

## Ontario

An ambitious Indigenous-led transmission project has successfully connected two-thirds of Ontario's remote communities to the provincial grid. The province is exploring similar projects for the remaining remote First Nations.

This accomplishment is in large part thanks to the determined leadership of the First Nations owners and support from the province and the federal government. Ontario's latest energy strategy reaffirms a commitment to support Indigenous partnerships in remote energy projects.

- Diesel Microgrid Community
- Watay Power Grid Community



### Collaboration with rights-holders

The province works with Indigenous leadership on advancing diesel reduction opportunities and provides funding for capacity building.



### Plans and strategies

Comprehensive strategy that builds on the success of Indigenous partnerships and expands opportunities for Indigenous participation in the energy sector.



### Funding and financing

Funding is available but there is still a gap for medium sized projects.



### Programs for efficient buildings

Energy efficiency programs exist but have limited coverage.



### Independent power producer (IPP) market

IPP policy is well defined, with published prices for each community.





## Restoring the flow: Ontario

First Nations in Ontario have made significant strides in diesel reduction through several community renewable energy projects and an ambitious grid connection project. The Indigenous-led and -owned Wataynikaneyap (Watay) transmission line has connected 16 formerly diesel-dependent communities to the Ontario power grid since 2022 and expects to connect one more.<sup>214</sup>

There are 15 communities that are still not connected to the grid; nine of these remote communities are serviced by the utility Hydro One Remote Communities Inc. (HORCI), while the others are independent power authorities with band-operated diesel generators. The Ontario electrical grid is managed by the Independent Electricity System Operator (IESO), and electricity policy is administered through the Ministry of Energy and Electrification, which works with First Nations, the IESO, and the federal government to support diesel reduction projects.

Several of the remaining diesel-dependent communities have planned or are operating renewable energy projects, and the Ontario government has also announced the intention to work with an additional five remote First Nations to plan a potential grid connection project in the future.<sup>215</sup>

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<sup>214</sup> Wataynikaneyap Power, “Wataynikaneyap Power Completes Construction of ‘the Line that Brings Light’,” news release, December 13, 2024. <https://www.wataypower.ca/updates/wataynikaneyap-power-completes-construction-of-the-line-that-brings-light>

<sup>215</sup> Government of Ontario, “Ontario Working in Partnership with Northern First Nations to End Reliance on Diesel Fuel,” media release, April 4, 2024. <https://news.ontario.ca/en/release/1004394/ontario-working-in-partnership-with-northern-first-nations-to-end-reliance-on-diesel-fuel>

Photo: Wataynikaneyap Power, Ontario, 2023



## Collaboration with rights-holders

Ontario's 2025 energy strategy: *Energy for Generations*, affirms the province's commitment to working in partnership with remote First Nations to advance diesel-off opportunities.<sup>216</sup> Project partnerships and co-planning of new resources and infrastructure are also identified as a priority for the energy sector broadly.<sup>217</sup> The Ontario government, HORCI, and the IESO all conduct bilateral engagement with remote First Nations.

The IESO hosts an annual First Nations Energy Symposium which convenes government, utilities, and Indigenous energy advocates to create dialog about energy.<sup>218</sup> The symposium is inclusive of, but not focused on, remote communities, and recent events have included topics such as trends in project financing and empowering community energy partnerships.<sup>219</sup>

The IESO has an Indigenous Energy Support Program that provides funding to support First Nations and Métis communities' participation in the energy sector with energy planning, skills building, and pursuing equity partnerships.<sup>220</sup>

There is additional funding available to support community capacity to through the province's New Relationship Fund, which intends to increase consultation and engagement expertise, as well as improve economic development opportunities in participating Indigenous communities.<sup>221</sup>

The Wataynikaneyap (Watay) Transmission Project has become a major vehicle for engagement with communities, led by Wataynikaneyap Power LP and supported the Ministry of Energy and Electrification.<sup>222</sup>



Well resourced, collaborative partnerships with Indigenous leadership on advancing diesel reduction opportunities with funding for capacity building.

<sup>216</sup> Government of Ontario, *Energy for Generations*, 2025, 133. <https://www.ontario.ca/files/2025-07/mem-energy-for-generations-en-2025-07-18.pdf>

<sup>217</sup> *Energy for Generations*, 136.

<sup>218</sup> IESO, "First Nations Energy Symposium." <https://ieso.ca/Get-Involved/Indigenous-Relations/Indigenous-Communities/First-Nations-Energy-Symposium>

<sup>219</sup> IESO, "2024 First Nations Energy Symposium." <https://ieso.ca/Get-Involved/Indigenous-Relations/Indigenous-Communities/2024-First-Nations-Energy-Symposium>

<sup>220</sup> *Energy for Generations*, 130.

<sup>221</sup> Government of Ontario, "Funding for Indigenous economic development," 2024. <https://www.ontario.ca/page/funding-indigenous-economic-development>

<sup>222</sup> Wataynikaneyap Power, "Engagement: Approach." <https://www.wataypower.ca/engagement/approach>



## Plans and strategies

Ontario's 2025 *Energy for Generations* strategy outlines the province's plan to provide affordable, secure energy through a mix of sources. It is the province's first integrated energy plan, establishing a planning horizon for the energy sector out to 2050. In the strategy, the province commits to "exploring and enabling off-diesel opportunities" for the remaining diesel dependent communities.<sup>223</sup>

One major off-diesel opportunity and component of the province's plan is new transmission infrastructure. The strategy highlights the success of the Wataynikaneyap Power Project and the intent to explore feasibility of new transmission routes. The IESO is undertaking a major grid connection study spanning northern Ontario, including evaluating grid connection for five Matawa First Nations communities in the northwest of the province.<sup>224</sup>

The strategy also expands funding and financing opportunities for Indigenous-led community projects and programs for energy efficiency and identifies actions to create opportunities for Indigenous leadership and participation in large energy projects including transmission, generation, and storage.<sup>225</sup>

The province reaffirms its commitment to working in partnership with the five Matawa First Nations to advance grid connection and engaging with the remaining four remote First Nations on off-diesel opportunities.<sup>226</sup>



Comprehensive strategy that builds on the success of Indigenous partnerships and expands opportunities for Indigenous participation in the energy sector.

<sup>223</sup> *Energy for Generations*, 133.

<sup>224</sup> *Energy for Generations*, 133.

<sup>225</sup> *Energy for Generations*, 134-137

<sup>226</sup> *Energy for Generations*, 133.



## Community project funding and financing

The Indigenous Energy Support Program (IESP), funded by the province and administered by the IESO, offers First Nations funding across four distinct streams: community energy champions, community energy planning, capacity building around energy sector opportunities, and clean energy projects.<sup>227</sup>

The IESP is supported with \$25 million in provincial funding, and in 2025 a new funding stream was announced providing \$500,000 per year for each remote First Nation to support diesel reduction initiatives and “projects that address urgent energy needs for off-grid communities.”<sup>228</sup>

In addition to the IESP, the province offers government-backed financing for First Nations equity ownership of energy projects through the Indigenous Opportunities Financing Program (IOFP). Projects must include Indigenous participation in new transmission or renewable energy projects such as wind, solar or hydroelectric power.<sup>229</sup> Under this program, the province created a guaranteed loan of \$1.34 billion for the Watay project.<sup>230</sup>

The IOFP is best suited for larger projects with price tags greater than \$5 million due to the high costs of legal and financial due diligence to meet the eligibility criteria.<sup>231</sup> This means that there is a major funding gap for community-scale projects between the \$500,000 limit of the IESP and the roughly \$5 million minimum for the IOFP.



Funding is available but there is still a gap for medium sized projects.

<sup>227</sup> Government of Ontario, “Ontario Increasing Support for Indigenous Energy Projects,” news release, August 26, 2025. <https://news.ontario.ca/en/release/1006365/ontario-increasing-support-for-indigenous-energy-projects>

<sup>228</sup> *Energy for Generations*, 131.

<sup>229</sup> Ontario Finance Authority, “Aboriginal Loan Guarantee Program: Frequently Asked Questions.” <https://www.ofina.on.ca/algp/faq.htm#p1>

<sup>230</sup> *Ontario’s Clean Energy Opportunity*, 43.

<sup>231</sup> Ontario Finance Authority, “Overview of the Aboriginal Loan Guarantee Program (ALGP).” <https://www.ofina.on.ca/algp/index.htm>





## Programs for efficient buildings

Two energy efficiency programs are accessible to remote Indigenous communities in Ontario. The Remote First Nations Energy Efficiency Program by the IESO offers funding for energy efficient retrofits and appliance upgrades and projects but is only available for 16 remote First Nations communities, most of which have been connected to the Watay transmission line.<sup>232</sup> Between 2020 and 2022, there were 175 participants in the program with a reported energy savings of 115 MWh.<sup>233</sup>

Additionally, HORCI offers the Energy Star Appliance Rebate Program for its customers, which allows them to replace appliances with energy efficient ones.

HORCI has a net-metering program for remote communities, but it is best suited to community buildings. Standard rates are divided into two categories: air-access communities and road/rail-connected communities, and projects cannot exceed 50% of the building's annual energy consumption.<sup>234</sup>



Energy efficiency programs exist but have limited coverage.

<sup>232</sup> IESO, "Remote First Nations Energy Efficiency." <https://saveonenergy.ca/First-Nations-Energy-Programs/Remote-FN-Energy-Efficiency-Program>

<sup>233</sup> NMR Group Inc. and Resource Innovations, Inc., *Interim Framework Remote First Nations Energy Efficiency Pilot Program Evaluation Report*, prepared for the IESO (2023), 9. [https://www.ieso.ca/-/media/Files/IESO/Document-Library/conservation/EMV/2022/PY2022\\_IF\\_RFNEEPP\\_Evaluation\\_Report.ashx](https://www.ieso.ca/-/media/Files/IESO/Document-Library/conservation/EMV/2022/PY2022_IF_RFNEEPP_Evaluation_Report.ashx)

<sup>234</sup> Hydro One Remote Communities, "REINDEER Renewable Energy Program." <https://www.hydrooneremotes.ca/reindeer-energy-program>



## Independent power producer (IPP) market

The standard IPP policy offered to remote First Nations communities in Ontario is accessible through the Renewable Energy Innovation Diesel Emissions Reduction (REINDEER) program by HORCI. REINDEER offers to pay the 3-year historical average cost of supplying diesel fuel specific to that community, and the program requires Indigenous support or participation. These rates are listed publicly on HORCI's website and range from 28.2 cents/kWh to \$1.02/kWh, with most communities in the 40- to 60-cent range.<sup>235</sup>

Power purchase agreements are negotiated based on 10-year contracts, which can be extended to support longer terms on a project by project. These contracts end if the community is connected to the electricity grid, potentially disincentivizing community projects if there is a potential for future grid connection.



IPP policy is well defined, with published prices for each community.

<sup>235</sup> Hydro One Remote Communities, "REINDEER" Guidelines (2024), 2.

<https://www.hydrooneremotes.ca/upload/documents/for-communities/2024-reindeer-guidelines.pdf>

## Community outcomes

Ontario's 2025 strategy builds on the success of the Watay transmission line project at bringing First Nations leaders, the federal government, and the province together to build diesel-reducing projects. This success did not come easily, as First Nations' leaders had been advocating for grid connection for decades, and to get it done involved forming a coalition of 24 First Nations owners, partnering with the utility, lining up funding from the federal government, and earning the support of the province with permitting and a loan.<sup>236</sup>

As the largest First Nations-led diesel reduction project in the country, the Watay transmission line has already significantly reduced diesel use in Ontario's remote communities and provided a host of additional benefits for improving quality of life through reduced energy costs, improved health outcomes, and removed load restrictions.<sup>237</sup>

The Ontario government has announced plans to explore grid connection with five more remote communities, and other Indigenous-led renewable energy projects have been initiated or installed in Ontario's remote communities.

The Fort Severn Solar Project includes a 300 kW solar system capable of reducing diesel demand by 20% and generating \$250,000 to \$350,000 in revenue.<sup>238</sup> A 6.5 MW biomass cogeneration plant in Whitesand First Nation was recently awarded \$35 million in federal funding.<sup>239</sup> Gull Bay First Nation installed a solar battery system to reduce diesel, but the project currently sits idle due to technical complications and challenges with project partners, highlighting the importance of close collaboration between utilities and communities to ensure projects are successful.<sup>240</sup>

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<sup>236</sup> Wataynikaneyap Power, "Purpose & History." <https://www.wataypower.ca/project/purpose>

<sup>237</sup> Wataynikaneyap Power, "Socioeconomic Benefits." <https://www.wataypower.ca/benefits/socio>

<sup>238</sup> Logan Turner, "Ontario's most northern First Nation goes green with their first solar project," *CBC News*, November 5, 2021. <https://www.cbc.ca/news/canada/thunder-bay/fort-severn-solar-1.6237812>

<sup>239</sup> Canadian Biomass Staff, "Feds put \$35M towards Whitesand First Nation biomass co-gen facility" *Canadian Biomass Magazine*, March 1, 2023. <https://www.canadianbiomassmagazine.ca/feds-put-35m-towards-whitesand-first-nation-co-gen-facility/>

<sup>240</sup> Indigenous Clean Energy, "Powering Possibility: Leadership, learning, and local energy in Gull Bay First Nation," April 29, 2025. <https://www.linkedin.com/pulse/powering-possibility-leadership-learning-local-energy-gull-jmizc/>



## Priorities for action

Ontario has made a significant progress on diesel reduction through supporting the Watay project, and future grid connection plans and commitments to partnerships on major projects are promising. Moving these partnerships forward in a good way that centres Indigenous leadership will be essential to ensuring continued success.

The province should also continue to ensure it is creating options for communities to pursue their energy aspirations by addressing funding gaps for smaller community-scale projects. The additional funding stream added to the IESP in 2025 is a relatively unique approach to supporting small community projects with an annual sum, but many projects in remote communities exceed the cost limit for the IESP but are not big enough to qualify for the province's loan program.

As the province advances its energy future with the actions in the *Energy for Generations* plan, it will be critical that lessons learned about working in partnership with remote communities from existing projects are integrated into future developments. This can help create more transparent, consistent, and reliable partnerships based on shared consensus and mutual benefit.



Photo: Wataynikaneyap Power, Muskrat Dam Substation, ON, 2023