OUTRUNNING THE STORM

Territories: NWT, Nunavut & Yukon

Outrunning the Storm — Most Extreme Oil Price Shock Exposure in Canada

LSCM Inc. | Dougald Lamont | May 26, 2026

The three territories face the most extreme oil price shock exposure of any Canadian jurisdictions. 100% diesel generation in Nunavut; 33 separate and fragile supply chains in NWT; 20+ remote off-grid communities in Yukon. All three territorial governments lack the fiscal capacity to manage a sustained $150+ shock from their own resources. Federal responsibility is unavoidable and primary. This is not a risk to be managed — it is a crisis to be prevented.

NUNAVUT (NU) — Most Extreme Exposure

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, NU)	$0.2–0.4B	$0.6–1.2B	$2–4B
Programme investment required	~$0.5B (T1+2)	~$1.2B (T1+T2+T3)	~$3B (full)
Net benefit of acting	$0.18–0.35B/yr	$0.5–1B/yr	$1.8–3.5B/yr

100% diesel generation — no grid, no hydro, no pipeline. 25 communities accessible only by summer sealift (4–8 week window) or air freight. Food insecurity already exceeds 50% in some communities before any shock arrives.

NU Immediate Actions (ALL URGENT)

- URGENT: Federal commitment to fund full-cost 2026 sealift fuel reserves for all 25 communities BEFORE sealift season opens. If missed, there is no contingency — airlift at 8–15× the cost or nothing.
- URGENT: Qulliq Energy Corp emergency subsidy top-up — QEC faces deficits of $150–300M above baseline; consumer electricity rates must not be allowed to rise 40–60%.
- Nutrition North Canada rate increase (40%): ministerial directive, 2 weeks. At $150/bbl jet fuel, basic food staples reach 4–5× urban equivalents.
- Air cargo rate cap negotiation with First Air and Canadian North: $25M/yr NU share of national $122M guarantee.
- 6-month pharmaceutical and medical supply reserve at Iqaluit and regional centres before sealift season.
- Iqaluit as regional energy hub: solar + battery microgrids for communities with best solar profiles.
- Arctic food security fund supporting country food programmes.

NU Long-Term

- Full solar + wind + battery + backup diesel microgrids for all 25 communities ($20–35M/community average; 10–15 year programme).
- Net-zero northern housing: 10,000 units nationally; NU has the worst overcrowding (4–6 persons/unit vs. 2.4 nationally).
- Permanent Northern Food Reserve Fund: capitalised from 0.25% levy on oil export revenues above $80/bbl; automatic disbursement indexed to diesel price.

NORTHWEST TERRITORIES (NWT) — 33 Fragile Supply Chains

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, NWT)	$0.15–0.3B	$0.5–0.9B	$1.5–3B
Programme investment required	~$0.35B (T1+2)	~$0.8B (T1+T2+T3)	~$2B (full)
Net benefit of acting	$0.12–0.25B/yr	$0.4–0.8B/yr	$1.3–2.5B/yr

33 communities = 33 separate and fragile supply chains. Snare River hydro serves Yellowknife; virtually all other communities diesel-dependent for electricity and heat. Diamond mining sector is a major diesel consumer. GNWT fiscal capacity insufficient to manage a sustained $150+ shock independently.

NWT Immediate Actions

- URGENT: Emergency 12-month fuel reserve pre-positioned before 2026 summer barge and winter road seasons close. If this window is missed, the next affordable resupply opportunity is 2027.
- NTPC (NWT Power Corporation) monthly diesel cost variance reporting to federal government: zero cost; creates real-time fiscal visibility.
- NRCan directive: all remote community electricity subsidies indexed to WTI oil price. The single most valuable administrative action available for NWT.
- Winter road maintenance budget increase 40%: GNWT share $15M/yr.
- Federal ISC emergency energy subsidy commitment: GNWT cannot self-fund this shock.
- Solar + battery microgrid procurement: 20–50 kW per community; 40–60% diesel displacement.
- Biomass heating feasibility for Mackenzie Valley communities.
- Telemedicine infrastructure to reduce medical air evacuation costs.
- First Nations-led community energy planning fund.

NWT Long-Term

- Mackenzie Intertie extension ($1.5–2.5B, 8–12 years): provides permanent clean energy for 15–20 NWT communities; partially built; GNWT lead with federal Infrastructure Canada co-investment.
- Pumped hydro storage: several NWT and northern BC communities have topography suitable for pumped hydro — week-scale storage enabling near-100% renewable in dark winters.

YUKON (YT)

Metric	$90/bbl	$150/bbl	$200/bbl
Cost of inaction (annual, YT)	$0.08–0.15B	$0.25–0.45B	$0.8–1.5B
Programme investment required	~$0.18B (T1+2)	~$0.45B (T1+T2+T3)	~$1.1B (full)
Net benefit of acting	$0.07–0.13B/yr	$0.2–0.4B/yr	$0.7–1.3B/yr

~85% hydro in Whitehorse grid area; 20+ remote off-grid communities. Alaska Highway provides year-round road access to most communities — a key structural advantage over NWT/NU. Old Crow is the most vulnerable community (fly-in only, north of Arctic Circle). Mining sector (gold, silver, zinc) is a critical mineral wealth holder.

YT Immediate Actions

- Emergency diesel reserve for Old Crow and other off-grid communities required before freeze-up: Old Crow has no road access at any time.
- Aviation fuel cost subsidy for essential air services: without it, Old Crow is functionally cut off.
- Mining royalty windfall at $150+: direct into community energy resilience and critical minerals strategic fund.
- Dempster Highway maintenance budget protection: cutting it during the shock is counterproductive.
- Biomass heating for Southern Yukon communities.

YT Long-Term

- Solar + battery for off-grid communities: Yukon summer solar resource is significant.
- Yukon Energy hydro capacity expansion.
- Pumped hydro storage: Yukon has the best pumped hydro potential in Canada relative to its remote community energy needs ($400–800M, 7–12 year development).
- Critical minerals strategic fund from mining royalty windfall: gold, silver, zinc deposits are strategic assets at $150/bbl.

CROSS-TERRITORIAL GOVERNANCE ACTIONS

- Automatic Northern Community Energy Price Stabilisation Transfer: $50M per $10/bbl above $80/bbl WTI; self-correcting formula; ~$600M/yr at $200/bbl. Eliminates emergency supplementary estimates permanently.
- First Nations Community Energy Authority: statutory band council authority over energy procurement. Requires 2–3 year FPIC-based design; 5–7 year implementation. Transforms relationship between communities and their energy systems.
- National First Nations and Northern Community Energy Data Platform ($80–120M over 3 years): real-time telemetry of community fuel stocks, generator status, and heating fuel levels. Currently no coordinated national visibility exists.
- Northern community workforce training for energy trades ($45–65M/yr national programme): electricians, solar installers, HVAC mechanics, generator technicians. Creates ~2,000 trained northern community technicians over 5–7 years. Local workforce is more reliable than contractors who fly in twice a year.

Source document: Outrunning the Storm: Hardening Canada Now Against the Coming Oil Shock. LSCM Inc., Dougald Lamont. Updated May 26, 2026.