

## MEETING NOTE

**NAME OF ORGANIZATION:** Nishnawbe Aski Development Funds' Energy and Forestry Expo

**DATE/TIME OF MEETING:** March 28, 2017 from 9:30 a.m. to 10:00 a.m.

**LOCATION OF MEETING:** Victoria Inn Hotel and Convention Centre, Thunder Bay

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**PURPOSE:** Minister to provide speaking remarks at the Energy and Forestry Expo hosted by Nishnawbe Aski Development Fund

**ATTENDEES:** TBD

### ANTICIPATED AGENDA ITEMS:

1. Long Term Energy Plan Update
2. First Nation Rate
3. Remote First Nation Connection
4. Support Programs

### NOTES ON AGENDA ITEMS:

#### 1. Long Term Energy Plan Update

- The 2010 and 2013 Long Term Energy Plans reinforced Ontario's commitment to Indigenous participation in both renewables and transmission.
- Over the fall 2016, the Ministry of Energy held 14 First Nation engagement sessions across the province to inform the update of the LTEP. The sessions included participation from over 150 representatives from approximately 76 First Nation communities and organizations.
- As the Ministry prepares the next LTEP, there is opportunity for continued support for involvement of Indigenous communities in Ontario's evolving energy sector and for addressing key energy issues facing First Nations, including energy affordability and building community capacity and resiliency.

#### Suggested Response:

- **We undertook extensive engagement with Indigenous communities to inform Ontario's energy planning process with their unique and important perspectives and knowledge.**
- **Based on what we heard, the ministry is considering options to continue encouraging First Nation participation in an evolving energy sector as we move away from large-scale renewable procurement initiatives given that the Province is in a robust energy supply situation.**
- **As the next LTEP rolls out we will review the existing suite of support programs to make sure they continue to support Indigenous communities in an evolving sector as we did with the 2013 LTEP. The Ministry expects to release the next LTEP in spring 2017.**

#### Background:

Proposed Indigenous initiatives for the updated LTEP based on the feedback from the Indigenous engagement sessions:

1. Delivery Charge Credit
  2. Implementing community energy plans
  3. Conservation and housing
  4. Education and capacity
  5. Energy resiliency
  6. Supporting small-scale renewable energy and micro-grids
  7. Improving community access to financing
- In addition to the 17 indigenous engagement sessions (14 First Nation and 3 Métis), the Ministry held stakeholder engagements and public open-houses in 17 communities across Ontario. The Ministry received over 1500 submissions through the Environmental Registry, as well as feedback through emails and other channels.

#### Summary of Indigenous engagement feedback:

- **Delivery Charge:** First Nations should not be required to pay delivery charges in recognition of First Nation communities' contributions to the energy sector (e.g. Tx/Dx/generation in traditional territories without benefits).
- **Electricity Costs:** Desire for lower bills for Indigenous customers (on and off reserve), simplified billing and eligibility screening. Indigenous representation on the OEB. Concern for elders/seniors, families with young children and service cut-offs. In some cases, individuals/families forced to move off-reserve because rural energy costs are too high. Removal of the delivery charges. Métis Nation of Ontario feedback to establish a program for all Métis customers to reduce electricity bills.
- **LDC issues:** Customers identifying rising costs; challenges with customer service, disconnections, trespassing on reserve, lack of equality of LDC-delivered programming, application process, etc.

- **Energy literacy:** Efforts needed to explain different components of an electricity bill and why bills have increased, how time of use pricing works, etc.
- **Local Control/ Autonomy:** interest in net metering, local generation, ownership of transmission and distribution infrastructure, and micro-grids as a means of economic development, enhancing self-sufficiency and resilience, and lowering electricity bills for homes and community infrastructure.
- **Capacity support and tailored programs:** Continued and enhanced programs for Indigenous customers and communities, support for capacity; program continuity is critical for awareness and availability of providers & skills.
- **Energy plan implementation:** Financial support to implement energy plans developed through the Aboriginal Community Energy Plan (ACEP) program; access to capital funds/financing for conservation and generation projects as well as training and dedicated staff resources.
- **Transmission Investments:** Need for continued grid investment due to impacts of climate change & electrification, projects that enable the connection of remote communities and that enable economic development opportunities for Indigenous communities. Remove the economic barriers to transmission development, particularly for projects that will unlock economic development opportunities for Indigenous communities.
- **Microgrid and storage:** interest in community renewable microgrids to off-set diesel use, improve reliability and provide more local control/autonomy/resilience.
- **Innovation and Government Support:** Government support needed for communities to develop innovative energy technologies and home grown solutions and enhance capacity for energy innovation.
- **Conservation and Energy Efficiency:** Customers need to see price benefits of conservation and efficiency measures.. Some communities not successful in achieving benefits of conservation due to climate, poor housing, etc. Conservation programs should continue and should raise awareness of benefits of conservation to the grid and include youth-targeted education.
- **Housing Stock:** many homes in Indigenous communities are in poor condition / not built for northern climates; overcrowding. Homes often require significant retrofits/renovations to realize conservation benefits and/or readiness for distributed generation opportunities. Holistic solutions needed.
- **Northern Realities:** Need to better consider the realities of life in the North when developing programming; programs targeting EVs may not be appropriate for some time; consider instead the efficiency of trucks and snow machines. Interest in the use of more environmentally-focused solutions that align with CCAP and reduce diesel dependence in northern climates; but at the same time concern that climate change costs and initiatives (carbon tax on gas and diesel, increasing biofuels in the fuel mix) will affect way of life on the land (e.g. costs of operating ATV to access trap lines, need/timing of equipment upgrades if you increase biofuels in fuel supply).

## **2. First Nations On-Reserve Delivery Credit**

- First Nations leaders and Political-Territorial Organizations (PTOs) have been advocating for the need to review delivery charges associated with transmission and distribution assets within the context of historical grievances and the need for electricity rate relief for on-reserve customers.
- The Minister committed to consider options for addressing the issue at the April 18, 2016 First Nations-Ontario Energy Table meeting in Timmins.
- In June 2016, pursuant to s.35 of the OEB Act, the Minister issued a letter directing the OEB prepare a report to provide “*advice on options for an appropriate electricity rate (or rate assistance) for on-reserve First Nations electricity consumers*”. The Minister received the report on December 29, 2016.
- The 10 remote First Nation communities serviced by an Independent Power Authority (IPA) are not eligible for the First Nation Delivery Credit and further discussions will be required to explore mechanisms that can address their unique challenges of being served by an unlicensed distributor.

### **Suggested Response:**

- **We have heard the concerns raised by First Nation Leadership about the high electricity costs and delivery charges impacting First Nation communities.**
- **Last summer, I directed the Ontario Energy Board to engage with First Nations to develop options to address the issue and provide a report back to me by January of this year.**
- **I was pleased to receive both the OEB’s report on the matter as well as the report from the Chiefs of Ontario.**
- **On March 2, 2016 Premier Wynne announced Ontario’s Fair Hydro Plan which includes the elimination of the delivery charge for on-reserve First Nation customers through the First Nations On-Reserve Delivery Credit.**
- **It is our government’s intention to move quickly to make any necessary legislative and regulatory changes that, if passed, would enable implementation of the First Nations Delivery Credit.**
- **This initiative will help address some of the unique challenges that on-reserve First Nations customers face, and recognize First Nations’ contribution to the provincial electricity system.**
- **The resulting First Nations Delivery Credit is a reflection of your leadership on this issue and an example of the Political Accord coming to life.**

### ***If asked about Independent Power Authority (IPA)***

- **At this time, only communities serviced by licensed distributors would be eligible for the First Nations Delivery Credit.**
- **However, this is partly because we do not have the necessary information on costs and billing practices in Independent Power Authority (IPA)**

**serviced communities to be able to understand how this initiative would work in those circumstances.**

- **As you may know, the credit would function somewhat differently in communities that pay what is called a “bundled rate,” such as those serviced by Hydro One Remotes Communities Inc. In these circumstances customers would receive a credit of the service charge portion of their bill, as there is no delivery charge line.**
- **I would be interested to learn more about how this initiative could also provide benefits to IPA serviced communities.**

Background:

- On December 29, 2016 the OEB delivered a report which summarized what was heard through the OEB’s outreach and engagement activities and its analysis. The report considered options and identified a preferred option.
- In summary, the OEB’s preferred option recommends:
  - Elimination of the delivery charge (100% delivery charge credit) for all on-reserve First Nations residential customers;
  - Elimination of the monthly service charge for customers of licensed distributors who pay a blended rate.
  - Automatically qualify on-reserve First Nations residential customers
  - Enable greater information sharing between distributors and band councils to identify all on-reserve First Nations customers.
  - Continue to provide assistance through OESP and LEAP to eligible on-reserve First Nations customers.
- The report did not identify a mechanism to include on-reserve First Nations residential customers served by unlicensed distributors (i.e. Independent Power Authorities (IPAs)), but indicated that the issue warranted further exploration.
- The OEB report indicated implementing a 100% Delivery Charge Credit for residential customers would provide a benefit of almost \$75 in the summer and \$100 in the winter at a total annual cost of \$13 to \$20 million.
- The OEB also noted where LDCs have bundled rates, the monthly benefit would be between \$8 and \$20, depending on the monthly service charge.
- Several policy, legislative, and implementation considerations need to be addressed before proceeding with the program.

### **3. Remote First Nation Connection**

- On July 29, 2016, the Ministry of Energy selected Wataynikaneyap Power LP (Watay) to connect 16 remote, diesel-dependent First Nation communities to the province's electricity grid.
- Watay plans to begin construction work starting in 2018, once all approvals are secured, with the goal of completing construction and connecting communities by 2024. Pikangikum is planned for early connection, in 2018.
- The province is working with the remaining four First Nation communities that are not economic to connect to the grid – Weenusk FN, Gull Bay FN, Fort Severn FN and Whitesand FN - to explore innovative solutions to reduce their dependency on diesel fuel.

#### **Suggested Response:**

- **I am pleased that we are making progress on the transmission connection of remote First Nations to reduce their reliance on diesel.**
- **Ontario is committed to this project, and recognizes the unique challenges that remote communities are facing, including:**
  - **deteriorating winter roads as well as a shortened winter road season in general is forcing remote First Nation communities to increasingly rely on flying in fuel;**
  - **many communities face load restrictions which create challenges with housing and providing social services to members; and**
  - **burning diesel fuel poses significant health and environmental risks.**
- **Because this is an area of shared responsibility with the federal government, a cost-sharing agreement is needed. We are continuing to work with our Federal partners and Watay to ensure this historic undertaking to bring transmission connection to the remote north is completed, and we are hopeful that the federal government will commit their share of funding to this project in the very near future.**
- **In addition to Watay's proposed project, Ontario is also committed to working with the remote Matawa communities to identify a grid connection project that will meet their needs, and we will continue to work with each of the 4 remote First Nations that are not economic to connect to the grid to advance their specific initiatives to reduce their reliance on diesel.**

#### **Background:**

- The Watay project is proceeding on-schedule at this time, and Watay is continuing to target August 2017 for start of construction of the Pikangikum line, and Fall 2017 for submission of Leave to Construct for Phase 1 (Line to Pickle Lake) and 2 (connection of remote First Nations).
- Watay is continuing to refine their capital cost estimate for the Pikangikum line, and emphasizes their need for a funding arrangement to procure supplies and equipment in advance of construction.
  - Indigenous and Northern Affairs Canada is considering separating the request for funding for Pikangikum from the broader grid connection

contribution to enable the timely flow of funding in support of the accelerated timelines.

- Environmental Assessment Report for Phase 1 expected to be submitted in August 2017, and hoping for a Ministerial decision by March 2018.
- Draft Environmental Study Report for Phase 2 expected in Fall 2017, with the intention of issuing the Statement of Completion in 2018.

**Consultation:**

- Watay is beginning to work on land sharing arrangements which will address community benefits, accommodations for land-users, and collective access, allowing transmission lines to cross traditional territory.
- Discussions between Watay and Mishkeegogamang and Saugeen First Nations continue.

**Financing:**

- Watay continues to respond to OEB requests for additional information as they consider the request for a deferral account, and emphasizes the importance of timely approval of this request by the OEB.
- Watay is also working on a submission to the Aboriginal Loan Guarantee Program (anticipated for end of February 2017)
- Watay emphasized that their project schedule is contingent on the finalization of a federal-provincial funding arrangement in a timely manner to support their application for Leave to Construct.
  - Watay has also requested to meet with Ontario and Canada regarding the cost sharing arrangement.

**4. Support Programs**

- Since 2009, Ontario has offered programs designed to support the involvement of Indigenous communities in the energy sector.
- These programs include the Energy Partnerships Program that supports project development and partnerships (formerly the Aboriginal Renewable Energy Fund), the Aboriginal Community Energy Plan program and the Education and Capacity Building Program.

**Suggested Response:**

- **Since 2009, there has been a strong emphasis on First Nation involvement in the renewable energy sector.**
- **As a result of incentives built into renewable energy procurements including the Feed-in Tariff (FIT) Program and Large Renewable Procurement (LRP), Indigenous communities and groups are leading or partnering on more than 550 different wind, solar and hydroelectric projects.**

- **IESO-administered programs such as the Energy Partnerships Program and Aboriginal Community Energy Plan program are also helping to support this involvement.**
- **Ontario recently concluded an engagement process with First Nations across the province on the updated Long Term Energy Plan (LTEP). The feedback and input received through the LTEP process is helping to inform how Ontario can continue to support the involvement of First Nations in the energy sector through programs and policies.**

#### Background:

- Since the *Green Energy and Green Economy Act* 2009 was introduced, Ontario has introduced a range of programs and policies to support the participation of Indigenous communities in the energy sector.
- These initiatives include:
  - 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 Renewable Energy Fund (AREF) – provided funding to Indigenous communities to support the development of renewable energy projects and partnerships. \$8.5 million was provided to Indigenous communities and organizations. The program is now closed (replaced by EPP).
  - 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.
  - Education and Capability Building (ECB) Program - Provides funding for initiatives that provide education, build capacity, and develop skills of target groups, including First Nation and Métis communities, to better understand and participate in the electricity sector.
  - Incentives in the FIT and LRP Programs - Priority points and price adders for projects with First Nation and Métis community partners.
  - 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.
- Indigenous communities and groups are participating in more than 550 different wind, solar and hydroelectric projects across the province. This represents over 1,800 MW of clean energy capacity.
- 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.