

MEETING NOTE

NAME OF ORGANIZATION: Special Chiefs Assembly & Leaders in the Legislature

DATE/TIME OF MEETING: Wednesday November 23, 2016 – 4:15 p.m. to 6:00 p.m. (TBC)

LOCATION OF MEETING: (TBD)

PURPOSE: To discuss energy sector related matters in a roundtable forum entitled “Infrastructure and Environment” at the Leaders in the Legislature event.

ATTENDEES: **Minister of Energy**
Hon. Glenn Thibeault

Minister of Environment and Climate Change
Hon. Glen R. Murray

Minister of Housing, Minister Responsible for Poverty Reduction Strategy
Hon. Chris Ballard

Minister of Natural Resources and Forestry
Hon. Katheryn McGarry

Minister of Northern Development and Mines
Hon. Michael Gravelle

Minister of Indigenous Relations and Reconciliation
Hon. David Zimmer (TBC)

First Nation Leadership (TBD)

ANTICIPATED AGENDA ITEMS:

1. Electricity Costs and Affordability
2. Energy Grievances
3. First Nation Leadership and Representation in the Electricity Sector
4. First Nation Participation in the Energy Sector

NOTES ON AGENDA ITEMS:

1. Electricity Costs and Affordability

- First Nation Leadership continues to identify high electricity costs as a priority policy issue to be addressed through the Grievance Table process with the Ministry of Energy.
- Ontario has a number of programs and initiatives designed to help Ontarians, including First Nations, manage energy costs. These include: Ontario Electricity Support Program (OESP), Low-Income Energy Assistance Program (LEAP), Rural or Remote Rate Protection (RRRP), and the removal of the Debt Retirement Charge from residential electricity bills.
- In June 2016, the Ministry of Energy asked the OEB to examine and provide advice on electricity rates for on-reserve First Nations electricity consumers. As part of the examination, the OEB is engaging with First Nation communities and organizations, through the support of COO. The OEB will report back to the Ministry of Energy no later than January 1, 2017.
- On September 15, 2016, the government introduced the *Ontario Rebate for Electricity Consumers Act, 2016* which would provide an 8% rebate on electricity bills for nearly 5 million residential consumers, small businesses and farms. The Bill passed third reading on October 19, 2016 and is waiting to receive Royal Assent. It is scheduled to come into force on the later of January 1, 2017 and the day it receives Royal Assent.

Suggested Response:

- **Our government continues to make the investments necessary to ensure a clean, reliable, and affordable electricity system for all Ontarians, including Indigenous communities.**
- **At the same time, our government is working hard to minimize the impact of these investments and help Ontarians manage their electricity costs.**
- **I am looking forward to the report from the OEB on options for a First Nations Rate and how Ontario can further assist First Nation customers with managing electricity costs.**

Background:

- On-reserve First Nation customers face unique challenges that impact electricity affordability, such as poor quality of the housing stock on-reserve which results in significantly higher electricity consumption levels and costs. Ontario has established a number of programs and initiatives to help address high electricity costs.

- Ontario Electricity Support Program (OESP): The OESP started on January 1, 2016 and provides an ongoing rate reduction directly on the bills of qualifying low-income electricity consumers. Monthly credits range from \$30 to \$50. Customers with unique electricity needs, such as customers using electric heating, customers relying on certain electricity intensive medical devices, and First Nations or Métis customers, are eligible for a higher level of assistance of up to \$75.
- Debt Retirement Charge: to help ease pressure on residential ratepayers, the government removed the cost of the Debt Retirement Charge from residential electricity bills after December 31, 2015. It is estimated that this saves a typical residential electricity ratepayer \$5.25 per month, before tax, or about \$65 per year.
- Low-Income Energy Assistance Program (LEAP): the LEAP provides emergency financial assistance in the form of grants applied directly to qualified consumers' electricity and/or natural gas bills, provides special customer service rules from electricity and gas utilities and offers energy conservation programs. LEAP is offered through social service and government agencies.
- First Nations Rate: In June 2016, the Ministry of Energy directed the OEB to examine and report back with advice on options for an appropriate electricity rate for on-reserve First Nations electricity consumers ("First Nations Rate"). The OEB is investigating options for a First Nations rate as well as costs, funding mechanisms and implementation/delivery options. The OEB has engaged with First Nation communities and organizations and will submit a report to the Ministry by January 1, 2017.
- Ontario Rebate for Electricity Consumers Act: On Sept 15, 2016, the government introduced legislation that would bring into force the *Ontario Rebate for Electricity Consumers Act, 2016* which would provide an eight per cent (8%) rebate on monthly electricity bills for nearly 5 million residential consumers, small businesses and farms. The Bill received Royal Assent November 2, 2017. It will come into force on January 1, 2017 Remote communities that are serviced by Independent Power Authorities are also eligible to receive the 8% rebate.
- Rural or Remote Rate Protection (RRRP): The RRRP is a rate subsidy provided to eligible rural and remote customers as the cost of distributing power to certain rural and remote areas is much higher when compared to other areas of the province.

2. Energy Grievances

- First Nations in Ontario hold outstanding claims and grievances relating to the historic development and operations of energy infrastructure in their traditional territories, and will continue to do so until such time as the Government of Ontario and First Nations resolve these claims.

- As part of the discussions with Chiefs of Ontario (COO) regarding their participation in the broadening the ownership of Hydro One, the Minister had committed to establish a Grievance Table process to address historical grievances in the energy sector and to avoid litigation by First Nations.
- Demonstrating progress on addressing grievances at the Grievance Table is also important in keeping the grievance issues from creeping into the commercial negotiations related to Hydro One at the COO – Ontario Negotiation Table.

Suggested Response:

- **I am pleased that the Grievance Table process is in place and First Nations have a dedicated forum to address their historical energy-sector grievances.**
- **Through this kind of meaningful dialogue, I am hopeful that we can continue to develop mutually beneficial approaches in the spirit of cooperation and engagement set out in the Political Accord.**
- **Ontario is committed to supporting the Grievance Table process as a dedicated forum to discuss historic grievances, in parallel with, but separate from the commercial discussions related to Hydro One.**

Background:

- At the Special Chiefs Assembly on October 27, 2015, the Minister of Energy committed to developing a framework process for addressing historical energy grievances.
- COO was going to play a key role in the Grievance Table process, however, COO's role has been scaled back due to concerns from individual First Nations about COO advocating or negotiating on their behalf. First Nations indicated that they preferred to interact directly with the Ministry of Energy.
- Chief Ava Hill is the lead on the Grievance Table for COO and has been linking First Nations that have identified grievances with the Ministry on a first-come first-serve basis.
- Constance Lake, Six Nations of the Grand River and Chippewas of the Thames First Nation are in active discussions with the Ministry.
- In a survey conducted by COO in March 2016, the cost of electricity and delivery charges were identified as a prevailing grievance among First Nations to which the Ministry of Energy has agreed to explore options of a First Nations Rate.

3. First Nation Leadership and Representation in the Electricity Sector

- Ontario has established the First Nations-Ontario Energy Table as a forum for discussions with First Nation Leadership on priority energy issues.
- First Nations have requested representation on the Ontario Energy Board (OEB) of directors.

Suggested Response:

- **The government is committed to continued dialogue on issues of interest to First Nation communities. We look forward to continuing the discussions with First Nation leadership about how we can work together to address their interests in energy sector.**
- **We look forward to receiving First Nations' input on the update of the Long-term Energy Plan. This input is critical to informing Ontario's efforts to support meaningful Indigenous involvement in the energy sector, including helping communities and individuals to engage in energy issues, explore economic opportunities and manage their energy use.**
- **We look forward to continuing discussions on how to incorporate Indigenous involvement at the OEB. I understand that the OEB has had discussions about some of the potential drawbacks of a designated participant on the Board and is instead exploring how to better incorporate participation and representation of Indigenous peoples in their processes.**

Background:

First Nations-Ontario Energy Table:

- Ontario established the Energy Table as a forum for discussions with First Nation Leadership on priority energy issues. The inaugural meeting of the Energy Table was held on February 23, 2015. A technical level Energy Table meeting to support leadership discussions was held on January 27, 2016 and the most recent Energy Table meeting was held in Timmins on April 21, 2016.
- Since the last Energy Table meeting on April 21, 2016 the Ministry of Energy and its agencies have been working with COO and its members to advance items including the exploration of a First Nations Rate and involvement in the Long Term Energy Plan (LTEP). On October 11, 2016, COO staff participated in an LTEP workshop led by the Ministry of Energy and IESO.
- A TPA is in place to support COO's participation in the Energy Table. The next Energy Table is expected to take place in early 2017.

OEB Representation:

- Preliminary discussions took place between OEB, Ministry of Energy and COO about First Nation representation on the OEB Board of Directors. However, a board position may not achieve the desire for greater First Nation perspectives in OEB decisions, given the requirement of the Board for impartial decision-making. Other options for Indigenous involvement at the OEB are being explored at this time. The OEB welcomes any ideas the Indigenous community has to have further participation and representation of indigenous people at the OEB. The Chair of the OEB has written to members below on exploring different options to enhance representation at the OEB (letter was sent out Jan 2016).
 - Chief Ava Hill
 - Chief Earl Klyne
 - Chief Sara Mainville
 - Chief Ambrose Achneepineskum
 - Chief Leslee White-Eye
 - Councillor Dan Kohoko
 - Councillor Stacey LaForme
 - Councillor Greg Agawa
 - Paul Capon – Matawa Tribal Council

4. First Nation Participation in the Energy Sector

- Ontario is well-positioned to meet provincial energy needs for the next decade as a result of current and past investments, and therefore energy sector opportunities will shift away from renewable energy procurement and move towards continued opportunities in transmission, conservation, innovation, and small-scale, distributed generation.
- Ontario is currently engaging with First Nations across the province on the updated Long Term Energy Plan (LTEP). The feedback and input received through the LTEP process will help inform how Ontario can continue to support the involvement of First Nations in the energy sector.
- On July 12, 2016, the Province and First Nations in Ontario announced an agreement-in-principle for the Province to sell to First Nations, for their collective benefit, shares of Hydro One Limited, enabling First Nations to participate in the broadening of ownership of Hydro One.

Suggested Response:

- **I am pleased to see so many Indigenous communities across the province participating energy projects. Under the Feed-in Tariff program alone, Indigenous communities are participating in over 550 different wind, solar and hydroelectric projects. These projects provide significant economic development opportunities.**
- **I am also pleased that many First Nations are participating in other aspects of the energy sector including transmission, conservation and energy planning.**
- **Ontario recognizes First Nations are critical partners in the energy sector and we are committed to ensuring opportunities for First Nations in the energy sector continue.**
- **Ontario is currently engaging with First Nations across the province on the updated Long Term Energy Plan. The feedback and input received through the energy planning process will help inform how the government can continue to support the involvement of First Nations in the energy sector.**
- **The Province and Chiefs Committee on Energy continue to work towards definitive agreements regarding the sale of shares of Hydro One. To respect the ongoing discussions, the Province does not intend to comment further pending outcomes of that process.**

Background:

- Since 2009, there has been a strong emphasis on Indigenous participation in the renewable energy sector. As a result of incentives built into renewable energy procurements including the FIT Program and LRP and support programs, Indigenous communities and groups are leading or partnering in more than 550 different wind, solar and hydroelectric projects.
- Ontario is well on its way to meeting the 2013 Long Term Energy Plan goal of bringing 10,700 MW of wind, solar and bioenergy projects on line, as well as 9,300 MW of hydroelectricity by 2025. Anticipating a more distributed energy future, Ontario is winding down the microFIT and FIT programs and implementing an updated net metering program. The Large Renewable Procurement (LRP II) was also suspended in September 2016.
- While opportunities for Indigenous communities in new renewable energy generation projects will be limited in the near term given Ontario's strong energy supply position, opportunities in other aspects of the sector such as transmission and conservation will continue. The engagement of Indigenous communities through the Long Term Energy Plan process will help inform how Ontario can support participation as the energy sector continues to evolve.

- Ontario has introduced a range of programs and policies to support the participation of Indigenous communities in the energy sector. These initiatives include:
 - Incentives in the Feed-in Tariff (FIT) and Large Renewable Procurement (LRP) - Priority points, contract capacity set-asides and price adders for projects with First Nation and Métis community partners.
 - Energy Partnerships Program (EPP) – launched on June 27, 2016 and replaces the former Aboriginal Renewable Energy Fund. Provides funding support to Indigenous communities to establish partnerships on major priority transmission lines and renewable energy projects as well as funding for renewable energy project development. The program also includes a funding stream for the four communities identified as uneconomic to connect to the transmission grid to explore solutions to reduce diesel reliance.
 - Aboriginal Community Energy Plan (ACEP) program – provides up to \$95,000 per community to develop a community energy plan. To date, 89 First Nations are participating in the program.
 - Aboriginal Loan Guarantee Program – administered by the Ontario Financing Authority and supports Indigenous communities' equity participation in renewable energy and transmission projects by providing a guarantee for up to 75% of the equity in the project, up to a maximum of \$50 million. To date, over \$200 million in guarantees have been approved.
 - Aboriginal Conservation Program – the former saveONenergy program provided in-home energy assessments and energy-saving upgrades in 45 First Nation communities. The program is now closed, however, new conservation programs offered by Local Distribution Companies, including Hydro One's new First Nation Conservation Program will be launching later this year.

Hydro One Agreement-in-Principle:

- COO indicated that it would not oppose the government's sale of Hydro One shares to the public given that the Province has entered into commercial discussions for an equity position by First Nations and is holding enhanced discussions with communities to address the legacy of historic grievances and points of friction between First Nations and Ontario's energy sector.
- On July 12, 2016, the Province and First Nations in Ontario announced an agreement-in-principle for the Province to sell to First Nations, for their collective benefit, shares of Hydro One Limited. The Province and the Chiefs Committee on

Energy continue to work towards completing definitive agreements for the sale of Hydro One shares.

- The Province would sell up to approximately 15 million shares (2.5 per cent of total current outstanding Hydro One common shares), depending on the level of First Nation participation, to a new collective investment vehicle owned by First Nations.
- The First Nations investment vehicle would purchase the shares with a 25-year loan provided by Ontario. The interest rate for the loan would be the Province's relevant borrowing rate, plus 15 basis points. The purchase would be at \$18 per share, which is above the Province's book value for the shares.
- This would be a 25-year deal that can provide meaningful opportunities to First Nations for collective wealth creation and reduce barriers to accessing capital so that First Nations can advance their economic development initiatives.
- In addition to the benefit of investing collectively in Hydro One, the Province would also provide seed capital of up to \$45 million in cash to the First Nation investment vehicle over, depending on the level of First Nation participation