Constance Lake Meeting QA
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Questions and Answers

Q1. What is the Framework Agreement between Constance Lake and Ontario?

On June 10, 2016, Constance Lake First Nation (CLFN), the Ministry of Energy and the Ministry of Indigenous Relations and Reconciliation (MIRR) signed a Framework Agreement. The purpose of the Framework Agreement was for the parties to better understand the impacts and operation of the Shekak-Nagagami Dam and to explore options for CLFN to derive benefits and become a more active participant in the project.

Constance Lake's participation under the Framework Agreement was supported with funding from the Ministry of Energy and MIRR, through a transfer payment agreement. Over the course of the last year, a working group comprised of CLFN Councillors and ENERGY and MIRR staff, met regularly to advance discussions, reporting in to a Governance Committee of the Chief and two Deputies.

The focus of the discussions was on finding ways to provide value for Constance Lake First Nation going forward.

On April 6, 2017, the Governance Committee reached an agreement-in-principle and a subsequent agreement was signed by all parties on [DATE]. The agreement will provide stable revenue directly to the CLFN over the long-term, without benefits flowing to the project proponent, Brookfield.

Q2. What does this resulting agreement offer Constance Lake First Nation?

Over the course of the last year, the working group and Governance Committee assessed many different options to assist CLFN with deriving benefits from its partnership in the Shekak-Nagagami project.

The agreement will offer stable, long-term cash flows that will be provided directly to CLFN.

The agreement includes a hydrology adjustment adder of $15/MWh to be issued directly to CLFN from the Independent Electricity System Operator (IESO) based on actual electricity generation of the project, with an annual escalation of 70% of CPI.

It also includes a generation floor to mitigate hydrology risks and to provide stable annual cash flows for CLFN.

It will result in approximately $1.0-1.2M in the first year (escalated at 70% of CPI annually thereafter) representing a total NPV[1] of $20.5 – 24.5 M over the course of the power purchase agreement. The first year is pro-rated from April 6, 2017 and will be paid up front.

In addition, MIRR recently entered into a separate Transfer Payment Agreement with CLFN for environmental and social programming (approx. $200,000).

Q3. Where does the $1.0-1.2M per year come from?

The agreement includes a hydrology adjustment adder of $15/MWh to be issued directly to CLFN from the Independent Electricity System Operator (IESO) based on actual electricity generation of the project, with an annual escalation of 70% of CPI.

It also includes a generation floor to mitigate hydrology risks and to provide stable annual cash flows for CLFN.

This will result in approximately $1.0-1.2M in the first year to Constance Lake (escalated at 70% of CPI annually thereafter) representing a total NPV[1] of $20.5 – 24.5 M over the course of the power purchase agreement. The first year is pro-rated from April 6, 2017 and will be paid up front.

The exact benefit depends on the production from the facility but is guaranteed at a minimum based on 80% of the long term average annual production of the facility.

Q4. What is the rationale for this agreement?

CLFN has been a partner in the Shekak-Nagagami Dam since 1994 but has not received any financial benefits to date. The community also experienced negative impacts of the project to the community's way of life – including hunting, trapping, gathering and fishing.

Ontario government representatives benefited from the knowledge shared by the community, including Councillors, Elders and the Chief, about the impacts of the dam.

The focus of the Framework Agreement was on finding ways to provide value and direct benefits for Constance Lake First Nation going forward.

Q5. What energy conservation programs are available to Constance Lake First Nation?

The province has various energy programs, including conservation programs that are available to First Nations.

Constance Lake First Nation is serviced by Hydro One, and is eligible for the new First Nations Conservation Program (FNCP), which was launched in late 2016.

This program provides free in-home installation of electricity conservation measures such as programmable thermostats, LED lighting, block heater timers and insulation.

The Long Term Energy Plan is currently being updated and feedback received from First Nations through the engagement process is integral to ensuring that programming to support First Nation involvement in the energy sector evolves to meet the needs of communities.

Q6. Is this the first agreement to ever be reached from grievance table negotiations/discussions?

The agreement between Ontario and Constance Lake First Nation is the first formal agreement established as a result of the Grievance Table process.

However, the ministry has taken action on other identified grievances using different mechanisms.

For example, a key grievance identified through the First Nation-Ontario Energy Table was the high cost of electricity. The government acted swiftly to address this issue by directing the Ontario Energy Board to report on options for rate assistance for on-reserve First Nations. As a result, Ontario announced its Fair Hydro Plan on March 2, 2017 which includes the introduction of a First Nations On-Reserve Delivery Credit.

Q7. Are there similar negotiations/discussions happening with other First Nations communities in Ontario? If so, how many and what's the status?

The Ministry is currently working with several communities; however, these discussions are confidential.

Q8. Why did it take over one year to reach this agreement?

The agreement between Ontario and Constance Lake First Nation is the first formal agreement established as a result of the Ministry of Energy's Grievance Table process.

From the point at which the Framework Agreement was signed in June 2016, the process required both Constance Lake First Nation and Ontario to develop a strong understanding of the construction, impacts and operation of the Shekak-Nagagami Dam, as well as conduct a thorough exploration and assessment of different options. While it may seem like the process took a long time, we feel that significant progress has been made – a collaborative agreement that will provide stable, long-term revenue for Constance Lake moving forward.

Q9. Is it really possible for a financial sum to compensate for a lost way of life?

The Agreement reached between Ontario and Constance Lake is not intended to compensate for impacts of the Shekak-Nagagami Dam; nor is it intended to compensate for expected financial revenues of the facility.

The focus of the Framework Agreement was on finding ways to provide value and direct benefits for Constance Lake First Nation going forward.Through the agreement, Constance Lake First Nation will receive approximately $1.0-1.2 million per in the first year, escalated at 70% of CPI annually thereafter.

The agreement will provide stable, long-term revenue to Constance Lake based on actual electricity generation of the Shekak-Nagagami Dam.

The government hopes this agreement will mark a positive step forward for Constance Lake First Nation and will result in long-term economic benefits for the community.

Q10. What benefit will Ontario's Fair Hydro Plan offer First Nation communities?

Ontario's proposed Fair Hydro Plan would reduce 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 would 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.

Ontario introduced legislation on May 11, 2017 that, if passed, would enable a First Nations Delivery Credit that would eliminate delivery charges for on-reserve First Nations residential consumers served by a licensed electricity distributor, saving them an average of about $1,020 per year ($85 per month).

Monthly on-bill credits provided through the Ontario Electricity Support Program (OESP) program have been increased by 50% 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%.