

Importance of Capital Investment in Aging Infrastructure

Mr. Speaker, the Northwest Territories Power Corporation or NTPC provides an essential service to residents and businesses in the Northwest Territories. Without reliable electricity, many of the activities we take for granted, such as cooking, washing clothes or using our computers would be impossible. It is therefore critical that the Corporation maintains its assets to ensure that electricity is available when it is needed and that it is delivered at an affordable rate.

The vast majority of Northwest Territories residents have their homes powered by hydroelectricity. Approximately 75% of the electricity consumed annually is generated by hydroelectricity with the remainder generated by diesel, liquified natural gas and solar.

Members will have heard my predecessors and I refer frequently to aging infrastructure and the challenges it creates in maintaining reliability of supply. Many of NTPC's key assets, particularly its hydro units, are reaching the end of their design life. The Snare and Taltson hydro assets have provided renewable energy to NWT residents and businesses for many decades.

NTPC has been able to extend the life of these assets through maintenance and repair but has now reached the point where refurbishment or replacement can no longer be delayed. Reliability will continue to decline if we don't make significant capital investments soon. The long-term benefit of investment in hydro refurbishments is that these units can then generate clean, reliable electricity for another 40 – 50 years.

The long-term health of our hydro system is critical to stabilizing the cost of energy across the NWT. However, we need to manage decisions within an environment of limited resources.

NTPC has an extensive capital plan to improve reliability of core assets and support reduction of greenhouse gas emissions as per the 2030 Energy Strategy. Many necessary projects will be financially supported by the Government of Canada through its Investing in Canada Infrastructure Program or ICIP. NTPC has been allocated over \$85 million through ICIP to advance several hydro refurbishments as well as other alternative and renewable energy projects. Given a limited window of opportunity to ensure federal funding support, we recognize that it is far more cost effective to move forward with projects now rather than face ongoing emergency repairs for equipment failures.

We recognize that ICIP funding will only partially off-set the costs of these capital investments. Customers and/or taxpayers will be responsible for paying 25% or more of the costs, which will place upward pressure on the cost of energy. NTPC is working with the Department of Infrastructure to identify other sources of funding to help mitigate energy cost increases and to defer non-essential projects.

NTPC has developed a Strategic Plan to ensure it maintains its focus on lowering electricity rates, improving reliability and meeting its 2030 Energy Strategy commitments. The Plan is based on four pillars: reliability, economic sustainability, environmental sustainability and innovation. It outlines NTPC's approach to addressing challenges and identifies potential growth opportunities. There will be some additional short-term capital costs that NTPC will incur, but over the longer term the Strategic Plan will help reduce upward pressure on rates. This plan will be shared with Members and the public later in the year.

This government understands that the high cost of living is a major concern for NWT residents. Through the 2030 Energy Strategy and NTPC's Strategic and Capital Plans, we remain focused on our government's priority to lower the cost of power and increase the use of alternative and renewable energy whenever possible.

Thank you, Mr. Speaker.