

KEY MESSAGES

- The government of Ontario is proud to work with the federal government and Wataynikaneyap Power to help bring reliable and affordable electricity to Pikangikum First Nation.
- Connecting remote First Nation communities to the grid is a priority for the government of Ontario and one of the key components of our Long-Term Energy Plan.
- Moving away from diesel-generated power will improve the quality of life for the people living in Pikangikum.
- The limitations imposed by diesel systems impact the health and well-being of residents, including creating challenges with connecting new housing and other much needed infrastructure.
- The connection of Pikangikum is being undertaken by Wataynikaneyap Power (Watay), an unprecedented partnership between 22 First Nations – including Pikangikum and other remote First Nations – and FortisOntario.
- This is the first step in Watay's multi-phase project to reinforce the transmission system serving Pickle Lake and connecting 16 remote communities with diesel generation.
- Indigenous communities are critical partners in Ontario's energy sector.

QUESTIONS AND ANSWERS

Q1. Can you give us some details about Pikangium First Nation? What is the status of this project?

Pikangium First Nation is located approximately 100 km northwest of Red Lake. It has an on-reserve population of over 2,500, making it one of the largest off-grid First Nation communities.

The connection of Pikangium is being undertaken by Wataynikaneyap Power (Watay), an unprecedented partnership between 22 First Nations and FortisOntario.

Watay's multi-phase project includes the connection of 16 of the 21 connectable remote communities.

Phase one of the Watay Power project, which will add capacity to an existing transmission line to Pickle Lake, is proposed to be completed by 2019. Phase two, which involves the connection of remote communities is proposed to be completed in 2024.

Pikangium is proceeding on an accelerated timeline because it is one of the communities closest to the existing grid and because of the urgent need for infrastructure in that community.

Q2. Many remote First Nation communities in Northwestern Ontario still rely on diesel generators for power. Does the government plan on connecting them to the transmission grid?

The government recognizes that there are unique challenges associated with supplying remote communities with clean and affordable electricity.

The Independent Electricity System Operator's (IESO) current analysis shows up to 21 of 25 remote First Nation communities in northwestern Ontario are economical to connect to the provincial electricity grid, reducing the reliance on dirty diesel generation. Grid access will enable growth and lower costs over the long run.

Wataynikaneyap Power LP (Watay Power) is pursuing a transmission project to connect the majority of these remote First Nation communities.

Watay Power is an unprecedented partnership between a consortium of 22 First Nation communities working with a transmission partner, Fortis Ontario. Most of Watay's First Nation partners are the remote communities themselves.

Responsibility for electricity service in remote First Nation communities is shared between the Province and the federal government. A fair cost sharing agreement is critical to connecting remote First Nation communities to the provincial grid.

For the four First Nation communities that are not economic to connect to the grid, the government is supporting these communities to explore innovative solutions to reduce their dependency on diesel fuel such as renewables and microgrids.

Ontario's participation in the Pan-Canadian Task Force further demonstrates our commitment to reduce the use of diesel fuel in remote communities. Through this task force, we will be

engaging with our provincial and territorial counterparts to share information and best practices regarding diesel reduction initiatives in remote communities.

Q3. What are the benefits of connecting remote communities to the transmission system? Is this more expensive?

The connection of remote communities has been evaluated by the Independent Electricity System Operator (IESO) in its 2014 Remote Communities Connection Plan.

The IESO found that given the price of diesel fuel and the growing electricity needs of remote First Nations, transmission connection was the most economic option for serving 21 of Ontario's 25 remote First Nations. If all 21 communities were connected, the IESO estimated that up to \$1B in savings could be realized by Ontario ratepayers and the Federal Government over 40 years.

Alternatives such as renewables and microgrids were also evaluated but were found to be a more expensive and uncertain option for reducing reliance on diesel in the 21 communities.

As the connection project is developed, the IESO will continue to evaluate the potential cost savings based on updated information.

In addition to the potential for cost savings, there are significant benefits for connecting communities. The use of diesel generators makes it challenging to match community growth and frequently results in communities that do not have capacity for connecting new housing, businesses or infrastructure. The transportation and handling of large volumes of diesel fuel can result in contamination of land and water, posing ongoing environmental risks. Diesel generation also results in significant emissions of greenhouse gasses and local pollution.

Connecting communities to Ontario's transmission system will create a platform for community growth, reduce environmental risks and take advantage of Ontario's low-carbon electricity system.

Q4. What is the government doing to support Indigenous participation in Ontario's energy sector? What progress has been made?

Ontario is committed to supporting Indigenous capacity and leadership in our energy sector.

The Ministry of Energy undertook an extensive engagement process from October 2016 to early 2017 to inform the updating of Ontario's Long Term Energy Plan (LTEP).

The Ministry held 17 Indigenous engagement sessions across the province, which included almost 200 attendees from nearly 100 Indigenous communities and organizations.

The feedback received from First Nation and Métis individuals, communities and organizations is critical to informing the policies and programs that will ensure the continued involvement of Indigenous communities in the energy sector, including in transmission, conservation, and small-scale distributed generation.

Since 2009, there has been a strong emphasis on Indigenous participation in the renewable energy sector. As a result of incentives built into renewable energy procurements including the

Feed-in Tariff (FIT) Program and Large Renewable Procurement (LRP), First Nation and Métis communities and groups are leading or partnering on more than 550 different wind, solar and hydroelectric projects. These projects have a contracted capacity of over 2,000 MW of clean energy – enough to power about 700,000 homes each year.

There has also been tremendous leadership from Indigenous communities in leading or establishing partnerships on major transmission line projects such as the East-West Tie and the remote community connection project.

While renewable energy opportunities have changed due to Ontario's strong energy supply position, the Ministry of Energy remains committed to ensuring that opportunities for First Nation and Métis communities in the energy sector continue.

Q5. What is being done to ensure that Ontario's transmission system is properly maintained, planned and developed?

Transmission is the backbone of the electricity system. Maintaining system reliability is a top electricity priority.

Since 2003, over \$15 billion has been invested to enhance and renew Hydro One's systems, including upgrades to over 15,000 kilometres of power lines (including both transmission and distribution lines).

The Independent Electricity System Operator (IESO) estimates that significant transmission projects completed since 2003 have increased the transmission capacity by about 10,000 megawatts (MW).

Major new transmission projects are currently under development in Northwestern Ontario, including the Northwest Bulk Transmission Line that would increase supply and reliability in the area west of Thunder Bay, the East-West Tie which reinforces the system between Wawa and Thunder Bay and the line to Pickle Lake, which would enhance the system so that it can support the connection of remote First Nations.

Changes introduced by the Ontario Energy Board (OEB) in 2013 have enhanced the regional planning process by ensuring that transmitters, distributors and the Independent Electricity System Operator (IESO) work closely to identify solutions for regional electricity needs and by encouraging greater municipal involvement and public participation.

Over the past three years, the electricity needs of all 21 of Ontario's planning regions have been evaluated, completing the first full cycle of regional planning assessments across the province.

All regions of the province can expect timely local transmission enhancements as needs emerge.

Q6. Some municipalities have complained that a lack of electricity supply and limitations to the transmission grid are affecting their ability to attract businesses. What are you doing to help these communities grow?

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Q7. What benefit will Ontario's Fair Hydro Plan offer Indigenous communities?

Ontario is working to address the issue of electricity affordability through its Fair Hydro Plan programs such as the First Nations Delivery Credit and Ontario Electricity Support Program.

Ontario's Fair Hydro Plan has reduced electricity bills by 25 per cent on average for residential consumers across Ontario and hold increases to the rate of inflation for four years. Small businesses and farms also benefit. The plan includes the 8 per cent rebate introduced in January and builds on previously announced initiatives to deliver broad-based rate relief on all electricity bills.

The First Nations Delivery Credit provides on-reserve First Nations residential households who are customers of licensed electricity utilities a credit equal to 100% of the electricity delivery charge on their electricity bills, with average savings of \$85 per month.

The First Nations Delivery Credit benefits up to 21,500 residential customers living on reserve and helps address some of the unique challenges that on-reserve First Nations customers face and recognizes First Nations' contributions to the provincial electricity system. .

Monthly on-bill credits provided through the Ontario Electricity Support Program (OESP) program have been increased by 50 per cent for all eligible customers. Single, low-income consumers who receive the lowest credit amount received \$30 per month (\$360 per year). They will now receive \$45 per month (\$540 per year). Eligibility for the program has also been expanded, making it accessible to more low-income households.

OESP continues to include an expanded credit for customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and First Nation, Inuit, and Métis customers. This enhanced credit has also been increased by 50 per cent.

Additionally, to help offset the higher costs to distribute electricity to Ontario residents who live in rural or remote locations, the government put in place the Rural or Remote Rate Protection (RRRP) framework.

RRRP provides rate protection for customers living in areas of very low density – including Hydro One's R2 customers, customers of Algoma Power and customers of Hydro One Remote Communities and James Bay First Nation LDCs.