



POLICY STATEMENT

Pursuant to its legislative mandate to plan and provide for Nunavut's long-term needs for affordable energy, taking into consideration Nunavut's desire to enhance energy self-reliance and to conserve energy and energy resources, Qulliq Energy Corporation (QEC) supports the development of renewable energy by an Independent Power Producer (IPP), for sale exclusively to QEC.

To facilitate this, QEC has developed the IPP Program. Through this program, QEC endeavours to augment its energy generation with renewable energy. It provides opportunities to Municipalities, Inuit organizations, and Inuit-owned companies to develop local, renewable energy that best serves the long-term economic interests and energy self-reliance of Nunavummiut, reduce Nunavut's carbon footprint and facilitate the purchase of such energy by QEC without compromising the safety, quality, and reliability of QEC's energy distribution system or increase costs to its customers.

GUIDING PRINCIPLES

The IPP Policy and its corresponding Program promote the following Inuit Societal Values:

Piliriqatigiinniq / Ikajuqtigiinniq (working together for a common cause): it requires the collaboration of multiple stakeholders throughout the territory to reduce greenhouse gas emissions and increase economic opportunities for Nunavut.

Qanuqtuurniq (being innovative and resourceful): it utilizes innovative and proven energy technologies that rely on renewable energy resources in Nunavut, which can be integrated into QEC's energy distribution system.

Avatittinnik Kamatsiarniq (respect and care for the land, animals, and the environment): It reduces dependence on diesel fuel to produce energy and helps mitigate greenhouse gas emissions through the program proponents' renewable energy projects in Nunavut.

Inuuqatigiitsiarniq (respecting others, relationships, and caring for people): QEC values, respects and cares for the relationships it has with its customers and the environment in which it operates. QEC prioritizes that its customers have access to electricity generated from renewable energy resources, at an affordable cost. QEC values and respects the relationships that it will build with the IPPs in Nunavut.



APPLICATION

This policy applies to eligible IPPs who wish to generate electricity from eligible renewable energy resources in Nunavut for sale exclusively to QEC. The IPP team members must have prior experience or partner with entities that have experience in operating and maintaining energy generation facilities.

QEC will be responsible for capacity and electricity supply requirements.

This policy does not apply to renewable energy projects covered under QEC’s Net Metering Program and Commercial and Institutional Power Producers Program.

DEFINITIONS

Community Power – is any project where a municipality, Inuit organization, or Inuit-owned company in Nunavut owns a controlling interest in a renewable energy project wherein the majority of the social and economic benefits are distributed locally in Nunavut. All IPP projects will be Community Power projects.

Connection Impact Assessment (CIA) - is a detailed engineering analysis of a project’s impact on QEC’s electrical generation and supply grid. The results of this analysis include a technical report outlining a project’s feasibility, the technical specifications needed for the project, and the project’s impact on QEC’s generation and distribution system.

Eligible energy sources - are renewable energy resources authorized under the IPP Program, including, but not limited to, intermittent energy sources, including wind, solar, and other energy resources, as QEC may from time to time designate as such. Projects with the ability to provide guaranteed firm energy, such as hydro projects, are also eligible under the IPP Program.

Energy - means electricity and is measured in kWh.

Energy Purchase Agreement (EPA) - is a legal contract between an IPP and QEC that details the commercial terms, and each party’s legal obligations and rights, with respect to the sale of energy from a renewable energy generation facility to QEC.

Generation and Connection Agreement (GCA) - is an agreement that an IPP negotiates with QEC during project design and signs prior to the completion of construction of the renewable energy generating facility and its connection to the QEC energy distribution system.

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 Qulliq Energy Corporation
 Société d'énergie Qulliq
 Qulliq AInuyaktuqtunik Ikumatjutiit

Independent Power Producer

Policy Section: Corporate

Policy #: 9.01

Inuit organizations - refer to designated Nunavut-Inuit-owned organizations under the Nunavut Agreement, including Development Corporations and Regional Inuit Associations.

Inuit-owned companies - are companies/entities that are at least 51% owned by Nunavut Inuit and registered under the Inuit Firm Registry Database maintained by Nunavut Tunngavik Incorporated (NTI).

Power - means capacity and is measured in kW.

Municipality - refers to one of Nunavut’s 25 communities.

Renewable Energy - is energy derived from natural processes that are replenished at a rate that is equal to or faster than the rate at which it is consumed. Various forms of renewable energy are derived directly or indirectly from the sun, or the heat generated deep within the earth. They include energy from solar, wind, geothermal, hydropower, ocean resources, solid biomass, biogas, and liquid biofuels. Biomass is a renewable resource only if its consumption rate does not exceed its regeneration rate.

Technical Interconnection Requirements (TIR) - is a document establishing criteria and standards that must be met to ensure that the interconnections of new renewable energy generating facilities do not adversely impact the safety, quality, or reliability of QEC’s energy distribution system.

ROLES AND RESPONSIBILITIES

Qulliq Energy Corporation:

In administering the IPP Program, QEC shall:

- Ensure QEC’s interconnection requirements for safety, reliability, and energy quality are outlined in the TIR.
- Review IPPs’ technical designs and operating philosophies
- Develop all commercial terms for generating facilities that outline the capacity for generation and fix the price at which it will buy energy from an IPP
- Reserve the right to disconnect an IPP’s generating facility on reasonable grounds, including reliability for customers and safety for employees and the public, as outlined in the EPA.

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Independent Power Producer:

In participating in the program, IPPs shall:

- Meet QEC's interconnection requirements for safety, reliability, and energy quality as outlined in the TIR
- Adhere to good engineering standards, national codes, and the operating practices established by QEC
- Be responsible for obtaining Government of Nunavut electrical inspection permits and all required registrations and approvals, including environmental assessments
- Be subject to QEC inspection and approval of the generation facilities' design, equipment, and operating philosophy
- Be responsible for all direct and indirect costs associated with the construction of the plant, including the construction of power lines to the nearest QEC distribution interconnection, required system modifications, required changes to the existing QEC distribution lines and connection infrastructure as determined by QEC
- Be responsible for all costs related to interconnection studies and technical and administrative work associated with the installation of the proposed project
- Design, construct, install, commission, operate, and maintain ownership of the renewable generating facility, including paying all costs associated with operation, maintenance, and decommissioning
- Enter into an EPA and GCA with QEC based upon a standard format if the IPP is providing power from intermittent energy sources
- Enter into agreement negotiations with QEC with respect to commercial terms on a project-by-project basis if the IPP is providing power from guaranteed firm energy, transmission and interconnection projects

An IPP that fails, neglects, or refuses to sign or be bound by the EPA and/or the GCA will not be connected to the QEC energy distribution system and, if already connected, will be disconnected.

PROVISIONS

1. Parameters of the IPP Program

The approach to the development of IPP projects is for community scale IPPs that can supply a substantial portion of a community's energy requirements. Municipalities, Inuit organizations, and Inuit-owned companies can apply to the IPP Program at any time. Municipalities, Inuit organizations, and Inuit-owned companies/entities must have and maintain a controlling interest (51% or greater) in IPP projects.



Applications will be approved through QEC's sole source process as guided by the Government of Nunavut's procurement process. Community Power projects must be sized according to the community's electrical needs. These applications must be supported by the hamlet or hamlets to which the energy will be provided. The applications will be approved on a first-come-first-serve basis, subject to availability, the ability to provide energy in a safe and reliable manner and any applicable energy generation or capacity limits for a particular community.

2. Eligibility Requirements:

IPP Program applicants must provide their proposed project's energy source, capacity, location, and any other facility-related data as requested by QEC and identify the owner/representative of the establishment.

Following an initial application of submitting the Interconnection Request form, QEC will undertake a CIA. The applicant will be required to provide technical details of the system and a deposit for estimated external and internal costs incurred in undertaking the CIA.

In some instances, QEC and an IPP may agree that QEC will limit the participation of any subsequent IPP or Commercial and Institutional Power Producer applications for the supply of electricity in a community.

3. Technical Interconnection Requirements (TIR)

The TIR document outlines the technical aspects that must be considered to successfully complete an IPP project. These considerations consider the safety, reliability, and efficiency of the IPPs' systems.

The IPP connections must not adversely impact QEC's electrical grid.

4. Commercial Terms of Reference

The commercial terms identify and define the parameters of key conditions of an EPA between IPPs and QEC. Included in the commercial terms of the EPA are the following:

- Cost responsibilities
- Contract duration
- Purchase price
- Design and permit compliance
- Termination of contract

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- Renewable Energy ownership sharing
 - Allocation of ownership of renewable attributes

The EPA commercial terms will apply to all IPPs except for firm energy, transmission and interconnection projects, for which the parties will negotiate commercial terms on a project-by-project basis.

5. Purchase Price of Renewable Energy

In adherence with QEC's legislative obligation to provide affordable energy to Nunavummiut while conversely ensuring that the IPP Program does not increase electricity rates of QEC's customers, QEC will purchase energy from IPPs at a guaranteed minimum price, i.e., the avoided cost of diesel and estimated variable cost savings. The cost of diesel is based on the price QEC pays to the Petroleum Products Division of the Government of Nunavut. The purchase price under this program will be reviewed annually by April 1, based on a 3-year historical territorial average of the avoided cost of diesel.

6. Guaranteed Firm Energy, Transmission and Interconnection Projects

QEC and the Independent Power Producer of guaranteed firm energy, transmission and interconnection projects will negotiate the commercial terms for agreements on a project-by-project basis.

7. Other

- a) Scale limits per year for individual projects and overall IPP energy development will be tied to local generation levels and will be different for each community. These limits will be determined following the conclusion of a penetration study and CIA conducted by QEC in each community.
- b) Contract durations will cover a term of 25 years, in line with QEC's standardized EPA for its renewable energy programs.
- c) At the end of the EPA term, the parties may negotiate a new contract. Alternatively, QEC may negotiate to purchase the IPP assets at mutually agreed-upon terms.
- d) QEC may purchase energy from more than one renewable energy project in a community.



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- e) The IPP program must not result in cross-subsidies between regular customers and customers with IPP capacity.
 - f) QEC has the right to apply de-rating to IPP facilities, the terms of which are detailed in QEC's standardized TIR and GCA.

PREROGATIVE OF EXECUTIVE COUNCIL

Nothing in this policy shall in any way be construed to limit the prerogative of the Executive Council to make decisions or take action respecting services related to the Independent Power Producer program by the Government of Nunavut outside the provisions of this policy.

SUNSET

This policy shall be in effect from the date of signature until December 14, 2026.