

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 leading the development of the transmission project to connect remote First Nations. On other projects, they are partnering with transmission companies.
- Nearly 100 First Nations are participating in the IESO's Aboriginal Community Energy Plan program.ⁱⁱ These community-led energy plans assess a community's current energy needs, priorities and 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 with First Nations and Métis seriously. The government is committed to ensuring that First Nations and Métis 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

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. At one point, as many as 50 TTN members were working on the project. 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.

The First Nations-Ontario Political Accord was signed on August 25, 2015 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 responds 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 First Nations and Métis on the province's progress and get their feedback.

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); and,
- 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(1): MNO is currently on 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 the elimination of 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.

The Minister committed to taking action and announced on March 2, 2017 that 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.

The credit is a clear demonstration of the Political Accord signed between Premier Wynne and Ontario Regional Chief Day being brought to life.

Conservation

Between 2013 and 2015, over 40 First Nation communities participated in the Aboriginal Conservation Program, benefitting about 3,000 First Nations households.

Indigenous customers now have access to energy efficiency and conservation programs in 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

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

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

To date, 20 retrofits have been completed in each community resulting in a substantial 27% decrease in electricity usage per home. Exterior insulation, attic insulation and plastic on crawlspace floors were installed to prevent moisture getting into homes. The Conservation on the Coast program aims to improve residential 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]

The restoration and repair of foundations, re-shingling of roofs and replacement of doors and windows need to be explored further to fully achieve conservation savings.

Nations and Métis, the Independent Electricity System Operator will review existing conservation programs and develop options for making them more available for First Nation and Métis consumers, including those 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 reduce their energy use and adopt low-carbon technologies.

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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 upgrade their housing, their water treatment systems and other community facilities without having a reliable and adequate supply of electricity.

Connecting them to Ontario's low-carbon electricity grid will not only improve the quality of life and enable economic development for these 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, and fast tracking the connection of the Pikangikum First Nation.

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 the four remaining 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. The options 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 better understanding local energy needs. 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 ARERELATIVELY 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 to give communities the support they need to implement the solutions identified in their plans.

The IESO will engage with First Nations and Métis to identify the strengths and weaknesses of the ACEP program. IESO will then recommend possible changes to the Ministry of Energy that will support the implementation of community energy plans. Funding will come from \$10 million the IESO has dedicated for this and other Indigenous programs. Ontario's Climate Change Action Plan also identifies additional support for Indigenous community energy planning.

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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. Because the needs of communities are changing, 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.

The EPP helps First Nations and Métis three different ways:

- funding for financial, legal and technical due diligence for First Nations who want to become partners on priority transmission lines and renewable energy projects;
- support for the development of renewable energy projects, including, where appropriate, the costs of developing and getting regulatory approvals for projects; and,

- Funding so the four communities who can't be economically connected to the transmission grid can explore ways to reduce their reliance on diesel fuel.

Ontario will engage with First Nations and Métis to explore how these programs can better reflect First Nation and Métis needs, including support for the integration of small-scale renewable energy projects into local energy systems, and the use of innovative solutions, such as net metering, that address local or regional energy needs and interests.

Accessing Financing

It takes significant financial and human capital to developing energy projects. Existing barriers prevent First Nations and Métis from actively participating in the energy sector. Major barriers preventing more Indigenous participation include:

- lack of capital at reasonable terms;
- high financing costs; and,
- 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 Nations and Métis to identify gaps in financing as well as alternative financing models and changes that could be made to existing programs.

Commented [MS(4): 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 Nation and Métis participation in energy projects. These sorts of financing models and social finance tools have been successfully used to facilitate greater Indigenous participation in the United States, Australia, and elsewhere in Canada.

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 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 Indigenous communities and proponents to build projects that provide local benefits for community members and future generations. Measuring and assessing these benefits could help Ontario take a more rounded and broader view when making decisions on energy policies and projects.

Commented [JM5]: What is social finance?

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 Aboriginal Community Energy Plan program will be expanded to help communities implement their community energy plans. This lines up 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 get feedback from First Nations and Métis.

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.