



News Release

Nunavut Protects Consumers From Full Effect of High World Oil Price

IQALUIT, Nunavut (Oct. 30, 2006) – The Government of Nunavut will protect consumers from the full impact of high world oil prices by holding down the increase of the overall price of fuel in the territory to 10 cents a litre, Community and Government Services Minister Levinia Brown said today.

“The price increase shows we could not completely get around the on-going reality of higher oil prices on world markets, but we have gone a long way to protect consumers,” Brown said

Full cost recovery on fuel purchases would have meant an increase of up to 20 cents a litre for consumers. The increase, which excludes the Goods and Services Tax, comes into effect Nov. 1, 2006.

“We need to recover as much of the cost of the government’s fuel purchases as possible. On the other hand a major price increase will hurt hunters, communities, homeowners, businesses and economic development. I believe the 10-cent solution is a balanced approach,” Brown said.

Fuel is one of the main costs of electricity generation and the price increase will have an immediate effect on electricity bills.

Qulliq Energy Corporation (QEC), the territory’s electricity company, has made an application to Minister of Energy Ed Picco for a 7.87 cents per kilowatt hour (kWh) fuel stabilization rider (FSR) to reflect the higher cost of diesel fuel, which is used for electricity generation.

The Minister of Energy has sent the application to the Utility Rates Review Council. The URRC has up to 90 days to make a recommendation to the Minister.

The government will put in place an interim regulated 7.87 cent kWh rider, based on QEC’s application, Nov. 1, 2006 to ensure the corporation’s fuel costs are covered as soon as it starts paying the new price for diesel. The regulation will stay in place until the URRC has issued a report and the Minister of Energy has issued an instruction to QEC for an FSR.

“If the URRC recommends a lower amount than the FSR being sought by QEC, the FSR can be adjusted and the consumers rebated,” Picco said.

The 7.87 cents per kWh interim FSR replaces the existing 3.98 cents per kWh rider.

