



Backgrounder: Nunavut Electricity Subsidy Program

- The Department of Finance oversees an electricity subsidy program, which subsidizes electrical energy consumption costs for residential customers who pay their own electricity bill.
- The subsidy program also covers small commercial customers. It does not apply to residential customers in social housing, who pay 6 cents per kilowatt hour (kwh) for electricity.
- The Government of Nunavut has made changes to this subsidy program that will come into effect on April 1, 2005, the same time as the new electricity rate structure comes into effect. The name of the program has been changed to the Nunavut Electricity Subsidy Program (NESP).

Basic Structure of the Program:

- The basic monthly charge of \$18 per household will be fully subsidized through NESP.
- The subsidized rate will be 18.4 cents per kwh, a 3.18 cents per kwh increase from the current subsidized rate. The new subsidized rate equals 50 percent of the new Iqaluit electricity rate for residential customers. The current subsidized rate of 15.22 cents per kwh was based upon the Yellowknife electricity rate for residential customers at the time of division. The Yellowknife rate was raised to 18.3 cents per kwh in 2003.
- The amount of electrical energy subsidized each month for basic household needs from April to September will be 700 kwh. The amount of electrical energy subsidized each month from October to March will be increased from 700 kwh to 1,000 kwh to address higher electricity consumption in the winter months.
- Based on December 2004 consumption data, this change would benefit almost 40 percent of the total residential customers in the territory who qualify under the subsidy program.
- This will be particularly beneficial to customers in the communities with the highest electrical rates. Costs for electricity consumption of each kwh between 700 and 1000 kwh during the winter months will decrease from 13.18 cents in

Iqaluit to 55.09 cents each kwh in Kimmirut, because of this subsidy change. The actual savings to customers on 1,000 kwh of consumption will vary from 8.6 percent in Iqaluit to 43.7 percent in Kimmirut, depending on the community electricity rate.

- Commercial businesses with annual revenue of \$2 million or less also can receive a subsidy under the program. Qualified businesses can receive a rebate from the program, based on subsidizing the first 1,000 kwh of electrical consumption per month.