

**NWT Chamber of Commerce  
Annual General Meeting  
Fort Smith – March 30/31**

**Ladies and gentlemen, distinguished guests. It's a pleasure to be here.**

**These are exciting times for the NWT Chamber of Commerce.**

**Your Board and your new Executive Director have really re-energized the organization...no pun intended.**

**They've put together a strong business strategy, raised the profile of the organization, and have demonstrated how effective the Chamber can be in the public policy arena, advocating for all sectors of the economy.**

**It's also an exciting time for the Northwest Territories Power Corporation and its related companies.**

**The GNWT has completed:**

- **The NWT Energy Plan;**
- **The NWT Greenhouse Gas Strategy; and**
- **The Energy Priorities Framework**

**And underway are:**

- **The NWT Hydro Strategy;**
- **The Taltson Expansion Project;**
- **The NTPC Review; and**
- **The Electricity Review**

**My time is short, so I'll jump straight to the two subjects I want to cover with you today:**

- 1. The Electricity Review undertaken by the Department of Industry, Tourism and Investment; and**

## **2. NTPC's role in the NWT.**

**If you're on the hydro grid – like Yellowknife and Fort Smith – and you wanted to go comparison shopping you'd have to go all the way to New York City to find a similar cost per kWh.**

**If you're in a diesel community you'd have to go to Nunavut to find a similar cost. It's the only other place in Canada where rates are 100% community-based.**

**My point is that other places have similarly high costs for electricity.**

**The NWT is attempting to reduce these costs in a number of ways.**

**By now you've all heard that Budget 2009 will invest \$60 million over the next four years to change the way we produce and consume electricity in the North.**

**We've been working with government and several communities on feasibility studies related to projects mentioned in the Budget.**

**And we look forward to working with government and communities to make those projects a reality.**

**The Electricity Review has the potential to help the majority of NWT communities.**

**The Electricity Review has made rate fairness a core objective of its work.**

**In our view the Review has the potential to improve the way we price electricity.**

**We urge you to get involved in the review and make your opinions known.**

**As I said I have two subjects I want to cover with you today. The second one is NTPC's role in the market.**

**Our role in the sector is to be a steward of the resource; to produce electricity and deliver it safely to our customers.**

**We take direction from legislation that governs our purpose and from the regulator that oversees our cost of service.**

**There are many things that can be corrected if the Electricity Review is successful.**

**In particular:**

- **The fairness of ratemaking across the NWT; and**
- **Streamlining the regulatory regime which is a cost passed on to our customers.**

**These are structural changes that will help all electricity customers across the NWT.**

**Structural changes are part of the solution.**

**But I have to caution that no utility, regulator, government or review can fix market forces.**

**Every day we live with these market forces.**

**We call them the triple threat: a small population, a large geographic area, and high fuel costs.**

**These are the three factors which drive the cost of service in the North.**

**Few Canadian utilities ever face this trio of market forces. For us it's a way of life.**

**And every day we look for new ways to offset their impact through technology, streamlined operations and, where possible, alternate fuels.**

**In Inuvik, for example, we converted generation from diesel to natural gas. This allows local gas producers to expand their market and saves expensive shipping costs for diesel fuel.**

**Was it a sound investment?**

**How does \$3 million a year sound?**

**That's how much Inuvik customers save each year by producing electricity with natural gas instead of diesel.**

**I know some you from Inuvik were expecting a cost reduction. But it's a cost savings.**

**Around Great Slave Lake we generate hydro-electric power at pretty affordable rates.**

**For example, we sell hydro electricity to Northland Utilities at 7.37 cents per kilowatt hour in Hay River and 13.46 cents in Yellowknife.**

**The rest of a customer's bill is comprised of other Northland costs...not the cost of generation.**

**We measure everything in the electricity industry and compare ourselves with other utilities: safety, environmental performance, and reliability.**

**And according to data compiled by the Canadian Electricity Association our performance compares favourably with national averages.**

**But the measure that is most important to customers is the final cost of electricity.**

**Utility customers across Canada are facing significant rate increases.**

**BC Hydro is increasing its rates by 14 per cent, Manitoba Hydro 9 per cent and SaskPower 13 per cent over the next two years.**

**By comparison, our base rates have increased on average just 5% since 2003.**

**Everything else driving up the cost of electricity is extraordinary costs; particularly the high cost of fuel.**

**The other issue getting much conversation of late is the question of private versus public ownership of the electricity system.**

**So we did a comparison of electricity costs between communities served by Northland and those served by NTPC.**

**In Hay River, a hydro community served by Northland, and Fort Smith, a hydro community served by NTPC, and both communities served by Taltson Hydro, our bill came out 57% lower.**

**In a comparison of two small diesel communities our bill is 12 per cent higher.**

**My point is that it doesn't matter whether the utility is a private company or a crown corporation the costs are comparable.**

**There are benefits though that a crown corporation brings that a privately held company would not.**

**The most important of those benefits is implementation of government policy.**

**I mentioned the GNWT's Energy Plan, Greenhouse Gas Strategy, the Energy Priorities Framework, and the NWT Hydro Strategy.**

**Implementing the recommendations of these plans will require a degree of risk.**

**A crown corporation will take those risks or can be directed to take those risks by the government that owns it.**

**Don't get me wrong. A private company can address market good...but only if it also serves shareholder return.**

**By comparison, a crown corporation is an instrument of the government.**

**Would BC Hydro, Manitoba Hydro, Quebec Hydro and Ontario Hydro be the Hydro generation powerhouses they are without government support and investment?**

**My point is that crown corporations, because they are instruments of government, will undertake projects and programs that serve the public good.**

**We serve a different master than private companies.**

**The GNWT is tackling the high cost of electricity on several fronts: through the NTPC Review to search for ways to examine cost overheads, through alternative energy technologies and energy efficiency programs, and through the Electricity Review.**

**I want to thank you for your time today. It is always a pleasure to address the NWT Chamber of Commerce.**

**To John, Anne-Marie and the local organizers I want to congratulate you on a very successful AGM.**

**We look forward to seeing you again next year.**