

APPENDIX A:

PROTOCOL RE:
GOVERNMENT OF YUKON'S
INTERRELATIONS WITH
YUKON DEVELOPMENT
CORPORATION

PROTOCOL

RE: **GOVERNMENT OF YUKON'S INTERRELATIONS WITH**
YUKON DEVELOPMENT CORPORATION

WHEREAS

- A. Yukon Development Corporation ("Development") was established under the *Yukon Development Corporation Act* ("Act") on December 29, 1986;
- B. Development is an agent of the Government of Yukon ("Yukon government") and may exercise all of the powers of a corporation under the *Business Corporations Act* ("Corporations Act");
- C. Development is restricted to energy related activities designed to promote the economic development of the Yukon. One of Development's principal objects is to assure a continuing and adequate supply of energy in Yukon in a manner consistent with sustainable development;
- D. To achieve that object Development has caused to be incorporated a wholly-owned subsidiary, Yukon Energy Corporation ("Energy"), under the Corporations Act and has established a protocol relating to Development's responsibilities as a sole shareholder of Energy;
- E. Although certain aspects of Development's governance and business and affairs are governed by the Act, the *Corporations Act*, the *Financial Administration Act* and the *Public Service Act*, they are also subject to development policy directives issued to Development by the Commissioner in Executive Council;
- F. Yukon government wishes to clarify in writing the respective roles of Yukon government and Development, and the principles under which Yukon government expects Development, in the carrying out of Development's mandate, to facilitate effective and efficient governance and to foster public understanding.

Accordingly, the following sets out the guidelines ("Guidelines") clarifying those roles and principles:

1.0 Role of Yukon government

- 1.1 Yukon government, through its appropriate executive council member ("Minister"), is the person responsible to represent, and account for Development in Executive Council ("Cabinet") and the Yukon Legislative Assembly;

- 1.2 The Minister, to the extent prescribed in the Act, will communicate to Development any development policy directives issued by the Commissioner in Executive Council, in the form of an Order-in-Council;
- 1.3 Yukon government will endeavour to ensure that the board of directors of Development ("Board") can exercise their statutory and other powers and corporate duties in the manner prescribed by law;
- 1.4 The Minister will annually clarify in writing with the Board the expectations of Yukon government in relation to Development and to resolve unclear or conflicting issues relating to those expectations.

2.0 Operating Principles

Yukon government expects Development to carry out its mandate on the following principles, subject always to the legal and fiduciary responsibilities and duties of each of its directors.

- 2.1 The Board will:
 - (a) direct and control the business and affairs of Development in accordance with the Act and other applicable legislation;
 - (b) familiarize itself with the goals, objectives and priorities of Yukon government communicated to it and take those into consideration in reaching its decisions;
 - (c) take a forward looking approach to decision making;
 - (d) develop a comprehensive understanding of Development and the risks and opportunities facing it as well as director responsibilities, liabilities and due diligence requirements;
 - (e) ensure that appropriate policies, systems and practices are in place to carry out Development's mandate;
 - (f) monitor management controls, periodically review related policies and practices for areas of weakness or inefficiencies, and ensure that the appropriate controls are in place;
 - (g) provide general direction, and specific delegation of authority, to the Chief Executive Officer (CEO) and the President where applicable, to enable the CEO and the President to be responsible for the day-to-day management and administration of Development's activities;

- (h) complete an annual performance evaluation of the CEO and submit it to the Minister.

2.2 Development will:

- (a) be responsible for the adoption, implementation and monitoring of a multi-year strategic plan and annual business plans. The plans will be submitted to the Minister for review and will identify comprehensive, attainable goals and objectives, and set appropriate performance measures for Development;
- (b) ensure that its strategic plan will be consistent with the goals and principles of sustainable development of energy resources, efficient use of energy and a secure supply of reliable energy;
- (c) set policies that support the attainment of Development's mandate, and its strategic and business plans, and give effect to development policy directives issued to it pursuant to the Act;
- (d) establish policies to identify and manage liabilities and promote the efficient use of Development's resources and assets in a manner that will safeguard Corporation from inappropriate use or loss;
- (e) manage its own public communications under the leadership of the Board through the offices of the Chair and the CEO;
- (f) provide Yukon government with quarterly reports on financial performance, operations and major issues;
- (g) ensure an annual financial audit;
- (h) prepare an annual report on Development's objectives and performance, and submit it to the Minister for tabling in the Yukon Legislative Assembly pursuant to statutory requirements;
- (i) ensure that its affairs are conducted in accordance with its statutory and regulatory requirements, corporate by-laws, and policies; and
- (j) adopt and implement bylaws to define the Board's operations and delegation of authority.

3.0 Communications

- 3.1 The Board Chair will attend the Yukon Legislative Assembly and the Public Accounts Committee, to provide information and answer appropriate questions relating to Development.
- 3.2 The Board Chair will meet with the Minister on a regular basis and will report in writing to the Minister in relation to Development to facilitate monitoring of Development's performance. The Chair shall also ensure the Minister has reasonable advance notice of the intentions of the corporations on major issues.
- 3.3 The President will provide to the Minister information relating to Development reasonably necessary to facilitate day-to-day management of ministerial case work.

4.0 Approval of Energy's Strategic Plan and Activities


- 4.1 (a) Yukon government will review Energy's strategic plan in a timely manner and to address any approvals legally required for Energy to carry out any of its activities, including:
 - (i) sale, lease or disposal of all, or substantially all, of the assets of Energy;
 - (ii) development or acquisition of new hydro generation assets greater than 3 MW, other than incremental expansion of existing hydro generation plants and infrastructure funded through customer or third party contributions or rates approved by the Yukon Utilities Board (YUB);
 - (iii) development or acquisition of new transmission and distribution lines greater than 20 kV, other than replacement or maintenance of existing systems and incremental expansion of existing infrastructure to connect additional customers and infrastructure funded through customer or third party contributions or rates approved by the YUB;
 - (iv) establishment or modification of rate relief programs for power consumers;
 - (v) making of any contract for management of all, or substantially all, assets of Energy.
- (b) Yukon government approvals will be evidenced by a written communication from the Minister to Development.

- 4.2 Subject to the Minister's approvals required as set out above, the Board may approve loans between Development and Energy and guarantee borrowings of Energy.

5.0 General

- 5.1 The Board will consist of not more than 10 directors including the CEO as a director "*ex-officio*".
- 5.2 All directors will be appointed by the Commissioner in Executive Council as required by the Act but the Board may nominate directors for consideration by the Yukon government.
- 5.3 Until otherwise determined the chair of the Board will be the chair of Energy's Board.
- 5.4 Yukon government will ensure that any required approvals and other legal authorizations are secured to give effect to this protocol.
- 5.5 This Protocol will be reviewed annually by Yukon government to determine whether any changes are required to ensure that Development can effectively carry out its responsibilities and its authorized activities.

APPROVED by the **GOVERNMENT OF YUKON**



Minister Responsible for Yukon Development Corporation

DATE: 