

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 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 of clean energy capacity.ⁱ
- Indigenous communities are partners with transmission companies on proposed major priority transmission lines such as the remote First Nation community connection project.ⁱⁱ
- Nearly 100 First Nations are participating in the IESO's Aboriginal Community Energy Plan program.ⁱⁱⁱ These community-led energy plans assess a community's current energy needs, priorities and explore options for conservation and renewable energy.

First Nation and Métis across Ontario have established or credibly asserted Aboriginal and treaty rights. Energy sector activities can potentially affect these rights, as well as 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.

Many First Nations and Métis across Ontario face energy-related challenges: the need for reliable and affordable

Commented [SE1]: The Metis expressed frustration with the application of the term "community" to their members, as they are not organized into geographic communities.

Commented [NK(2)]: Somewhat concerned that this will come across as insulting to Watay because they are in fact leading the project and have brought on board a Tx company.....not sure how to reword though....

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.

Figure 1: Map of Peter Sutherland Generating Station

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.



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, but progress is being made through nation-to-nation interactions.

On August 25, 2015, the First Nations-Ontario Political Accord was signed by the Chiefs of Ontario and the province, creating 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 First Nations-Ontario Political Accord

- Affirms First Nations' inherent right to self-government.
- Commits the parties to work together on issues of mutual interest, such as resource benefits sharing and jurisdictional matters.
- Sets a path for reconciliation.

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* reflects the province's strong energy supply position and 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 paid

Commented [MS(3)]: MNO is currently on the track to sign a Framework Agreement with Canada. Ontario may be a signatory or may endorse it in some way. We could consider adding that in depending on the timing of the release of the LTEP...

higher distribution costs than customers in more populated areas because distribution rates are partially based on population density. This problem was often compounded by energy inefficient homes on reserves and other challenges that lead to higher levels of energy consumption.

First Nation Delivery Credit

To address these unique energy affordability challenges, 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 in April, 2016.

Commented [NK(4)]: I think some words to tie this into the preceding paragraph would be good,

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 was implemented on July 1, 2017.

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

Conservation

From 2013 to end of 2015, over 40 First Nation communities have participated in the *Aboriginal Conservation Program*, with benefits flowing to about 3,000 First Nations households.

Indigenous customers now have access to energy efficiency and conservation programs through the 2015-2020 *Conservation First Framework*, such as Hydro One's First Nations Conservation Program.

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*, and further engagement with First Nation and Métis communities, the

Conservation on the Coast (consent on final wording and use of case study in progress)

The Conservation on the Coast program was implemented in 2011 focusing on energy conservation methods along the Western James Bay coast. In 2014, energy audits were conducted in the communities of Attawapiskat, Fort Albany and Kashechewan.

To date, 20 retrofits have been completed in each community resulting in a substantial decrease of 27% electricity usage per home. These efforts include the installation of exterior insulation, air sealing, attic insulation and installation of plastic on crawlspace floors to prevent moisture migration into homes. The Conservation on the Coast program aims to advance residential home conservation efforts across all communities by providing LED light bulbs, hot water piping wrap, and water heater insulation blankets.

[Info on # of homes connected, linkages to economic development, health benefits]

Housing development opportunities such as foundation restoration and repair, re-shingling of roofs and replacement of doors and windows need to be explored further in order for conservation efforts to be realized.

Independent Electricity System Operator will review existing conservation programming and report back on options for making conservation programs more available for First Nation and Métis consumers, including communities served by Independent Power Authorities.

Further, under the direction of the Ministry of Energy and the Ministry of the Environment and Climate Change, the Green Ontario Fund will develop and offer new incentives, financing and services to help Ontarians and Indigenous communities to adopt low-carbon technologies and reduce their energy use.

Commented [SE(5)]: To be confirmed

Enhancing Energy Resiliency

Connecting Off-Grid First Nation 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 good 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 for those communities, but will also reduce greenhouse gas emissions and the environmental risks associated with transporting diesel fuel.

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, including the connection of Pikangikum First Nation on an accelerated timeline.

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 Nations (see inset box);
- creating a mechanism for funding a portion of project costs; and
- 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 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.ⁱⁱⁱ

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 energy 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.

Ontario Power Generation and Gull Bay First Nation*[NOTING: EDITS HAVE BEEN MADE BY OPG & GBFN and ARE RELATIVELY UNMALLEABLE]*

Ontario Power Generation (OPG) and Gull Bay First Nation (GBFN) are in the early stages of building an advanced renewable microgrid on the GBFN reserve on the western shore of Lake Nipigon. GBFN has an on-reserve population of 300 people and is one of the four remote First Nation communities that the IESO has determined cannot economically be connected to the provincial grid at this time.

Ontario is supporting the Gull Bay Diesel Offset Micro Grid project with \$2 million in funding from the Smart Grid Fund [TBC: as well as \$X from the Northern Ontario Heritage Fund Corporation].

The Gull Bay Diesel Offset Micro Grid project will create a community micro grid by integrating new solar photovoltaic generation, battery energy storage, and a micro grid control system with the existing on-site diesel generators that currently supply the community's entire energy needs. The renewable energy micro grid is expected to reduce GBFN's diesel use by approximately 25%, or 120,000L/year, equating to approximately 340 tonnes of CO₂ emissions annually. The project will create opportunities for capacity building and employment during the development, construction, and operations phases of the project.

Support for the Gull Bay Diesel Offset Micro Grid aligns with the province's energy objectives: in the last *LTEP*, the minister directed the IESO to explore opportunities to reduce the use of diesel power in the four First Nation communities where transmission connection is not considered economical. The project also reinforces Ontario's Fair North Land Use Strategy and the Canadian Energy Strategy.

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 to consider how it's working, engage with First Nations and Métis to identify program strengths, weaknesses, and opportunities for plan implementation, and then make recommendations to the Ministry of Energy on possible changes to the program and how best to support the implementation of community energy plans. Funding will come from \$10 million dedicated by the IESO for this and other Indigenous programs. Ontario's Climate Change Action Plan also identifies additional support for Indigenous community energy planning.

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

Commented [NK(6)]: Is it risky saying this since it's not formally in our budget and it's an MOECC item? Or if we are keeping it, should we give more detail?

Commented [MS(7)]: TBD based on MOECC decision.

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 First Nation and Métis under three streams:

- Financial, legal and technical due diligence to become partners on major priority transmission lines and renewable energy projects. Development of renewable energy projects, supporting, where appropriate, the costs of developing and getting regulatory approvals for projects.
- Support for the four communities who can't be economically connected to the transmission grid to explore solutions to reduce their reliance on diesel fuel.

Commented [PCL8]: I don't think you should say this if we aren't building any.

Commented [PCL9]: Begs the question -- what 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 Indigenous communities 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.

Commented [MS(10)]: Changed this specifically because unsure if Metis Nation of Ontario actually received a loan guarantee. To be verified.

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 elsewhere in 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. There are a range of financial tools that could be used to encourage and support Indigenous communities and proponents to build projects that provide local benefits that impact the daily lives of community members and help future generations. Measuring and assessing these benefits could help Ontario take a more rounded view when making decisions on energy policies and projects.

Commented [AH(11)]: JM wants to know what this means?

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 of 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 in alignment with Ontario's Climate Change Action Plan.
- 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-led or partnered projects.
- The province will report back to communities between LTEPs to provide updates on the province's progress and for ongoing feedback from First Nations and Métis.

Commented [NK(12)]: Maybe write this out in case people just go to the 'summary' section without reading the rest?

ⁱ IESO data. FIT 526 (1,084 MW), LRP 13 (319.9 MW), Other (785.5 MW) = Total

ⁱⁱ IESO data

ⁱⁱⁱ Cannot insert endnotes into text boxes: OPG-GBFN facts substantiated by OPG & GBFN.