

**LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
10TH ASSEMBLY, 1ST SESSION**

TABLED DOCUMENT NO. 22-84(1)

TABLED ON FEBRUARY 20, 1984

Tabled Document No. 22-74(1)
Tabled Feb. 20/84

NCPC TO BE RESTRUCTURED

WHITEHORSE, YUKON (February 17, 1984) -- Major decisions about the future of the Northern Canada Power Commission (NCPC) were announced today by Indian and Northern Affairs Minister John Munro. They include the phased relocation of NCPC headquarters to Yellowknife; the implementation of new rate setting principles; and territorial participation in the future regulation of the NCPC.

"Over the past two years, I have reviewed a wide range of options -- principally from the Subcommittee on the NCPC and the National Energy Board -- regarding the future role and mandate of the Commission," Mr. Munro said. "I am keenly aware that northerners are taking control of their destiny and that our institutions must change to reflect this reality."

The Minister stated that NCPC will continue as a single federal Crown corporation. He explained that any division into separate territorial entities would have created duplication of services; an additional financial burden for the territories; and threatened the economic viability of the Commission itself.

Communiqué

"Within this structure, however," Mr. Munro continued, "we intend to initiate a process to improve both the operational efficiency and public accountability of the NCPC, while making it more sensitive to the concerns and needs of northerner consumers. I believe that the changes to be implemented, some of which may require amendments to the NCPC Act, will achieve those goals."

One of the most important features of the federal plan is the relocation of NCPC headquarters from Edmonton to Yellowknife. A complement of senior managers will also be shifted to Whitehorse, with a three-year target date for completely transferring all positions. Not only will this make the Commission more responsive to northern concerns, but it will provide a significant economic stimulus in both territories. The Minister added that "operational decisions which affect the everyday lives of northerners should be made by officials living and working in the North."

A second feature of the plan is the regulation of the NCPC by a panel of the National Energy Board. Each territorial government will be invited to nominate one representative from their public utility board to sit on the Panel along

with two representatives and a chairman from the NEB. "It is clear that the NEB has long experience in public utility regulation and can draw upon considerable technical expertise," Mr. Munro said. "However, I believe that territorial participation is essential in the regulation of NCPC operations. This will also ensure that the territorial utility boards are involved in the planning and development of a new rate structure for the NCPC."

The Minister also noted that he had been authorized by Cabinet to recommend the appointment of two additional members to the Commission. He indicated this would strengthen the NCPC's expertise and improve the Commission's decision-making function.

"Central to the restructuring process," the Minister continued, "must be the acknowledgement that in order to be a normal utility operating in a sound and businesslike manner, the NCPC's rate structure must reflect the true cost of delivering power to all users. The price of electricity must be determined through a rational and objective process which allows the Commission to operate on sound financial principles. Similarly, governments' social objectives and program measures to achieve them must be clearly

identified. I would expect that following public hearings by the NEB Panel in the North, a new rate structure can be implemented on a test basis by April, 1985."

Existing direct federal energy subsidies under the Federal Power Support Program, the Home Heating Oil Subsidy Program and the Commercial Power Rate Relief Program will continue for at least another year beyond their expiry date of March, 1984. Throughout this period, the federal government will maintain its support of the NCPC in order to keep within the federal Administered Prices Policy. This will allow officials to begin an extensive study and research program involving a complete review of the form and size of northern energy subsidies in relation to the new utility rate structure. The ultimate objective would be to enhance energy conservation and the use of alternative energy sources, through developing a strategy which increases both the efficiency of energy use and of energy subsidization. It is hoped that the territorial governments, their agencies and native organizations will join the federal government in tackling these issues.

"The changes I am implementing are far-reaching," said the Minister, "and will require some time to put into place. I am convinced, however, that they represent the best means of revitalizing the NCPC and better serving northerners. The federal government has given the Commission a new profile in the North and an ambitious program of change. I ask northerners to join with me in supporting the NCPC to make these changes work."

Reference:

Alison Atkins
Assistant Director,
Energy Planning
Tel: (819) 997-0022

