

Yukon Development Corporation  
PO Box 2703 (D-1), Whitehorse, Yukon Y1A 2C6

**PROTOCOL AGREEMENT  
And  
LETTER OF EXPECTATION  
2020 – 2021**

**Between**

**THE MINISTER RESPONSIBLE FOR THE YUKON DEVELOPMENT  
CORPORATION  
(AS REPRESENTATIVE OF GOVERNMENT)**

**and**

**THE CHAIR OF THE YUKON DEVELOPMENT CORPORATION  
(AS REPRESENTATIVE OF YUKON DEVELOPMENT CORPORATION)**

## PART IDEFINITIONS

The following terms are used throughout this Agreement:

<b>“Agreement”</b>	means the current Protocol Agreement and Letter of Expectation
<b>“Board”</b>	means the Board of Directors of the Yukon Development Corporation
<b>“Chair”</b>	means the Chair of the Yukon Development Corporation Board of Directors
<b>“YDC”</b>	means the Yukon Development Corporation
<b>“Director”</b>	means a Member of the Board of Directors of the Yukon Development Corporation
<b>“YEC”</b>	means the Yukon Energy Corporation
<b>“Government”</b>	means the Government of Yukon
<b>“Minister”</b>	means the Minister Responsible for the Yukon Development Corporation
<b>“President”</b>	means the President and Chief Executive Officer of the Yukon Development Corporation

## PART II PURPOSE OF AGREEMENT

This Protocol Agreement and Letter of Expectation between the Government and YDC is an agreement on their respective roles and responsibilities. It describes YDC's accountabilities with respect to Government's enduring priorities, public policy issues and mandated performance expectations for YDC and its subsidiary, YEC.

This Agreement is required under Section 6 of the *Yukon Development Corporation Act* and is intended to promote a positive and cooperative working relationship between YDC and Government. This document, in conjunction with YDC's current 5-Year Strategic Plan will form the basis for YDC's Annual Business Plan.

This Agreement is also intended to provide a framework that encourages strong corporate governance of YDC and its subsidiary, YEC, and supports Yukon government's public policy objectives.

## PART III YDC MANDATE AND OPERATING FRAMEWORK

Government has provided the following mandate direction to YDC under the *Yukon Development Corporation Act*:

- Pursuant to the *Yukon Development Corporation Act* and Order-in-Council 1993/107, YDC shall, in undertaking new initiatives, restrict itself to energy related activities designed to promote the economic development of Yukon through the provision of safe, reliable, cost-effective energy and energy-related infrastructure both now and for the future and to alleviate the effects of any energy shortages in Yukon.
- YDC is the sole shareholder of YEC, a business corporation under the *Business Corporations Act*, and is responsible for ensuring that YEC fulfills its mandate while operating within Government objectives.
- As the sole shareholder of YEC, YDC is ultimately responsible for ensuring YEC effectively fulfills its responsibilities.

YDC is an agent of Government and has responsibilities under, and is subject to, a number of statutes and regulations including:

- \* *Yukon Development Corporation Act*;
- \* *Corporate Governance Act*;
- \* *Financial Administration Act*;

- \* *Public Service Act*;
- \* *Business Corporations Act*; and
- \* *Access to Information and Protection of Privacy Act*.

- In addition to its responsibilities under the above Legislation, YDC is responsible for determining and carrying out its responsibilities in keeping with applicable Government policies.
- YDC must also ensure that its business is conducted in a manner that is consistent with, and supports, Government's Enduring Priorities.

#### **PART IV CORPORATE GOALS**

YDC will support Government's enduring priorities in its undertakings and will ensure that the direction identified within the current mandate letters is a priority for the corporation.

In fulfilling its Mandate, YDC will also be guided by the goals identified in YDC's current strategic plan, which are:

- Support the socio-economic well-being of Yukon through the provision of a secure and adequate supply of cost-effective energy or energy-related strategic infrastructure in Yukon in a manner that is respectful of the environment and consistent with sustainable development.
- As the sole shareholder of YEC, YDC will support and enable YEC to fulfill its mandate in an accountable, efficient and cost-effective manner while operating within Government's strategic objectives.
- Work to continually improve the organizational effectiveness of YDC and the accountability between YDC and YEC in order to set the standard for Board governance in Yukon and ensure roles and responsibilities and the scope of YDC's oversight and strategic leadership role for YEC are clearly defined and operationalized.
- Ensure adequate human resources planning and capacity to support the Strategic and Business Plans of YDC.

- Gain support for the work of YDC and YEC by building trusted relationships and strategic partnerships with First Nation and other governments, non-government organizations and the private sector in pursuit of collaborative initiatives to further mutual objectives.
- Work in collaboration with Government and YEC on the development of a comprehensive energy communication strategy to enhance Yukoners' awareness of energy issues, programs and initiatives.
- Implement the current business plan for the Corporation and do its utmost to complete the goals of the current business plan.

## **PART V ROLES AND RESPONSIBILITIES**

### **Government**

Government is responsible for the legislative, regulatory and public policy frameworks in which YDC operates and manages YEC. The Legislature enacts YDC related legislation and approves financial appropriations.

### **Minister**

The Minister is the key link between Government and YDC, and is accountable to the Legislative Assembly for YDC. The Minister reports to the Legislative Assembly on the affairs of YDC and answers questions about YDC.

### **The Minister will:**

- provide guidance to YDC relating to the implementation of initiatives from current mandate letters to support Government's Enduring Priorities;
- as a member of the Executive Council and in keeping with the Minister's statutory responsibilities:
  - be accountable to the Legislative Assembly for Government's direction to YDC;
  - seek Legislative or Management Board approval for appropriations to support Government policy objectives delivered through its agent, YDC;
  - seek Cabinet approval for appointment of YDC Board members based on recommendations from the Standing Committee on Appointments to Major Boards and Committees;

- seek Cabinet approval for the use of Directives under the Yukon Development Corporation Act; and
  - review and table YDC's Annual Report in the Legislative Assembly;
- communicate mandate, commitments, performance expectations and ongoing policy direction to YDC through this Agreement and other means;
  - review and approve the setting and monitoring of YDC's strategic direction and targets;
  - monitor the operations and performance of YDC to ensure that it is fulfilling its mandate in compliance with Government policies and enduring priorities;
  - foster an effective working relationship and convene status meetings with the Chair, or Chair and President, to receive updates on YDC's operations, finances and any new initiatives or emerging Board issues that could substantially impact Government interests, and to inform the Chair of policy directions or information that may impact operations of YDC or YEC;
  - receive policy advice and recommendations from YDC and seek Cabinet approval and Legislative approval as required for any change in mandate;
  - seek Legislative or Management Board approval for appropriations where required including those related to First Nation investment agreements with impacts on Government debt cap prior to committing those appropriations;
  - subject to Cabinet and Management Board confidentiality restrictions, advise the Board in a timely manner of any Cabinet or Management Board decision or policy directive that may materially impact the business of YDC; and
  - respond to public enquiries regarding the Government's direction to YDC;

### **Chair**

The Chair is the primary link between YDC's Board of Directors and Government and advises the Minister of issues that materially impact YDC's business or the Minister's interests and accountabilities.

With direction from the Board, the Chair represents the Board and its interests, as well as the interests of YDC, in dealing with the Minister, the President and CEO, stakeholders and the community. The Chair is responsible for providing leadership to the Board, for effectively facilitating the work of the Board and for communicating on behalf of the Board.

**The Chair will:**

- receive the Government's mandate direction through this Agreement as well as other directives, including written directives issued under Section 6.1 of the *Yukon Development Corporation Act*, or Orders-in-Council approved by Cabinet;
- plan and manage Board meetings and other Board undertakings;
- provide the Minister with regular updates on YDC's operations and inform the Minister of emergent issues;
- ensure that the Board and its committees have opportunities to meet independent of management;
- ensure that the Board conducts an annual evaluation of its own performance, and the performance of YDC's President;
- ensure Board members are provided with appropriate professional development opportunities to better fulfill their Board responsibilities;
- administer YDC's Code of Conduct and ensure that conflict of interest matters are addressed by the Board;
- ensure Board members are doing their due diligence and following good governance practices;
- foster an effective working relationship with the Minister, President of YDC and the Chair of YEC;
- ensure the Minister (or his/her representative) is provided with the information and advice needed to respond to questions from members of the Legislative Assembly and to fulfill Government's responsibilities; and
- be cognizant of how YDC issues might affect Government and inform the Minister of potentially contentious issues, major financial changes and any new initiatives that could materially impact Government interests.

**Board**

The Board's role is to govern YDC in a manner consistent with the applicable legislation and Cabinet's mandate and policy direction, and to ensure YDC complies with Government's general direction, policies and fiscal plans.

The Board guides YDC's strategic direction, evaluates the performance of the President, approves and monitors YDC's business plans and financial results and is, ultimately, accountable to the Minister. Board members must meet their fiduciary obligation to act in the best interest of YDC, which includes the public interest as determined by the Government and expressed in the mandate of YDC. All directors will be appointed by the Commissioner in Executive Council as required by the *Yukon Development Corporation Act*.

**The Board will:**

- ensure YDC's affairs are conducted in accordance with its statutory and regulatory requirements, corporate by-laws, and policies;
- establish and monitor by-laws, policies and procedures that define the Board's operations, delegation of authority, and establish Board committees to support the attainment of YDC's mandate;
- approve strategies, operational policies and plans necessary to fulfill Government's direction;
- through the Chair, advise the Minister of issues that materially impact YDC's business or the Government's interests and accountabilities;
- monitor and report on YDC's progress in fulfilling Government direction and inform the Minister, through the Chair, of any significant variances from planned targets;
- develop, implement, monitor and report on a multi-year strategic plan and annual business plan, which will identify comprehensive, attainable goals and objectives, and set appropriate performance measures for YDC;
- provide its Chair and President as witnesses at Legislative Committees, as required;
- through the Chair, ensure that the Minister receives the information required to perform his or her duties as Minister;
- ensure YDC's adherence to financial and other reporting obligations to Government;
- ensure an annual financial audit is undertaken and YDC financial statements are produced, reviewed and approved;



- monitor management controls, periodically review related operational policies and practices for areas of weakness or inefficiencies, and ensure that the appropriate controls are in place;
- provide general direction and specific delegation of authority to YDC's President for the day-to-day management and administration of YDC's activities;
- complete an annual performance evaluation of the President which will be incorporated in the President/Deputy Minister's Annual Performance Evaluation undertaken by the Premier and the Executive Council Office;
- continue to strengthen and improve internal corporate governance systems including training for Board of Directors to ensure the effective management and operations of YDC;
- through the Chair, review and provide the Minister with advice on policy recommendations that would affect the operations of YDC or YEC;
- ensure that all energy projects and studies with significant policy and/or financial implications are supported by the Minister prior to approving them;
- through the Chair, ensure the Minister is informed immediately of any decisions it has made regarding energy projects, studies or cost overruns on energy projects;
- establish policies to identify and manage liabilities and promote the efficient use of YDC's resources and assets in a manner that will safeguard YDC from inappropriate use or loss; and
- manage its own public communications, within its areas of competence through the office of the Chair.

### **President**

The President of YDC is responsible for managing YDC's daily operations under the Board's stewardship and strategic direction.

**The President will:**

- exercise the powers and responsibilities of Chief Executive Officer (CEO) for YDC;
- manage the operational requirements of YDC within all applicable regulatory, legal and policy frameworks;
- provide leadership, general supervision, management and control of YDC's operations on a day-to-day basis in accordance with direction from Government, Minister and Board approved plans and policies;
- work with the Board to prepare Strategic Plans, Annual Business Plans and Annual Reports.
- manage YDC to ensure Business Plans are effectively implemented, results monitored and reported to the Board, and financial and operational objectives are attained;
- monitor performance and take corrective action when problems are identified;
- provide leadership and vision in developing the tactics and plans necessary to realize operational objectives;
- provide support to the Board to enable it to carry out its governance responsibilities;
- maintain effective communications with the Board Chair, the Minister, senior staff in YDC, the President and Chief Executive Officer of YEC, Deputy Ministers of other Departments as required, clients and other business partners;
- work with the Chair to ensure all Board members are appropriately briefed on the legislation, regulations, policies and by-laws that define and guide their activities as stewards of YDC;
- meet regularly with the Chair to provide updates on issues and opportunities and to provide updates on YDC's activities and achievements of operational objectives; and
- work with the Chair to ensure the Minister is advised in advance of any media releases or the release of any information requests by YDC or YEC under the

## PART VI YDC'S ACCOUNTABILITIES

As set out in Part III of this Agreement, Government has provided YDC with a clear mandate. To achieve this mandate, and in response to Government's strategic direction, policies and fiscal planning, YDC will:

- conduct its affairs to achieve its mandate and the performance expectations of Government by adhering to the principles of integrity, efficiency, effectiveness and customer service;
- operate YDC and YEC on a financially responsible basis and maintain the value of its shareholder's investment;
- inform Government in a timely manner if YDC or YEC is unable to meet the performance and financial targets identified in their respective Business Plans;
- ensure Management Board approval is received prior to:
  - authorizing any borrowing of money by YDC or YEC;
  - approving any increase to a line of credit for YDC or YEC;
  - authorizing the guarantee by YDC or YEC of any debt; and
  - authorizing YEC to finalize any project-related negotiation with First Nation governments including term sheets and investment agreements.
- not sell or allow YEC to sell, lease or dispose of any publicly-owned energy assets, or an interest in such assets, including, but not limited to, hydro assets and other generation, transmission and distribution assets. This restriction does not apply to outdated parts of components that have been replaced and are being disposed of as the result of normal equipment maintenance or system upgrades;
- provide an ongoing opportunity for the Minister to advise on, and contribute to, the development of the strategic and annual business plans of YDC and YEC, before they receive final approval and are implemented;
- provide an Annual Report on YDC's objectives and performance, and submit it to the Minister for review and comment prior to it being finalized and tabled by the Minister in the Legislative Assembly pursuant to statutory requirements; and

- appear before the Legislature or any of its committees, as requested, to report on YDC and YEC's financial and operational performance or any other relevant matter.

In addition, the Government has directed that YDC take the following specific actions:

- work with the Minister to finalize a "Shareholder Letter of Expectations" between YDC and YEC that supports Government's enduring priorities;
- ensure activities reflect Government's overarching priority to support the development of a thriving, prosperous and diversified economy that provides well-defined benefits for communities, First Nations and Yukon as a whole and integrates a high level of long-term environmental management; and
- be cognizant of financial resource limitations while incorporating the Premier's direction to the Minister with respect to YDC's mandated priorities from 2019 including;
  - Developing a plan on the future of renewable energy
  - Working with First Nation, municipalities and the private sector to develop additional renewable energy projects through the Innovative Renewable Energy Initiative and the Arctic Energy Fund
  - Working with the Yukon Energy Corporation to implement solutions that reduce the corporation's reliance of fossil fuels
  - Support the development of a renewable biomass industry
- work with Yukon government and YEC to implement any recommendations from the 2018 financial review and/or Management Board.
- work with Government, YEC and other stakeholders on the implementation of energy policy initiatives including the Independent Power Producer Policy work with Government, YEC and other stakeholders to implement the action items identified in *Our Clean Future*.
  - Continue to provide financial and technical support for First Nation governments, municipal governments and community organizations to undertake community-led renewable energy projects.
  - Develop a framework in 2020 for First Nation governments to economically participate in renewable electricity projects developed by Yukon's public utilities.
  - Continue to support agricultural producers to adapt to the impacts of climate change, adopt low-carbon practices and use surface water and groundwater efficiently.
  - Ensure Yukoners have access to reliable, affordable and renewable energy.
  - Complete the Peak Smart pilot project by 2022 to evaluate the use of smart devices to shift energy demand to off-peak hours in 400 homes.

- Direct the Yukon Utilities Board to allow Yukon's public utilities to pursue cost-effective demand-side management measures.

## **PART VII YDC'S RESPONSIBILITY FOR YEC**

The ownership of YEC, including related financing activities, is YDC's most significant undertaking. As the sole shareholder of YEC, YDC is ultimately responsible for ensuring YEC fulfills its responsibilities accountably, efficiently and cost-effectively. While acknowledging the separate legal frameworks for YDC and YEC, the Government expects YDC to exercise its legal and factual control of YEC in a manner that respects Government's financial policies and supports the implementation of Government's priorities.

**YDC will:**

- appoint YEC's Board of Directors based on nominations by Government;
- ensure YEC's operation and performance are consistent with Government's enduring priorities and fiscal plan and that it operates in a manner consistent with Government's overall requirement that YEC provide Yukoners with safe, reliable and cost-effective electrical power;
- provide strategic direction to YEC on Government's enduring priorities and public policy objectives;
- ensure that YEC's Board of Directors provides to YDC, in respect of YEC, the same kind of information and advice as described in the Board portion of Part V;
- ensure that when requested by the Minister, YEC's Board Chair and President are available to attend meetings of the Legislative Assembly and its committees;
- ensure that YEC continues to plan, operate and maintain the generation, transmission and distribution system in order to ensure sustained asset health, reliability and security;
- ensure that YEC works with YDC to identify opportunities for meeting future energy needs by integrating energy conservation and independent power production into its plans for expanding, developing and/or improving its electric generation capacity;
- ensure that YEC works with YDC to prioritize Yukon First Nation government relationships by developing and implementing a strategic plan to address Yukon First Nation government engagement and partnership. The plan should include annual goals with set timelines to reflect significant movement on this initiative.
- ensure that YEC does not finalize any term sheets or investment agreements with First Nation governments that create a liability for YDC or Government without prior permission from YDC.
- ensure that YEC does not develop or acquire new generation assets or new transmission or distribution lines having a voltage in excess of 20 kV, except when such assets or lines are required to replace or maintain existing assets, without the approval of YDC's Board of Directors.

PART VIII REVIEW AND REVISION OF THIS AGREEMENT

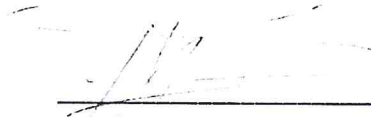
This Agreement will be reviewed annually to determine whether any changes are required to ensure that YDC can effectively carry out its responsibilities and its authorized activities. The Minister and YDC may agree to amend this Agreement on a more frequent than annual basis.

This Agreement will remain in force until a new Agreement has been reviewed and approved.

APPROVED BY



Honourable Ranj Pillai  
Minister Responsible for  
Yukon Development Corporation



Mike Pemberton  
Chair, Board of Directors  
Yukon Development Corporation

June 29, 2020  
Date:

June 16, 2020  
Date: