

Recommendations on energy policy in the NWT

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For: Diane Archie, Minister of Infrastructure
cc: Standing Committee on Economic Development and Environment

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Background

This briefing note is intended to provide context and recommendations for climate and energy related reports that are anticipated to be discussed at the Fall Sitting of the Legislative Assembly of the Northwest Territories from October 13 to November 3, 2022.

Proactive measures by the Government of NWT to transition to clean energy sources are needed to create opportunities for economic growth; to address the territory's high cost of energy by lowering exposure to fossil fuel markets and reducing energy use; and to mitigate the impacts of climate change already being experienced throughout the territory.

These recommendations support the *Pan-Northern Leaders' Statement on Climate Change* and the Government of NWT's desire to transition the NWT from diesel reliance to clean energy in a way that promotes energy independence for remote and Indigenous communities. We hope that the Government of NWT will commit to supporting Indigenous-led clean energy systems and consider the following recommendations while developing policies and program.

Recommendations

- 1. Include Band Councils and Métis organizations in negotiations for climate action in the NWT.** Indigenous peoples and communities must have a voice and decision-making power for climate and energy plans, policies, programs, and investments.
- 2. Prioritize and support Indigenous-owned renewable energy projects.** With the majority of federal funding to support remote renewable energy projects in the NWT being allocated to Indigenous projects, champions, and businesses, the territorial government must plan to support Indigenous-owned projects rather than utility- or government-owned projects. Renewable energy projects can be a significant opportunity for Indigenous economic development and can support the shift to own-source revenue in alignment with Article 21 of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which the Government of NWT has a mandate to implement.¹
- 3. Allocate carbon pricing revenue to support clean energy, similar to the approach in other jurisdictions.** Any funds collected through the NWT's fuel charge not rebated to NWT residents quarterly should be directed to support clean energy projects and programs to support energy efficiency in buildings, fuel switching to biomass for space heating, and electric vehicle (EV) and charging infrastructure. Such programs and projects should prioritize partnerships with and ownership by

¹ Government of Northwest Territories, *Mandate of the Government of the Northwest Territories* (2020).
https://www.ntassembly.ca/sites/assembly/files/td_12-192.pdf

Indigenous governments and organizations. Carbon pricing revenue should be used to drive more affordable energy prices over the long term. Increasing energy affordability through incentive programs is especially important for those who do not regularly access tax returns.

4. **Increase transparency to the public on how carbon pricing is applied and how it is redistributed.** The mechanisms (exemptions, rebates, tax returns, etc.) through which carbon pricing is applied in the NWT and how revenue is used (clean energy investments to mitigate high energy costs, etc.) need to be clearly communicated to residents. This is crucial to ensure residents are aware of the effects of carbon pricing, relief measures, and long-term plans to support NWT's clean energy transition.
5. **Record and report fuel sales throughout the territory.** Information should be available on fuel sales by use (transportation, heating, electricity) for every community. This supports transparency for community-led energy plans.
6. **Increase the renewable integration limit.** The 20% cap for net metering projects has been reached or exceeded by nine of NTPC's thermal communities.² Higher penetration levels are feasible without impacts to micro-grid stability.³ Current integration limits restrict economic opportunities for residents, promote behind-the-meter installations, and create roadblocks for communities advancing their clean energy goals.
7. **Provide clarity on what the renewable integration limit applies to.** It is currently unclear whether the 20% limit applies to net metering projects, community-scale renewable energy projects, or both. This needs to be clarified to project proponents so that renewable energy projects and community energy plans can be configured for optimal economic and environmental benefits.
8. **Formalize an Independent Power Producer (IPP) policy.** With Yukon's longstanding and Nunavut's imminent utility-scale IPP policies, the NWT is the only territory yet to establish a formalized IPP policy. IPP policies provide a clear pathway for clean energy project proponents, creating certainty and transparency when developing projects.
9. **Promote the adoption of EVs through continuing rebate programs.** Charging infrastructure investments must be supported by programs to increase EV adoption while maintaining affordability for NWT residents.
10. **Support legally recognized Indigenous governments and/or authorized Indigenous organizations in the development and execution of housing plans.** Appropriate housing and increased building energy efficiency is critical for lowering the cost of living, as over half of the total diesel consumed in remote communities is used for heating.⁴ With the increase in Indigenous government leadership and federal funding directed to Indigenous governments and authorized Indigenous organizations for community housing improvements, Housing NWT should collaborate with these Indigenous rightsholders to execute these initiatives and develop community capacity to lead energy efficiency and building improvements.

If you have any questions regarding these recommendations, we would be happy to provide more information, policy examples, research, and analysis to support our recommendations.

² InterGroup Consultants, Net Metering and Community Self-Generation Policy Review (2021).

https://www.inf.gov.nt.ca/sites/inf/files/resources/gnwt_net_metering_and_community_generation_review.pdf

³ CIMA+, Microgrid Stability with Intermittent Renewables (2021).

https://www.inf.gov.nt.ca/sites/inf/files/resources/s13291a_renewable_energy_penetration_analysis_-_gnwt.pdf

⁴ Dave Lovekin et al, *Diesel Reduction Progress in Remote Communities* (Pembina Institute, 2020).

<https://www.pembina.org/pub/diesel-reduction-progress-remote-communities>