



Indigenous Utilities

The Building of
Indigenous-Owned
Electrical Utilities
in Canada



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Indigenous Utilities

The Emergence of Indigenous-Owned Electrical Utilities in Canada

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THANK YOU:

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About the First Nations Major Project Coalition (FNMPC)

FNMPC is a national 174 First Nations non-profit collective working towards the enhancement of the economic well-being of our members, understanding that a strong economy is reliant upon a healthy environment supported by vibrant cultures, languages, and expressions of traditional laws. FNMPC supports its members to:

- » Safeguard air, land, water and medicine sources from the impacts of resource development by asserting its members' influence and traditional laws on environmental, regulatory and negotiation processes;
- » Receive a fair share of benefits from projects undertaken in the traditional territories of its members; and,
- » Explore ownership opportunities of projects proposed in the traditional territories of its members.

FNMPC is currently providing business capacity support to its members on 17 major projects located across Canada, each with a First Nations equity investment component, and a portfolio exceeding a combined total capital cost of over CAD\$30-40 billion. FNMPC's business capacity support includes tools that help First Nations to make informed decisions on both the economic and environmental considerations associated with major project development.



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Who Is this Paper For?

This paper was written to support the following:

Indigenous nations—This paper is for Indigenous nations and builds on the experiences and leadership of FNMPC members. It outlines how Indigenous utilities work and shines a spotlight on Indigenous utilities that have paved the way.

Governments, Utilities and Regulators —Indigenous utilities in Canada have been slow to emerge, largely due to restrictive legislation and lack of political will in supporting Indigenous utilities, constraints on retail access to the grid, and in-turn dampening economic opportunities for Indigenous nations. Supporting Indigenous nations to succeed as owners and operators of Indigenous-led utilities requires understanding what an Indigenous utility is, as well as what it has potential to be. This paper defines possibilities and offers recommendations on how governments, utilities, and regulators can support them.

What Research Informed this Paper?

Building on FNMPC's decade of experience and expertise in working in the electrical utilities space, this paper was informed by four additional major sources:

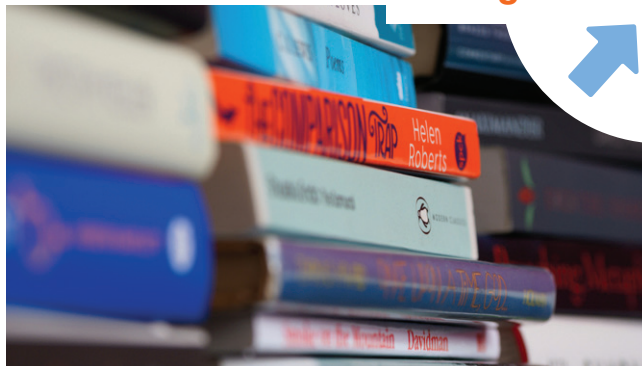
FNMPC and Mokwateh National Indigenous Electrification Strategy Roundtables



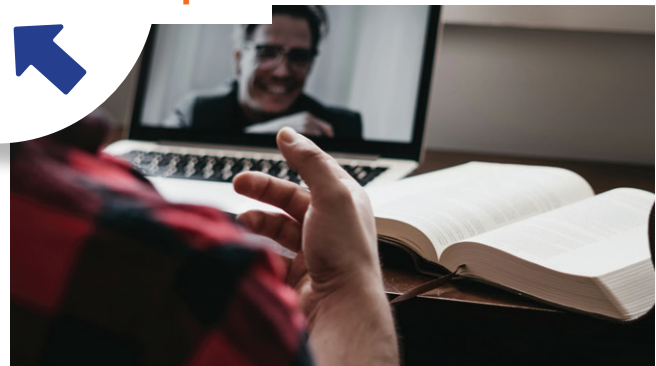
In person visit to four Arizona Indigenous-owned Utilities



Indigenous Utilities Paper



Literature Review



Calls with Indigenous-owned Utilities

Executive Summary

Indigenous nations in Canada are increasingly considering, or putting into place, Indigenous-owned utilities for purposes such as energy sovereignty and own-source revenues. Over the coming decade, to help meet both its electrification demands and reconciliation commitments, Canada must support Indigenous nations' interest in creating Indigenous-owned electrical utilities and wheeling access to transmission and future grids. Currently absent across most of the country's electricity landscape, Indigenous-owned electrical utilities would proactively keep Canada's electrification and reconciliation goals on track and become critical conduits to bring clean energy coast to coast. More importantly—if done well and not unduly restricted—Indigenous-owned utilities will bolster Indigenous self-determination, nationhood and own-source revenues for Indigenous nations.

The research presented in this paper takes the pulse of Indigenous utilities¹ on both sides of the Canada-US border. Drawing on insights from existing Indigenous-owned utilities and other field experts, it explores why Indigenous nations may form a utility, a range of possible Indigenous utility models, as well as what the barriers, challenges and risks may be. To kickstart momentum for Indigenous utility formation, this paper outlines the following recommendations:

Recommendations for Governments, Utilities, and Regulators

Recommendation 1. Ask the right questions.

Recommendation 2. Take the regulatory steps needed to support the formation of Indigenous utilities, at all scales.

Recommendation 3. In addition to all jurisdictions in Canada lifting restrictions on Indigenous-led utilities, governments should make sure that any Indigenous utilities or authorities meet the criteria listed later in this report.

Recommendation 4. Support the formation of an Indigenous utilities association that can in turn support utilities in a collective manner.

Recommendation 5. Build the legal and regulatory frameworks needed to implement wheeling to allow Indigenous-led utilities to sell power to end users.

Recommendation 6. Fund foundational and comprehensive Indigenous capacity supports in utility development and ownership.

Recommendation 7. Create a regulatory framework that is open to different types, scales, and ownership models of Indigenous utilities.

Recommendation 8. Address historical redress and past damages.

Recommendations for Indigenous Nations

Recommendation 9. Examine potential contractual relations with Provincial/Territorial utilities.

Recommendation 10. Evaluate infrastructure and interconnection alternatives.

Recommendation 11. Develop an electricity supply strategy.

Recommendation 12. Establish wheeling contracts.

Recommendation 13. Understand and plan how electricity rates will be calculated and set.

Recommendation 14. Create a legal structure for the Indigenous utility.

Recommendation 15. Set up a Board of Directors for the Indigenous utility.

Recommendation 16. Avoid pitfalls experienced by existing Indigenous utilities.

Canada's big shift towards electrification needs to include creating the right conditions for successful Indigenous-owned utilities. If successfully implemented, these recommendation will help to set the stage for a new energy era: one where governments and industry uphold free, prior, informed consent and a meaningful commitment to economic reconciliation in order to expand the existing electricity.

¹ The utility models being discussed can be informative for all of Inuit, Métis and First Nations. However, the bulk of the analysis and the proposals are focused on First Nations, and don't explore the unique circumstances of the Métis or Inuit.

Identified Indigenous Utilities and Authorities (USA/Canada)



**Please see the full report to learn what each of the Indigenous Utilities on this map is.*

Conclusion: What Conditions Will Set Indigenous Utilities Up for Success?

This paper identified Indigenous-owned utilities that were working to better serve their Nation's membership and energy needs, bring self-determination and nationhood, and/or Indigenize utilities previously managed externally. However, although some Nations were financially "breaking even" or creating revenues without government grants, others were not. This research illuminated the fact that—in addition to the benefits of self-determination that many Indigenous utilities provide—Indigenous nations strive to create utilities that will create steady, predictable revenues far beyond *breaking even*. Further, the full scale of opportunity to build Indigenous-owned electrical utilities must be created immediately for Indigenous nations to maximize benefit from the clean energy transition.

Although the conditions for economic success for each Indigenous-owned utility will vary—e.g., geography, rate-regulation, market, construction costs, political climate, weather, proximity to the power grid and a host of other factors—it is worth noting common conditions identified through this research. These include, but are not limited to:



Enabling regulatory/legislative frameworks

- » Government support (funding, loan guarantees, PPAs/EPAs)
- » Interjurisdictional transmission and power sharing agreements
- » Collaborative frameworks for integration

Market Conditions

- » Availability of power purchase agreements where generation is part of the utility
- » Retail access to the transmission grid
- » Market standards and off reserve rates

Capacity Conditions

- » Experience in electricity or economic development
- » Potential for a collective of First Nations
- » Other revenue sources to offset setbacks (damage to lines; prices changes)

Economic Conditions

- » Potential return on investment
- » Construction costs and price of renewables
- » Access to competitively priced capital

Location Conditions

- » Proximity to a substation and transmission
- » Proximity to urban centres
- » Adjacent customer/ratepayer base

Indigenous-owned electrical utilities will be an integral part of Canada's clean electricity picture but, to date, the diverse and connective role these utilities will play has yet to be fully painted in. As this research shows, the Indigenous utility landscape is not a blank canvas: existing Indigenous utilities on both sides of the Canada-US border brought insights, essential perspectives, and stories of success into focus.

How can Indigenous nations, government, utilities and regulators work together to make success the new normal?

To start, First Nations need to be supported with the capacity, tools and opportunities to engage as utility owners, including wheeling access to transmission grids and downstream customers. Ongoing collaboration, a full-spectrum commitment to reconciliation, and dismantling barriers will all support Nations to take the next step. If this is the path forward, the near horizon holds a resilient, inclusive and sustainable energy future.



Scan the QR code to view the entire

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