

Delivering Fairness and Choice

LTEP 2017

Chapter 7. Supporting Indigenous Capacity and Leadership

First Nations and Métis are leaders in Ontario's energy sector, bringing unique perspectives, knowledge and influence to energy planning, projects and policies. This level of involvement of First Nations 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
- First Nations and Métis lead or are partners with transmission companies on proposed major priority transmission lines.
- 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

Ontario takes its duty to consult First Nation and Métis seriously and 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 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.^{iv} The Political Accord and the **Ontario-Métis Nation Framework**

Comments made during First Nation and Métis LTEP Engagement Sessions

- Need to connect remote communities.
- Unreliable electricity service impacts quality of life and hinders community development
- Improve electricity affordability such as through the elimination of the electricity delivery charge on reserve
- Need for funding to assist with implementing Community Energy Plan
- Conservation programming is difficult to utilize
- Conservation programming should better meet community needs
- General preference for renewable energy over nuclear
- Desire for First Nation and Métis ownership of and partnerships on projects
- Need for federal funding for connection of remote communities

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MO Edit: **Update for FITS data**

Response: FITS data is not yet available: retain placeholder for if it is published by time of LTEP printing.

Agreement signed in 2008 guide Ontario's relationships with First Nation and Métis.^v Ontario is committed to working together with First Nations and Métis 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 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.^{vi}

Building on the dialogue from 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 an ongoing dialogue with communities between LTEPs to update them on the Province's progress and get feedback from First Nations and Métis.

Addressing Electricity 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 First Nations and Métis 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. The problem of higher distribution rates was often compounded by energy inefficient homes on reserves and other challenges that lead to higher levels of energy consumption.

First Nation Delivery Credit

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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 directed the Ontario Energy Board (OEB) to work with First Nations to research options to address energy affordability on-reserve, and to report back on findings. Based on the OEB's findings and feedback heard from First Nations, on March 2, 2017, Ontario announced its *Fair Hydro Plan* would provide a credit equal to 100% of the electricity delivery charge on the bills of on-reserve First Nation residential customers.^{vii} The First Nation Delivery Credit, which was implemented on July 1, 2017, is a demonstration of the Political Accord signed between Premier Wynne and Ontario Regional Chief Day on August 24, 2015, being 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 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.^{viii}

Connecting these 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 economic development opportunities for these communities, but will also reduce local

A number of remote First Nations communities rely on diesel generators for power. Diesel fuel has to be trucked in on winter roads build on frozen lakes and rivers. As a result of warming temperatures cause by climate change, winter roads aren't always available. That drives up the cost of diesel oil, which has to be flown in instead.

Ontario selected Wataynikaneyap Power in July 2016 to connect 16 remote First Nation communities to the province's electricity grid. Wataynikaneyap Power is a transmission company owned by 22 First Nations 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.

Grid connection will give the communities clean power instead of diesel-fired electricity, reduce harmful greenhouse gas emissions and support jobs and economic growth.

Once completed, more than 10,000 people living in remote First Nation communities in northwestern Ontario will have a reliable, clean supply of electricity.

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pollution, greenhouse gas emissions, and the environmental risks associated with transporting and storing diesel fuel.

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);^{ix}
- 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

At this time, grid connection is not economically viable for four of the 25 remote First Nations in Ontario. So, each of these communities has begun planning and development work to add sustainable technologies that will reduce their reliance on diesel.

Projects that reduce diesel reliance could include renewable microgrids, battery storage, and other innovative technologies that meet identified community needs.*

Ontario will continue to partner with these communities and other collaborators, and is looking to the federal government to commit its support to these projects.

Conservation

Between 2013-2015, over 40 First Nations participated in the *Aboriginal Conservation Program*, where more than 3,000 First Nations households

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 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

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received energy efficiency upgrades such as new insulation, appliances and lighting.^{xi}

Conservation on the Coast

The Power Corporations of Attawapiskat, Kashechewan and Fort Albany First Nations are Local Distribution Companies (LDCs) owned by Attawapiskat First Nation, Kashechewan First Nation and Fort Albany First Nation, respectively. These LDCs are regulated by the provincial government to provide Conservation Demand Management (CDM) programming to their customers and do so collaboratively under the name, Conservation on the Coast (COTC).

COTC began implementing CDM programming in 2013 by conducting annual energy audits in the three First Nation communities. Eligible homes are chosen for energy efficiency retrofits. Energy saving products such as LED bulbs, power bars, low flow aerators and showerheads, hot water pipe wrap, water heater tank insulation and block heater timers are installed in all audited homes. Eligible homes are retrofitted with an air barrier and insulation on the exterior and foundation walls and attic, and a heat recovery ventilator is installed for improved air quality. Exposed crawlspace floors are covered with sealed polyethylene to prevent moisture migration into homes.

By October 2017, 30 homes per community will have been completed, resulting in a substantial decrease of approximately 20-24% electricity usage per home. In addition to the energy savings, the occupants report that their homes are more comfortable to live in, they are burning less wood and moisture and mold problems have diminished.

programs and availability for First Nations and Métis, communities including communities served by Independent Power Authorities.

Further, Green Ontario Fund will be developing and offering new incentives, financing and services to help First Nations and Métis as well as all Ontarians to adopt low carbon technologies and reduce their energy use.

First Nation and Métis customers also have access to other energy efficiency and conservation programs through the 2015-2020 Conservation First Framework, such as Save on Energy programs offered by Local Distribution Companies.

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, and widely available, including to communities served by Independent Power Authorities.

In alignment with the Mid-Term Review of the *Conservation First Framework* and engagement with the Indigenous communities, the IESO will report to government on options to improve conservation

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Implementing Community Energy Plans

Community energy plans are an important way to better understand local energy needs. They support 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 Nations are developing community energy plans, using funding from the *Aboriginal Community Energy Plan* (ACEP) program.^{xii} 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 Nations and Métis communities and organizations to identify strengths and weaknesses of the current ACEP program, explore implementation opportunities, and then recommend program 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 support programs. Ontario's Climate Change Action Plan also identifies opportunities for Indigenous program support.^{xiii}

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ACEP PLACEHOLDER: Case Study
[Example: North Caribou First Nation – case study]

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.

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. To better meet community needs, 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.^{xiv}

Exploring Energy Projects and Partnerships

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]



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The IESO's Energy Partnerships Program (EPP)

supports First Nation and Métis communities and organizations who want to lead or be partners on renewable energy and transmission projects.

Three streams of funding from the EPP help support^{xv}:

- financial, legal and technical due diligence to become partners on major priority transmission lines and renewable energy projects;
- the development of renewable energy projects including costs for regulatory approvals; and
- for the four First Nations that can't be economically connected to the transmission grid, to 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 their needs within the current energy system. This may include a look at how programs 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, and barriers to accessing this capital can prevent First Nation and Métis communities and organizations from actively participating in the energy sector. Barriers to more widespread First Nation and Métis 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 First Nations and Métis obtain lower-cost financing to participate in large-scale energy projects.^{xvi} 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.

[Call-out Box or Side Box] What is the Aboriginal Loan Guarantee Program (ALGP)?

The ALGP supports First Nation and Métis participation in energy infrastructure. Launched in 2009, the \$650 million program guarantees up to 75 percent of a First Nation or Métis corporation's equity in a project. To date, the ALGP has approved nine projects, including the 438MW Lower Mattagami hydro-electric project, the Bruce to Milton transmission reinforcement project, the 28MW Peter Sutherland hydro-electric project, and the 4MW Mother Earth Renewable Energy wind project.

xvii

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 economic participation^{xviii, xix}.

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 First Nation-owned 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 project received a loan guarantee through the Aboriginal Loan Guarantee Program (ALGP) 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.

xx

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 the Rainy River community. The cost of the projects was around \$128 million, of which \$19 million has been guaranteed through the Aboriginal Loan Guarantee Program.

Rainy River First Nations partnered with Cedarville Energy, a developer of utility scale solar and wind projects for Indigenous communities. The projects' net profits are \$1.3 - \$2.3 million a year for twenty years, generating around 37 million kilowatt hours of electricity in their first year of operation in 2014, which is enough to meet the average electricity needs of approximately 3,080 households.

xxi

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

- engage with leaders, organisations, and financing experts to identify financing gaps and barriers to the development of First Nation and Métis participation in energy projects;
- investigate the applicability of 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.

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 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 Text Box: OPG and media news release

^{iv} Political Accord between First Nations and Government of Ontario –Ontario Newsroom 2015

^v Ontario and Metis Nation Renew Framework Agreement- Ontario Newsroom 2014

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

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

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

^{ix} Wataynakaneyap Power data

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

^{xii} IESO ACEP data

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

^{xiv} IESO Education and Capacity Building Program Overview

^{xv} IESO Energy Partnerships Program Overview

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

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

^{xviii} [Verification needed]

^{xix} MERE Text box: [Verification needed]

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

^{xxi} 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>

^{xxii} 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. Wataynakinneyap 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