

# Delivering Fairness and Choice

## LTEP 2017

### Chapter 7. Supporting Indigenous Capacity and Leadership

First Nations and Métis have emerged as leaders in Ontario's energy sector, bringing their unique perspectives, knowledge and influence to energy planning, projects and policies. This new level of involvement of First Nation and Métis communities in the energy sector is unprecedented:

- First Nations and Métis are now leading or partnered on over 550 wind, solar, and hydro-electric generation projects across Ontario, accounting for over 2,000 megawatts<sup>1</sup> of clean energy capacity.
- Indigenous communities are partners with transmission companies on proposed major priority transmission lines such as the remote community connection project.
- Nearly 100 First Nations are participating in the IESO's Aboriginal Community Energy Plan program. Community energy plans assess a community's current energy needs, priorities and explore options for conservation and renewable energy.

More than 150 First Nation and Métis communities across Ontario have established or credibly asserted Aboriginal and treaty rights. Energy sector activities can not only potentially affect these rights, but also the socio-economic well-being of these communities.

Ontario takes its duty to consult First Nation and Métis communities seriously. The government is committed to ensuring that First Nation and Métis communities are consulted on any energy activity that could potentially affect their Aboriginal and Treaty rights.

The recently-completed 28-MW Peter Sutherland Sr. Generating Station project is located about 80 kilometres north of the town of Smooth Rock Falls on the New Post Creek. A third of the project is owned by Coral Rapids Power, a company that is wholly-owned by the Taykwa Tagamou Nation (TTN). Coral Rapids Power will receive a share of profits and be a partner for the approximate 90-year life of the plant.

The development, which is named after a respected elder in the TTN, has already had a positive impact on the community. As many as 50 TTN members worked on the project at one point, and TTN joint-venture businesses received approximately \$53.5 million in subcontracts during the construction phase of the station.



<sup>1</sup> FIT 526 (1,084 MW), LRP 13 (319.9 MW), Other (785.5 MW)

Many First Nations and Métis across Ontario face energy-related challenges: the lack of reliable and affordable power, energy-inefficient housing and inadequate infrastructure, to name just a few. The causes and solutions to these challenges are rooted in complex historical, jurisdictional, geographic and regulatory contexts, such as the imposition of the *Indian Act*, the division of federal and provincial powers, and geographic constraints.

On August 25, 2015, the First Nations-Ontario Political Accord was signed by the Chiefs of Ontario and the province and creates a formal bilateral relationship framed by the recognition of the treaty relationship. The Political Accord, and the Ontario-Métis Nation Framework Agreement signed in 2008, guide the relationship between Indigenous communities and Ontario. Ontario is committed to working together with Indigenous communities to identify issues and propose actions to take towards Reconciliation and healing.

The Ministry of Energy will continue the direction established in *LTEP 2013* and support First Nation and Métis leadership and capacity in Ontario's evolving energy sector. The focus of *LTEP 2017* will change though, reflecting the province's strong energy supply position. *LTEP 2017* is also responding to the concerns heard through the LTEP engagement process and the ongoing dialogue between the Province, its agencies and First Nation and Métis partners.

Building on the dialogue from the LTEP engagement process, Ontario commits to a more regular and ongoing dialogue with Indigenous communities. This will include energy awareness and education initiatives, the involvement of youth in the energy conversation, and an ongoing dialogue with communities between LTEPs to update them on the province's progress and get feedback from First Nations and Métis.

### **Addressing Energy Affordability**

Improving electricity affordability is a major priority for Indigenous and non-Indigenous electricity consumers. Ontario is working to address the issue with available programs like:

- The Ontario Electricity Support Program (includes enhanced credits for Indigenous electricity consumers) (See Chapter 1)
- Rural and Remote Rate Protection (see Chapter 1)
- Low-Income Energy Assistance Program (See Chapter 1)
- Conservation First Framework (See Chapter 4)

The government recognizes that First Nation electricity consumers living on reserve face unique challenges with respect to electricity affordability. Customers living on reserve often pay higher distribution costs than customers in more populated areas because distribution rates based on population density. This problem is often compounded by energy inefficient homes on reserves.

### **First Nation Delivery Credit**

First Nation leaders recommended removing electricity transmission and distribution delivery charges when they met at the First Nations-Ontario Energy Table with the Minister of Energy and other energy sector leaders.

The Minister committed to taking action and, on March 2, 2017, announced the government's *Fair Hydro Plan* would remove the electricity delivery charge from the bills of on-reserve First Nation residential customers. The First Nation Delivery Credit will start being implemented on July 1, 2017.

It is also a sign that the Political Accord signed between Premier Wynne and Ontario Regional Chief Day in 2015 is being brought to life.

### Conservation

Over 40 First Nation communities have participated in the *Aboriginal Conservation Program*, with benefits flowing to more than 1,800 First Nations households.

Indigenous customers also have access to other energy efficiency and conservation programs offered by local distribution companies, including Hydro One.

While conservation programs are working well in some First Nation and Métis households, participants in the LTEP engagement meetings said the programs needed to be more flexible, available and well-known.

With its Mid-Term Review of the 2015-2020 *Conservation First Framework*, the Independent Electricity System Operator is reviewing existing programming, engaging with First Nation and Métis communities and will report back on options for making conservation programs more available for First Nation and Métis consumers, including communities served by Independent Power Authorities.

Placeholder: conservation success story  
[EXAMPLE:] Conservation on the Coast (case study in development)

### Enhancing Energy Resiliency

## Connecting Off-Grid Communities

25 remote First Nation communities in the province's northwest rely on diesel fuel to power their communities. Ontario recognizes the unique challenges they face, and, because of the high cost of diesel fuel, there is a strong economic case to connect as many as 21 to Ontario's electricity grid

Connecting these 21 remote First Nations is a priority for Ontario. Communities cannot improve their housing, their water treatment systems and other community infrastructure without having a reliable and adequate supply of electricity.

Connection to Ontario's low-carbon electricity grid will not only improve the quality of life and enable economic development, but will also reduce greenhouse gas emissions and the environmental risks associated with transporting diesel fuel.

For these reasons, Ontario has taken several steps to begin the connection of remote First Nation communities. These include:

- selecting Wataynikaneyap Power as the transmitter for connecting most of the remote First Nation communities (see inset box);
- creating a mechanism for funding a portion of project costs
- working to reach a fair cost-sharing agreement with the federal government that ensures the project is fully funded and can proceed to construction

[Additional detail re: Matawa communities is in development]

At this time, grid connection of four remote First Nations in Ontario is not economically viable. So, each of these

Wataynikaneyap Power is a transmission company owned by 22 First Nation communities in partnership with FortisOntario.

Wataynikaneyap Power is beginning to seek regulatory approval so it can develop, build and operate new transmission facilities in northwestern Ontario. These include a line to Pickle Lake, the connection of 16 remote First Nation communities, and the accelerated connection of Pikangikum First Nation.

### **Ontario Power Generation and Gull Bay First Nation [ *this is not yet public* ]**

Ontario Power Generation and Gull Bay First Nation (GBFN) are in the early stages of building an advanced renewable microgrid on the Gull Bay reserve on the western shore of Lake Nipigon. GBFN has a population of 200 people and is one of the four remote First Nations that cannot be economically connected to transmission at this time.

The GBFN project will create a community microgrid using solar photovoltaic generation, battery storage, a control system and the existing on-site diesel generators that currently supply the community's entire energy needs.

Support for the project came from the last *LTEP*, after which the minister directed to the IESO to explore opportunities to reduce the use of diesel power in the four First Nation communities that cannot be economically connected to transmission. The project is receiving \$2 million from the Smart Grid Fund [TBC: as well as \$X from the Northern Ontario Heritage Fund Corporation].

communities has begun the planning and development work necessary to add sustainable technologies that will reduce their reliance on diesel.

Ontario will continue to partner with these communities, the federal government and others partners to support these projects. They could include renewable microgrids, battery storage, and other innovative technologies that are economical and meet identified community needs.

### **Implementing Community Energy Plans**

Community energy plans are an important way to understanding local energy needs better., They allow communities to identify opportunities for energy efficiency and clean energy and develop a plan to meet their community's goals. Close to 100 First Nation communities are developing community energy plans, using funding from the *Aboriginal Community Energy Plan* (ACEP) program. This funding support will continue.

But energy plans are just a first step and Ontario recognizes that further support is needed to turn these plans into tangible actions and results. That is why the ACEP program will be expanded so that communities can get the support they need to implement the solutions they have identified in their plans,.

The IESO will review the existing ACEP program, engage with First Nation and Métis communities, will give the Ministry of Energy recommendations for supporting the implementation of community energy plans. Funding will come from the \$10 million dedicated by the IESO for this and other Indigenous programs.

ACEP PLACEHOLDER: Case Study  
[Example: North Caribou First Nation – case study in development]

### **Supporting Local Opportunities**

#### **Building Sector Knowledge and Capacity**

The IESO's Education and Capacity Building (ECB) program continues to support the education, training and skills building of First Nations and Métis. As community needs change, the scope of the ECB program is expanding to include initiatives that help build local business skills, energy literacy, and youth engagement. Ontario will support energy literacy and education initiatives as well, and include youth in this dialogue.

#### **Exploring Energy Projects and Partnerships**

The IESO's Energy Partnerships Program (EPP) supports First Nation and Métis communities who want to lead or be partners on renewable energy and transmission projects.

Funding from the EPP helps support the financial, legal and technical due diligence First Nations and Métis need to become partners on major priority transmission lines and renewable energy projects. One of the funding streams goes to help the four communities who can't be economically connected to the transmission grid to explore solutions to reduce their reliance on diesel fuel.

The EPP program also assists in the development of renewable energy projects, supporting, where appropriate, the costs of developing and getting regulatory approvals for Feed-In-Tariff (FIT) projects.

Ontario will further engage with First Nations and Métis to explore how these programs can change to better reflect First Nation and Métis needs within the current energy system, including how they can support the integration of small-scale renewable energy projects into the local energy system, and the use of net metering and other innovative solutions that address local or regional energy needs and interests.

### **Accessing Financing**

Developing energy projects requires significant financial and human capital. Current barriers prevent Indigenous communities from actively participating in the energy sector. Major barriers to more widespread Indigenous participation include:

- lack of capital at reasonable terms;
- high financing costs;
- shortage of capacity around financing and partnership building

The Aboriginal Loan Guarantee Program has helped First Nations and Métis obtain lower-cost financing when they participate in large-scale energy projects. However, the Province recognizes that barriers to financing remain, particularly for smaller-scale projects. As a result, Ontario will engage with First Nation and Métis communities to identify gaps in financing as well as alternative financing models and changes that could be made to existing programs.

#### **What is the Aboriginal Loan Guarantee Program (ALGP)?**

The ALGP supports Aboriginal participation in energy infrastructure. Launched in 2009, the \$650 million program guarantees up to 75 percent of an Indigenous corporation's equity in a project. To date, the ALGP has approved nine projects, including: TBD

The time is ripe for Ontario to apply innovative financing models and build on its strong record of promoting First Nations and Métis participation in energy projects. These sorts of financing models and social finance tools have been successfully used in the United States, Australia, and Canada to facilitate greater Indigenous participation.

#### **The Mother Earth Renewable Energy (MERE) Project**

MERE is the first wholly-owned Indigenous wind project in Canada. The two 4MW wind turbines owned by M'Chigeeng First Nation generate enough energy to power the community's 418 homes. MERE received a loan guarantee for the project through the Aboriginal Loan Guarantee Program in 2012.

MERE was established under the Band's mandate to build a green economy. The project allocates its proceeds, averaging \$300,000 in the first fourteen years [NTD Annual, cumulative?], to the Band to use for community development programs. M'Chigeeng's MERE project is an innovative example of how clean energy and alternative financing [ALGP?] can be used to produce financial and socio-economic benefits to communities.

#### **[Call-out Box] TBD**

*Callout Box:* Three to five sentences qualitative description of an Indigenous energy project that benefited from a loan guarantee, with a quote describing the support and how the loan guarantee can be improved for smaller scale projects. (examples could include Rainy River First Nations Solar Project which consists of three solar facilities, totaling 25 MW – became operational in 2015; or the 100 MW Grand Bend Wind Farm that became operation in 2016 and a partnership between Northland Power and a corporation wholly-owned by Aamjiwnaang and Walpole Island)

Ontario will explore innovative financing models to build upon these success stories. Ontario will take the following actions to increase First Nation and Métis access to financing:

- engage with leaders, organisations, and financing experts to identify financing gaps hindering the development of First Nation and Métis projects;
- investigate the applicability of innovative financing models and social finance to support First Nation and Métis energy projects; and
- develop methods to better capture the social, environmental, and local benefits of First Nation and Métis energy projects.

Ontario appreciates the unique social benefits that can result from First Nation and Métis participation in energy projects. Social finance tools can incentivize local benefits that impact the daily lives of community members and future generations. Measuring and assessing these

benefits could help Ontario take a more rounded view when making decisions on energy policies and projects. It would also be consistent with the UN Human Rights Council *Report of the Special Rapporteur on the Rights of Indigenous Peoples*.

**In Summary:**

- Ontario will improve the availability of conservation programs for First Nation and Métis consumers, including communities served by Independent Power Authorities.
- Ontario will continue to prioritize the connection remote First Nation communities and continue to support the four First Nations where transmission connection is not economically viable.
- The ACEP program will be expanded to help communities to implement their community energy plans.
- Ontario will engage with First Nations and Métis to explore options for supporting education and capacity building, the integration of small-scale renewable energy projects, net metering and other innovative solutions that address local or regional energy needs and interests.
- Innovative financing models and support tools will be investigated to lower financing costs and stimulate the financing of First Nation and Métis projects.
- The province will report back to communities between LTEPs to provide updates on the province's progress and get ongoing feedback from First Nations and Métis.