

An Indigenous-led Clean Energy Future: A New Playing Field

Federal Budget 2023 Analysis

Indigenous communities actively involved in or exploring the clean energy sector will encounter a rapidly evolving landscape. The federal budget is poised to accelerate a shift towards larger and/or scalable community projects driven by the climate and energy transition, as well as emerging technologies.

Exciting prospective project opportunities are now available in energy storage, transmission, hydrogen and smart grid. The budget will also provide incentives for large-scale renewable energy projects, including wind, solar, bioenergy, geothermal, and both new and refurbished hydroelectric generation.

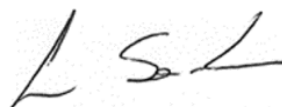
Advancing significant clean energy projects towards construction will be more feasible. However, the budget has introduced a new approach focused on project financing and targeted tax credits.

To take full advantage of a clean energy future, Indigenous individuals, organizations, and communities will need to continue to assert their leadership and enhance their capacities. Here at ICE, we offer a range of programs and services to help strengthen an Indigenous-led clean energy strategy. This brief provides an overview of the clean energy opportunities outlined in Canada's Budget 2023 while highlighting gaps and new opportunities.

Together in unity,



James Jenkins
Executive Director



Cara Sanders
Board Chair



Eryn Stewart
Managing Director

See [Appendix A](#) for highlights

A. Canada's Budget 2023: Opportunities for Indigenous Communities & Clean Energy Projects

The federal budget provides significant opportunities for Indigenous communities and clean energy projects, but the key to realizing these benefits lies in building leadership, expanding capacity, and fostering effective and fair partnerships.

1. More than ever before, community leadership and internal capacity-building will be crucial for Indigenous communities to participate in these opportunities. With the potential for more Indigenous jobs and contracts, Indigenous leaders must expand their national presence to maximize benefits.
2. The federal government's tax and financing-based strategy means that Indigenous communities and businesses may face unique challenges when it comes to leveraging federal incentives to remain competitive with non-Indigenous entities. To address this, ICE has written to Minister Freeland to request that the federal government take steps to ensure that Indigenous communities and businesses benefit from the newly announced Investment Tax Credit.
3. As Canada seeks to increase electrical capacity across jurisdictions, collaboration with provinces, territories, and utilities will become more critical. ICE will continue to advocate that Indigenous leadership is present at each of these levels.
4. Perhaps most importantly, the need for project proponent partners will increase as the emphasis shifts to large-scale projects. Doing the necessary due diligence with these partnerships and their respective terms and conditions to ensure that Indigenous communities benefit from the new financing mechanisms that will dominate this new playing field is essential.

B. Positive Signals in Canada's Budget 2023

Canada Budget 2023 focuses on promoting clean energy and addressing climate change. For Indigenous communities interested in clean energy, some of the important initiatives include:

1. **A renewal of the Indigenous Off-Diesel Initiative:** The government has pledged \$350 million over five years to support Indigenous communities to transition off diesel and other fossil fuels. This initiative aims to reduce the reliance of Indigenous

communities on diesel, which is both expensive and harmful to the environment and public health.

2. **The government has committed \$1 billion over five years to support Indigenous-led clean energy projects.** This funding will support the development of renewable energy projects such as solar, wind, and hydro, which will help to reduce greenhouse gas emissions and provide economic benefits for Indigenous communities.
3. **Clean Energy Fund:** The government has created a \$5 billion Clean Energy Fund to support clean energy projects across the country. This fund will provide financing for projects such as electric vehicle infrastructure, energy efficiency retrofits, and clean energy research and development. Indigenous communities can also apply for funding from this fund to support their clean energy projects.
4. **Net-zero emissions target:** The government has set a target of achieving net-zero greenhouse gas emissions by 2050. To achieve this target, the government will invest in clean energy technologies and infrastructure, support the transition to electric vehicles, and promote energy efficiency.
5. **Green Jobs and Skills Training:** The government has committed \$2 billion over five years to support green jobs and skills training. This funding will provide training and job opportunities in the clean energy sector, which will benefit Indigenous communities interested in pursuing careers in this field.
6. A renewal of the **Smart Renewables and Electrification Pathways (SREP)** program. SREP will continue to provide subsidies to renewable projects and technologies using a weighted formula that encourages Indigenous participation.
7. The federal budget identifies a **central role for the Canada Infrastructure Bank as well as the introduction of the Canada Growth Fund** to mitigate risk and spur investment. We are calling for Indigenous participation at the decision-making level of this institution to ensure that Indigenous-led projects receive proper consideration from investment and financing bodies. For instance, the Public Sector Pension Investment Board (PSP Investments) will have a leadership role in evaluating projects. It is necessary that PSP Investments have the proper support to identify and evaluate projects with Indigenous partners effectively.
8. The budget has kept the **ISC Strategic Partnership Initiative in place for 2023-2024**, a program that has provided much-needed support to allow Indigenous

communities and businesses to prepare projects and move them toward the construction phase. It is critical that this program be renewed in future budgets.

9. The budget identifies other critical investments, **such as Environment and Climate Change Canada's Indigenous Leadership Fund, and the Net Zero Accelerator (NZA)**. NZA is another area that will require sustained national leadership to ensure that Indigenous communities and organizations are included. Finally, the budget includes commitments to UNDRIP implementation and to Benefits Sharing, two very positive steps.

C. The Future of Indigenous Clean Energy Project Financing

The 2023 Budget marks a shift away from project funding and towards a new project financing model that prioritizes loans over grants to stimulate investment. While this change offers greater potential for Indigenous involvement and leadership in larger clean energy projects, it also presents unique financing challenges for Indigenous communities and businesses.

1. A key priority is to ensure that this new financing model is accelerated and that we start to see results in the short term. At the same time, it will be necessary to ensure that implementation properly acknowledges the major role that Indigenous entities play within the energy sector and provides equitable mechanisms to ensure that Indigenous communities and businesses fully benefit from clean energy incentives.
2. Prior to the release of the 2023 budget, we wrote to Minister Freeland to request greater clarity and solutions as to how the Investment Tax Credit will work for Indigenous entities that may be partially or entirely tax-exempt. It is crucial to develop a fair and just strategy that allows Indigenous entities to benefit from the Investment Tax Credit without cumbersome processes that waste time and expense. Lack of clarity could result in less Indigenous involvement in the new playing field of clean energy projects.
3. More clarity is also needed on how the Canada Growth Fund will work. We recommend that the federal government identify Indigenous leaders to assist with the implementation of the Canada Growth Fund to ensure fair and just inclusion of Indigenous communities and businesses in future benefits.
4. As new clean energy investments occur, the federal government must prioritize Indigenous Nations and ensure that this new model incorporates intersectional approaches to achieve maximum impacts. For example, some hydroelectric projects have historically impacted Indigenous communities, in many cases without

consultation or adequate compensation. The refurbishment of dams that are at the end of life provides an opportunity to address past injustices and bring us closer to reconciliation. Therefore, we will advocate for fair and just Indigenous inclusion in Canada's green energy future and urge Canada to implement real community-led solutions into the new playing field.

D. What is Missing from Canada's Budget 2023?

While the 2023 budget does make positive strides in some areas, there are several critical areas that are notably absent. For example, energy efficiency in Indigenous homes, small-scale projects and education and skills development.

1. While some programs for green buildings and energy-efficient Indigenous housing have been announced prior to the Budget, the funding falls short of the level required to fully address the issues. It is crucial that the Indigenous Housing Strategy incorporates net-zero housing goals to ensure that Indigenous housing needs are met in a way that is effective, accessible and environmentally sustainable.
2. In addition, the focus on large-scale projects risks sidelining the important role that small-scale projects play in building capacity and awareness within Indigenous communities. To maintain Indigenous participation and community awareness in the clean energy sector, a more concentrated effort must be made to ensure that small projects remain a priority.
3. Furthermore, there is a lack of detail in the budget regarding support for Indigenous communities in reducing diesel reliance and moving to cleaner heating sources. A one-size-fits-all approach will result in some communities being left behind.
4. Finally, the education and skills development for Indigenous youth must continue to be a priority as Indigenous organizations continue to take a greater role in the energy sector. The demand for Indigenous workers, project managers, and leaders is ever-growing, and it is essential that we continue to invest in that growth and development. ICE has long recognized this challenge and has partnered with Canada and philanthropic funders, but the need for skills development will increase dramatically with the next surge of clean energy investment.

E. ICE's Catalytic Role for an Indigenous-Led Clean Energy Future

ICE provides a comprehensive suite of programs designed to support the coming wave of Indigenous Clean Energy projects. Since the inception of our flagship 20/20

Catalyst Program, ICE has expanded its suite of programs to cater to diverse needs in skills development, mentorship, youth programming, green housing, green transportation, and policy.

The [20/20 Catalyst Program](#) is an Indigenous capacity-building program that provides participants with practical and applied learning about renewable energy projects, energy planning, energy efficiency and conservation, and advanced energy systems. Alongside the 20/20 Catalysts Program, we launched the [ICE Mentorship Program](#) that matches Indigenous peoples and communities with Indigenous leaders and technical experts from across the country. In addition, we have the [ICE Network](#), a free-to-join online community platform that brings together individuals with a shared interest in Indigenous clean energy opportunities. We offer [free monthly webinars](#) (ICE Power Hours) on a variety of topics pertinent to community projects.

ICE also delivers the [Bringing It Home \(BIH\)](#) program, an Indigenous-led initiative to enable and implement healthy, energy-efficient homes and facilities in communities. Through BIH, we have recently launched the [Regional Energy Advisor Training Program](#). This program will make it easier for Indigenous communities and housing providers to access energy audits and find ways to reduce utility bills through energy efficiency actions.

Finally, our youth programming includes [Generation Power](#), an Indigenous youth clean energy and career training program designed to engage both youth and energy sector employers and to position Indigenous leadership as an essential component of Canada's clean energy transition; and [ImaGENation](#), a program that creates a space for Indigenous youth to imagine a sustainable future for their community and the opportunity to transform that vision into meaningful project-based action.

ICE will continue to play a leadership role by promoting the fair and just inclusion of Indigenous Peoples within Canada's green energy future. We will embark on renewing our organizational strategy this summer with outreach and engagement focusing on broad, national, and community-based approaches.

ICE continues to contribute governance and expert support to the design of programs and funding models delivered by federal departments, including Natural Resources

Canada, Indigenous Services Canada, Crown and Indigenous Relations and Northern Affairs Canada, and Environment and Climate Change Canada. We also support transitions at the provincial and territorial levels and look ahead to new partnerships as utilities and governments embark on a larger role within Canada's energy transition.

ICE will continue to advocate for and support advancing a more just, sustainable, secure, and affordable clean energy future—one that includes Indigenous Peoples and communities in every decision about energy projects being contemplated on their territories, respects their rights and treaties, ancestral lands and waters, and is also grounded in Indigenous culture and worldviews.

Our vision is for ICE's programming to continue to support Indigenous Peoples and communities through deep collaboration. Thus, we provide unparalleled capacity-building, career training, and mentorship, and consider this type of programming crucial in supporting an Indigenous-led clean energy future.

Appendix A

Highlights

- Indigenous communities involved or entering the clean energy sector will face a rapidly changing playing field.
- The budget has introduced a new approach focused on project financing and targeted tax credits.
- The federal government's tax and financing strategy represents unique challenges for Indigenous communities and businesses related to leveraging federal incentives to remain competitive with non-Indigenous entities.
- The federal budget provides significant opportunities for Indigenous communities and clean energy projects, but the key to realizing these benefits lies in building leadership, expanding capacity, and fostering effective partnerships.
- Community leadership, skill development and job opportunities will be essential components to advance Indigenous participation in the fast-changing clean energy field.
- The budget has shifted the focus from project funding towards a new project financing model. Although this brings potential opportunities for Indigenous involvement and leadership in large projects, it also presents challenges for communities and businesses facing financing challenges.
- More collaboration with provinces, territories and utilities will be crucial to ensure that Indigenous communities continue to participate and benefit from the new approach to project financing on this changing playing field.
- Positives on the federal budget include renewing the Smart Renewables and Electrification Pathways (SREP) program and keeping the Indigenous Services Canada (ISC) Strategic Partnership Initiative in place for 2023-2024. These two initiatives have provided significant support and stimulated Indigenous participation in the clean energy sector.
- Other significant investments, such as the Environment and Climate Change Canada's (ECCC) Indigenous Leadership Fund and the Net Zero Accelerator (NZA), were highlighted in the budget. In both cases, sustained national leadership will be necessary to ensure Indigenous inclusion.
- The budget includes commitments to the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and to Benefits Sharing, two very positive steps.
- A fair and just strategy that allows Indigenous entities to benefit from the Investment Tax Credit is now needed to avoid wasting time and expense in developing workable partnership models with non-Indigenous entities.

- Several areas that are largely absent from the budget include energy efficiency in Indigenous homes, small-scale projects, reducing diesel reliance, and education and skills development.
- We urge Canada to implement real solutions on the new playing field. As new clean energy investments occur, it will be crucial for the federal government to ensure that this new approach prioritizes Indigenous inclusion.
- ICE will continue to advocate for and support advancing a more just, sustainable, secure, and affordable clean energy future that includes Indigenous Peoples and communities in every decision about potential energy projects in their territories.