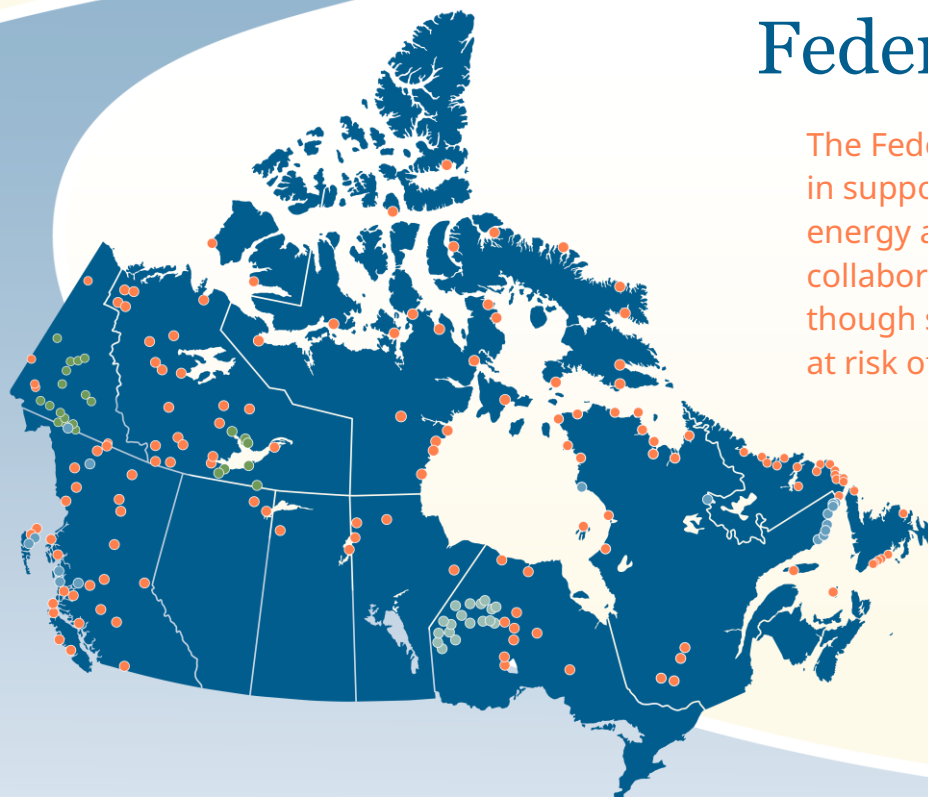


Federal government

The Federal government plays a key role in supporting Indigenous-led clean energy and has made major strides in collaboration with Indigenous leaders, though successful funding programs are at risk of not being renewed.



- Regional Grid Community
- Diesel Microgrid Community
- Hydro and Diesel Microgrid Community
- Watay Power Grid Community



Collaboration with rights-holders

Collaboration and engagement underway, but more work needed to ensure continued alignment with UNDRIP.



Plans and strategies

Good plan, developed with Indigenous input; commitments to work collaboratively, but limited detail on execution or accountability.



Funding and financing

Future of funding programs dedicated for remote communities is uncertain with many programs not expected to be recapitalized.



Programs for efficient buildings

Limited funding and lack of priority compared to generation projects; much of the available programs are not tailored to remote communities.



Independent power producer (IPP) market

IPP market not under the jurisdiction of the federal government.

N/A



Restoring the flow: Federal government

Canada has over 210 remote communities, most of which are Indigenous.¹⁴ The federal government has developed a suite of programs to support the advancement of diesel reduction for remote communities and reconciliation with Indigenous Peoples.

The federal government's support has been delivered via three major avenues: funding for diesel-reducing programs; research on technical challenges and policy barriers that inhibit clean energy progress in remote communities; and capacity-building programs to support Indigenous leadership, knowledge sharing, and collaboration on diesel reduction across Canada. This support is primarily delivered by Natural Resources Canada (NRCan), Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), and Indigenous Services Canada (ISC).

These federal supports have played a central role in advancing community clean energy projects — especially in the territories where energy development is more complex and requires steady federal funds due to the territories' unique geographical, technical, and socioeconomic challenges. These federal programs have been highly successful in enabling community-led clean energy projects across remote communities, but this progress is threatened by shifting political priorities, leaving the future of many of these programs uncertain.

¹⁴ Government of Canada, "The Atlas of Canada - Remote Communities Energy Database." <https://atlas.gc.ca/rced-bdece/en/index.html>

Photo: Pembina Institute/Archbould Photography, Haeckel Hill-Thay T'äw Wind Energy Project, March 2025.



Collaboration with rights-holders

The federal government formally engages on climate action and reconciliation through three distinct partnership tables, one for each national Indigenous organization: the Assembly of First Nations, Inuit Tapiriit Kanatami, and the Métis National Council.¹⁵ These tables have long advocated for federal programs to be co-developed with Indigenous partners, reflect distinct rights and priorities, and provide flexible, sustained funding that supports self-determined approaches to climate action and reconciliation.

In 2021, the Government of Canada passed the United Nations Declaration on the Rights of Indigenous Peoples Act (UNDA), which commits the government to aligning all federal laws with UNDRIP.¹⁶ Implementing UNDA is a long process, and while legislative reform and best practices are being developed, individual departments are determining how to apply UNDA to their programs and policies. In practice, this involves increasing consciousness of the principles of self-determination and respect for Indigenous knowledge systems and rights are central considerations while developing programs and policies, as well as identifying opportunities for co-development with Indigenous leaders.

As it relates to diesel reduction in rural and remote communities, engagement and collaboration has primarily taken place through the Wah-ila-toos initiative — a collaborative effort between several departments to coordinate policy development and programming focused on remote community energy. Wah-ila-toos is guided by an independent Indigenous council that advises on program design, funding, and policy development for the clean energy transition.¹⁷ The council also provides guidance on actions to reduce barriers to participation in federal programs, and how to incorporate Indigenous knowledge, priorities, and cultural perspectives into clean energy initiatives. Federal program teams also engage directly with Indigenous governments, organizations, and project proponents on program implementation and delivery.

While this focus on collaboration at the program level is laudable, overarching direction about how federal money is allocated and recent legislation which has the potential to sidetrack Indigenous rights in major projects development is raising serious cause for concern.



Collaboration and engagement underway, but more work needed to ensure continued alignment with UNDRIP.

¹⁵ Environment and Climate Change Canada, “Canada’s Partnership with Indigenous Peoples on Climate.” May 21, 2025. <https://www.canada.ca/en/environment-climate-change/services/climate-change/indigenous-partnership.html>

¹⁶ Justice Canada, “Implementing the United Nations Declaration on the Rights of Indigenous Peoples Act.” <https://www.justice.gc.ca/eng/declaration/index.html>

¹⁷ Environment and Natural Resources Canada, “Indigenous Council for Wah-ila-toos.” <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/reduce-emissions/reducing-reliance-diesel/indigenous-council-for-wah-ila-toos.html>



Plans and strategies

The federal government's most recent clean electricity strategy, *Powering Canada's Future: A Clean Electricity Strategy*, published in 2024, outlines the various actions the government will take to support the clean energy transition on, emphasizing collaboration with provinces and territories. The strategy highlights the priority of "adapting its approaches to the distinct circumstances of the north," and remote areas, and of "advancing economic reconciliation with Indigenous Peoples," among others.¹⁸

The Clean Electricity Strategy identifies pathways to provide funding and capacity support to Indigenous clean energy project developers and owners, as well as programs to support retrofits and energy efficiency upgrades in Indigenous communities. It also identifies the government's role in developing best practices and norms for more successful federal programs to advance the Indigenous Climate leadership agenda and accelerate Indigenous leadership in clean electricity.¹⁹

The clean electricity strategy was informed, in part, by the Wah-ila-toos Indigenous council's report, *Kinship and Prosperity: Proven Solutions for a Clean Energy Landscape*. The recommendations in the report are grouped into six themes covering access to funding, project eligibility criteria, inclusive opportunities, Indigenous leadership, self-determination, and sustainable funding.²⁰

The clean electricity strategy identifies pathways to provide funding and capacity support to Indigenous clean energy project developers and owners, as well as programs to support retrofits and energy efficiency upgrades in Indigenous communities. It also identifies the government's role in developing best practices and norms for more successful federal programs to advance the Indigenous Climate leadership agenda and accelerate Indigenous leadership in clean electricity.²¹



Good plan, developed with Indigenous input; commitments to work collaboratively, but limited detail on execution or accountability.

¹⁸ Natural Resources Canada, *Powering Canada's Future: A Clean Electricity Strategy*, <https://natural-resources.canada.ca/energy-sources/powering-canada-s-future-clean-electricity-strategy#a6d>

¹⁹ *Powering Canada's Future*, 3.2-3.3

²⁰ Government of Canada, *Kinship and Prosperity: Proven Solutions for a Clean Energy Landscape* (2024). <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/reduce-emissions/reducing-reliance-diesel/indigenous-council-for-wah-ila-toos/kinship-and-prosperity-proven-polutions-for-a-clean-energy-landscape.html#ab>

²¹ *Powering Canada's Future*, 3.2-3.3



Community project funding and financing

The federal government plays a critical role in funding remote community clean energy projects, with a range of programs to support clean energy in remote and northern communities. These federal programs are often combined with each other and with programs from each respective province or territory to support the full cost of remote clean energy projects. This funding is a key vehicle for delivering on the government's commitment to reconciliation and UNDRIP.

Wah-ila-toos is the main initiative for funding diesel-reducing initiatives in remote communities, and the program takes community-centred approach, providing flexible timelines and funding offerings for all kinds of community projects. Wah-ila-toos was established in 2022 and streamlines the application process for remote and northern communities seeking clean energy funding across 3 major programs:²²

- The Clean Energy for Rural and Remote Communities Program (CERRC) funds renewable energy, capacity-building projects, and energy efficiency measures, in Indigenous rural and remote communities across Canada. CERRC has run since 2018 with a total investment of \$453 million but as of fall 2025 is fully subscribed and applications will be used to inform future funding program design and deployment.²³
- The Northern Responsible Energy Approach for Community Heat and Energy Program (Northern REACHE) funds renewable energy and energy efficiency projects and related capacity building and planning in the territories and Inuit Nunangat. Northern REACHE has been active since 2018 and has invested over \$102 million in northern clean energy projects.²⁴
- The Indigenous Off-Diesel Initiative (IODI) is a capacity-building and training program that supports Indigenous energy champions from remote communities by providing mentorship, peer-to-peer learning, and funding for community energy planning and projects. IODI has run for two cohorts since 2019 but as of fall 2025 is not funded for a next cohort.²⁵

Wah-ila-toos also offers Indigenous project proponents with pathfinding support to identify additional federal funding programs that can also support the projects.

²² Government of Canada, "Wah-ila-toos: Funding opportunities," 2025.

<https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/reduce-emissions/reducing-reliance-diesel/wah-ila-toos-funding-opportunities.html>

²³ Natural Resources Canada, "Clean Energy for Rural and Remote Communities Program," 2025. <https://natural-resources.canada.ca/funding-partnerships/clean-energy-rural-remote-communities-program>

²⁴ Crown Indigenous Relations and Northern Affairs Canada, "Northern REACHE Program," 2023. <https://www.rcaanc-cirnac.gc.ca/eng/1481305379258/1594737453888>

²⁵ Government of Canada, "Indigenous Off-Diesel Initiative," 2023.

<https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/reduce-emissions/reducing-reliance-diesel/indigenous-off-diesel-initiative.html>

Community project funding and financing *(continued)*

Other funding streams administered by different federal departments play a critical role in supporting the full cost of remote community projects and allowing the Wah-ila-toos programs to support more communities in their renewable energy ambitions. These programs are national in scope and not specifically focused on remote communities, but remote community projects are eligible:

- The Strategic Partnerships Initiative (SPI), led by Indigenous Services Canada, is a mechanism for departments to coordinate federal efforts to help Indigenous communities participate in complex economic opportunities, including in the clean energy sector, supported by an annual budget of \$14.45 million. Until 2027, SPI has an additional \$12 million annually to support regional clean energy initiatives.²⁶
- The Indigenous Leadership Fund, delivered by Environment and Climate Change Canada under the Low Carbon Economy Fund, provides up to \$180 million by 2029 to support climate action by Indigenous peoples. The program funds Indigenous-owned and led renewable energy, energy efficiency, and low-carbon heating projects.²⁷
- The Investing in Canada Infrastructure Program delivered by Housing, Infrastructure and Communities Canada is a \$33 billion fund that invests in community infrastructures, including through a Rural and Northern Communities Infrastructure stream that funds projects in various areas including energy.²⁸
- The Smart Renewables and Electrification Pathways Program (SREPs), launched in 2021, is a \$4.5 billion fund to support the deployment of grid modernization, energy storage, and renewable energy technologies across Canada. SREPs has an Indigenous-led Clean Energy Stream and as well as a Utility Support Stream to support utilities and system operators. This support for grid modernization and storage is especially crucial on remote community microgrids. SREPs is not accepting applications and expected to end with the 2025 fiscal year.²⁹

²⁶ Indigenous Services Canada, "Strategic Partnerships Initiative," 2025. <https://sac-isc.gc.ca/eng/1330016561558/1594122175203>

²⁷ Government of Canada, "Indigenous Leadership Fund," 2024. <https://www.canada.ca/en/environment-climate-change/services/climate-change/low-carbon-economy-fund/indigenous-leadership.html>

²⁸ Housing Infrastructure and Communities Canada, "Investing in Canada Infrastructure Program," 2024. <https://infrastructure.gc.ca/plan/icp-pic-INFC-eng>

²⁹ Natural Resources Canada, "Smart Renewables and Electrification Pathways Program," 2025. <https://natural-resources.canada.ca/climate-change/sreps>

Community project funding and financing *(continued)*

In addition to funding programs, the Federal government offers an Indigenous loan guarantee program to improve access to capital for Indigenous communities and governments to invest in major projects.

The Indigenous Loan Guarantee Program provides up to \$5 billion in loan guarantees to create access to capital for Indigenous groups investing in major resource and energy projects. The program will be run through the Canada Indigenous Loan Guarantee Corporation, a newly formed wholly-owned subsidiary of the Canada Development Investment Corporation.³⁰ Large clean energy projects and transmission lines are identified as a strong fit for the program.³¹ The program does not fund energy security or diesel reduction initiatives or project development, but it supports Indigenous equity buy-in to economically viable projects.

The Canada Infrastructure Bank (CIB) also offers loans for Indigenous groups to purchase equity stakes in infrastructure projects through the Indigenous Equity Initiative (IEI), launched in 2023. The projects must be situated on a First Nation, Metis, or Inuit community's traditional territory and fall within one of the CIB's priority sectors, which include electricity transmission, battery storage, and electricity generation, as well as infrastructure to support the development of critical minerals. The IEI is meant to create access to capital for Indigenous communities and accelerate transformative infrastructure projects that are in the public interest.³²

These financing programs do not fund community scale projects, but are well positioned to support major infrastructure projects, such as transmission lines.

Federal funding to support remote community energy has been very strong and successful in the period from 2018-2025, though many programs are not accepting additional applications and the federal government has not announced any reinvestment into the programs.



Future of funding programs dedicated for remote communities is uncertain with many programs not expected to be recapitalized.

³⁰ Department of Finance Canada, "Canada Indigenous Loan Guarantee Corporation," 2025.

<https://www.canada.ca/en/departement-finance/news/2024/12/canada-indigenous-loan-guarantee-corporation.html>

³¹ *Powering Canada's Future*, 3.3.2(i).

³² Canada Infrastructure Bank, "Canada Infrastructure Bank launches new Indigenous Equity Initiative," news release, November 17, 2023. <https://cib-bic.ca/en/medias/articles/canada-infrastructure-bank-launches-new-indigenous-equity-initiative/>



Programs for efficient buildings

Most of the federal programs to fund clean energy in remote communities are not well positioned to support energy efficiency measures such as building upgrades and retrofits. As a result, there is a lack of funding relative to the magnitude of the need to improve energy efficiency and demand side management in remote communities, especially for bigger projects such as deep retrofits.

The federal government offers funding for off-grid homeowners if they meet certain conditions as part of the Canada Greener Homes Loan, administered by Natural Resources Canada (NRCan), and grants for replacing oil furnaces with heat pumps, but these programs are not well scoped to the unique conditions of remote Indigenous communities, especially in the northern context.³³

Several other programs have support retrofits and energy efficiency upgrades in Indigenous communities; however, they have limited funding, are highly competitive, and are not tailored to remote communities. These include the Green and Inclusive Community Buildings Program, which is no longer accepting applicants and the Toward net zero homes and community buildings program.^{34,35}

The Canada Housing and Mortgage Corporation offers an Indigenous and Northern Housing stream of the Affordable Housing fund, which offers low-interest forgivable loans for new affordable housing supply.³⁶



Limited funding and lack of priority compared to generation projects; available programs are not tailored to remote communities.

³³ Natural Resources Canada, "Grants for Canadian homeowners living in the North and off-grid communities." <https://natural-resources.canada.ca/energy-efficiency/homes/canada-greener-homes-initiative/canada-greener-homes-grant/canada-greener-homes-grant/how-the-grant-process-works/grants-for-canadian-homeowners-living-the-north-and-grid>

³⁴ Housing, Infrastructure and Communities Canada, "Green and Inclusive Community Buildings Program," September 4, 2024. <https://housing-infrastructure.canada.ca/gicb-bcvi/index-eng.html>

³⁵ Natural Resources Canada, "Toward net-zero homes and communities," 2025. <https://natural-resources.canada.ca/energy-efficiency/home-energy-efficiency/toward-net-zero-homes-communities>

³⁶ Canada Mortgage and Housing Corporation, "Affordable Housing Fund: Indigenous and Northern Housing Enhanced," 2024. <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund/affordable-housing-fund-indigenous-and-northern-housing?ap=a1-p1>



Independent power producer (IPP) market

Since utilities are regulated by provinces and territories, the federal government does not have specific policies related to an IPP market. However, the government has commissioned research to examine challenges that utilities face as remote communities strive to transition to clean.

The research report found — among other challenges — that power purchase agreement rates tied to the avoided cost of diesel are generally lower than what is needed to spur clean energy development, but that utilities struggle to offer higher rates due to their cost-of-service model and regulatory mandates.³⁷

The report offered recommendations to utilities; regulators; and provincial, territorial and federal governments on how to alleviate the social, technical, financial, and organizational barriers faced by utilities in the clean energy transition in remote communities.

These include, among others, early engagement with communities, increased technical collaboration and data transparency, funding for infrastructure supportive of renewable energy integration, and improving access to insurance and financing for remote community projects.³⁸

N/A

IPP market not under the jurisdiction of the federal government.

³⁷ Dunsy Energy + Climate Advisors, *Utility Impacts of Clean Energy Projects in Remote Communities*, prepared for the Government of Canada (2023), 35. <https://natural-resources.canada.ca/reducingdiesel/findings-the-clean-energy-transition-for-utilities-serving-remote-communities/25726#a4>

³⁸ *Utility Impacts of Clean Energy Projects in Remote Communities*, i.

Program outcomes

The programs to support community capacity and provide funding for diesel reduction projects have been highly successful, supporting major investments in diesel-reducing projects and community energy security across Canada.

Since its launch in 2018, CERRC has supported 229 projects with a funding commitment of \$453 million, including large capital projects, innovation projects, capacity-building initiatives, and bioheat projects, with 82 in the North. CERRC exceeded its target of 40% Indigenous-led or involved projects, with 96% of projects having significant Indigenous involvement. In addition, by supporting the high demand for capacity building initiatives, CERRC has helped to establish the networks and knowledge required to advance future clean energy projects, many of which are looking to be deployed by 2030.

Since launching in 2016, Northern REACHE has supported 249 projects focused on capacity building, renewable energy development, or energy efficiency, with an investment of over \$102M. The program has been instrumental in supporting early stages of energy projects from conceptualization, feasibility and planning work to de-risk projects and prepare for next stages and larger investments, as well as building northern and Indigenous capacity to participate in clean energy development. In 2021, Northern REACHE underwent a program evaluation which found that the program is well respected, managed, and delivered, and embodies many best practices for clean energy funding to northern and Indigenous communities.

The IODI program has supported 24 community energy champions with funding, training, and mentorship over two cohorts from 2019 to 2025, many of whom have advanced significant community energy initiatives and championed local clean energy generation projects.

The success of these programs highlights the major role the federal government plays in funding and supporting community-driven clean energy solutions to strengthen energy security and resilience for remote communities.

Priorities for action

The conversation around the remote community energy transition at the federal level has evolved to acknowledge that the true path to a sustainable energy future for remote communities means prioritizing local, Indigenous-led solutions that provide energy security and affordability in conjunction with the economic benefits of energy infrastructure ownership. This means supporting project teams and utilities to collaborate on building resilient future-ready grid solutions tailored to the unique plans and needs of each community.

Moving forward, federal government must preserve and expand the funding programs and continue to improve access to funding for remote communities throughout Canada. The funding must be comprehensive, supporting Indigenous-led energy and energy efficiency projects directly, as well as utilities seeking to modernize their microgrids and integrate renewable energy and provincial and territorial governments running their own programs.

The federal government should also continue to implement the recommendations made by the Wah-ila-toos Indigenous Council in the Kinship and Prosperity report in its program design and delivery.³⁹ These recommendations outline how to continue to build a policy environment that supports diesel reduction through clean energy projects, centers Indigenous rights, and creates flourishing partnerships with Indigenous governments.

Steps taken in 2025 by the federal government to prioritize nation-building projects and to focus on fiscal restraint have the potential to hamper the progress on collaboration and community energy made in the last several years. Recent legislation has raised serious concerns among Indigenous leadership about the federal governments commitment to respecting Indigenous rights and priorities, while calls from political leadership for spending cuts have left the future of critical funding programs in question.^{40,41}

As the federal government evolves its priorities, it must not lose focus on collaboration, engagement, and government-to-government relationships with Indigenous peoples in remote communities. The federal government must leverage legislative reform mandated by UNDA to strengthen exiting collaboration avenues through national partnership tables and develop norms and requirements for Indigenous participation in policy and program design relating to the future of energy on their territories.

³⁹ *Kinship and Prosperity*, ix

⁴⁰ Emily Haws, "Discussion of major projects law expected to dominate AFN gathering," *The Globe and Mail*, September 1, 2025. <https://www.theglobeandmail.com/politics/article-discussion-of-major-projects-law-expected-to-dominate-afn-gathering/>

⁴¹ Peter Zimonjic, "Carney's plan to cut tens of billions in spending is tough but doable, experts say," *CBC News*, July 12, 2025. <https://www.cbc.ca/news/politics/carney-spending-review-cuts-1.7582889>