

Indigenous Energy Policy

Presentation to the
Ministry of Indigenous Relations and Reconciliation
May 12, 2017

Presentation Overview

- 1. Relationships and Dialogue**
- 2. Long Term Energy Plan (LTEP)**
- 3. Update on CCAP Minute Items #41 and #42 (Indigenous Partnerships) - MIRR**

1. RELATIONSHIPS AND DIALOGUE

First Nation – Ontario Energy Table

Purpose

- Provide a forum for discussion and information sharing between First Nation leadership and Ontario government and agency leaders on energy matters of mutual concern and interest
- Enable First Nations and Ontario to build a stronger, collaborative working relationship based on mutual respect for each party's concerns and interests

Meetings:

- February 23, 2015 (political level)
- January 27, 2016 (technical level)
- April 21, 2016 (political level)
- March 10, 2017 (political)

Co-Chairs

- Minister of Energy
- Chiefs of Ontario Regional Chief

Agency Members

- (IESO, OPG, Hydro One)

First Nation Members

- Political Territorial Organization leaders (NAN, GCT3, AIAI, UOI)
- Six Nations Chief
- Akwesasne Chief
- Mushkegowuk Council Chief

Hydro One Negotiation Table

Chiefs of Ontario

- The Province and COO reached an agreement-in-principle on June 16, 2016 and announced the agreement-in-principle on July 12, 2016.
- Ontario committed to support the Chiefs of Ontario (COO) with capacity funding to help them explore opportunities for share ownership in Hydro One and to undertake negotiations to facilitate a transaction for the purchase of shares for the collective benefit of First Nations in Ontario.
- Phase 1 funding of \$1,137,042.00 has been disbursed to COO for the September 1, 2015 to March 31, 2016 time period.
- The Ministry has executed a Phase 2 TPA for COO's capacity funding request of \$2.7 million to cover costs from April 1, 2016 to March 31, 2017 and is waiting for COO to submit a Phase 3 TPA request to cover costs from April 1 – Dec 31, 2017 to close the transaction.

Métis Nation of Ontario

- The Ministry has executed a MNO Phase 1 Capacity Funding TPA in the amount of \$599,500.00. The initial payment will be made in early May 2017.

Grievance Table Process

- The Grievance Table process was established at the request of the Chiefs of Ontario as a means to avoid litigation to resolve historic grievances related to the energy sector and prevent these issues from impeding progress in negotiations for First Nation ownership of Hydro One shares.
- ENERGY agreed to establish the Grievance Table as an ongoing process to discuss historic grievances, and on this basis, the First Nations agreed not to interfere with the Provinces' decision to broaden the ownership of Hydro One.
- The cost of electricity and delivery charges were identified as the prevailing grievance at the First Nations-Ontario Energy Table meetings. ENERGY agreed to explore options for a First Nations Rate. Additional details on next slide.
- ENERGY is currently engaged in Grievance Table discussions with the following First Nations: Constance Lake, Six Nations Elected Council, Chippewas of the Thames, Serpent River, Sandy Lake.
 - Serpent River's grievance has recently been resolved and Constance Lake's grievance is potentially close to being resolved.

First Nations On-Reserve Delivery Credit

- The Ontario Energy Board (OEB) worked with the Chiefs of Ontario (COO) to engage with First Nations to develop options for a First Nations electricity rate. The OEB provided a report to the Minister in January 2017.
- Concerns about electricity affordability were also raised at all of the First Nation LTEP engagement sessions .
- On Mar 2, 2017, Ontario announced the Fair Hydro Plan which includes the elimination of the delivery charge for on-reserve First Nation customers through the First Nations On-Reserve Delivery Credit (FNDC).
- The FNDC applies to on-reserve First Nation residential customers of licensed electricity utilities and provides a 100% credit of the delivery or service charge – approximately 21,500 customers in total.
- The Ministry of Energy has worked with the Chiefs of Ontario to establish a Working Group, through the direction of COO's Chief Committee on Energy, to ensure the FNDC is implemented as quickly and effectively as is possible. If passed, the FNDC will come into effect as soon as July 1, 2017.
- The FNDC is a direct result of First Nation leadership and community-level engagement, and an example of the Political Accord signed between First Nations and Ontario coming to life.

2. LONG TERM ENERGY PLAN (LTEP)

LTEP Indigenous Engagement

- The Ministry of Energy held 17 Indigenous engagement sessions across the province to inform the update of the LTEP in the fall of 2016 and January 2017.
- Close to 200 participants from 97 Indigenous communities and organizations attended an in-person engagement session.
- PTOs were offered LTEP coordinator capacity funding to participate (NAN and GCT#3 took up)



LTEP Indigenous Engagement Cont.

- Reports summarizing the feedback heard during the Indigenous LTEP sessions were recently sent out to all First Nation and Métis invitees.
- The Ministry of Energy is hosting a final session as a capstone to the LTEP First Nation engagement process.
- This event has three objectives:
 - For those who could not attend the first round of engagement sessions, to have another opportunity to share their perspectives;
 - For those who did attend the first round of engagement sessions, to hear the feedback from all the sessions and to share additional ideas; and
 - An opportunity to provide feedback on initial ideas the ministry is considering in the next LTEP.

Location: Holiday Inn, 1696 Regent Street, Sudbury

Date: Wednesday, May 17, 2017

Time: 11:00am to 3:30pm

Indigenous Engagement Feedback

Delivery Charge:

- Customers not aware what it covers. Unfair that it varies across province. Should not be required to pay delivery charges in recognition of First Nation communities' contribution to the energy sector (e.g.. Tx/Dx/generation in traditional territories without benefits).

Electricity Costs:

- Desire for lower bills for Indigenous customers (on and off reserve), First Nation-specific electricity rate, simplified billing and eligibility screening. Indigenous representation on the OEB. Concern for elders/seniors, families with young children and service cut-offs. In some cases, individuals/families forced to move off-reserve because rural energy costs are too high. Removal of the delivery charges. Métis Nation of Ontario feedback to establish a program for all Métis customers to reduce electricity bills.

LDC issues:

- Customers identifying rising costs; challenges with customer service, disconnections, trespassing on reserve, lack of equality of LDC-delivered programming, application process, etc.

Energy literacy:

- Efforts needed to explain different components of bill and why they have gone up.

Local Control/ Autonomy:

- interest in net metering, local generation, ownership of transmission and distribution infrastructure, and micro-grids as a means of economic development, enhancing self sufficiency and resilience, and lowering electricity bills for homes and community infrastructure

Indigenous Engagement Feedback Cont.

Capacity support and tailored programs:

- More programs for Indigenous customers and communities, support for capacity; program continuity is critical for awareness and availability of providers & skills.

Energy plan implementation:

- Financial support to implement energy plans developed through the Aboriginal Community Energy Plan (ACEP) program; access to capital funds/financing for projects.

Transmission Investments:

- Need for continued grid investment due to impacts of climate change & electrification, projects that enable the connection of remote communities and that enable economic development opportunities for Indigenous communities. Remove the economic barriers to transmission development.

Net Metering / Self-Consumption:

- Interest in net metering (solar, hydro-electric, bioenergy) to reduce electricity costs and increase autonomy.

Micro-grid and storage:

- Interest in community microgrids to off-set diesel use, improve reliability and provide more local control/autonomy/resilience.

Innovation and Government Support:

- Government support needed for communities to develop innovative energy technologies and home grown solutions and enhance capacity for energy innovation.

Indigenous Engagement Feedback Cont.

Local Benefits / Economic development:

- Supply choices have an economic impact (consider costs, employment opportunities and economic development opportunities for Indigenous communities). Opportunities are part of reconciliation.

Renewables over nuclear:

- Lack of general support for nuclear, concerns about water impacts, waste disposal, safety, and lifecycle costs and interest in harnessing local resources (i.e., wind, water and sun). Province should consider renewable procurements and other programs that allow communities to sell to the grid.

Natural Gas Access:

- Natural gas access to Indigenous communities/customers to enable consumer choice and to help reduce home energy costs including electricity.

End of the Line / Reliability:

- Health, education and economic development in end of line communities being hampered by lack of line capacity. Single phase power reportedly causing damage to local infrastructure and expense of upgrading unreasonable for small communities.

Pipelines:

- Province needs to continue to advocate for the six pipeline principles in federally regulated projects and ensure early consultations with potentially affected communities are undertaken for ancillary infrastructure under provincial jurisdiction.

Indigenous Engagement Feedback Cont.

Conservation:

- Customers need to see price benefits of conservation. Insufficient implementation and poor permeation of past programs; inappropriate tools, lack of trust with people implementing the program (e.g. to let them into their homes/ fear officials may condemn homes once permitted to evaluate). Programs should raise awareness of benefits of conservation to the grid and include youth-targeted education.

Housing Stock:

- Many homes in Indigenous communities are in poor condition / not built for northern climates; overcrowding. Homes often require significant retrofits/renovations to realize conservation benefits and/or readiness for distributed generation opportunities. Holistic solutions needed.

Northern Realities:

- Need to better consider the realities of life in the North when developing programming; programs targeting EVs may not be appropriate for some time; consider instead the efficiency of trucks and snow machines. Interest in the use of more environmentally-focused solutions that align with CCAP and reduce diesel dependence in northern climates; but at the same time concern that climate change costs and initiatives (carbon tax on gas and diesel, increasing biofuels in the fuel mix) will affect way of life on the land (e.g. costs of operating ATV to access trap lines, need/timing of equipment upgrades if you increase biofuels in fuel supply).

Themes and Proposed Initiatives

“Supporting Indigenous Capacity & Leadership”

- This theme is based on the feedback received from Indigenous communities (a desire to build community capacity and self-sufficiency) and continuing to build on LTEP 2013 initiatives while recognizing an evolving Ontario energy sector.

Proposed Initiatives Under Consideration:

1. Energy Affordability
 - Fair Hydro Plan
 - Conservation
2. Energy Resiliency
 - Remote Community Connection
 - Implementing community energy plans
3. Supporting Local Opportunities
 - Education and capacity
 - Supporting small-scale renewable energy and micro-grids
 - Improving community access to financing

3.

**3. Update on CCAP Minute Items #41 and #42
(Indigenous Partnerships) - MIRR**

#41 – MICRO GRIDS

Minute #41 of the CCAP Cabinet Submission reads as follows:

- Energy and MAA to work with MOECC to develop and report back in 2016 on an implement plan to work with First Nation governments and organizations to develop a program for low-or -no-carbon energy powered micro grids and other alternative energy projects, with diesel use reduction targets of 50% in 2018 and 100% in 2020

Current Status:

- The Ministry of Energy will be moving forward with proposing a program to support renewable generation and microgrid technology projects that reduce diesel reliance with a focus on the four unconnectable communities (Winisk, Fort Severn, Gull Bay and Whitesand First Nations)
- MOECC did not allocate funding for the microgrid program for FY 2017/18, and directed the Ministry of Energy to re-apply for funding for the 2018/19 fiscal year. ENERGY is continuing to advocate for in-year funding should funds become available. ENERGY will be seeking policy approvals in the coming months and will be prepared to move forward with community engagement and support for project planning should surplus funding be identified in-year.
- ENERGY has been discussing with MOECC on how to align engagement on this initiative with general CCAP engagement sessions being led by MOECC.

Next Steps / Considerations:

- ENERGY is preparing a submission to Cabinet with recommendations on how to move forward.
- Microgrids were discussed with First Nations during the LTEP engagements with many communities expressing interest in microgrid projects and, in particular, projects to offset community energy use (diesel reduction for remote communities) and to provide more local control/autonomy/resilience.

#42 – EXEMPTION REGULATION

Minute #42 of the CCAP Cabinet Submission reads as follows:

- MOECC, working with MAA and other Ministries as appropriate to consult with First Nations regarding the development of a regulation exempting certain fuels delivered to reserves for use by First Nations from the Cap and Trade Program

Current Status:

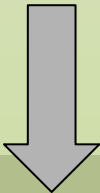
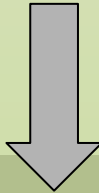
- It is expected that carbon pricing will increase the cost of electricity for the 25 off-grid communities in Ontario that rely on diesel to generate electricity.
- For off-grid Indigenous residential customers on reserves serviced by RemoteCo. Ontario is removing the fixed service charge.
- MOECC is also requesting that the federal government provide funding to 10 Independent Power Authorities to account for the carbon costs passed through for diesel generation (estimated at \$0.6 Million).

Next Steps / Considerations:

- MOECC to prepare an exemption regulation.
- In the interim, consider alternative options to cover increased costs to IPAs should the federal government refuse to provide the requested funding.

Appendix: Indigenous Energy Policy Overview and Current Context

Indigenous Energy Policy Framework

1. Meeting the Duty to Consult	2. Community Involvement	3. Building Relationships
Work with agencies, developers and other ministries to ensure the Crown's duty is met on energy activities	Support and encourage First Nation and Métis community participation in the energy sector	Strengthen and maintain relationships with communities and leaders to inform ministry policy
		
More communities directly involved in energy projects	Community concerns and interests used to better inform energy activities	Regular two-way flow of information

Duty to Consult and Energy Projects

- The Ministry works with its partner ministries to ensure the duty to consult is met where Aboriginal or treaty rights may be adversely affected by a Crown action.
- ENERGY plays a coordination role on larger energy developments like transmission lines to ensure potentially-affected communities are consistently identified applicable permits and regulatory approvals, and that the Crown's consultation responsibilities are fulfilled.
- Energy expressly delegates procedural aspects of consultation to project developers, typically through a letter or Memorandum of Understanding to the proponent.
- For energy sector developments, this is preferred since developers likely are able to better explain their project and consider feedback about potential impacts, and are better positioned to discuss ways to mitigate impacts by making adjustments to the project

Duty to Consult and Energy Projects Cont.

- Energy activities that may trigger the duty to consult include:
 - **Energy Transport**
 - Major transmission projects (e.g. Line to Pickle Lake)
 - Minor transmission projects (e.g. 115 kV lines, pole replacements)
 - Natural gas pipelines
 - **Generation**
 - Hydroelectric expansions (e.g HESOP) and new hydroelectric projects
 - Renewables (solar, wind, bio-energy)
 - **Other projects being monitored**
 - Nuclear Waste
 - Inter-provincial hydrocarbon pipelines

Indigenous Participation: Current Context

- The Ministry of Energy is committed to encouraging opportunities for First Nation and Métis communities to play an active role in the energy sector including conservation, generation and major transmission line projects.
- *The Green Energy and Green Economy Act*, 2009 enabled the creation of programs and incentives to facilitate the participation of Indigenous communities in the renewable energy sector.
- The 2010 and 2013 Long Term Energy Plans (LTEPs) reinforced Ontario's commitment to First Nation and Métis participation in the energy sector. Policy and program supports put in place have resulted in significant community leadership and involvement in energy projects, including renewable generation, transmission and conservation. (see slides 7-11)
- The province is currently benefitting from a strong electricity supply position, which means future renewable generation opportunities for Indigenous communities will likely be focused on smaller-scale, distributed generation (e.g. net metering, micro-grids, etc.)
- With 89 First Nation communities currently participating in community energy planning work through the Aboriginal Community Energy Plan program, there is an opportunity to leverage this work through-conservation and energy efficiency initiatives.
- As the Ministry updates the LTEP, there is opportunity for continued support for involvement of Indigenous communities in Ontario's evolving energy sector and for addressing key energy issues facing First Nations and Métis, including energy affordability and building community capacity and resiliency.

Success To Date

OVER 80% OF CONTRACTS

under the Large Renewable Procurement
have First Nation partners



Indigenous communities
are participating in over
1,800 MW of
contracted renewable energy



\$200 MILLION
in loan guarantees through
the Aboriginal Loan
Guarantee Program



of First Nations in Ontario have received funding
to develop a community energy plan through
the Aboriginal Community Energy Plan program.

Success To Date cont.

More than 570 Feed-in Tariff (FIT) and Large Renewable Procurement (LRP) projects have Indigenous community partners



12 WIND PROJECTS
(767 MW)



546 SOLAR PROJECTS
(331 MW)



14 HYDRO-ELECTRIC PROJECTS
(87 MW)

TOTALLING: 1185 MW



Political Accord signed between the Chiefs of Ontario and the Government of Ontario in 2015



45 First Nations participated in the Aboriginal Conservation Program

\$8.5M in Aboriginal Renewable Energy Fund support

The Aboriginal Renewable Energy Fund provided support to 45 different Indigenous communities and groups to explore and develop renewable energy projects.



In July 2016, Ontario announced that a partnership led by 22 First Nations was selected as the transmitter for a project connecting remote First Nations in northern Ontario to the electricity grid.

Incentives for Indigenous Participation in Renewables

Feed-in Tariff (FIT) Program - standard offer program for procuring small-scale renewable projects

- Priority Points – applicants improve their ranking if they have support of First Nation and Métis communities
- Aboriginal Adder – a top-up of the contract price for projects with Indigenous community participation (intended to incentivize participation and offset costs associated with developing partnership)
- Contract Capacity Set-Aside – a proportion of the available capacity for each FIT application intake is reserved for applications with greater than 50% First Nation and Métis community participation
- First Nation and Métis communities are now participating in over 550 FIT projects
- The FIT 5 application window is expected to open October 31, 2016 with a target of at least 150 MW

Large Renewable Procurement (LRP) - Competitive process for procuring large-scale renewable projects

- Rated Criteria – similar to the Priority Points above; points resulted in a “discount factor” applied to the proponent’s bid price
- Aboriginal Adder – same as above
- On September 27, 2016, the Ministry directed the IESO to suspend the second round of the LRP (LRP II), based on results of the IESO’s Ontario Planning Outlook that showed Ontario will benefit from a strong supply to meet projected demand over the coming decade.



FIT examples: Alderville First Nation's 5 MW solar project (top) & M'Chigeeng First Nation's 4 MW wind project (bottom)

Indigenous Community Support Programs

Aboriginal Loan Guarantee Program (OFA)	Guarantees of up to \$50 million in commercial loans to Indigenous entities for participation in generation and transmission. Over \$200 million in guarantees have been provided to date.
Aboriginal Community Energy Plan Program (IESO)	Provides up to \$95,000 to Indigenous communities to explore options for conservation, efficiency and renewable energy through the development of a community energy plan. To date, 89 First Nations have received funding to develop community energy plans.
First Nation Conservation Program (Hydro One), Save on Energy Conservation Programs & Hydro One Remotes Co. Conservation Programs	Under the 2015-2020 Conservation First Framework, LDCs are required to deliver Save On Energy conservation and energy efficiency programs to each of their customer segments. Hydro One's First Nation Conservation Program covers the largest number of Indigenous communities in the province. This program replaces the IESO Aboriginal Conservation Program, offered under the previous conservation framework, and which ended at the end of 2015. First Nations communities can also access other Save On Energy programs. Outside of the Framework. Hydro One Remotes Co. Inc. has a Conservation and Renewable Energy (CaRE) Program, which includes, on request, a mail in rebate program, and commercial lighting and street lighting retrofits for remote communities in north western Ontario.
Energy Partnerships Program (IESO)	The EPP is a new streamlined program that replaces former IESO programs including the Aboriginal Renewable Energy Fund, and the Aboriginal Transmission Fund. This program provides funding to First Nation and Métis communities, municipalities, public sector entities and co-operatives for renewable energy project development. Funding is available to Indigenous communities to explore partnerships on transmission projects. The four communities that are not economic to connect to the transmission grid can access funding for renewable energy project development. The EPP launched on June 27, 2016. Applications are accepted on ongoing basis.

Other Programs

The following Ontario programs are also available to First Nation and Métis communities:

Ontario Electricity Support Program (OEB)	- Provides an ongoing rate reduction directly on the bills of eligible low-income electricity consumers. Eligible First Nation and Métis households receive a higher level of assistance in recognition of the unique challenges they face with respect to electricity affordability. The OEB has worked with First Nations to develop a delivery model that meets the needs of their communities, including on-site and face-to-face application assistance. Application intake began October 29, 2015. - Through the Fair Hydro Plan announced Mar 2, 2017, the OESP will increase by 50%.
First Nations On-Reserve Delivery Credit (FNDC)	Also announced through the Fair Hydro Plan, the government intends to introduce legislation that would, if passed, enable the elimination of the delivery charge (or remove the monthly service charge for customers of licensed distributors which charge a bundled rate) for all on-reserve First Nations residential customers (21,500 customers). ENERGY and the Chiefs of Ontario have established Working Group to ensure the FNDC is implemented as quickly and effectively as is possible. If passed, the FNDC will come into effect as early as July 1, 2017.
Education and Capacity Building Program (IESO)	- The program provides support for initiatives that focus on education, building capacity and developing the skills of Indigenous communities, municipalities, public sector entities and co-operatives to participate in Ontario's energy sector. - The next ECB call for proposals is expected in mid 2017.

Transmission Partnerships

- **Bruce to Milton Transmission Line:**
 - Limited partnership between Hydro One and the Saugeen Ojibway Nations (34% First Nation-owned).
- **East West Tie:**
 - 445 km line from Wawa to Thunder Bay, NextBridge is the designated transmitter for the East West Tie through an OEB competitive process
 - NextBridge is currently working with a group of First Nation communities to establish a partnership.
- **Line to Pickle Lake and Remote Connection Project:**
 - Wataynikaneyap Power, a partnership between Fortis and 22 First Nations, was selected as the transmitter for the new line to Pickle Lake and the connection of 16 diesel-reliant, remote First Nation communities.
 - More details on following slides.
- **Northwest Bulk:**
 - Reinforcement of existing West of Thunder Bay transmission line.
 - Ministry of Energy has an Indigenous consultation MOU with Hydro One

Connection of Remote First Nation Communities

- The government identified the connection of remote Ontario First Nation communities as a priority in the 2013 Long Term Energy Plan.
 - There are 25 remote First Nations that are not currently connected to the provincial electricity grid and rely on local diesel generators for their electricity needs.
 - Diesel reliance is an environmental concern, a safety issue, a barrier to growth and cost prohibitive over the long-term.
- The IESO's Remote Community Connection Plan shows up to 21 of 25 remote First Nation communities 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.
 - This would result in long-term avoided costs for the federal government and the province.
- To facilitate the timely construction of the remote connection project, Ontario recently announced a new set of tools which will streamline OEB approvals, provide certainty regarding who will develop and build the transmission assets for a large group of First Nations, and introduced a funding mechanism to ensure.
 - Wataynikaneyap Power, which is owned by a group of First Nation communities, along with transmission partner Fortis Ontario, was selected as the transmitter to undertake the remote connection project.

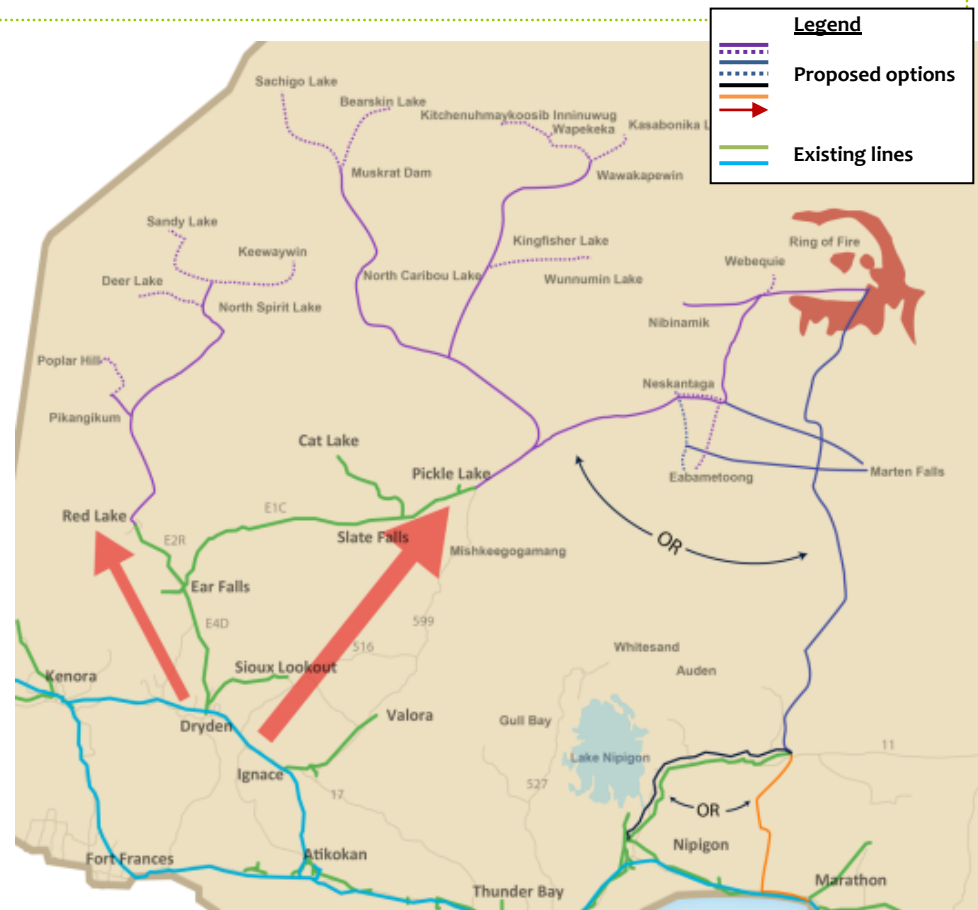
Connecting Remote First Nation Communities

Project components:

1. Upgrades to existing system
 - i. New Line to Pickle Lake (230 kV)
 - ii. Upgrades between Dryden and Red Lake
2. New infrastructure to connect remote communities and industrial facilities (i.e. mines).

Key Features:

- ~\$1.3B in capital costs for new line to Pickle Lake and grid-connection of up to 21 communities (2014 estimate from IESO).
- Over 2,000 km of 115kV and 44kV lines.
- Savings to be shared between funding parties (federal government and Ontario ratepayers).



Communities not economic to connect

- While the connection of remote First Nations remains a priority for the province, Ontario has also committed to assisting the four communities that are uneconomic to connect to explore renewable solutions for reducing diesel use.
- To-date, Ontario has undertaken the following:
 - Direction to IESO to enter into a power purchase agreement with Whitesand First Nation for a biomass facility;
 - \$2.5M from Northern Ontario Heritage Fund Corp. to support Fort Severn First Nation's solar project;
 - Funding stream in IESO's new Energy Partnerships Program (EPP) targeted for the four communities (up to \$500k per community);
 - Confirmed support for Gull Bay First Nation's solar project;
 - Draft electricity service plans completed by the IESO for each community; and
 - Participation in the Pan-Canadian Task Force Summit.
- Key opportunities moving forward include the Pan Canadian Taskforce, CCAP micro-grid initiative, and securing Federal Government support.