

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 partnering 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 lead or are partners with transmission companies on proposed major priority transmission lines such as the remote First Nation community connection project.
- 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 explore options for conservation and renewable energy.ⁱⁱⁱ

What Indigenous peoples said in the LTEP Engagements

- Need to connect remote communities.
- Unreliable service hinders community development
- Eliminate Delivery charge
- Assist implementation of Community Energy Plans
- Substandard housing makes conservation difficult
- Lack of access to conservation programs others have
- Preference for renewables over nuclear
- Indigenous ownership and partnering on projects
- Need for federal funding for remote connection

First Nations and Métis across Ontario have established or credibly asserted their Aboriginal and treaty rights.^{iv} 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. Ontario 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 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.^v The Political Accord, and the Ontario-Métis Nation Framework Agreement signed in 2008, guide the relationship between Indigenous communities and Ontario.^{vi} Ontario is committed to working together with Indigenous communities to identify issues and propose actions to take towards Reconciliation and healing.

Commented [MS(1): 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...

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 Province 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.^{vii}

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 such as:

- the Ontario Electricity Support Program (includes enhanced credits for Indigenous electricity consumers) (see Chapter 1);
- Ontario's Fair Hydro Plan (see Chapter 1);
- the Low-Income Energy Assistance Program (see Chapter 1); and
- the Conservation First Framework (see Chapter 4).

Ontario recognizes that First Nation electricity consumers living on reserve face unique challenges with respect to electricity affordability. Customers living on reserve often paid 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 eliminating delivery charges for electricity transmission and distribution 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 on March 2, 2017, Ontario announced it's *Fair Hydro Plan* would provide a credit equal to 100% of the electricity delivery charge from the bills of on-reserve First Nation residential customers.^{viii} The First Nation Delivery Credit, which was implemented on July 1, 2017, is a demonstration that the Political Accord signed between Premier Wynne and Ontario Regional Chief Day in 2015 has been brought to life.

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 of them to Ontario's electricity grid.^{ix}

Connecting these 21 remote First Nations is a priority for Ontario. Communities cannot improve their housing, their water treatment systems or 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 the economic development for those communities, but will also reduce local pollution, 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);^x
- 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.^{xi}

Conservation

Between 2013-2015, over 40 First Nation communities participated in the *Aboriginal Conservation Program*, with benefits flowing to more than 3,000 First Nations households.^{xii}

Indigenous customers also have access to other energy efficiency and conservation programs through the 2015-

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 lines up with the province's energy objectives: in the last *LTEP*, the Province 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

2020 Conservation First Framework, such as Hydro One's First Nation 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 visible to community members.

The Green Ontario Fund will be developing and offering new incentives, financing and services to help Ontarians and Indigenous communities adopt low carbon technologies and reduce their energy use.

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.^{xiii} Ontario is committed to continuing this funding.

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 ACEP's strengths, weaknesses, and implementation opportunities, and then recommend possible changes that can best support the implementation of community energy plans. Funding will come from the \$10 million the IESO has dedicated for this and other Indigenous programs. Ontario's Climate Change Action Plan also identifies opportunities for Indigenous program support.^{xiv}

Commented [MS(2)]: TBD based on MOECC decision.

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 other energy literacy and education initiatives as well, and include youth in this dialogue.^{xv}

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.

Three streams of funding from the EPP help support First Nation and Métis with^{xvi}:

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

Ontario will engage with First Nations and Métis further to explore how these programs can change to better reflect First Nation and Métis needs within the current energy system. This may include a look 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.

Access to Financing

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

- lack of capital at reasonable terms;

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. [need to get consent for photo]



- 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.^{xvii} However, Ontario 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, changes that could be made to existing programs, as well as alternative financing models.

Commented [MS(3)]: Changed this specifically because unsure if Metis Nation of Ontario actually received a loan guarantee. To be verified.

[Call-out Box or Side Box] 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 the 438MW Lower Mattagami project, the Bruce to Milton transmission reinforcement project, the 28MW Peter Sutherland hydro project, and the 4MW Mother Earth Renewable Energy project.

xviii

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 in the United States, Australia, and elsewhere in Canada to facilitate greater Indigenous participation^{xlix, xx}.

Ontario also appreciates the unique social benefits that can result from First Nation and Métis participation in energy projects. Measuring and assessing these benefits could help Ontario take a more holistic view when making decisions on energy policies and projects.

The Mother Earth Renewable Energy (MERE) Project

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

MERE was established under MFN's mandate to build a green economy. The proceeds, averaging \$300,000 per year for the first fourteen years, pay for community development programs. The MERE project is an innovative example of how clean energy and the ALGP can be used to create additional financial and socio-economic benefits for communities.

xxi

Rainy River First Nations Solar Project

Rainy River First Nation signed a memorandum of understanding with Ontario Solar PV Fields to purchase three solar projects located in the Rainy River community. The cost of the project was around \$128 million, of which \$19 million has been guaranteed through the Aboriginal Loan Guarantee Program.

The Rainy River First Nations partnered with Cedarville Energy, which develops utility scale solar and wind projects for Indigenous communities. Its net profits are \$1.3 - \$2.3 million a year for twenty years. The project generated around 37M kilowatt hours of electricity in its first year of operation in 2014. This met the average electricity needs of approximately 3,080 households.

xxii

Building on these and other successes across the province, Ontario will take the following actions to increase First Nation and Métis access to financing: ^{xxiii}

- engage with leaders, organisations, and financing experts to identify financing gaps and the unique circumstances hindering the development of First Nation and Métis energy projects;
- investigate the applicability of innovative financing models to better 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.

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 project to connect remote First Nation communities to the grid 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 in and support 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 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 seek ongoing 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 endnote into text box: OPG and media news release

^{iv} Verification needed

^v Political Accord between First Nations and Government of Ontario –Ontario Newsroom 2015

^{vi} Ontario and Metis Nation Renew Framework Agreement- Ontario Newsroom 2014

^{vii} Text Box: First Nations, Ontario sign Political Accord- Ontario Newsroom 2015

^{viii} Ontario Cutting Electricity Bills by 25 Per Cent- Newsroom 2017

^{ix} Preparing Remote First Nation Communities for Grid Connection- Ontario Newsroom 2014

^x Wataynikaneyap Power data

^{xi} Cannot insert endnotes into text boxes: OPG-GBFN facts substantiated by OPG & GBFN.

^{xiii} IESO ACEP data

^{xiv} Ontario's Action on Climate Change developed by the Ministry of the Environment and Climate Change-February 2017

^{xv} IESO Education and Capacity Building Program Overview

^{xvi} IESO Energy Partnerships Program Overview

^{xvii} Text box: Ontario Financing Authority: Aboriginal Loan Guarantee Program Overview

^{xviii} Overview of the Aboriginal Loan Guarantee Program (ALGP). (2017). Retrieved from <https://www.ofina.on.ca/algp/program/overview.htm>

^{xix} Verification needed

^{xx} MERE Text box: Verification needed for second half of text box

^{xxi} [Reference forthcoming. Facts were provided by Mother Earth Renewable Energy project staff; ENERGY staff cross-referencing at the moment]

^{xxii} Sources:

<http://rainyriverfirstnations.com/wp-content/uploads/2013/06/Solar-Project-Jan.14.pdf>

<http://rainyriverfirstnations.com/wp-content/uploads/2013/06/RRFN-Solar-Generation-Project-2013.pdf>

^{xxiii} MERE Text box: Canadian Environmental Assessment Agency: M'Chigeeng First Nation Mother Earth Renewable Energy Project Archive 10-01-55899