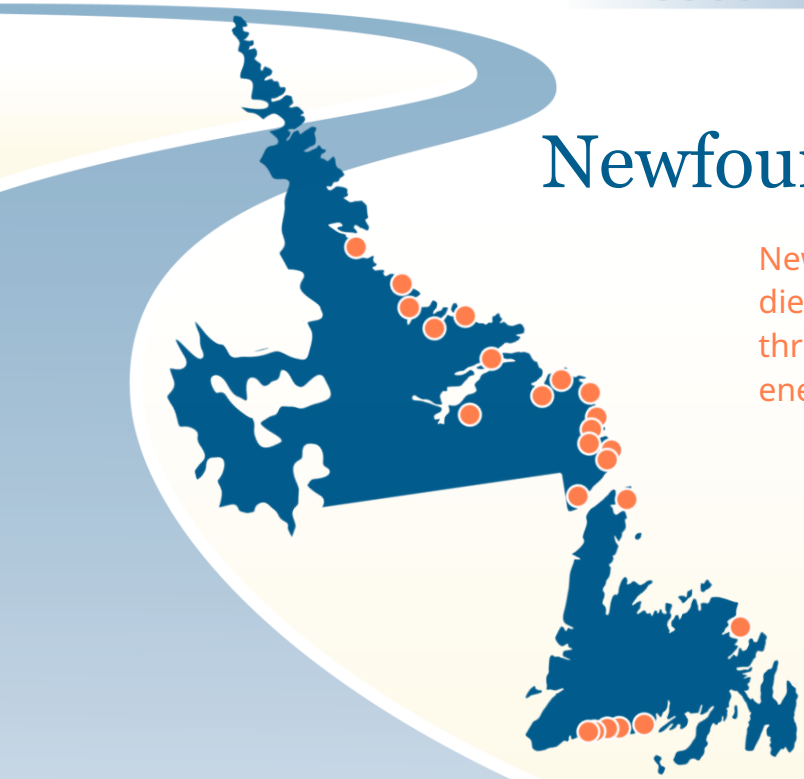

- Diesel Microgrid Community
- Hydro and Diesel Microgrid Community

Newfoundland and Labrador

Newfoundland and Labrador is home to 22 diesel-dependent communities, represented by three distinct groups all interested in community energy for diesel reduction.

The Nunatsiavut Government, the Innu Nation, and the NunatuKavut Community Council have been strong advocates for clean energy and diesel reduction. The utility and the province are willing partners, but capacity constraints and policy barriers still hamper progress.

Collaboration with rights-holders	Bilateral engagement on energy initiatives is happening, though there is no forum for collaborative development of overarching policy direction or long-term planning.	
Plans and strategies	Strategy documents have good objectives but lack detailed plans for execution.	
Funding and financing	Green Transition Fund can be used for clean energy projects, but the fund is not directly targeted at remote communities.	
Programs for efficient buildings	Robust, comprehensive programs for energy efficiency and demand management in remote communities.	
Independent power producer (IPP) market	IPP framework exists, but market is not clear enough to incentivize community-led energy projects.	

Restoring the flow: Newfoundland and Labrador

Newfoundland and Labrador has 22 remote communities that rely on diesel — known as diesel-system communities — which together represent about 2% of the province's population.[266] There are three Indigenous groups representing diesel-system communities in Labrador: the Nunatsiavut Government, the Innu Nation, and the NunatuKavut Community Council. Newfoundland and Labrador Hydro (NL Hydro) supplies electricity to all 22 remote communities in the province.

The Nunatsiavut Government, which represents Inuit in five diesel-dependent communities along the northern coast of Labrador, and the NunatuKavut Community Council (NCC), which represents ten remote Indigenous communities in southern Labrador, have been strong advocates for clean energy and diesel reduction, with many small solar projects installed and several larger projects in development.[267,268]

The Government of Newfoundland and Labrador supports the objective of reducing diesel consumption through Indigenous-led community renewable energy projects. Advancing this goal requires collaborative partnerships between the diverse Indigenous groups, the utility, the province and the federal government.

---

[266] Newfoundland and Labrador Hydro, "Our Electricity System." https://nlhydro.com/about-us/our-electricity-system/

[267] Nunatsiavut Government, "Nunatsiavut kavamanga Government." https://nunatsiavut.com/

[268] NunatuKavut Community Council, "Our Communities." https://nunatukavut.ca/about/our-communities/

Photo: Green Sun Rising, Community Center, Nain, NL.

Collaboration with rights-holders

The Nunatsiavut Government, the Innu Nation, and the NunatuKavut Community Council each engage with the provincial government and NL Hydro on matters related to energy generation in their Labrador communities.

There is a regular working group between the Nunatsiavut Government, the federal government the province, and NL Hydro to consider and implement specific energy projects, policies, and programs.[269] There is also a working group between NL Hydro and the Nunatsiavut Government to discuss new loads on the remote systems.

Of the two Innu communities in Labrador, only Natuashish is powered by diesel. NL Hydro meets with the Innu Nation on a regular basis.

The NunatuKavut Community Council is not federally recognized as a rights-holder,[270] but as an Indigenous representative organization that is supporting community clean energy they meet quarterly with NL Hydro and the province to discuss clean energy projects and advancing its energy agenda with the government.

The province has committed to implement a program to support clean energy in partnership with Indigenous governments and organizations, but details of how that program will work to build consensus and balance the unique priorities of all Indigenous governments and organizations is still lacking.

Bilateral engagement on energy initiatives is happening, though no well-resourced forum for collaborative development of overarching policy direction or long-term planning.

[269] Nunatsiavut Government, *Nunatsiavut Energy Security Plan* (2016), 8. https://www.nunatsiavut.com/wp-content/uploads/2021/06/Nunatsiavut-Energy-Security-Plan.pdf

[270] The NunatuKavut Community Council has signed an MOU with the federal government to negotiate recognition of indigenous rights, though the Innu Nation and the Nunatsiavut government reject the NunatuKavut Community Council's assertion of Indigenous rights.

Brett Forester, "Court dismisses Innu Nation challenge against recognition of disputed Labrador group," CBC News. June 12, 2024. https://www.cbc.ca/news/indigenous/innu-nunatukavut-federal-court-mou-1.7233180

Newfoundland and Labrador

Plans and strategies

The Government of Newfoundland and Labrador first outlined its goal to reduce diesel consumption in its 2019 climate change strategy, which identified the action to work with stakeholders and Indigenous governments and organizations to identify opportunities for diesel reduction.[271]

The province built upon this commitment in its 2021 renewable energy plan, establishing three medium-term actions: support Indigenous-led renewable energy development in remote communities; work with Hydro to create an independent power producer policy; and address the technical challenges with renewable energy integration.[272] The plan also specifies a long-term action to maximize the opportunity for Indigenous-led and -owned projects.

In 2025, the province published the *Climate Change Mitigation Plan 2025-2030*, which articulates the intent to "implement a program, in partnership with Indigenous Governments and Organizations," and Hydro to reduce reliance on diesel electricity generation.[273]

In NL Hydro's 2023-2025 strategic plan, the utility sets the goal of integrating renewable energy in diesel-system communities.[274]

The strategy documents are clearly supportive of collaborating with Indigenous groups to advance community-led renewable energy, but lack key details such as specific actions, timelines, funding commitments, accountability mechanisms, and further plans for addressing persistent barriers.

Strategy documents have good objectives but lack detailed plans for execution.

[271] Government of Newfoundland and Labrador, *The Way Forward On Climate Change in Newfoundland and Labrador* (2019), 24. https://www.gov.nl.ca/ecc/files/publications-the-way-forward-climate-change.pdf

[272] Government of Newfoundland and Labrador, *Maximizing Our Renewable Future* (2021), 18. https://www.gov.nl.ca/iet/files/Renewable-Energy-Plan-Final.pdf

[273] Government of Newfoundland and Labrador, *Climate Change Mitigation Action Plan,* (2025), 15.

[274] Hydro, *We are Hydro: Strategic Plan 2023-2025* (2023), 38. https://nlhydro.com/wp-content/uploads/2023/12/NEW-strategic-plan-FINAL-DEC-12-WEB.pdf

Community project funding and financing

The province launched the Green Transition Fund in 2023 to support commercial and non-commercial applicants, including Indigenous governments and organizations, in the province's transition to net zero.[275] Established through an agreement between the provincial government and the West White Rose oil and gas project, the $100 million fund is distributed across three categories: rural, Indigenous, and general.[276] Indigenous governments and organizations are eligible for grants to cover 50% of eligible project costs, up to a maximum of $3 million.[277]

This relatively new fund represents a strong, long-term opportunity for community clean energy. In the most recent funding announcement, the Nunatsiavut Government was awarded $3 million to support the Nain Wind Micro-Grid Project, and the NunatuKavut Community Council received $157 thousand to explore opportunities for geothermal energy.[278]

Green Transition Fund can be used for clean energy projects, but the fund is not directly targeted at remote communities.

[275] Government of Newfoundland and Labrador, "Green Transition Fund Program." https://www.gov.nl.ca/iet/funding/green-transition-fund-program/

[276] Government of Newfoundland and Labrador, "Provincial Government Launches New Green Transition Fund," media release, June 21, 2023. https://www.gov.nl.ca/releases/2023/iet/0621n04/

[277] Government of Newfoundland and Labrador, "Green Transition Fund Program." https://www.gov.nl.ca/iet/funding/green-transition-fund-program/

[278] Government of Newfoundland and Labrador, "Five New Projects Approved Through Green Transition Fund," media release, June 11, 2025. https://www.gov.nl.ca/releases/2025/iet/0611n03-2/

Programs for efficient buildings

NL Hydro offers an energy efficiency and demand management program called takeCHARGE, which promotes energy efficiency awareness and includes energy efficiency rebate programs that incentivize fuel switching and provide energy savings across the province. Under the broader program, NL Hydro manages the Isolated Communities Energy Efficiency Program, which specifically targets communities that rely on diesel power.

The program for isolated communities offers homeowners and businesses outreach and education on energy efficiency, installation of energy efficient products, and other energy efficiency and demand management opportunities.[279] The program supports include covering up to 80% of the costs of a wide range of energy savings technologies for businesses, such as efficient motors and refrigeration systems. From 2012 to 2023, the program created jobs for over 55 residents in the diesel-system communities and achieved over 12.5 GWh in energy savings.

NL Hydro also runs a net metering program that allows residential and commercial customers who operate small renewable generation facilities to sell their surplus power to the utility.[280] Projects are limited to 100 kW and cannot be sized to exceed the customer's annual energy requirements.[281]

Robust, comprehensive programs for energy efficiency and demand management in remote communities.

[279] Take Charge, "Isolated Communities Energy Efficiency Program." https://takechargenl.ca/residential/rebate-programs/isolated-systems-energy-efficiency-program/

[280] Newfoundland and Labrador Hydro, "Net Metering." https://nlhydro.com/customer-service/accounts/net-metering/

[281] Newfoundland and Labrador Hydro, *Net Metering Interconnection Requirements* (2017), 5. https://nlhydro.com/wp-content/uploads/2023/12/Newfoundland-Hydro-Interconnection-Requirements-FINAL.pdf

Newfoundland and Labrador

Independent power producer (IPP) market

NL Hydro has a commercial framework for IPPs in diesel-dependent communities. Created in consultation with Indigenous partners, the framework outlines key processes and parameters for the development of Indigenous-led IPP projects, including interconnection guidelines and a power purchase agreement template. Under the IPP framework, NL Hydro purchases energy at 90% of the avoided fuel costs in each community, with the IPP retaining the rights to any renewable energy credits.[282]

Although the framework was introduced in 2022, it has yet to be published as a formal IPP policy, and more clarity on the process would support more communities accessing the opportunity to advance community clean energy projects.

IPP framework exists, but market is not clear enough to incentivize community-led energy projects.

[282] Newfoundland and Labrador, *Sustainability Report* (2022), 11. https://nlhydro.com/wp-content/uploads/2024/01/2022-Sustainability-Report.pdf

Community outcomes

Clean energy in Labrador's diesel-system communities has largely taken the form of small solar installations energized under the province's IPP framework, led by the Nunatsiavut Government and NunatuKavut Community Council.

Each of the five Nunatsiavut communities have solar projects, in the range of 15–24 kW. There are also several solar systems in the 15-30 kW range in the NunatuKavut communities of St. Lewis, Port Hope Simpson, and Black Tickle.[283,284]

In Mary's Harbour, a dormant run of river hydro plant was refurbished and reactivated in 2021 and augmented by 189 kW of solar and a 335 kW battery storage system, which reduces diesel consumption in the community by 30%.[285]

The Nain Wind Micro-Grid Project, a joint undertaking of the Nunatsiavut government and private developer Natural Forces, is expected to be the first Indigenous-led utility-scale IPP project in the province's diesel-system communities. The proposed 2.3 MW wind power project with a battery storage system has been under development since 2018 and is seen as a pilot for community-owned renewable energy the province.[286]

[283] Atlantic Centre for Energy. "Energy Spotlight: Nunatsiavut Government." https://www.atlanticaenergy.org/community-spotlight-nunatsiavut-government/

[284] NunatuKavut Community Council, "NunatuKavut Community Council helps two communities fight climate change with solar energy projects," media release, September 19, 2023. https://nunatukavut.ca/article/nunatukavut-community-council-helps-two-communities-fight-climate-change-with-solar-energy-projects/

[285] Natural Resources Canada, "Mary's Harbour Renewables," 2025. https://natural-resources.canada.ca/funding-partnerships/mary-s-harbour-renewables

[286] Nunatsiavut Government, *Nain Wind Micro-Grid Project – May 2023 Newsletter*. https://nunatsiavut.com/wp-content/uploads/2023/05/Nain-Newsletter-May-2023.pdf

Newfoundland and Labrador

Priorities for action

The provincial government has set ambitious decarbonization and renewable energy goals, including reducing reliance on diesel generation in remote communities and setting a provincial 2050 net zero target, though significant challenges remain.

In alignment with the goals set out in its renewable energy strategy, the province should work with each Indigenous government and organization to identify specific actions to support community-led projects. The province should provide capacity support for communities and the utility for this collaboration. Actions could include developing long-term capacity building opportunities and creating clearly defined funding opportunities for diesel reduction. This will likely require partnerships with the federal government. The province can also build upon its legislative amendment allowing the utility to consider environmental objectives in its project decisions with a refined and transparent IPP policy that creates a clear market opportunity for community projects.

As Indigenous communities and NL Hydro work to develop renewable energy in diesel-system communities, a more structured planning approach coordinated by the province in collaboration with Indigenous governments and organizations is needed to ensure common objectives to reduce reliance on diesel generation are met.

PhotoGreen Sun Rising, Hopedale, NL