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ELECTRICAL RATE REDUCTION TARGETED AND RATE STABILIZATION FUND EXTENDED

WHITEHORSE – Energy, Mines and Resources Minister Archie Lang announced today that the Government of Yukon is targeting a rate reduction for electrical consumers in early 2008.

This rate reduction is made possible by the Power Purchase Agreement with Minto Explorations, as well as other measures that will allow for the phasing-out of the Rate Stabilization Fund (RSF).

“The Government of Yukon, in conjunction with the Yukon Development Corporation and the Yukon Energy Corporation, views the Power Purchase Agreement with the Minto Mine as a vehicle to reduce rates to electrical consumers,” Lang said. “The revenue that Yukon Energy earns once the Minto Mine is on hydro power will be returned to residential and commercial ratepayers in the form of a rate reduction.”

Yukon Energy Corporation is targeting a rate reduction application to the Yukon Utilities Board for February 2008.

The minister went on to say that officials with the Yukon Development Corporation and the Yukon Energy Corporation met with Minto mine officials to revise the previous Power Purchase Agreement to be consistent with the recent rulings of the Yukon Utilities Board.

“The Minto officials requested certainty regarding their power rate. In response, our government will fix the industrial rate as agreed to in the Power Purchase Agreement for 2008, as accepted on an interim basis by the Yukon Utilities Board. This is for four years with an escalator clause after the first year,” Lang said. “In keeping with the Yukon Utilities Board’s ruling, the Yukon government, through the Yukon Development Corporation, will assume the financing risks related to Minto’s capital cost contributions.”

Lang pointed out that the Yukon government, in partnership with the Yukon Energy Corporation, is committing significant funding to electrical infrastructure projects including the Carmacks-Stewart transmission line and the third turbine at Aishihik. These efforts will reduce the need to use diesel generated power and diminish greenhouse gas emissions consistent with the Yukon government’s Climate Change Strategy.

Lang also announced that the RSF will be extended for one year at a reduced rate, commencing July 1.

“Our government carefully weighed the arguments surrounding RSF and we have decided to extend the fund for one year,” Lang said. “However the rate will be reduced by 50 per cent.”

Lang stated that phasing out the RSF subsidy over a one-year period will allow consumers to reduce their energy consumption as well as participate in a broad range of government programs.

“There are a number of energy conservation programs already available to assist consumers in improving their energy efficiency. The Energy Solutions Centre and the Yukon Housing Corporation are constantly exploring and developing new programs that will increase energy efficiency and save consumers money,” Lang said. “When the Minto mine goes online with hydro power, the General Rate Application process can be concluded in 2008 to bring a rate reduction into effect.”

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