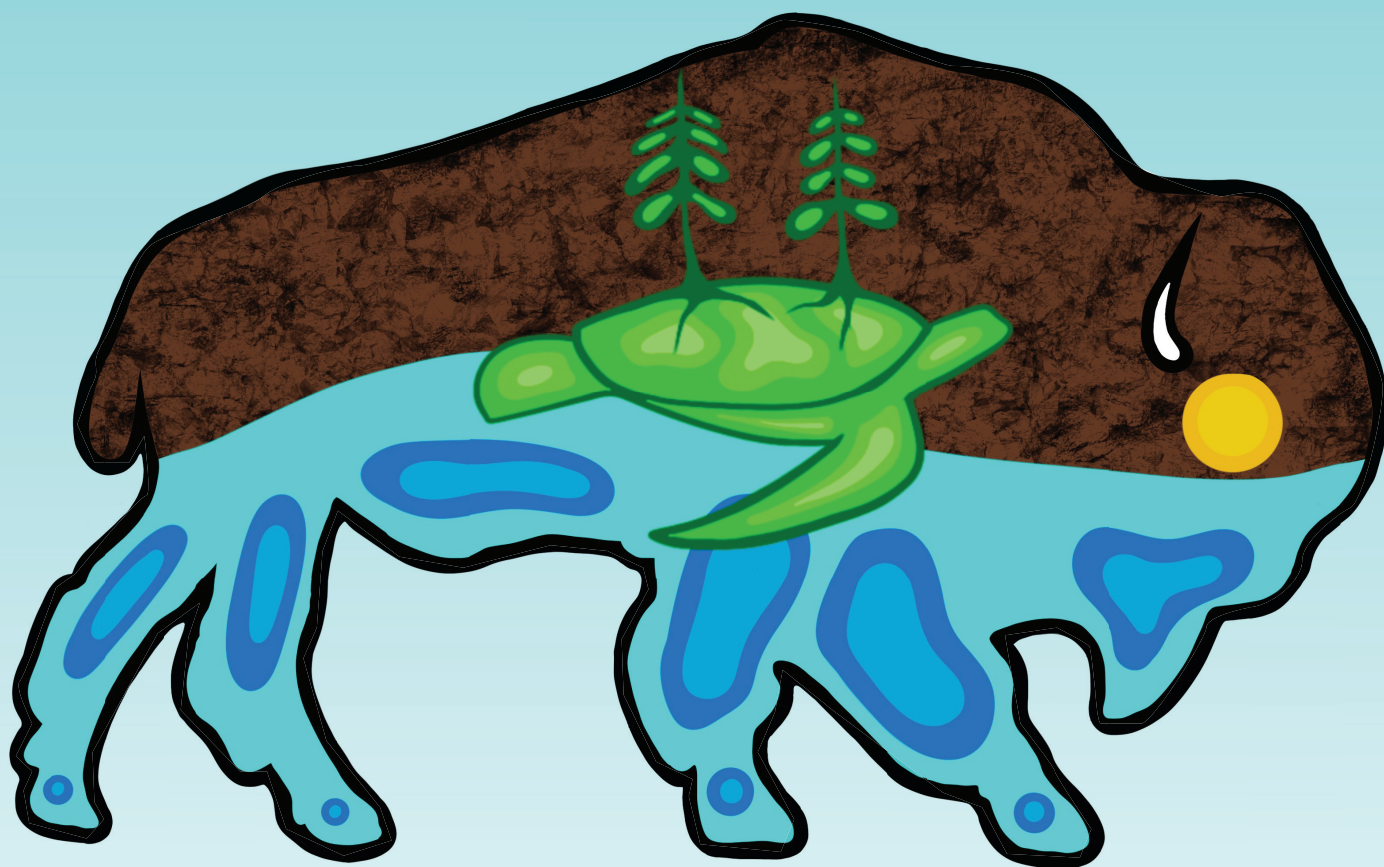


National Indigenous Electrification Strategy

Strategy to Accelerate Indigenous Ownership
of Net Zero Infrastructure in Canada



FUNDED BY



COMMISSIONED BY



IN PARTNERSHIP WITH



Mokwateh

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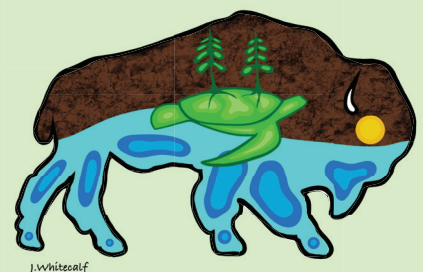
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“The bison represents Indigenous peoples, and the brown hide was used as protection in clothing and homes. It also represents the earth the bison reside on. The eye represents the sun and solar energy. The blue represents water and hydro-electric power. The turtle is Turtle Island, from Cree creation story, that is within Indigenous peoples. The turtle also represents wind power because as the turtle moves wind is created. All the symbols are within the bison to represent that the future of energy is within, and lead by Indigenous people.”



The FNMPC is a national, fully First Nation-led not-for-profit organization which currently represents over 160+ First Nations members in 12 provinces and territories across Canada. The FNMPC understands that a strong economy is reliant upon a healthy environment supported by vibrant cultures, languages, and expressions of traditional laws, and supports members to:

- » Safeguard air, land, water and medicine sources from the impacts of resource development by asserting its members' influence and traditional laws on environmental, regulatory and negotiation processes;
- » Receive a fair share of benefits from projects undertaken in the traditional territories of its members, and;
- » Explore ownership opportunities of projects proposed in the traditional territories of its members.

The FNMPC is currently providing business capacity support to its members on 17 major projects located across Canada, each with a First Nations equity investment component, and a portfolio exceeding a combined total capital cost of CAD\$30-40 billion. FNMPC's business capacity support includes tools that support First Nations to make informed decisions on both the economic and environmental considerations associated with major project development.

Mokwateh



Mokwateh

Mokwateh is an Indigenous-owned consulting and advisory services firm, deeply committed to forging common ground and cultivating the common good. We are a bridge between Indigenous knowledge and western approaches, working diligently to find collaborative solutions that promote social and economic benefits for Indigenous peoples across Canada. At the heart of our mission is a profound respect for the rich tapestry of Indigenous cultures and traditions. We draw on the insights of the past, engage with the realities of the present, and envision a future where Indigenous communities thrive in harmony with their values and aspirations. We help our clients join this mission by creating and executing corporate strategies and policies.

The information contained in this report contains what the FNMPC and Mokwateh gathered from jurisdictional review, literature review, expert review, and two roundtables with Indigenous experts, industry, government, and subject matter experts, including some of FNMPC's member First Nations. Information and recommendations in this report reflect that research but does not comprehensively represent First Nations or Indigenous priorities on climate change and the net zero transition. The hundreds of Indigenous nations in Canada each have unique relationships their lands and waters, and as such here is no single approach to Indigenous governance of these lands/waters. Indigenous rights-holders, nations, and their members are the only ones who can decide what is good for themselves, their lands, their waters, and their future generations. Further, major project ownership is a significant undertaking and should be thought through carefully with expert advisory. This report only highlights challenges and recommendations and represents an introduction to the topic.

Executive Summary

Canada's energy system is going through a major transformation. Driving this transformation is the urgent need to collectively address the climate crisis across all sectors. This urgency—when paired with Indigenous partnership in and ownership of projects and Indigenous consent—has created exceptional economic opportunities across these same sectors.

Around the world, countries have committed to keep global warming below 2°C. As part of this goal, Canada has committed to reduce greenhouse gas emissions by 40% below 2005 levels by 2030, and to reach net zero emissions by 2050. To stay on target, Canada needs to build a cleaner electricity grid through electrification—which refers to clean energy expansion and increased transmission. Central to the success of this energy transformation are opportunities for Indigenous nations to partner in or own these electrification projects.

To keep pace with accelerating electricity demands, Canada's clean energy sector is forecast to grow 58% in GDP terms by 2030. The capital cost of this opportunity between now and 2050 is estimated at CAD\$1.7 trillion.

Electrification in Canada relies on lands and resources to which Indigenous nations are rights-holders. As the required build-out of electricity infrastructure unfolds, Indigenous nations in Canada—already the third largest collective owners of clean energy assets across the country, after governments and utilities—expect to be full economic beneficiaries of electrification. Indigenous equity-owned projects now underway include solar and wind farms, hydroelectric dams, transmission line expansions, battery storage, and geothermal electricity generation. Canada's journey towards economic reconciliation with Indigenous peoples—alongside the accelerating energy transition—presents a competitive advantage for governments, Indigenous nations, and companies. With that in mind, the road to net zero *in partnership* with Indigenous nations must include **Indigenous consent, Indigenous governance, and options for Indigenous ownership in projects**.

The FNMPC and Mokwateh partnered to create this *National Indigenous Electrification Strategy*, funded by the Clean Economy Fund. This initiative centers Indigenous nations as leaders in decarbonizing and doubling Canada's electricity generation, transmission, and distribution systems. The National Indigenous Electrification Strategy Initiative is guided by two goals: (1) to position Indigenous nations as leaders of Canada's net zero transition, and (2) to remove economic, political, and regulatory barriers that will support and promote the development of Indigenous-partnered and -led clean energy projects in Canada.

This Strategy has five parts:

Part 1.

The Journey of Indigenous Nations and Electrification

Canada has a legacy of building energy and other projects on Indigenous lands, a history which remains embedded in the country's electrification journey to this day. Part 1 summarizes the context of this legacy, as well as current trends for the rapid growth in Indigenous nations' ownership—including equity investment—in clean energy infrastructure.

Part 2.

Why Indigenous Leadership in and Ownership of Net Zero Projects are Important

Canada's success with the net zero transition—specifically with electrifying Canada—is inextricably linked to meaningful progress on reconciliation with Indigenous nations. Part 2 of this Strategy explains why Indigenous leadership in and ownership of net zero projects in Canada are important:

- Reason #1: Climate Impact on Indigenous Lands
- Reason #2: Free, Prior, and Informed Consent
- Reason #3: Speed vs. Indigenous Reconciliation: A False Choice
- Reason #4: Indigenous Own-source Revenues and Self-determination
- Reason #5: Energy Sovereignty for Indigenous Nations
- Reason #6: Indigenous Economic Reconciliation
- Reason #7: Benefits to Indigenous Nations' Membership
- Reason #8: The Business Case for Indigenous Ownership

Part 3.

Challenges for Indigenous Ownership of Electrification Projects in Canada

The rationale for Indigenous ownership of clean energy generation and transmission in Canada is strong. However, this Strategy identifies challenges Indigenous nations may encounter when seeking ownership of electrification projects:

- Challenge #1: Indigenous Access to Competitively-Priced Capital
- Challenge #2: Capacity
- Challenge #3: Financing Indigenous-Owned Electricity Infrastructure
- Challenge #4: Utilities and Regulators Constrained by Legislation and Policy
- Challenge #5: Lack of Regulation Supportive of Indigenous Nations Forming Indigenous Utilities
- Challenge #6: UNDRIP and FPIC are Inconsistent Across Canada
- Challenge #7: Canada's Underbuilt Transmission Grid
- Challenge #8: Remoteness of Many Indigenous Nations
- Challenge #9: Global Critical Minerals Demand
- Challenge #10: Impact Assessment and Permitting
- Challenge #11: Contrasting Priorities: Affordability and Reconciliation
- Challenge #12: Technology and Market Education
- Challenge #13: Indigenous Nations' Wheeling/Retail Access to the Grid

Part 4.

Project and Policy Highlights Across Jurisdictions

Across Canada, many Indigenous nations are already successfully engaged in electrification projects and are demonstrating leadership in electrification. Part 4 highlights examples from coast to coast, as well as jurisdictional policy highlights in:

New Brunswick & example North Shore Mi'kmaq Tribal Council SMR Investment

British Columbia & example Tu Deh-Kah Geothermal

Yukon & example Atlin Hydro Plant

Saskatchewan & example Awasis Solar

Québec & example Uashat mak Mani-utenam Wind Farm

Ontario & example Chatham to Lakeshore Transmission Line

Alberta & example Chappice Lake Solar-Storage

Part 5.

Recommendations for Canada's Indigenous-led Electrification Future

Electrification in Canada must be rooted in free, prior and informed consent (FPIC), the principles of UNDRIP, and must lead towards Indigenous economic reconciliation. This Strategy is targeted towards three audiences: government and regulators, the private sector, and Indigenous nations—each of whom play a key role in the rapid electrification of Canada's economy. Part 5 provides a set of recommendations for each audience, all of which flow directly from the context, rationale, challenges, and case studies outlined in the report, and present many insights shared by roundtable experts.

Recommendations for Governments and Regulators

1. Support Indigenous access to capital via loan guarantees and other programs.
2. Fund foundational and comprehensive Indigenous capacity supports.
3. Create opportunities along the value chain of electrification for Indigenous nations.
4. Provinces and Territories should implement a policy and investment framework to incentivize Indigenous partnerships.
5. Governments, regulators, and utilities should present Indigenous nations with risk mitigating options to participate in clean energy project ownership.
6. Governments must appropriately equip regulators and utilities with resources to simultaneously address multiple project layers, such as: reliability, speed of projects coming online, ratepayers, environmental protection, and Indigenous reconciliation.
7. With guidance and direction from Indigenous expertise, governments must support the implementation of UNDRIP.

8. With guidance and direction from Indigenous expertise, governments must provide capacity supports for the implementation of free, prior, and informed consent by Indigenous nations.
9. The Canadian federal government needs to play a role as a convener of the provinces and territories to harmonize opportunities and ensure Indigenous needs in electrification are met.
10. Prioritize Indigenous participation or ownership in electricity assets over electricity rates.
11. Take the regulatory steps needed to support the formation of Indigenous utilities, at all scales.
12. Support the rapid build-out of interjurisdictional transmission lines and interties.
13. Governments in all jurisdictions must implement wheeling policies needed to allow Indigenous nations to sell power to end users.
14. Governments should build in direct-award and prioritization of procurement contracts for impacted Indigenous nations' businesses, either in construction or other procurement related to electrification projects.
15. Support Indigenous labour, skills, and training in the clean energy sector.
16. Reframe the affordability challenge of the net zero transition to prioritize Indigenous economies.
17. Strengthen Indigenous participation in impact assessment process by improving opportunities for collaboration with Indigenous nations and by supporting the capacity of Indigenous Governing Bodies to lead impact assessment.
18. Fast-track remote Indigenous nations to exit from diesel dependence.

Recommendations for the Private Sector

19. Create a detailed reconciliation action plan in partnership with Indigenous nations and implement the plan as part of corporate strategy.
20. De-risk investments and attract more capital for proposed projects by conducting early, informed, relationship-based, and well-resourced partnerships with impacted Indigenous nations.
21. Develop priority Indigenous procurement policies for all projects to support Indigenous businesses and incentivize industry-Indigenous partnerships.
22. Hire and appoint Indigenous people into board and leadership positions in companies and on projects, particularly Indigenous women.
23. Fund Indigenous capacity supports.
24. Support Indigenous access to capital.
25. Support and prioritize Indigenous leadership in projects.
26. Create opportunities for eventual majority or full Indigenous ownership of net zero projects.
27. Create project site policies and safeguards to protect Indigenous women, girls, and Two Spirit individuals.
28. Lenders should invest with their best rates on Indigenous-owned electrification projects.

Recommendations for Indigenous Nations

29. Indigenous nations should require the procurement process for electrification projects be a co-developed process with direct Indigenous input.
30. Focus capacity building on increasing climate and energy literacy and undertaking comprehensive community planning.
31. Explore the experiences of other Indigenous nations as owners of clean energy projects.
32. Know and understand what questions to ask before investing in a clean energy project or rate regulated utility project.
33. Identify and take advantage of opportunities along the value chain of electrification.
34. Consider creating an Indigenous-led integrated resource plan.
35. Explore opportunities for an Indigenous-owned utility.
36. Learn about and understand the different legal arrangements and structures for project ownership and partnerships.
37. Know what the highest standards are in Indigenous equity ownership and risk mitigation.
38. Consider each of the project development phases, and the potential barriers and economic opportunities of each.
39. Consider Indigenous ownership in transmission projects.
40. Don't rely on project proponent projections for advice.
41. Consider joining leadership positions such as the board of directors, advisory, and/or upper management positions.
42. Support Indigenous youth in electrification trades, business development, and energy literacy.
43. Consider creating Indigenous-led impact assessment protocols for any new project.
44. Explore options to secure the Indigenous nation's access to competitively-priced capital.

Scan the QR code to view the entire
National Indigenous Electrification Strategy

<https://fnmpc.ca/tools-and-resources/reports-publications/#electricity>



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