

First Nations-Ontario Energy Table

March 10, 2017

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AGENDA

1. Indigenous Energy Participation in Ontario: Success To Date
2. Aboriginal Community Energy Plan case study
3. Long-Term Energy Plan report back (ENERGY)
4. Ontario Power Outlook report overview (IESO)
5. Grievance Table update (ENERGY & Grievance Table Committee)

1. INDIGENOUS ENERGY PARTICIPATION IN ONTARIO: SUCCESS TO DATE

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

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.

TRANSMISSION PARTNERSHIPS

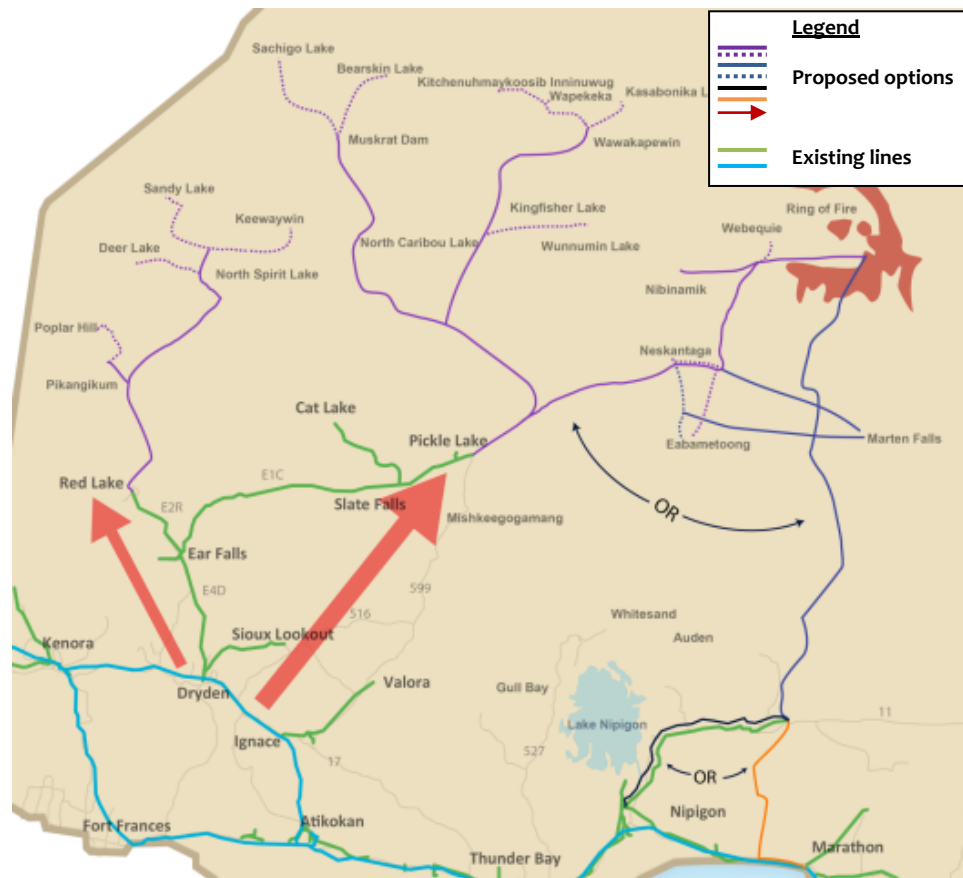
- **Bruce to Milton Transmission Line:**
 - Limited partnership between Hydro One and the Saugeen Ojibway Nations (34% First Nation-owned).
- **East West Tie:**
 - 445 km line from Wawa to Thunder Bay, NextBridge is the designated transmitter for the East West Tie through an OEB competitive process
 - NextBridge is currently working with a group of First Nation communities to finalize 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.



CONNECTING REMOTE FIRST NATION COMMUNITIES

Accomplishments in 2016:

- 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
 - introduced a funding mechanism to ensure that Ontario is able to contribute its share of the project costs.
- Wataynikaneyap Power and its partner Fortis Ontario was selected as the transmitter to undertake the remote connection project.
- The Ministry of Energy is currently in cost-sharing discussions with the federal government for this initiative.



REMOTE COMMUNITIES: NON-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 (\$500k per community);
 - Confirmed support for Gull Bay First Nation's solar project , and a solar project in development for Weenusk First Nation through the Smart Grid Fund;
 - Draft electricity service plans completed by the IESO for each community; and
 - Participation in the Pan-Canadian Task Force Summit.
- The province is working with the four communities to explore innovative solutions to reduce diesel dependency.
 - The Energy Partnerships Program has a dedicated funding stream for these four communities that will provide up to \$500,000 each to develop projects that reduce diesel use.

HYDRO ONE NEGOTIATION TABLE

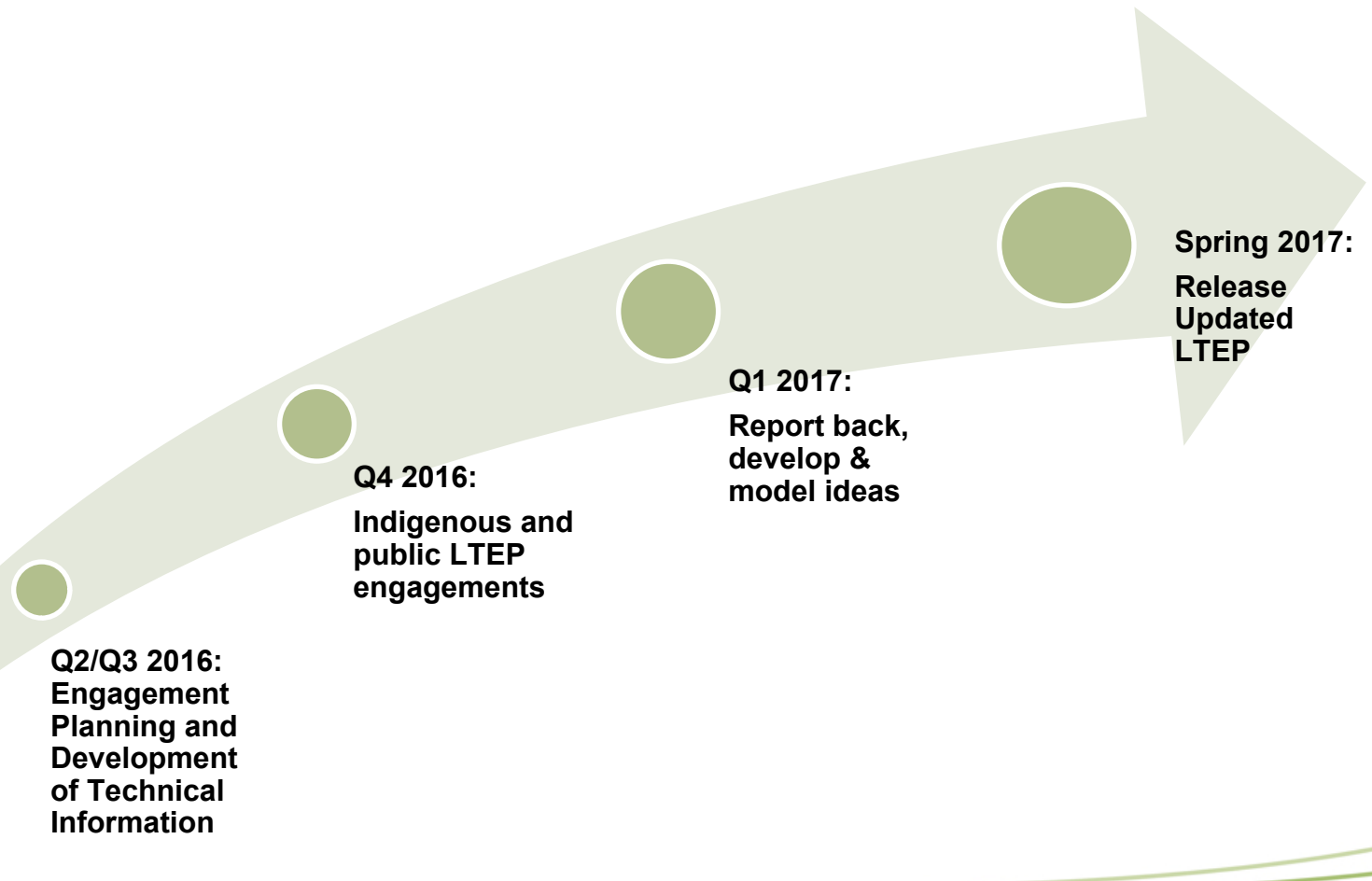
Chiefs of Ontario

- 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 capacity funding of \$1,137,042.00 has been disbursed to COO.
- The Ministry has finalized a Phase 2 TPA for COO's capacity funding request of \$2.8 million to cover costs until March 31, 2017.
- Pending ratification of the Hydro One transaction the Ministry remains committed to providing capacity funding to facilitate the transaction closing to the end of December 31, 2017.
 - A potential Phase 3 capacity funding period would be from April 1, 2017 to December 31, 2017.

**2. CASE STUDY:
ABORIGINAL COMMUNITY ENERGY PLAN**
****COO AGENDA ITEM?****

3. LONG-TERM ENERGY PLAN (LTEP) REPORT BACK

LTEP 2017 TIMELINE & NEXT STEPS



LTEP FIRST NATION ENGAGEMENT PROCESS

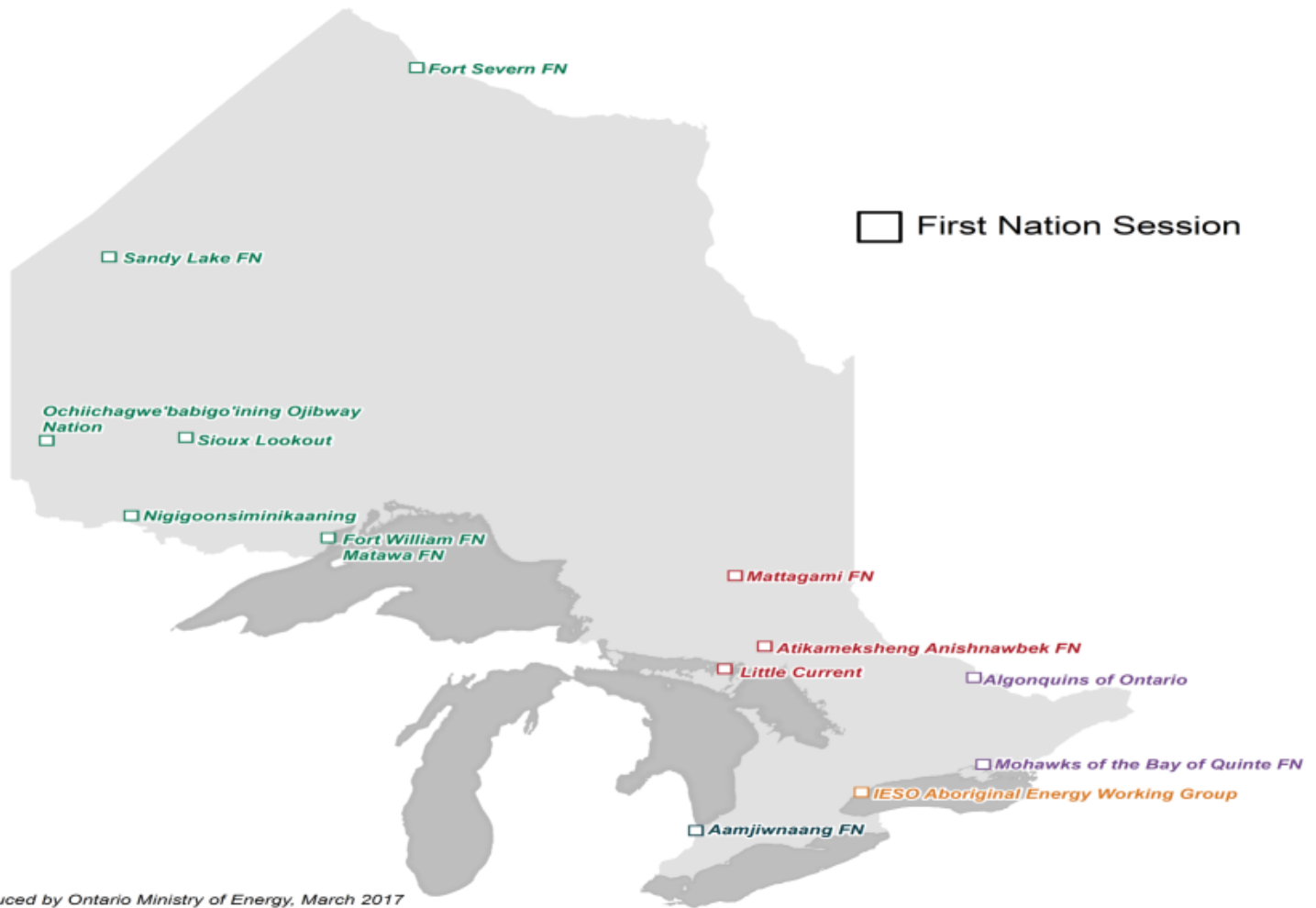
COO & PTO Engagement:

- Invited feedback on engagement ideas and planning from COO.
- IESO offered capacity funding to PTOs.
- IESO-Ministry of Energy PTO pre-engagement workshop to share technical information and engagement plans, and to seek feedback.

Direct First Nation Engagement:

- Invitation to all First Nation Chiefs.
- Staff-level follow-up and outreach.
- Ministry offered to cover expenses of two representatives from each First Nation community.
- 15 First Nation sessions held across the province, including in northern and remote communities.
- Sessions attended by 153 people representing 78 First Nation communities and organizations.

FIRST NATION LTEP ENGAGEMENT SESSIONS



ENGAGEMENT SESSION FEEDBACK

- **Delivery Charge:** Eliminate the delivery charge in recognition of First Nation contributions.
- **Electricity Costs:** Energy costs are too high; simplify billing and eligibility for payment relief.
- **Local Distribution Companies:** Poor customer service, disconnections, trespassing on reserve, lack of equality of LDC-delivered programming.
- **Understanding Energy:** Better programs explaining bill components & energy cost increases.
- **Local Energy:** Net metering, microgrids, local generation and infrastructure ownership to enhance local benefits, control, autonomy and resilience.
- **Capacity Support:** Need for local capacity, participation and financing. Need program continuity.
- **Energy Planning:** Support to implement ACEPs, including capital funds/financing for projects.
- **Transmission:** Need grid investment, including to combat the impacts of climate change and to promote projects to connect remote communities and enable economic development.
- **Innovation:** Support needed to develop innovative technologies and home grown solutions.

ENGAGEMENT SESSION FEEDBACK

- **Natural Gas:** enable consumer choice and to help reduce home energy costs including electricity.
- **Reliability:** community economic development is hampered by lack of line capacity. Single phase power is causing damage to local infrastructure and upgrades are too expensive for communities.
- **Pipelines:** Continue advocating for the six Ontario pipeline principles in federally-regulated projects and ensure early consultations are undertaken for infrastructure under provincial jurisdiction.
- **Conservation:** Programs should result in savings & educate re: environmental benefits. Past programs poorly permeated due to inappropriate tools & lack of trust (e.g. to let people into homes).
- **Housing:** Homes often require significant retrofits/renovations to realize conservation benefits and/or readiness for distributed generation opportunities. Holistic solutions needed.
- **Northern Realities:** Better consider the realities of life in the North when developing policies and programs; e.g. instead of electric vehicles, consider efficiency measures for trucks and snow machines.

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- **Climate Change:** Interest in environmentally-focused solutions aligning with CCAP. reduction of diesel dependence in northern climates: concern

LTEP 2017 AND EVOLUTION OF PARTICIPATION OPPORTUNITIES

- The province is in a strong energy supply position and must balance the costs of building new energy supply in a fiscally responsible manner.
- Given the strong energy supply situation, the province has suspended the procurement of new large energy generation, such as the IESO's Large Renewable Procurement program.
- Ontario understands that the energy sector presents opportunities for economic development in First Nation communities and is committed to supporting these opportunities while recognizing an evolving Ontario energy sector.
- The Ministry's LTEP engagements have highlighted the sustained interest of First Nations in participating in generation and transmission projects and also in advancing local community energy initiatives.
- As the ministry continues to synthesize input received from technical reports, the environmental registry and its engagement sessions, it will bear in mind the interest it heard at First Nation engagement sessions regarding opportunities to enhance local benefits, autonomy and energy resiliency including through:
 - Renewable microgrids, net metering and other local/distributed generation projects;
 - Conservation and energy efficiency; and

LTEP AND FIRST NATION COMMUNITIES

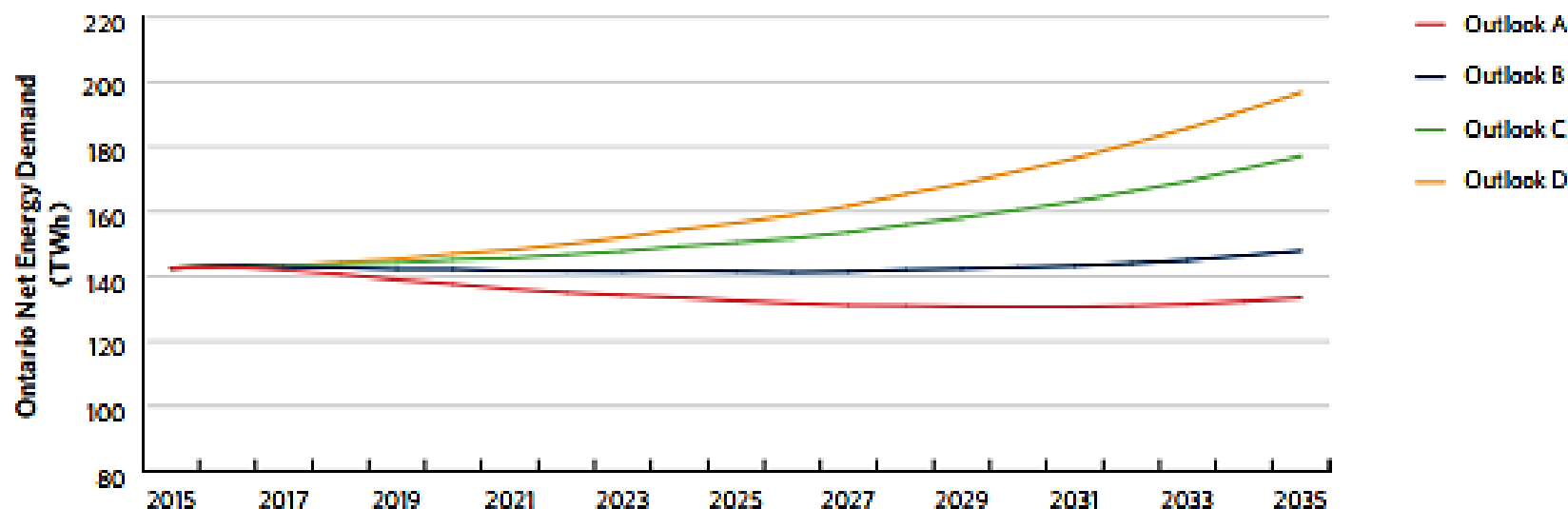
Indigenous Energy Policy and Program Initiatives For Discussion:

- Electricity cost mitigation: First Nation on-reserve delivery charge credit (see slide 23)
- Continue with and build on success of Indigenous energy capacity support programming:
 - Continue support for Aboriginal Community Energy Plans (ACEPs)
 - Continue support for energy-focused Education and Capacity Building initiatives
 - Evolution of existing project participation support funding to reflect current energy context, provide greater flexibility for unique and innovative community interests, and to assist with implementation of completed Aboriginal Community Energy Plans
- Explore ways to improve community access to financing for energy initiatives
- Continue support for remote communities via transmission connection and other diesel reduction initiatives (micro-grids, etc.)

4. ONTARIO POWER OUTLOOK

IESO'S ONTARIO PLANNING OUTLOOK

- The first step in the development of the Long-Term Planning Process was the release of the Ontario Planning Outlook (OPO) by the IESO on September 1, 2016.
- The report includes a ten-year review and a twenty-year outlook (to 2035) for electricity demand, supply, system costs, conservation and emissions.
- The report provides a range of outlooks for electricity demand:
 - **Outlook A** (or “low demand outlook”)
 - **Outlook B** (or “flat demand outlook”); and
 - **Outlooks C and D** (or “higher demand outlooks”), which consider higher levels of electrification associated with policy choices on climate change.

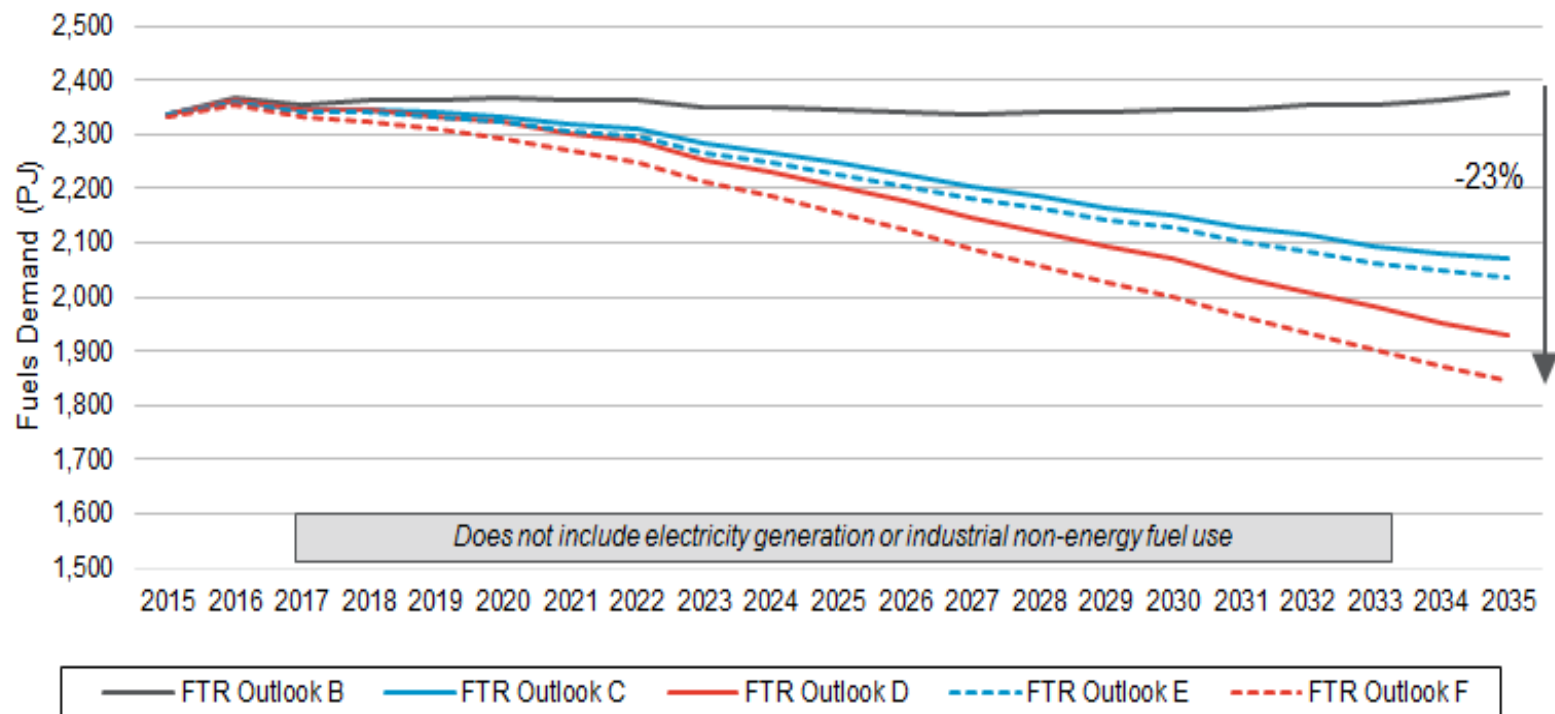


FORECASTED SUPPLY RESOURCES

- The OPO states that as a result of investments over the past decade in the sector, the province is in a strong position to meet the range of demands for electricity that could occur.
- The report notes that while its higher demand outlooks, driven by increased electrification, could create a need for additional resources in the longer term, these needs are not projected to occur until the mid-2020s, with significant increases in resource requirements projected to occur beyond 2030.

FUELS SECTOR DEMAND

- The Ministry of Energy also released a Fuels Technical Report (FTR) that includes a review of fuels consumption and a set of twenty year outlooks for demand, supply, costs and GHG emissions.
- The fuels and electricity technical reports share common assumptions on economic activity, demographic data and electrification of equipment and transportation.
- The report includes five demand outlooks. Changes in demand are a result of electrification, as well as conservation and uptake of alternative fuels.



5. GRIEVANCE TABLE UPDATE

GRIEVANCE TABLE UPDATE

- The Grievance Table is a forum for First Nations and ENERGY to work towards resolving historic energy and distribution and transmission infrastructure grievances.
- The ministry is currently working with a number of First Nations on a range of grievances including generation projects, transmission infrastructure and permitting and right-of-way issues.
- ENERGY is currently engaged in bilateral Grievance Table discussions with the following First Nations:
 1. Constance Lake First Nation
 2. Six Nations Elected Council
 3. Chippewas of the Thames First Nation
 4. Serpent River First Nation
 5. Sandy Lake First Nation
- First Nation Leadership have advocated for the review of delivery charges associated with transmission and distribution assets within the context of historical grievances and the need for electricity rate relief for on-reserve customers.
- Energy affordability was the leading issue raised at all Long-Term Energy Plan Indigenous sessions.

FIRST NATIONS DELIVERY CREDIT: OEB Report

- The Minister committed to consider options for addressing the issue at the Apr. 18, 2016 First Nations-Ontario Energy Table meeting.
- In June 2016, pursuant to s.35 of the OEB Act, the Minister issued a letter directing the OEB to prepare a report providing “*advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers.*”
- The OEB provided its report to the minister on December 29, 2016 and recommended:
 - Eliminate the delivery charge for all on-reserve First Nations residential customers and eliminate the monthly service charge for customers of licensed distributors which charge a bundled rate;
 - Automatically qualify on-reserve First Nations residential customers (~21,500 customers).
 - Enable greater information sharing between distributors and band councils to identify all on-reserve First Nations customers.
 - Continue to provide OESP and LEAP to eligible on-reserve First Nations customers.

FIRST NATIONS DELIVERY CREDIT: IMPLEMENTATION

- On March 2, 2017 the Government announced Ontario's Fair Hydro Plan which includes the launch of a new Affordability Fund, enhancements to the existing OESP and Rural or Remote Rate Protection (RRRP) program and provide on-reserve First Nations households with a delivery credit.
- The First Nations Delivery Credit (FNDC) would apply to on-reserve First Nation households that are customers of regulated electricity utilities.
- It **would** provide a 100% credit of the delivery or service charge, depending on the local distribution company.
- FNDC is the direct result of First Nation leadership, and **would** be an example of the Political Accord signed between First Nations and Ontario coming to life.
- It is intended to help address some of the unique challenges that on-reserve First Nations customers face, and to recognize First Nations' contribution to the provincial electricity system.

COMMUNITY-DRIVEN PROCESS

1

Exploratory

- Potential grievance identified
- Staff meet with community to gather basic information
- ENERGY to make decision about whether the Grievance Table process is appropriate.
- If yes, move to step 2.
- If no, determine if there are other ways ENERGY could assist community (ie. facilitate discussion with other Ministry, direct to available funding programs, etc)

2

Collaborative

- Establish a working group with capacity funding as appropriate and fixed term
- Proceed to next step on mutual decision that a negotiable solution is possible

3

Negotiations

- Establish a government to government process to seek mutually acceptable resolution