requirements and responsibilities outlined in legislation.

The *Financial Administration Act* (FAA), in Section IX, Public Agencies, outlines the minimum reporting responsibilities and timeframes for Nunavut's public agencies, including specific provisions for territorial corporations. Additionally, please be aware that in the interest of increased transparency, accountability, and effectiveness, Ministers responsible for territorial corporations may issue directives to provide additional important information to the GN and Nunavummiut. Ongoing reporting responsibilities include tabling the following in the Legislative Assembly:

- QEC's Business Plan, to coincide with the tabling of the GN's Business Plan.
- A yearly comprehensive report on all procurement, contracting and leasing activities undertaken by QEC. This report should contain, at a minimum, the information currently available in the GN Annual Procurement Activity Report, Lease Activity Report and Contract Activity Report (CAR/PAR/LAR).
- I expect QEC to participate in the Territorial Corporations Committee's ongoing work to create and use a standardized template for Activity Reporting for all territorial corporations.
- Formal responses to letters of expectation, letters of instruction and Ministerial directives at the first session of the Legislative Assembly subsequent to the QEC receiving such correspondence.
- Annual Reports, in accordance with Part IX of the *Financial Administration Act*.

Again in 2023-24, you are asked to ensure the following reporting requirements are submitted to the Department of Finance, through the Manager of Public Agencies, on a quarterly basis using the Deputy Minister Central Accountability Committee (CAC) reporting template and timeframe indicated below:

- Board approved budget variance reports must be submitted within 30 days of the end of the quarter.
- Reporting template will include corporate financials, policy and strategic planning, interim budget variance reports and expense projections for both operations and maintenance, and capital. These are to be submitted within 40 days of the end of the quarter, including a year-end fiscal forecast with surplus/deficit reporting.

The QEC is also asked to work with staff at the Department of Finance's Financial Reporting and Controls division to provide all requested documents in the GN's ongoing effort to ensure Public Sector Accounting Standards are appropriately implemented:

- All schedules and supporting documents required in the preparation of the consolidated public accounts at their earliest availability or as per the distributed requirement timetable.
- Management letters or other reporting (including QEC's response) issued by the auditor (both the Auditor General of Canada and any other independent auditor) for all audits conducted on QEC for the year.
- These reports will be presented to CAC as part of a mid-year update, or at any time upon request of the committee.

In the spirit of strengthening Nunavut's public agencies, it is important that dialogue and communication be ongoing throughout our government, and we continue to foster a close working relationship between QEC and the Department of Finance at all levels.

I look forward to discussing with you the priorities and expectations outlined here, as well as receiving your formal response to this letter.

Sincerely,



Hon. Joelle Kaerner
Minister Responsible for the Qulliq Energy Corporation

cc: Rick Hunt, President and CEO, Qulliq Energy Corporation
Jeff Chown, Deputy Minister, Department of Finance