

2024-25 CORPORATE PLAN



Inuvik High Point Wind Project



NTPC's Mission, Vision and Value statements guide its actions and ensure the organization meets or exceeds the expectations of its shareholder and customers.

Mission

To reliably generate, transmit and distribute energy essential to our customers.

Vision

To provide sustainable, affordable energy that encourages living, working, and investing in the Northwest Territories.

Values

Safety – *We make safety our first priority, a cornerstone in all decisions.*

People – *We consider the well-being and success of every employee in all decisions.*

Commitment – *We are determined, agile and know how to keep the lights on.*

Community – *We work with and for all Northerners.*

TABLE OF CONTENTS

Corporate Overview.....	4
2024-25 Objectives	6
Activities to Support Achievement of Strategic Objectives	6
2023-24 Performance Measures.....	9
Expected Results.....	9
Evaluation of 2023-24 Corporate Objectives.....	9
NT HYDRO & NTPC FINANCIAL INFORMATION.....	10
NT Hydro: 2024-25 Consolidated Statement of Operations	11
NT Hydro: 2024-25 Consolidated Statement of Changes in Net Debt	12
NTPC: 2024-25 Consolidated Statement of Operations	13
NTPC: 2024-25 Consolidated Statement of Changes in Net Debt.....	14
2024-25 Consolidated Capital Expenditures.....	15

Corporate Overview

The Northwest Territories Hydro Corporation (NT Hydro) is a holding company whose sole shareholder is the Government of the Northwest Territories (GNWT). NT Hydro is the parent company of two primary subsidiary companies: the Northwest Territories Power Corporation (NTPC) and the NWT Energy Corporation (03) Limited (NT Energy).

NTPC is responsible for providing power to customers across the North and is the public face of NT Hydro. Activities of NTPC are regulated by the NWT Public Utilities Board (PUB). Capital, operational and maintenance costs are all reviewed by the PUB when NTPC submits a General Rate Application (GRA) in order to set electricity rates.

NT Energy is responsible for managing projects of higher risk that require different approaches than a regulated company. This includes projects that are being financially supported by the Federal and Territorial governments through the Investing in Canada Infrastructure Program (ICIP). NT Energy also pursues large scale business opportunities such as electricity generation for new mines. The activities of NT Energy are not regulated by the PUB; costs incurred do not impact electricity rates.

NWT electricity rates are among the highest in Canada. There are several reasons for this, including:

- In the past decade, electricity sales have declined by approximately half a percent per year as the result of stagnant/declining population as well as very little new industrial activity such as mining.
- Aging infrastructure is also a challenge, as it is for most other North American electrical utilities – infrastructure is not just aging but is reaching the end of its design life, particularly NTPC's hydroelectric assets.
- There is a high cost to deliver power in the North given the use of diesel in remote communities and 100% reliance on diesel for back up generation in all communities. The small scale, isolated and non-integrated systems means that there are limited economies of scale available to NTPC.

In 2023-24, NTPC was able to complete several major capital projects that support both improved reliability and reduced greenhouse gas emissions.

Work on the Strategic Plan, which was first introduced in 2018-19, continued in 2023-24 with a particular focus on medium and long-term strategic objectives and the development of a new Mission, Vision and Values Statement. The Plan is a living document, revised and updated, as circumstances warrant.

Recruitment of employees for key positions and retention continued to be challenging over the past year. As of December 31, 2023, NTPC was facing a job vacancy rate of 15.5%.

Some of the key activities that occurred in 2023-24 include:

- **Wildfire Evacuations:** NTPC's corporate office is located in the Town of Hay River; and approximately 40% of NTPC's workforce lives in the community. The two evacuations of Hay River residents had a significant direct impact on a number of employees. Wildfires also required the evacuation of Taltson Hydro for seven weeks, delaying the Taltson Overhaul project. NTPC was largely able to maintain power in evacuated communities, with the exceptions being extended outages in Rae (Behchokò) and in several parts of Fort Smith. Power to Yellowknife was uninterrupted throughout the evacuation.
- **Low-Water in Snare:** Extremely low water levels in the Snare hydro system required a significant increase in the amount of diesel consumed in 2023-24. Low water limits the generation output of the hydro system and use of diesel generation has been necessary to meet system energy requirements until water levels rebound. The GNWT provided a one-time contribution of \$15.2 million to offer rate relief to customers who would otherwise have faced a rider to pay for the higher diesel price as well as for the additional diesel consumption required to power Yellowknife and surrounding area. The GNWT and NTPC are working together to develop a low water resiliency plan.
- **Hay River Franchise:** NTPC continued working with the Town of Hay River and Northland Utilities (NWT) Limited (NUL) to advance the transfer of the electricity distribution franchise. The NWT Public Utilities Board conducted a hearing on the Purchase and Sale of Hay River Franchise Assets in January 2024.
- **Power System Plan:** An updated Power System Plan (PSP) was developed. The PSP is a guiding document that outlines necessary upgrades to existing infrastructure as well as timing for those upgrades. This includes activities such as replacing or upgrading power plants and substations, as well as identifying options for new infrastructure such as solar, wind, new transmission and distribution lines and new hydro generation. The PSP has last been updated in 2016.
- **Inuvik Wind:** Construction and commissioning of the wind turbine was completed and the unit went into service in October 2023.
- **Overhaul of Taltson Hydro:** The hydroelectric unit was taken out of service in May 2023, allowing the planned overhaul to begin. An evacuation of the site for seven weeks due to wildfires extended the length of the project. Further delays were encountered as work extended into winter, which hindered the ability to complete work as quickly as expected. Taltson Hydro is expected to return to service in by the end of 2023-24 or early in 2024-25.
- **New diesel plant in Sachs Harbour:** Construction of a new high-efficiency diesel plant advanced in 2023-24 and the plant is expected to be fully operational by the end of 2023-24. The Government of Canada contributed \$7,481,250 towards the cost of the project through the Investing in Canada Infrastructure Program.
- **EV Charging Stations:** Territorial funding was committed to to construct electrical vehicle charging stations in Behchokò, Fort Smith, Hay River and Buffalo Junction in order to support the development of an EV corridor between Yellowknife and Fort Smith to the NWT/Alberta border.

2024-25 Objectives

NTPC's Strategic Plan focuses on increasing reliability and creating the necessary conditions to ensure the Corporation's long term economic and environmental sustainability. We will achieve success by strengthening our core services while managing costs and by addressing the challenge of aging infrastructure. We will also reduce greenhouse gas emissions (GHGs) through increased integration of renewable technology and by establishing a revenue growth strategy for the future. The revenue growth strategy will provide tangible benefits to customers as well as our Shareholder.

The ultimate goals of the Plan are:

1. Reduce the gap between average electricity rates in the NWT and the Canadian national average.
2. Achieve the 25% GHG emissions reduction target for electricity generation in diesel-powered communities, as outlined the Government of the Northwest Territories' 2030 Energy Strategy.

Seven strategic objectives were established for the next several years. In 2024-25, NTPC will continue to focus on advancing initiatives that support these strategic objectives, in addition to working on more targeted divisional objectives.

The seven strategic objectives are:

1. Reducing fuel consumption
2. Reducing controllable costs through efficiencies and continuous improvement
3. Increasing distribution customer base
4. Increasing industrial customer base
5. Investing in core assets
6. Executing Investing in Canada Infrastructure Program (ICIP) projects
7. Supporting the Taltson Expansion and Great Slave Lake Intertie

NTPC is developing updated Mission, Vision and Values statements and is updating its Strategic Objectives identified in the Strategic Plan. These updates will be reflected in the 2025-26 Corporate Plan.

Activities to Support Achievement of Strategic Objectives

1. Reducing Fuel Consumption

Electricity generation using diesel fuel is expensive and produces significant greenhouse gases. NTPC has identified activities it will undertake to reduce the amount of diesel fuel consumed for electricity generation.

Among the activities that will occur in 2024-25:

- Continue to work with Indigenous organizations and others to integrate renewable projects in thermal communities
- Placing greater emphasis on energy efficiency when purchasing new diesel generators
- Further planning for construction of a Liquefied Natural Gas (LNG) plant in Fort Simpson

2. Reduce Controllable Costs through Efficiencies and Continuous Improvement

Over the past several years, NTPC has successfully managed its operating and maintenance costs, with spending increases at or below the rate of inflation. General inflation and global supply chain issues are expected to pose challenges in the next fiscal year.

Among the activities that will occur in 2024-25:

- Continue developing the enterprise risk management framework.
- Continued rollout of Project Implementation Framework.
- Use outage committee and CMMS to reduce unplanned outages and emergency work.
- Improve scheduling, coordination, and delivery of workload.

A culture of innovation and improvement is being developed where all employees are encouraged to bring forward ideas to improve processes and reduce costs.

3. Increase Distribution Customer Base

In May 2015, the Town of Hay River issued an RFP (Request for Proposal) for the supply of power to the community and chose NTPC as its future electricity distributor. Since October 2015, when NTPC was identified as the successful bidder, the process to transfer the Franchise from the current electricity distributor has been moving forward. The franchise transfer is expected to occur in 2024-25, pending approval by the Public Utilities Board.

4. Increase Industrial Customer Base

NTPC will continue to meet with mining companies that are considering the establishment of new mines in the NWT. The Corporation aims to be the electricity provider of choice for all new industrial activity in the NWT.

5. Invest in Core Assets

NTPC will continue with its capital program to address aging electricity infrastructure. Some of the work on core assets will be financially supported by the federal government through ICIP. Federal funding support will significantly reduce the costs that would otherwise be fully borne by electricity customers.

Among the key activities that will continue or start in 2024-25 are:

- Continued development and implementation of an effective Project Implementation Framework
- Effectively manage hydro shutdowns to ensure minimize diesel use completed
- Add diesel capacity in Yellowknife to meet firm capacity requirement
- Distribution and transmission upgrades on the Fort Smith and Taltson systems

6. Execute on Investing in Canada Infrastructure Program (ICIP) projects:

ICIP provides funding to support electricity projects that result in reduced GHG emissions. Under this program, the federal government will provide funding to integrate renewable or low-carbon technologies in communities powered by diesel generation, to install new transmission lines and to overhaul existing hydroelectric dams.

ICIP funding for several electricity projects in the NWT has been announced and moving these projects forward will continue to be a key area of focus.

Progress on ICIP projects that is expected in 2024-25 includes:

- **Fort Simpson LNG Plant** – construction is currently on hold while NTPC and the GNWT pursue funding sources for the relocation of the existing diesel power plant to the site of the proposed LNG plant. Relocation is necessary due to erosion along the Mackenzie River caused by flooding.
- **Fort Providence-Kakisa Transmission Line** – it is expected that design and engineering work will be completed in 2024. Work to secure funding for the construction phase will continue.

7. Support the Taltson Expansion and Great Slave Lake Intertie

The GNWT is assessing the potential of expanding the Taltson Hydroelectric Facility and creating an intertie between the North and South Slave electricity systems. NTPC continues to support the Taltson expansion and Great Slave Lake Intertie by:

- Providing technical and operational planning support
- Supporting engagement with community stakeholders

The Taltson Overhaul Project provided assets, in particular a camp and power to support construction of a Taltson expansion.

2023-24 Performance Measures

NTPC has been working to fine-tune the performance measures used to demonstrate progress on the execution of the Strategic Plan. Revised performance measures will be included in future Corporate Plans.

In 2019-20, NTPC began to track the following Key Performance Indicators (KPIs) measuring progress on the strategic objectives and continued to do so in 2023-24:

1. Average number of outages per customer on a rolling 12-month calendar (SAIFI)
2. Average cost of electricity per kilowatt hour for residential customers
3. Operation and Maintenance cost per kilowatt hour
4. Fuel efficiency (fuel costs per kilowatt hour)
5. Greenhouse gas emissions per gigawatt hour of generation (tCO₂e/GWh)
6. Asset health index

Expected Results

2023-24 was unusual in that extreme low water in the Snare hydro system resulted in very high diesel usage. This, in conjunction with the planned Taltson hydro shutdown, meant that metrics based on fuel usage were negatively affected.

High inflation and supply chain challenges, including recruitment and retention of employees, continues to affect NTPC in its ability to complete capital and operational work in a timely cost-effective manner.

Evaluation of 2023-24 Corporate Objectives

2019-20 served as a base year for most of the performance measures that track progress on NTPC’s Strategic Objectives.

Key Performance Indicator	Baseline Results as of Dec. 31, 2019	2023-24 Results as of Dec. 31, 2023
Average number of outages per customer on a rolling 12-month calendar (SAIFI)	10.32	7.78
Average cost of electricity per kilowatt hour for residential customers*	\$0.65	\$0.70
Operation and Maintenance cost per kilowatt hour	\$0.135	\$0.197
Fuel efficiency (fuel costs per kilowatt hour)**	\$0.078	\$0.205
Greenhouse gas emissions per gigawatt hour of generation (tCO ₂ e/GWh)**	183	463
Asset health index	5.0	5.0

**Average cost of electricity per kilowatt hour to deliver power to residential customers. Does not include Government subsidy programs. March 31, 2024 TPSP rate = 31.08 cents / kWh.*

***2023-24 results were impacted by the impact of extreme low water in the Snare system and the subsequent need to consume more diesel than usual.*

NT HYDRO & NTPC FINANCIAL INFORMATION

NT Hydro: 2024-25 Consolidated Statement of Operations

(All figures in \$000s)

	2024-25 Budget	2023-24 Budget	2022-23 Actuals
Revenues			
Sale of Power	\$ 121,984	\$ 120,215	\$ 112,269
Interest Income	95	75	92
Other Revenue and Customer Contributions	2,515	2,397	3,463
Fuel Rider Revenue	13,639	2,312	2,123
Income from Investment in Aadrii Ltd.	60	75	14
	138,293	125,074	117,961
Expenses			
Thermal Generation	128,221	98,330	83,602
Hydro Generation	25,037	22,104	19,044
Corporate Services	16,330	15,449	15,070
Transmission, Distribution and Retail	15,346	12,895	13,081
Purchased Power	4,792	4,899	5,039
Alternative Power Generation	1,545	239	219
	191,271	153,916	136,055
Surplus (Deficit) for the Year before Contributions	(52,978)	(28,842)	(18,094)
Government Contributions	53,983	4,094	25,535
Insurance Proceeds	-	-	-
Surplus (Deficit) for the Year	1,005	(24,748)	7,441
Accumulated Surplus/equity, Beginning of Period	156,516	189,077	181,636
Accumulated Surplus/equity, End of Period	\$ 157,521	\$ 164,329	\$ 189,077

NT Hydro: 2024-25 Consolidated Statement of Changes in Net Debt

(All figures in \$000s)

Surplus for the year	1,005
Tangible capital assets	
Additions	(64,902)
Capitalized overhead	(3,500)
Capitalized interest	(2,044)
Disposals	2,840
Amortization	25,114
	<u>(42,492)</u>
Additions of inventories	(9,200)
Use of inventories	9,200
Additions to prepaids	(3,500)
Uses of prepaids	3,500
	<u>0</u>
Increase in net debt for the year	<u>(41,487)</u>
Net debt, beginning of year	<u>(523,330)</u>
Net debt, end of year	<u>(564,817)</u>

NTPC: 2024-25 Consolidated Statement of Operations

(All figures in \$000s)

	2024-25 Budget	2023-24 Budget	2022-23 Actuals
Revenues			
Sale of Power	\$ 121,984	\$ 120,215	\$ 112,269
Interest Income	3,395	75	438
Other Revenue and Customer Contributions	2,515	2,397	3,463
Fuel Rider Revenue	13,639	2,312	2,123
Income from Investment in Aadrii Ltd.	60	75	14
	141,593	125,074	118,307
Expenses			
Thermal Generation	128,221	98,330	83,602
Hydro Generation	25,037	22,104	19,044
Corporate Services	15,817	14,831	14,259
Transmission, Distribution and Retail	15,346	12,895	13,081
Purchased Power	8,092	4,899	5,039
Alternative Power Generation	335	239	219
	192,848	153,298	135,244
Surplus (Deficit) for the Year before Contributions	(51,255)	(28,224)	(16,937)
Government Contributions	31,138	750	4,540
Insurance Proceeds	-	-	-
Surplus (Deficit) for the Year	(20,117)	(27,474)	(12,397)
Accumulated Surplus/equity, Beginning of Period	122,378	149,852	162,249
Accumulated Surplus/equity, End of Period	\$ 102,261	\$ 122,378	\$ 149,852

NTPC: 2024-25 Consolidated Statement of Changes in Net Debt

(All figures in \$000s)

Surplus for the year	(20,117)
Tangible capital assets	
Additions	(57,905)
Capitalized overhead	(3,500)
Capitalized interest	(2,044)
Disposals	2,840
Amortization	<u>23,904</u>
	<u>(36,705)</u>
Additions of inventories	(9,200)
Use of inventories	9,200
Additions to prepaids	(3,500)
Uses of prepaids	<u>3,500</u>
	<u>0</u>
Increase in net debt for the year	<u>(56,822)</u>
Net debt, beginning of year	<u>(447,127)</u>
Net debt, end of year	<u>(503,949)</u>

2024-25 Consolidated Capital Expenditures

(All figures in \$000s)

	2024-25 Proposed Budget	2023-24 Budget	2023-24 Forecast
Large Capital Projects	59,792	45,231	73,606
Small Capital Projects	10,982	45,788	8,674
Total Preliminary Capital Budget	70,774	91,019	82,280
Hydro Generation	18,997	38,574	34,399
Thermal Generation	9,173	7,554	10,516
Transmission, Distribution & Retail	6,788	5,421	3,486
Corporate Services	3,253	2,442	1,759
Alternative Power	22,999	23,998	29,989
Hay River Franchise	9,564	13,030	2,131
Total Preliminary Capital Budget	70,774	91,019	82,280
<i>Government Contributions Approved</i>			
Subtotal Net Capital Budget (Approved Funding)	70,774	91,019	82,280
<i>Government Contributions Proposed</i>	<i>(23,637)</i>	<i>(3,748)</i>	<i>(750)</i>
Subtotal Contributions Approved & Proposed	(23,637)	(3,748)	(750)
Total Net Capital Budget (Approved & Proposed)	47,137	87,271	81,530
PSAS Accounting			
Funding Off-set	23,637	3,748	750
Capitalized Fuel	-	(9,000)	(6,940)
NT Hydro PSAS Total	70,774	82,019	75,340

Planned Major Projects over \$400,000

	Location	Est. Completion	Category
VSG Modular Genset Replacement <i>Replacement of modular genset destroyed in a fire.</i>	Aklavik	2024-25	Reliability
Fort Providence T-Line <i>Extend existing transmission system and hydro power to two diesel powered communities reducing GHG emissions.</i>	Ft. Providence	2025-26	Reliability
LNG Plant & Diesel Plant Relocation (13152058) <i>Replace Fort Simpson main power plant from existing lot due to erosion with a primarily LNG fueled power plant to reduce GHG emissions.</i>	Ft. Simpson	2027-28	Reliability
Distribution System Voltage Conversion <i>Community distribution system is near maximin capacity requiring conversion to a higher voltage, allowing future load growth and a more stable system.</i>	Ft. Smith	2026-27	Reliability
Substation Replacement <i>Primary 115KV substation replacement, as it is near capacity and transformers are end of life. Voltage upgrade during replacement will allow future load growth and a more stable system.</i>	Ft. Smith	2027-28	Reliability
Acquire the Hay River franchise <i>Integrate the Hay River franchise into NTPC operations.</i>	Hay River	2024-25	Enhancement
High Point Wind Project <i>Install wind turbine at high point to reduce fuel expanse and GHG emissions.</i>	Inuvik	2024-25	Environment
Staff Accommodations Upgrades (15+17 Raven St) <i>Renovate two NTPC properties.</i>	Inuvik	2024-25	General
CAT Plant Generation addition - G16 (Jackfish Generation) <i>Install additional generation at the Jackfish Hydro site to meet installed firm capacity requirements.</i>	Jackfish	2024-25	Reliability
Snow and Ice Roof Safety Canopies <i>Snow and ice safety measures</i>	Jackfish	2024-25	Safety
Install CAT 3516 <i>Relocation of the 1400KW genset from the old power plant to bay 3 of the new plant.</i>	Norman Wells	2025-26	Reliability

Planned Major Projects over \$400,000

	Location	Est. Completion	Category
Cascades - Machine condition monitoring <i>Install monitoring system on the turbine and generator to track system performance, provide early detection of failing components, and to prevent catastrophic failure.</i>	Snare	2024-25	Reliability
Falls - Machine Condition Monitoring <i>Install monitoring system on the turbine and generator to track system performance, provide early detection of failing components, and to prevent catastrophic failure.</i>	Snare	2024-25	Reliability
Falls - Static Exciter & Voltage Regulator Replacement <i>Replacement of end-of-life equipment.</i>	Snare	2025-26	Reliability
Falls - Substation Upgrade <i>Replacement of end-of-life equipment.</i>	Snare	2025-26	Reliability
Rapids - Machine Condition Monitoring <i>Install monitoring system on the turbine and generator to track system performance, provide early detection of failing components, and to prevent catastrophic failure.</i>	Snare	2024-25	Reliability
Structure Replacements L193 <i>Replace structures at end-of-life.</i>	Snare	2031-32	Climate Change
Substation Replacement <i>Replacement of end-of-life equipment.</i>	Taltson	2026-27	Reliability
Automation, Breaker & Protection Upgrade <i>Upgrade plant automation and electrical breakers.</i>	Ulukhaktok	2025-26	Reliability



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