

Phase 2 First Nations Workshops Engagement Summary



First Nations Engagement on the Call for Power Overview

In June 2023, the Province of B.C. and BC Hydro announced that BC Hydro will move forward with a Call for new sources of clean or renewable electricity in spring 2024. We are forecasting to need these new resources starting as early as 2028. Since the announcement, we have been engaging with First Nations and currently are in Phase 2 of our engagement process.

Advancing reconciliation with First Nations is a key priority for BC Hydro and we are committed to exploring meaningful economic reconciliation opportunities as part of this Call. We have been meeting with First Nations, and with First Nations organizations, like the First Nations Business Development Association and regularly meeting with the First Nations Energy and Mining Council, to provide an overview of the Call and to gather feedback on potential First Nations participation models to inform the Call design.

In September, BC Hydro hosted 7 First Nations workshops to discuss the Call and share illustrative economic participation models with participants. This report summarizes the key themes raised during these workshops.

Background on First Nations Engagement Phase 1 Engagement (June – August 2023)

Since June, we have engaged with First Nations in a variety of ways including:

- Notification email to all First Nations in the province about the upcoming Call for Power and the opportunity to provide feedback about the key elements of the Call.
- Establishing a First Nations Clean Power email address to accept questions and feedback on the Call from First Nations.
- Four information sessions in late June and early July with participation from First Nations across B.C., local governments across B.C., Independent Power Producers (IPPs), and industry stakeholders.
- An online survey shared with First Nations, IPPs and industry stakeholders to solicit their input on key elements of the upcoming Call shared at the information sessions.
- Seven focus groups throughout July and August with experienced IPPs and First Nations to learn from their past experiences with previous calls, including BC Hydro's Clean Power Call, and other calls across North America.
- Individual meetings with 30 First Nations (at their request) to provide background and an overview of the Call and gather feedback on how best to structure First Nations participation. These 1:1 meetings continue in Phase 2 engagement.

Phase 1 engagement helped inform our approach to Phase 2 engagement. Please refer to the [Phase 1 Engagement Summary Report](#) for more details.

Phase 2 Engagement (September – October 2023)

In September, we hosted 7 First Nations workshops specifically focused on the Call parameters and illustrative First Nation economic participation models. Statistics and feedback from these workshops are summarized below.

To enrich the workshops, BC Hydro invited the First Nations Energy and Mining Council (FNEMC) to give a presentation on economic participation models and host an afternoon caucus session with workshop participants. In August, FNEMC shared a draft framework for how First Nations could participate in the Call and BC Hydro recommended that FNEMC share their analysis on participation models at the workshops. At all seven of the September workshops (i.e., both in-person and virtual), FNEMC presented its draft framework and answered questions from participants about economic models. These conversations took place without any BC Hydro or government representatives in the room.

In October, we presented at the North Coast Electrification workshop, which is a separate engagement process to support future transmission developments in the Northwest of the province, to gather further feedback on First Nations economic participation models for the Call.

What we did

Five In-Person Workshops



- September 13 – Kamloops
- September 14 – Vancouver
- September 18 – Fort St. John
- September 21 – Terrace
- October 11 – Vancouver (North Coast First Nations)

65

First Nation participants

Shared key elements of the Call and presented three illustrative participation models for discussion and feedback.

Three Virtual Workshops



- September 22
- September 25
- September 26

33

First Nation participants

Shared key elements of the Call and presented three illustrative participation models for discussion and feedback.

Number of First Nations



52

First Nations represented

Online Survey



14

responses

An online survey was distributed to gather further feedback on the First Nations participation models outlined in the workshops.

First Nation Meetings



- 1:1 meetings since June 26

30

meetings

These meetings are ongoing. BC Hydro provides background and key parameters of the Call and solicits feedback on potential First Nation participation models with First Nations interested in learning more about the Call.

What we heard from First Nations

Detailed Feedback on First Nations Participation Models

Receiving feedback from First Nations on potential participation models for the Call was the primary objective of the workshop series. This feedback will allow BC Hydro to design a First Nation participation requirement in the Call for Power that reflects the interests of B.C. First Nations. Three illustrative First Nations participation models were presented at each workshop, each with its own set of considerations (full slide deck is available in Appendix A). This section provides detail on what BC Hydro heard from participants about the three illustrative models, as well as some general feedback and other suggestions for BC Hydro to consider when selecting a model.

Feedback on the proposed participation models varied, which is reflective of the diversity of First Nations in B.C. – their perspectives, needs, capacity, and potential challenges. BC Hydro will explore ways to address feedback and challenges to ensure meaningful First Nations participation in the Call while meeting our business objectives.

Participation Model 1 - First Nations Designated Proposal

Participants liked the flexibility of this model and several participants preferred that BC Hydro would not be privy to the terms and conditions of their agreements with IPPs under this model. However, concerns were raised about the lack of evaluation on participation agreements which may lead to disparities and disputes. There is also a need for clarity regarding what constitutes endorsement from a First Nation (e.g., Band Council Resolution or ratified community vote). Some participants expressed concerns that this model might encourage IPPs to seek out the First Nation requiring the lowest number of financial benefits. Specific feedback/comments include:

First Nations Designated Proposal:
The developer and First Nations develop their own participation agreement and seek endorsement from First Nations impacted by the project.

- Some participants preferred this model because it allows First Nations to negotiate their own agreement according to their unique interests and capacity, and it takes BC Hydro out of the picture on input and evaluation.
- Concern was expressed around First Nations' capacity to negotiate a good agreement when there are no set parameters.
- Participants discussed what could be supplied as proof of endorsement by a First Nation under this model, and some advised that community support would be required, not just endorsement from leadership.
- This model would be enhanced with a defined endorsement baseline (e.g., free, prior, and informed consent) with a range of endorsement levels to meet diverse First Nations' needs (e.g., co-managed, equity stake, economic package, environmental conditions).
- Some participants viewed that this model would include an Impact Benefits Agreement between IPPs and First Nations, which could include royalty payments, milestone payments and sub-contracts from the engineering and construction contractors.
- Some participants think BC Hydro should be hands-off in proposal evaluation and involve an external party or First Nations in proposal reviews.
- Some participants felt that this model is deficient as it doesn't have a "floor" or spell out minimum participation so IPPs can shop around to find the Nation that will accept the least economic benefits.

Participation Model 2 - Economic Benefits Package

Feedback on this model emphasized its flexibility: it allows more First Nations to participate since up front equity is not required and it allows Nations to tailor benefits to their specific needs and community interests. Participants appreciated the idea of evaluating the benefits package for each proposal and awarding higher points to those agreements that provide higher benefits to First Nations. However, concerns were raised about BC Hydro's role in evaluating contracts between First Nations and IPPs, with worries that it might create perceptions of unfairness, and suggested that an external party perform the evaluations. Participants also highlighted the importance of setting clear standards and mechanisms for dispute resolution

Economic Benefits Package:
Categories of economic benefits other than equity ownership (e.g., royalty payments, total economic transfer amounts, jobs, training, etc.).

in agreements. There was a consensus on the significance of economic reconciliation under this model. Several participants raised the idea of combining this model with Model 3, equity ownership. Specific feedback/comments include:

- It was expressed that First Nations with less capacity or Nations that aren't interested in equity would prefer this model as it doesn't require up front capital and allows First Nations to tailor benefits to their own community.
- Participants appreciated the flexibility of this model but expressed concerns about BC Hydro's involvement in evaluating agreements between First Nations and IPPs.
- Several participants were interested in combining this Model with Model 3 (equity ownership).
- The types of benefits that can be specified in this model include employment, skills-building, and financial benefits including royalties and capacity payments.
- This model would be complex to evaluate as there are social variables that are relevant; we won't know if it's successful until the project is implemented.
- Wording in agreements can be subject to interpretation, so a minimum standard of what is included in agreements including clear terms, table of benefits, and dispute resolution, would be needed.
- BC Hydro should define a specific dollar amount per megawatt hour from the total price per megawatt hour, and flow that payment directly to the participating First Nation(s) (e.g., if total price \$106/MWh, \$6/MWh could be defined as the First Nations benefits package and flowed directly to First Nations).
- No specific scoring system or other evaluation methods were suggested for this model.

Participation Model 3 - First Nations equity ownership

This model was seen as simple and straightforward as it ensures transparency and equal opportunity for participation. Participants discussed the idea of a smaller minimum equity requirement to start followed by a gradual increase in First Nations' equity ownership over time, which would mitigate risk and allow First Nations to build up their investment capacity. However, concerns were raised about financing challenges faced by some First Nations and the potential exclusion of those unable to finance the equity portion. The importance of properly structuring equity ownership and the Province's and BC Hydro's role in supporting access to financing was discussed. Some participants expressed the view that equity ownership could be a strong catalyst for economic reconciliation. As mentioned above, several participants were interested in combining Models 2 and 3. Specific feedback/comments include:

Equity Ownership:
A pre-determined mandatory minimum percentage of First Nation ownership is required.

- Many participants expressed that equity ownership is seen as a meaningful economic reconciliation opportunity that provides First Nations with control of projects in their territory.
- This model was described as simple and straightforward to implement – it leverages the formal consultative process through its governance so reduces chances of disputes about impacts.
- Some participants felt that First Nations have relied too long on resource royalties and other economic benefits that were imposed on them and now need equity ownership to reflect true economic reconciliation.
- It is hard to define a minimum requirement as all First Nations are in different financial positions. Minimum requirements should not be set too high as to penalize First Nations without access to large amounts of equity/capital funding.
- Participants expressed a desire for options that allow for a gradual ownership transfer and increased First Nations ownership over time, e.g., a 'waterfall' approach where the percentage of equity ownership by First Nations increases as the debt reduces.
- First Nations need reliable, long-term, own-sourced revenue for financial independence and so that they can be integrated into the larger local, provincial, and federal economies.
- Some participants felt that the evaluation should be based on the level of equity ownership (e.g., higher level of equity, higher the score in evaluation). A points system was suggested that would favour higher percentage equity and/or length of time that a First Nation holds a higher percentage equity.
- Equity ownership does not guarantee near-term or any returns on investment. Sometimes, fixed royalty streams provide more near-term and predictable benefits for First Nations.
- Many participants suggested that a minimum required percentage of First Nations equity ownership could be in the range of 10-25% to allow for more First Nations to participate.
- Many participants suggested that First Nations should own 100% of the projects, at the start or at the end of the term of the Electricity Purchase Agreement, and that there should be incentives to encourage 100% First Nation ownership.

- It is essential that low interest financing or loan guarantee programs are available to support this model.
- Projects could be built by a consortium of all the First Nations in BC with dividends flowing to individual First Nations.
- First Nations land could be considered as their equity in the project.
- Many participants suggested that BC Hydro should consider a model that merges Model 2 and Model 3, i.e., equity ownership as an eligibility criterion (pass/fail) followed by the economic benefits package as an evaluation criterion (higher score for more benefits).

Summary of Feedback on Other Key Topics

Several other key themes and concerns emerged during the First Nations workshops. The following topics generated the most discussion and interest from First Nations.

1. Economic Development and Reconciliation

- A significant focus of the discussion centred around First Nations' participation in clean energy projects, emphasizing their desire for more empowerment, self-reliance, and economic reconciliation within their own communities.
- Participants highlighted the importance of achieving true reconciliation with all levels of government, addressing the impacts of BC Hydro projects on First Nations territories, and respecting First Nations rights and interests.
- Participants expressed a strong interest in advancing renewable energy, particularly in remote First Nation communities.
- There is a shared desire to ensure that First Nations have a meaningful role in decision-making to benefit fully from projects under the Call.
- Some participants raised BC Hydro's history of cancelling previous power acquisition programs (e.g., the Standing Offer Program) and the need for accountability and transparency from BC Hydro throughout this process.
- Participants expressed support for the concept of carving out a percentage of the 3,000GWh specifically for First Nations to potentially enable smaller sized projects.

2. First Nations Capacity

- The role of BC Hydro in facilitating and supporting negotiations so First Nations can enter into good agreements with the right IPPs, support for financing from the provincial government, and support for First Nations' projects was a significant theme.
- There is a desire for support and education for First Nations regarding project negotiation, financing, and navigating the clean energy sector, and participants requested sources of information on how to develop a clean energy project.
- Participants suggested the need for standardized processes and agreement templates to help First Nations participate effectively.

3. Project Timelines and Feasibility

- The need for First Nations communities to have sufficient time to prepare and make informed decisions about participation was highlighted.
- Concerns were raised about the feasibility of meeting Call timelines (in-service by the end of 2028), particularly for projects that are not already advanced. Specific concerns included:
 - Allowing adequate time to engage with IPPs on an agreement
 - Delays in the permitting process
 - Time-consuming and costly interconnection studies.
- BC Hydro needs to communicate to the market that it will hold subsequent calls for power to address the projects that will not be ready to submit proposals for this Call.

4. Project Size and Eligibility

- Concerns were raised about the minimum project size (30 - 50 MW) potentially excluding most First Nations from participation; many participants suggested a lower minimum project size should be considered.

5. Electricity Purchase Agreement (EPA) Term

- Term of the EPA should match the useful life of assets (i.e., 30-35 years for wind or solar).

- A longer-term EPA provides more financial certainty for First Nations.

6. Interconnections

- Participants expressed the need to understand interconnection constraints on BC Hydro's system to determine the viability of a project.
- Participants raised that interconnection challenges, particularly related to transmission line capacity and upgrade costs, are a barrier to First Nations participation.

7. Resource Type and Location

- Some participants shared that the inherent characteristics of their territory limit them to certain types of clean or renewable resources which impacts their ability to participate in the Call.
- Pricing of different types of power generation was raised. Participants proposed considering entry-level pricing for this Call to allow a diverse range of technologies to participate to make it financially viable for more First Nations.

8. Government Collaboration and Support

- Participants discussed the need for collaboration between the provincial and federal governments, BC Hydro, and First Nations communities to address permitting and regulatory challenges.
- Participants expressed that government has a role to play in building First Nations capacity to participate in the Call by providing financial support to Nations, such as a loan guarantee program.
- Participants expressed concern around whether government's commitment to clean energy plans will remain stable in the face of shifts in the political landscape.

9. Consultation and Endorsement

- Concerns were raised about overlapping territories and the challenge of consultation and securing endorsement from all affected Nations. Participants stressed the importance of government facilitation to mitigate conflicts.
- There was no consensus on how to address overlapping territories for proposed projects.
- One suggestion for addressing overlapping territories is for the First Nation to site their project on their reserve, treaty or fee-simple/Certificate of Possession lands and develop an understanding with neighbouring First Nations.
- Collaboration among First Nations is seen as a key strategy to avoid competition among First Nations and create opportunities for multiple Nations to work together or share benefits.
- Participants are interested in ensuring fairness and equal distribution of resources and opportunities among the Nations. Questions arose about how to strike a balance between competition and cooperation.

10. Environmental and Climate Considerations

- Participants inquired about how BC Hydro factors climate change considerations into energy planning and demand profiles and emphasized the importance of these considerations.
- The need for environmentally sustainable projects and clean energy solutions was highlighted.
- First Nations should be able to own the carbon credits associated with their projects.

Conclusion

This report details and summarizes the key discussions and insights from the First Nations workshops on the Call and provides a foundation for further dialogue and decision-making in the development of the Call. BC Hydro will use this feedback when designing the Call to ensure meaningful participation and positive outcomes for First Nations.

Next Steps

We continue to gather feedback from First Nations on the Call design. Below is the schedule for Fall/Winter engagement activities:

Timing	Audience	Engagement objective
1:1 Meetings with First Nations	First Nations	Share an overview of the Call and gather feedback on illustrative participation models.
October: Workshops	First Nations, IPPs, and industry stakeholders (joint sessions and two standalone First Nation sessions)	Introduce and solicit feedback on the draft term sheet for the Electricity Purchase Agreement (EPA) and key terms from the draft Request for Proposals (RFP) document and share illustrative First Nations participation models.
November: Workshops	First Nations, IPPs, and industry stakeholders (joint sessions and one standalone First Nation session)	Solicit further feedback on an updated draft term sheet, and key terms from the RFP and share the recommended First Nations participation model.
January: Written comments on Final Draft Documents	First Nations, IPPs, and industry stakeholders	Provide final drafts of the specimen EPA and RFP. A short, written comment period will be provided for final comments on these two documents.

Appendix A: First Nations Workshop Slide Deck

Planning for a Call for Power

September 2023



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Workshop Agreement

Expectations of working together in a good way

- Acknowledging one another as equals
- Remain respectful
- Allow for exchange
- True listening and be open
- Creativity is welcome

- Anything more?



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Today's Agenda

Item	Time
1. Breakfast/social	8:00 - 9:00am
2. Opening prayer/introductions	9:00 - 9:30am
3. Presentations and discussion	9:30 - 12:30pm
4. Lunch	12:30 - 1:30pm
5. Break-out session	1:30 - 3:00pm
6. Summary/wrapup	3:00 -4:00pm

We're planning a competitive call for power

On June 15, the Province of BC and BC Hydro announced plans for a Call for Power



- Estimated need of about **3,000 GWh per year**, starting delivery **as early as 2028**
- Larger clean or renewable energy projects
- Require First Nations participation in projects

We're learning from previous calls

We need to simplify, focus and be flexible to evolving needs

Learning from our past calls, and from other jurisdictions

- Importance of meaningful First Nations participation and ensuring First Nations receive meaningful benefits
- Simplify contract terms
- Larger projects have economies of scale
- Conduct multiple, smaller calls in phases, aligned with electricity demand
- Different ways to provide information about interconnections processes and constraints prior to call issuance



What we're planning to look for



Energy profile aligned with our needs: approximately 3,000 GWh/year



Connect to BC Hydro's **existing system**



Cost-effective energy



Reliable delivery starting as early as 2028



Larger clean or renewable projects



First Nations collaboration on the Call design and **partnerships** with IPPs



Engagement to date

We've been in "listening mode" to understand perspectives as we design the Call

Format	Date(s)	#
Email communications	June 15 and July 28	Approximately 200 First Nations
1:1 meetings with First Nations	June - August	27 meetings
Information sessions (First Nations/Industry; Local Gov)	June 28, 29 July 6, 11	199 attendees
Online survey	July 17-31	61 responses
Focus Groups – First Nations	Aug 22, 24	6 First Nations representatives
Focus Groups – Industry	July 24, 27 Aug 1, 9, 16	25 companies

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What we've heard so far

Diverse perspectives on various aspects of the Call

During Phase One of our engagement, the following topics generated the most discussion and interest from First Nations:

1. First Nations partnerships, participation and engagement
2. Capacity and resource constraints
3. Project development
 - a. Financing
 - b. Interconnections
 - c. Permitting
4. Call parameters/process
 - a. Project size
 - b. Timelines
 - c. Types of technologies
 - d. Evaluation criteria



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First Nations Participation Models



Our goals for today

- Confirm the guiding principles for the First Nations participation model for the Call
- Present 3 examples of First Nations participation models to shape discussion and generate ideas
- Collect feedback on the models and/or any new models suggested during the session
- Summarize areas of consensus and divergence on the models, as well as related issues and themes



Guiding Principles

- The First Nation participation model should:
 - advance economic reconciliation by incentivizing meaningful economic benefits in the partnerships between First Nations and IPPs
 - be able to be implemented in the Call in a clear, consistent and transparent manner



Feedback from First Nations

To date, First Nations have shared a wide spectrum of views on participation models:

- Some Nations have expressed strong support for a model that maximizes the freedom of Nations to choose what benefits they receive
- Some Nations have expressed strong support for a model that requires equity ownership only



Feedback from First Nations

Other important feedback from Nations has included:

- Many Nations expressed concerns around their ability to access “good” financing
- Several Nations raised concerns about the types of documentation that would be required, who would be evaluating submissions, and how benefits would be measured and assessed



Understanding Participation Models

1. How will the model work ?
 - Evaluation models vs. eligibility models
2. What is the model designed to achieve?
 - What type of outcome or benefit is the model targeting



How will the model work?

- Typically, participation models follow one of two approaches:
- Eligibility Criteria
 - Scored as pass/fail
 - Often, but not always, applied at the very beginning of the evaluation life cycle
- Evaluation Criteria
 - Scored according to a predetermined set of criteria
 - Most often applied during the proposal evaluation stage



Participation Model 1: First Nations Designated Proposal

First Nations Designated Proposal

To participate in the Call, a proposal must have some level of endorsement from First Nation(s) impacted by the proposed project

Key Considerations :

- **Allows the developer and First Nations to develop their own participation agreement**
- **Nations are free to endorse as many proposals as they wish**
- **Proven by way of a letter of endorsement**



Participation Model 2: First Nations Economic Benefits Package

First Nations Economic Benefits Package	Proposals are given credit based on an assessment of the economic benefits that will accrue to First Nations during the entire life cycle of the project
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Key Considerations :

- Specific categories of benefits (e.g. resource royalty payments, jobs and training, community contributions) are prioritized and given credit during the evaluation process
- Proven by way of commercial agreements between developer and participating First Nations
- May require an evaluation methodology



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Participation Model 3: First Nations Equity Ownership

First Nations Equity Ownership	To participate in the Call, a proposal must demonstrate a percentage of First Nations ownership
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Key Considerations :

- Restricted to one form of economic participation/ benefit: ownership of the company submitting the proposal
- Ownership can be held by one First Nation or a consortium of Nations
- Proven by way of an organizational chart and an ownership agreement



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Open Discussion and Questions

Schedule & engagement on call design



Information on our engagement activities will be posted on our website:
<https://www.bchydro.com/workwith-us/selling-clean-energy/meeting-energy-needs.html>

Our next steps: hearing from you

Your feedback will inform the next stages of call design

Timing	Engagement	Purpose
Late September	Follow-up survey will be sent to all participants	Participants have the opportunity to provide further feedback on the models
September - November	1:1 meetings with First Nations by request	Discuss the Call, gather feedback and answer questions
October	Workshops on draft key RFP terms and EPA term sheet	Share draft term sheet and key terms of the Call
November	Workshop on preferred First Nations participation model and updated draft terms	Preferred First Nations participation model and updated draft key terms

Wrap Up

- Capacity Funding
- Sign-up Sheet
- Website: <https://www.bchydro.com/workwith-us/selling-clean-energy/meeting-energy-needs.html>
- Email questions or further comments to: FirstNationsCleanEnergy@bchydro.com
- For more information, visit the **APP Projects** page on bchydro.com