

Chapter 7. Supporting First Nation and Métis Capacity and Leadership

First Nations and Métis are leaders in Ontario's energy sector, bringing their unique perspectives, knowledge and leadership to energy planning, projects and policies. They have created an unprecedented level of First Nation and Métis involvement in the energy sector:

- First Nations and Métis are now leading or partnering on over 600 wind, solar, and hydroelectric generation projects across Ontario, accounting for over 2,100 megawatts (MW) of clean energy capacity.¹
- First Nations and Métis lead or are partners with transmission companies on several major priority transmission lines being proposed.
- Nearly 100 First Nations are participating in the Independent Electricity System Operator's (IESO) Aboriginal Community Energy Plan program.² These community-led energy plans assess a community's current energy needs and priorities and explore options for conservation and renewable energy.³

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

Text Box: What We Heard from You

- *Need to connect remote communities*
- *Unreliable electricity service hurts quality of life and hinders community development*
- *Eliminate the on-reserve electricity delivery charge to improve electricity affordability*
- *Need for funding to assist with implementing Community Energy Plans*
- *Conservation programming should better meet community needs*
- *General preference for renewable energy over nuclear power*
- *Desire for First Nation and Métis ownership of and partnerships on projects*
- *Need for federal funding for connection of remote communities*

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. Ontario is committed to working together with First Nations and Métis to identify issues and propose actions that advance reconciliation and healing.

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

² IESO data

³ Text Box: OPG and media news release

The Chiefs of Ontario and the Province signed the First Nations-Ontario Political Accord on August 25, 2015, creating a formal bilateral relationship framed by the recognition of the treaty relationship.⁴

Text Box: 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 Ontario-Métis Nation Framework Agreement signed in 2008 and renewed in 2014, guides Ontario's relationship with the Métis Nation.⁵

Text Box: Ontario-Métis Nation of Ontario Framework Agreement

- *Facilitates the recognition and advancement of Métis people in Ontario*
- *Fosters collaboration between the province and the MNO on issues of mutual interest to support the goals and objectives of the new agreement*
- *Increases awareness of Métis history, identity and culture*

The Province will continue the direction established in the 2013 LTEP and support First Nation and Métis leadership and capacity in Ontario's evolving energy sector. Reflecting the province's strong energy supply position, *Delivering Fairness and Choice* 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.⁶

Building on the conversations during the LTEP engagement process, Ontario commits to a more regular and ongoing dialogue with First Nations and Métis. This will include energy awareness and education initiatives, the involvement of youth in the energy conversation, and a more regular communication to ensure First Nations and Métis are informed about the Province's energy commitments and have opportunities to provide insight and feedback.

Addressing Electricity Affordability

A major priority for Indigenous and non-Indigenous electricity consumers is to improve the affordability of their electricity. Ontario is working to address the issue with programs such as:

- the Ontario Electricity Support Program (includes enhanced credits for First Nations, Métis and Inuit electricity consumers) (more details in Chapter 1);

⁴ Political Accord between First Nations and Government of Ontario –Ontario Newsroom 2015

⁵ Ontario and Metis Nation Renew Framework Agreement- Ontario Newsroom 2014

⁶ Text Box: First Nations, Ontario sign Political Accord- Ontario Newsroom 2015

- Ontario's Fair Hydro Plan (more details in Chapter 1);
- the Low-Income Energy Assistance Program (more details in Chapter 1); and
- the Conservation First Framework (more details in 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 pay higher distribution costs than customers in more populated areas because distribution rates are partially based on population density. The problem of higher distribution rates was often exacerbated by energy inefficient homes on reserves and other challenges that lead to higher levels of energy consumption.

Text Box:

A number of remote First Nations rely on diesel generators for power. The fuel is trucked in on winter roads that are becoming increasingly impassable due to climate change. This drives up the cost of diesel oil, which has to be flown in instead.

Ontario selected Wataynikaneyap Power to connect 16 remote First Nations to the province's electricity grid. Wataynikaneyap Power is a transmission company owned by 22 First Nations in partnership with FortisOntario.

Grid connection will reduce greenhouse gas emissions and support jobs and economic growth. Once completed, more than 10,000 people will have a reliable, clean supply of electricity.

First Nation Delivery Credit

To address these unique energy affordability challenges, First Nation leaders recommended the elimination of delivery charges for electricity transmission and distribution when they met with the Minister of Energy and other energy sector leaders at the First Nations-Ontario Energy Table in April 2016.

The government recognizes that many First Nation reserves are located far from high density areas of the province. As a result, they often pay higher distribution costs than customers in more populated areas. This is often compounded by poorly constructed and maintained housing on reserves that, because of electric baseboard heating and poor insulation or sealing, is energy inefficient.

The Minister directed the Ontario Energy Board (OEB) to work with First Nations to research options that would address energy affordability on reserves, and to report back on its findings. Acting on the OEB's findings and feedback from First Nations, the Province collaborated with the Chiefs of Ontario to develop the First Nations Delivery Credit. The First Nations Delivery Credit was implemented on July 1, 2017 and provides a credit equal to 100 per cent of the electricity delivery charge on the bills of on-reserve First Nation residential customers of

licenced distributors⁷. This collaborative effort between the Province and First Nations is another example of the Political Accord being brought to life.

Connecting Off-Grid First Nation Communities

Twenty-five remote First Nation communities in the province's northwest rely on diesel fuel to power their communities. Ontario recognizes the distinct 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 those communities to Ontario's electricity grid.⁸

Ontario has made it a priority to connect these remote First Nations. Communities cannot improve their housing, their water treatment systems or other community infrastructure if they do not have a reliable and adequate supply of electricity.

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

⁷ Ontario Cutting Electricity Bills by 25 Per Cent- Newsroom 2017

⁸ Preparing Remote First Nation Communities for Grid Connection- Ontario Newsroom 2014

- working to reach a fair cost-sharing agreement with the federal government that ensures the project is fully funded and can proceed to construction.

Text Box: Ontario Power Generation and Gull Bay First Nation [Do not edit]

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 to be economically unfeasible to connect to the provincial grid at this time.

Ontario is supporting the Gull Bay Diesel Offset Microgrid project with \$2 million in funding from the Smart Grid Fund, as well as \$2.5 million from the Northern Ontario Heritage Fund Corporation [yet to be announced].

The Gull Bay Diesel Offset Microgrid project will create a community microgrid by integrating new solar photovoltaic generation, battery energy storage, and a microgrid control system with the existing on-site diesel generators that currently supply the community's entire energy needs. The development, construction and operation of the project will create additional opportunities for capacity building and employment.

Ontario also supports the connection of the five remote Matawa communities that are not currently part of the Wataynikaneyap Power project. Further steps will be taken to advance their connection when proposals are brought forward.

Grid connection is not currently feasible for four of the 25 remote First Nations in Ontario. So each of these communities has begun the planning and development work to add sustainable technologies that will reduce their reliance on diesel¹⁰. Projects that reduce diesel reliance could include renewable microgrids, battery storage, and other innovative technologies that meet identified community needs.¹¹

Ontario will continue to partner with these communities and other collaborators, and is looking to the federal government to support these projects. The Government of Canada has agreed to financially support the early connection of Pikangikum First Nation and Wataynikaneyap Power plans to begin construction in 2017 to connect this First Nation. Ontario and Canada are continuing to negotiate cost-sharing to support the remainder of the Wataynikaneyap project.

¹⁰ Source Needed

¹¹ Cannot insert endnotes into text boxes: OPG-GBFN facts substantiated by OPG & GBFN.

Conservation

Over 40 First Nations participated in the Aboriginal Conservation Program between 2013 and 2015. The program funded energy efficiency upgrades such as new insulation, appliances and lighting for more than 3,000 First Nations households.

Through the 2015–2020 Conservation First Framework, First Nation and Métis customers also have access to other energy efficiency and conservation programs, such as the Save on Energy programs offered by local distribution companies.

Text Box: Conservation on the Coast

Local Distribution Companies (LDCs) owned by Attawapiskat, Kashechewan and Fort Albany First Nations are collaborating to provide conservation programs to their customers, using the name, Conservation on the Coast (COTC).

COTC began in 2013 by conducting annual energy audits in the three First Nation communities.

By October 2017, 30 homes per community will have LED bulbs, power bars, low flow aerators and showerheads, hot water pipe wrap, and improved insulation. This has reduced electricity usage by 20-25 per cent per home. In addition to the energy savings, residents say their homes are more comfortable to live in, they are burning less wood and moisture and mold problems have diminished.

Text Box: Wikwemikong First Nation

In June of 2017, the Wikwemikong First Nation launched its Ignite Energy and Infrastructure Project. This is a long-term community driven strategy to address the high energy costs faced by the community and upgrade its aging infrastructure. Phase One is a major retrofit and upgrade to LED lighting for three schools, a nursery school, the community's health centres, arenas, and the band administration office.

It is estimated this will save the community more than \$157,000 per year in energy costs, a 58% savings in the energy used for lighting. The \$1.1 million project will be financed with a contribution of \$127,900 from the IESO's the Save on Energy Program and private debt financing.

Wikwemikong is also looking to expand its portfolio of renewable energy projects with the Wikwemikong Solar Micro-grid construction project. The 300kW micro-grid is expected to begin construction in 2018/19 and will see the installation of several rooftop solar panels. This project will receive funding through the Small Community Fund.

While conservation programs are working well in some First Nation and Métis households, participants in meetings of the Long-Term Energy Plan engagement said the programs need to be more flexible, and more widely available.

In conjunction with the mid-term review of the Conservation First Framework and engagement with the Indigenous communities, the IESO will give the Province options for improving conservation programs and their availability for First Nations and Métis, including the 10 communities served by unlicensed LDCs in north-western Ontario known as the Independent Power Authorities: Eabametoong, Keewaywin (Niska), Muskrat Dam, Nibinamik (Summer Beaver), North Spirit Lake, Pikangikum, Poplar Hill, Wawakapewin, Wunnumin and Weenusk (Peawanuck).

In addition, the Green Ontario Fund will be offering new incentives, financing and services to help First Nations and Métis adopt low-carbon technologies and reduce their energy use.

Implementing Community Energy Plans

Community energy plans are an important way to understand local energy needs better. They help communities identify opportunities for energy efficiency and clean energy and develop a plan to meet their community's energy goals. Close to 100 First Nations are now developing community energy plans, using funding from the Aboriginal Community Energy Plan (ACEP) program.¹² 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 program participants the support they need to implement the solutions identified in their plans.

The IESO will engage with First Nation and Métis communities and organizations to identify the strengths and weaknesses of the current ACEP program, explore the use of conservation projects or other community-directed energy initiatives, and then recommend changes that allow community energy plans to flourish. Funding will come from the \$10 million the IESO has dedicated for this and other support programs. Ontario's Climate Change Action Plan also identifies opportunities for Indigenous program support.¹³

Supporting Local Opportunities

¹² IESO ACEP data

¹³ Ontario's Action on Climate Change developed by the Ministry of the Environment and Climate Change-February 2017

Building Sector Knowledge and Capacity

The IESO's Education and Capacity Building (ECB) program supports the education, training and skills building of First Nations and Métis. The ECB program will continue to support initiatives that help build local business skills, energy literacy, and youth engagement.¹⁴

Exploring Energy Projects and Partnerships

The IESO's Energy Partnerships Program (EPP) supports First Nation and Métis communities and organizations that want to lead or be partners on renewable energy and transmission projects. Three streams of funding from the EPP help support¹⁵:

- financial, legal and technical due diligence so First Nation and Métis can partner on major priority transmission lines and renewable energy projects;
- the development of renewable energy projects, including costs for regulatory approvals; and
- initiatives that reduce the reliance on diesel fuel for the four First Nations that can't be feasibly connected to the transmission grid.

Ontario will engage further and explore how to change these programs so they better reflect the needs of First Nations and Métis within the current energy system. This may include an examination of how programs can help integrate small-scale renewable energy projects into the local energy system, or the use of net metering and other innovative solutions that address local or regional energy needs and interests.

Access to Financing

The development of energy projects requires significant financial and human capital, and barriers can prevent First Nation and Métis communities and organizations from accessing this capital so they can actively participate in the energy sector. Barriers to more widespread First Nation and Métis participation include:

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

The Aboriginal Loan Guarantee Program has helped First Nations and Métis obtain lower-cost financing to participate in large-scale energy projects.¹⁶ However, Ontario recognizes that barriers to financing remain, particularly for smaller-scale projects. As a result, Ontario will

¹⁴ IESO Education and Capacity Building Program Overview

¹⁵ IESO Energy Partnerships Program Overview

¹⁶ Text box: Ontario Financing Authority: Aboriginal Loan Guarantee Program Overview

engage with First Nations and Métis to identify gaps in financing, possible changes to existing programs, and alternative financing models.

Text Box: What is the Aboriginal Loan Guarantee Program?

Launched in 2009, the \$650 million Aboriginal Loan Guarantee program (ALGP) guarantees up to 75 per cent of a First Nation or Métis corporation's equity in a project. To date, the ALGP has supported nine projects, including the 438MW Lower Mattagami hydroelectric project, the Bruce to Milton transmission reinforcement project, the 28MW Peter Sutherland hydro-electric project, and the 4MW Mother Earth Renewable Energy wind project ¹⁷.

Ontario can build on its strong record and apply innovative financing models to promote First Nation and Métis participation in energy projects. These financing models and social finance tools have been successfully used in the United States, Australia, and elsewhere in Canada to facilitate greater Indigenous economic participation^{18 19}.

Ontario also appreciates the unique social benefits that can accrue to First Nation and Métis with their participation in energy projects. Measuring and assessing these non-financial benefits could help Ontario take a broader and more inclusive view of outcomes when deciding on energy policies and projects.

Text Box: The Mother Earth Renewable Energy (MERE) Project

MERE is the first wind project in Canada wholly owned by a First Nation. The 4MW project consists of two wind turbines owned by M'Chigeeng First Nation (MFN) that generate enough electricity to power the community's 418 homes. The project received an ALGP loan guarantee in 2012.

MERE was established under MFN's mandate to build a green economy. The proceeds, averaging \$300,000 a year for the first 14 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 socioeconomic benefits for communities ²⁰.

Text Box: Rainy River First Nations Solar Project

Rainy River First Nations signed a memorandum of understanding with Ontario Solar PV Fields to purchase three solar projects located in their community. The cost of the projects was around \$154 million, of which \$19 million was guaranteed by the ALGP.

¹⁷ Overview of the Aboriginal Loan Guarantee Program (ALGP). (2017). Retrieved from <https://www.ofina.on.ca/algp/program/overview.htm>

¹⁸ [Verification needed]

¹⁹ MERE Text box: [Verification needed]

²⁰ [Reference forthcoming. Facts were provided by Mother Earth Renewable Energy project staff; ENERGY staff cross-referencing at the moment]

Rainy River First Nations partnered with Clark, Conner and Lunn for the project. The projects will produce a net profit of \$1.3 - \$2.3 million a year for 20 years and generate around 37 million kilowatt-hours of electricity in their first year of operation in 2014. The project generates enough energy to meet the average electricity needs of approximately 3,080 households. ²¹

Building on these and other successes across the province, Ontario will take the following actions to increase First Nation and Métis access to financing: ²²

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

Expanding Access to Natural Gas

Natural gas remains a clean, reliable energy option, and it will continue to play a critical role in Ontario's energy mix. We know access to natural gas is an important issue, especially for First Nations.

To assist with natural gas expansion, the Province launched a new \$100 Natural Gas Grant Program in April 2017. Through the program, municipalities and First Nation communities are able to work with natural gas utilities to bring forward proposals to expand access to natural gas. The guidelines for the Natural Gas Grant Program state that special consideration will be given to projects located in northern Ontario or located within First Nation reserves. Successful

²¹ 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>

²² MERE Text box: Canadian Environmental Assessment Agency: M'Chigeeng First Nation Mother Earth Renewable Energy Project Archive 10-01-55899

Prioritization of Call Out boxes/Case Studies

1. Conservation on the Coast
2. The Mother Earth Renewable Energy (MERE) Project
3. Ontario Power Generation and Gull Bay First Nation
4. Wataynikaneyap Power
5. ACEP Case Study: North Caribou
6. Rainy River First Nations Solar Project
7. The First Nations-Ontario Political Accord
8. What is the Aboriginal Loan Guarantee Program
9. The recently completed 28-MW Peter Sutherland Generating Station
10. Comments made during First Nation and Métis LTEP Engagements Sessions

applicants under this program can then apply to the OEB for leave-to-construct approval for their expansion projects.

Over the coming years, Ontario looks forward to seeing natural gas expansion projects deliver greater consumer choice and economic growth to municipalities and First Nations in Ontario.

Summary

- Ontario will improve the availability of conservation programs for First Nations and Métis, including communities served by Independent Power Authorities.
- Ontario will continue to prioritize the connection of remote First Nation communities to the grid and continue to support the four First Nations where transmission connection is not economically feasible.
- The Aboriginal Community Energy Plan program will be expanded to help communities implement their community energy plans 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 the financing costs of projects led or partnered by First Nations or Métis.
- Ontario will report back to communities between Long-Term Energy Plans to provide updates on the province's progress and seek ongoing feedback from First Nations and Métis.
- Ontario's Natural Gas Grant Program will support the expansion of natural gas access to First Nation communities.