

UNLOCKING INDIGENOUS ENERGY
CANADA'S FIRST NATIONS MAJOR PROJECTS COALITION FOCUSES ON
CLEAN ENERGY PROJECTS THAT OPERATE USING INDIGENOUS VALUES

[Mark Trahant*](#)

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"The transition to clean energy is one of the greatest challenges in human history. Around the world, governments, companies and communities have to do so much, so fast, to re-invent practically everything. And in the Indigenous world there is an added burden: So many of the natural resources required, the minerals that make solar panels, or electric vehicles, and on and on, will have to come from our lands.

How do we make sure that this time it's different? How can Indigenous values be a part of a clean energy transition?

A generation ago, well, as recently as a few minutes ago, mining companies and governments conspired to take Indigenous resources without regard to culture or property rights. Instead of conversations and partnerships, the extractive industry has a practice of taking and exploiting.

So how *do* we make sure that this time it's different?

One answer comes from the First Nations Major Projects Coalition and its conference theme of "The Values Driven Economy." The organization represents more than 130 tribes in Canada and its premise is that information is the key ingredient required so that tribes can make informed decisions. So its team hires experts, geologists, hydrologists, economists, who work to evaluate a proposed project based on the tribes' goals.

The coalition "started with about 11 First Nations in Northern British Columbia who recognized the need to do something about informed decision making," said Nillo Edwards, the organization's chief executive. "And I think that speaks to the fact that the organization has stayed true to its mandate in being a national, non-political, First Nations' non-profit dedicated to helping our members make informed business decisions."

The coalition now has a portfolio worth more than \$40 billion (Canadian) in energy and infrastructure projects.

This week more than 1,500 people attended a two-day conference, representing Indigenous leaders from the United States, Australia, and Canada, as well as many government and corporate leaders working on development issues, mostly involving climate change and the transition economy. And to make these green energy projects happen, there has to be a funding source.

The US capital strategy

In the United States, a significant source of capital comes from the Inflation Reduction Act.

“We need to be at the table. The Indigenous voice needs to be at the table,” said Hilary C. Tompkins, Navajo Nation and former Interior Solicitor. “The IRA is the largest investment in climate and energy infrastructure in U.S. history ... And it's really a generational opportunity for Indigenous nations in the United States to access capital, particularly as it relates to major energy projects. It provides billions of dollars in terms of tax credits, subsidies and loan guarantees for an array of clean energy projects, mining, solar to wind, hydrogen.”

Tompkins is a partner with the law firm Hogan Lovells based in Washington.

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She said what makes the IRA different is that the tax credits can be applied directly to tribal projects. Because tribal enterprises don't pay federal taxes, previous credits had to be marketed to partners. But under the IRA, tribes can collect directly on their investments.

“This is an opportunity for North America as a whole to be leading globally our two countries on how to engage with Indigenous communities in the right way, effectively on all fronts from environmental protection to cultural resources protection, but also for economic development benefit in those communities,” Tompkins said.

The potential credits are substantial; they can add up to some 70 percent of the capital costs required for a major project. The idea is to make it easier for tribes to have ownership in these kinds of projects.

The Nez Perce Tribe started a solar project three years ago. To make that deal work the tribe reached out to partners who were interested in tax credits as part of the equation.

“We were fortunate to have decided that we didn't want to just have a solar installer come in and install them,” said Jesse Leighton, Nez Perce, the executive director for the tribe. “We wanted from the very beginning to have our people do that work. So we were lucky enough to get to work with a tax credit investor that was willing to help us establish our own workforce and help train our workforce. So that's really what kind of kicked off the whole thing, putting our own people to work.”

Now the Inflation Reduction Act changes the equation because the tribe no longer needs a partner.

“We've been given the opportunity to install energy systems on our reservations at a fraction of the cost of private industry. So it's huge,” Leighton said. “It's not only unprecedented but it's almost unbelievable that the language in the Inflation Reduction Act specifically identified tribal governments and that type of thing just has never happened in the past.”

Leighton said the Inflation Reduction Act is a tool that tribes can use because the “whole industry has always been fueled by tax credits, even before the IRA. And, so we've always had to use outside tax equity partners to put those projects together ... but those tax credits have gone from 26 percent to potentially 70 percent,” and that allows a tribe to do major projects at a fraction of the cost.”

And in Canada, a bank

Paul Rochun, an executive advisor at Deloitte Canada and a former Canadian deputy minister of finance, said the IRA reduces the cost of capital, which in turn, provides a revenue source for mitigating the costs for climate-related investments.

“Canada for many years was ahead of the U.S. in terms of thinking about climate policy,” Rochun said. “I would say the U.S. has done Canada and the world a favor.”

One tool that can be tapped in Canada is the Canadian Infrastructure Bank.

“We have spent the last 15 years under-investing across our country in big cities and small, in urban and rural communities, and for sure Indigenous communities,” said Ehren Cory, chief executive of the bank. “Infrastructure is the stuff that connects us, is the stuff that helps our economies grow and creates access to opportunities. It creates the fabric of society.”

The bank is a government-funded institution that uses taxpayer money for loans that make it easier for tribes to gain equity in infrastructure projects.

“We think that's going to be a huge way to unlock the next wave of opportunity,” Cory said.

Already the bank has helped secure funding for a major battery project in Ontario with the Six Nations. The project will be the largest battery storage facility of its kind – some 10 acres – and will make power available when wind or solar power is not available.

“It’s an amazing project,” Cory said, an example of a partnership between a private developer and the Six Nations’ development corporation. “Quite early on they came to us and said, ‘This is a really important project for greening the grid in Ontario for making renewable power that we’re producing actually more stable and predictable as we can store it. When the wind is low, we can sell it back to the grid when needed.’”

Cory said that infrastructure projects pay off.

“It pays off economically,” he said. “ It also pays off in many other ways. Job creation, determination. But even just the math, they do pay off.”

Then he added, “And so I just use that as an example of how there are tons of projects like that where a First Nation or an Indigenous community is ready, willing and able. And what they need is partners, which in that case, they found from the private sector and they need access to capital, which I was able to provide.”

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