

Indigenous Participation in the Energy Transition

Challenge Statement

Economic reconciliation with Indigenous Nations and communities is a crucial societal priority and a complex long-term process. Ontario's energy system transformation provides a significant opportunity to create specific and targeted programs and policies that can substantially contribute to advancing Indigenous participation and equitable access to energy while simultaneously advancing electrification and decarbonization.

Supportive Facts and Rationale:

- Policy makers, system planners and project proponents must recognize that Indigenous Nations and communities approach their participation in Ontario's electricity sector from both an economic and a "rights" based perspective, with such rights being enshrined in Section 35 of Canada's Constitution.
- Ontario is home to 23% of all Indigenous peoples in Canada and, with the exception of immigration, Indigenous youth are the fastest growing demographic in the country.
- There are 133 First Nations communities located across Ontario, representing at least seven (7) major cultural and linguistic groups. Each of these communities is unique.
- T&C Recommendation 92 calls upon the corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources.
- For more than a century, Indigenous Nations and communities were excluded from and/or negatively impacted by electricity policies, plans, programs and projects.
- Many Indigenous Nations and communities today still have inequitable access to energy and electricity benefits and affordability relative to the general population.
- Financing for Indigenous-owned infrastructure remains a significant challenge. Indigenous communities seeking equity ownership in new clean energy projects, such as transmission lines or renewable energy, face barriers to accessing competitively priced capital.
- More recently there has been a gradual shift toward beginning to include Indigenous Nations and communities in decision-making and partnerships within Ontario's electricity sector.
- Over the last two years, IESO initiatives and government policy have begun to support this shift through a number of initiatives designed to enhance Indigenous participation including;
 - Electricity procurements which have resulted in the majority of projects awarded contracts having Indigenous equity participation (e.g. ELT1);
 - Improvements to the Indigenous Energy Support Program which since its inception has supported over 170 Indigenous communities and organizations with \$71 million in funding (In 2023, the IESO approved 93 applications totalling \$12.14 million in funding);
 - The establishment of 58 full time Community Energy Champion positions in Indigenous Nations, communities and organizations; and
 - The expansion of the IESO annual First Nations Energy Symposium, with approximately 350 participants in 2024.
- This momentum and shift can be further accelerated with targeted and "by design" initiatives that enable and support Indigenous Nation and community participation.

IESO Role

Immediate actions

- IESO should sustain and expand its engagement of Indigenous Nations and communities in electricity system planning and policies (e.g. Annual Symposium) and include proponents in this Indigenous-led event.
- IESO should sustain and expand the role of Indigenous Community Champions and the number of Nations and communities with Champions to improve engagement and education at a community level.
- IESO should expand the eligibility criteria within the Indigenous Energy Support Program to include funding and capacity building to enable transmission and generation project-level participation and partnerships.
- IESO should sustain and improve, based on input from Indigenous Nations and communities and their project partners, procurement designs which enable and incent business-based economic benefits to Indigenous Nations and communities at a project level.
- IESO should modify the SAC terms of reference to create an explicit category of membership for Indigenous Nations and communities.

Additional short-term actions

- IESO should work with SAC to receive input supporting the development of a more sustainable framework for Indigenous Nations Capacity Funding that is long-term and will allow communities to actively engage early in what will be a generational build-out of Ontario's electricity system in a manner that reflects engagement with rightsholders, collaboration and meaningful economic participation.
- As a facilitator, IESO should work with other organizations to develop a simple and efficient "Indigenous Project Portal", providing a one-stop window for proponents and Indigenous Nations and communities explaining and providing easy access to federal, provincial, IESO and other (e.g. Association) resources and programs which support Indigenous participation (e.g. CIB, Aboriginal Loan Guarantee, Indigenous Energy Support Program) for both Indigenous Nations and communities and their partners.
- IESO should formalize an annual report back to the SAC on their activities and investments designed to advance Indigenous participation in the electricity sector including:
 - Key outcomes and learnings from the annual First Nations Energy Symposium;
 - Targets, investments and progress made through the Indigenous Energy Support Program; and
 - Outcomes of procurements with respect to Indigenous equity participation.

Role of Others

Short Term

- Indigenous Nations and communities should inform and influence programs, policies and procurements that advance economic reconciliation and energy equity through Ontario's energy transformation.
- The Ministry of Energy and Electrification should respond to the IESO on its advice on the investment priorities for the Future Clean Energy Fund by prioritizing grants for Indigenous Nation and community capacity building and create a mechanism for Indigenous-led and partnered projects to recover a portion of reasonable pre-development costs.
- The Ministry of Energy should embed Indigenous Board representation on the IESO in enabling legislation.
- The provincial Aboriginal Loan guarantee program should be expanded to include gas-fired generation in alignment with Government's 'all-of-the-above' approach to energy sourcing.
- Provincial regulatory agencies (e.g. MNRF, MECP) should ensure that their policies and processes do not conflict with or duplicate IESO's procurement objectives to advance economic benefits for Indigenous Nations and communities and streamline development for projects led by or in partnership with Indigenous Nations and communities.
- Investors should sustain and expand their partnerships with Indigenous Nations and communities for mutual benefit.
- The federal government should continue and expand its support of Indigenous-led projects through the Canada Infrastructure Bank, Investment Tax Credits and other mechanisms.

Strategic Considerations and Committee Advice

- The Committee is of the view that finalizing and implementing this Challenge Statement will require the input and advice of a range of Indigenous Nations and communities and recommends that the IESO build on its growing relationship with Indigenous Nations and communities to seek such input and advice in 2025. This could be achieved through opportunities within existing Indigenous structures and processes such as the Chiefs of Ontario's Economic Development Table.
- The Committee and its members are willing to support the IESO in its outreach to and engagement of Indigenous Nations, communities and organizations to advance finalization of this Challenge Statement.