

The Territorial Government plays a large role in the supply of petroleum products to NWT residents primarily in the more remote settlements. Through the POL Division, the government acts as a supplier to the communities that do not have a private dealer. The division purchases the fuels, transports them to the communities, stores them, and then contracts the retailing to a local individual. Such a method of operation is expensive considering that 43 communities are handled this way, each with their own needs and storage facilities, and the large volumes of fuel that must be carried as inventory.

The supply of electricity, wood and natural gas is a different story. All are produced in the NWT. Northern Canada Power Commission (NCPC) is the main supplier of electricity in the NWT while industry supplies itself with a minimal amount. NCPC operates both hydro and diesel generating stations across the Territories.

The geographic realities of the NWT also pose difficulties in the supply of electrical power. Due to low population densities, supply is characterized by a large number of small generating stations with a limited transmission network. This has led to a heavy dependence on diesel generation. Potential hydro sites are often remote from the communities and much larger than required, and thus, much more expensive to construct. Diesel plants, on the other hand, have lower capital costs, greater salvage value, shorter construction time, and can be scaled to the needs of a community. However, diesel plant operation costs are higher than hydro mainly due to the cost of diesel fuel. This fuel is much more expensive than in Southern Canada due to the factors mentioned earlier, and the prices are expected to continue rising.

NCPC has not chosen to develop additional hydro capacity to offset diesel generation and for expected increases in electricity demand. This is in part due to its capital structure which is comprised entirely of interest bearing debt. Since NCPC has no equity component, it does not have the ability to accumulate retained earnings with which to finance capital additions.

Wood supply is mainly in the southwestern area of the Territories but its practicality as a source of energy depends on the growth and quantity of the forests surrounding a particular community. Normally, only fire killed stands located relatively close to the demand centre are presently utilized.