FIRST NATIONS CLIMATE INITIATIVE

CLIMATE ACTION PLAN

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INTRODUCTION

The Federal and BC government climate policies and programs are evolving quickly to meet their stated 2030 and 2050 emission reduction goals. The First Nations Climate Initiative (FNCI)—led by Haisla Nation, Metlakatla First Nation, and Nisga'a Nation in collaboration with other First Nations—has developed a Climate Action Plan over the past 3 years with climate experts, technology experts and representatives of industry, civil society organizations and other levels of government. This Climate Action Plan is now being presented to the Federal and BC governments to enhance Federal and Provincial government climate policies and programs while contributing to reconciliation with First Nations through economic self-determination and ensuring that First Nations play a central role in the emerging decarbonized economy.

This Climate Action Plan involves making meaningful progress toward achieving two fundamental goals:

1

Alleviation of poverty in First Nations communities by implementing innovative climate policies and investments that:

- Expand opportunities for First Nations to participate in globally competitive economic developments by leveraging and accelerating climate solutions projects.
- Advance the innovative technologies and climate policies that are becoming instrumental in our shift to a decarbonized future locally and globally.
- Attract domestic and international investment in nature-based solutions in First Nations' territories; simultaneously recovering the capacity of ecosystems to support traditional values while protecting and expanding carbon sinks.

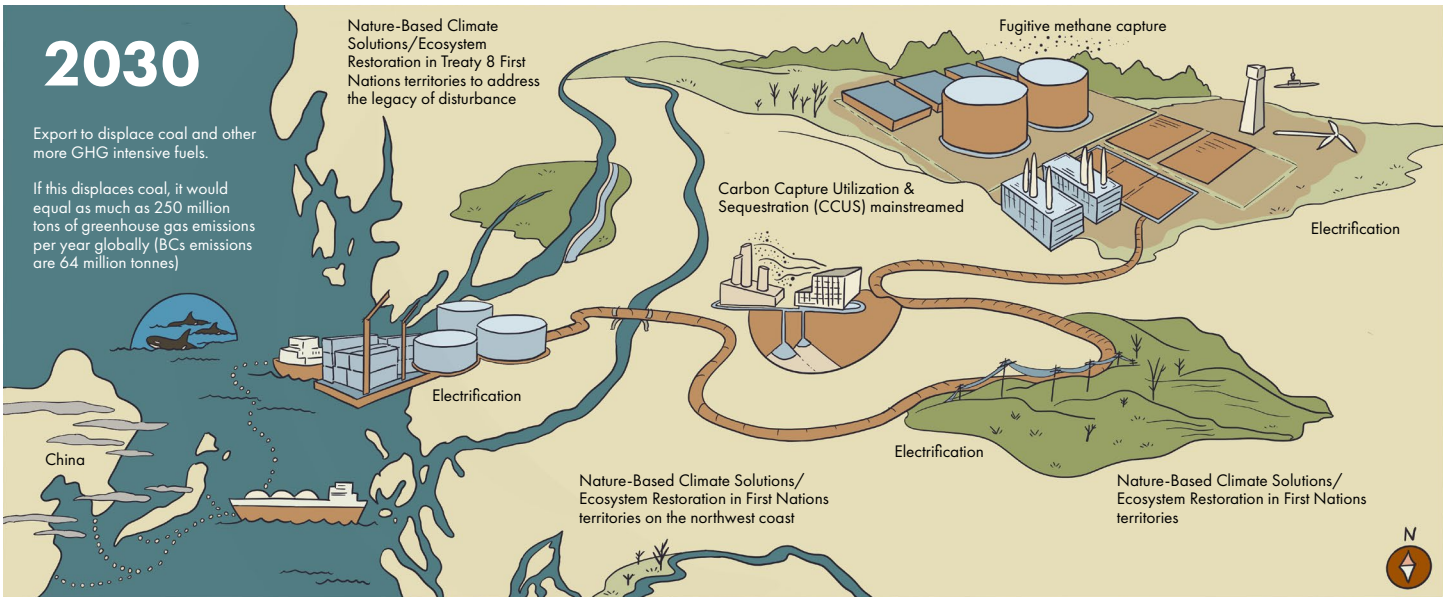
2

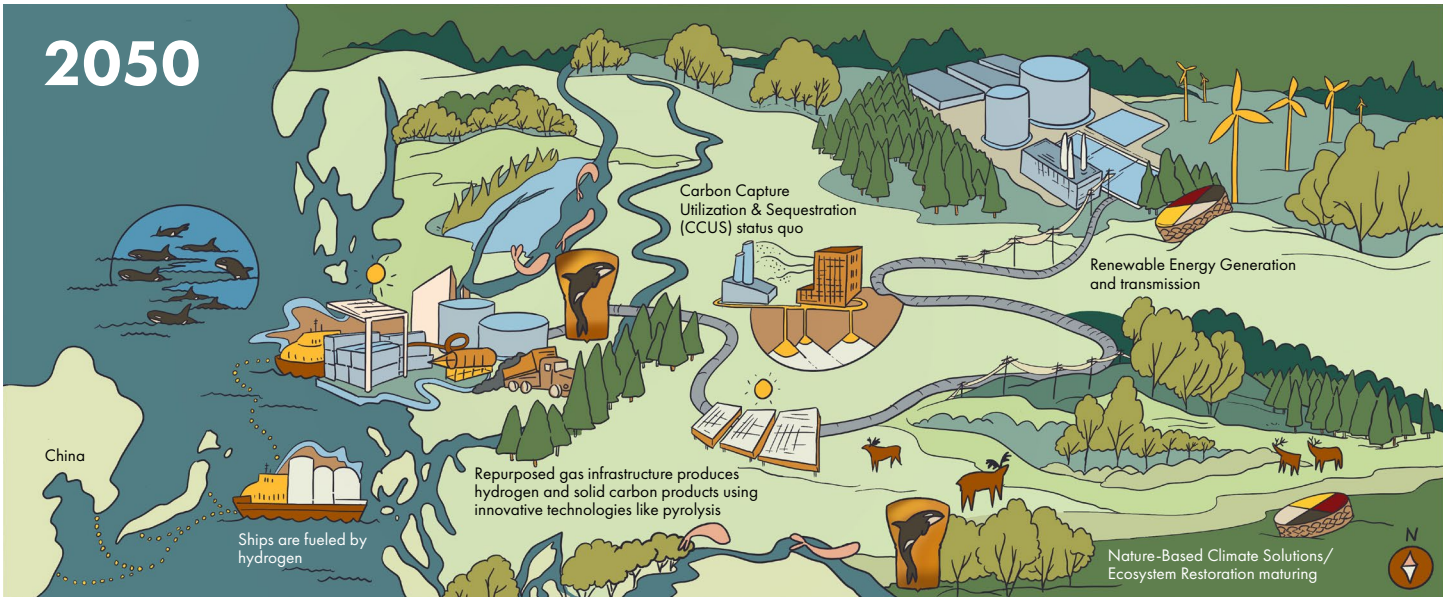
Making a locally and globally significant contribution to climate change mitigation and adaptation by implementing innovative climate policies and investments that:

- Leverage our low carbon advantages and emerging zero and negative emissions energy systems to build energy and resource projects that are global leaders in carbon management; provide the infrastructure to more rapidly advance a decarbonized economy here in Canada while exporting resources and systems to the countries that will collectively have the largest positive impact on the climate.
- Include seeking partnerships with counterparts in Asia and other high GHG emission regions to assist them in reducing their GHG profile thereby expediting achievement of net-zero and negative emissions as the key strategy for recovering the climate.

The FNCI vision is to mitigate climate change, alleviate poverty, and set the path to a low carbon economy in British Columbia.

The Net-Zero Economy in Northern British Columbia





CLIMATE ACTION PLAN SUMMARY

1 Expand Carbon Markets

GHG reduction strategies need to include high-quality carbon offsets and carbon trading which will channel hundreds of millions of dollars of investment into nature-based climate solutions developed by First Nations to protect and restore ecosystems in their territories. **IMMEDIATE PRIORITIES**—ensure the new forest carbon offset protocol in BC facilitates investment in forest carbon projects and that these investments are part of the carbon tax compliance system, enabling carbon tax dollars to be directly invested in forest carbon projects.

2 Invest in Energy Transmission and Renewable Energy

Invest in energy transmission and renewable energy generation capacity to support decarbonization of the economy in the short, medium and long-term. **IMMEDIATE PRIORITIES**—expand the 500 KV northwest transmission grid to provide significantly increased capacity for both new load and renewable energy project access, and redundancy to the northwest coast of BC.

3 Incentivize Low Carbon and New Energy Systems

Provide increased tax incentives and direct government investment for demonstration projects to support the development and growth of new low carbon and negative emission energy systems. **IMMEDIATE PRIORITIES**—provide funding for FNCI and partner Nations to participate in new energy systems demonstration project(s) to validate and publicize the many benefits associated with these new systems—for example to demonstrate how natural gas can be used as a zero or negative emission source of hydrogen and useable carbon. Provide positive incentives to reduce emissions from new and existing natural gas infrastructure to net-zero in the near term and shifting gas from a fuel to a zero or negative emission energy source and hydrogen feedstock in the long-term. Establish a progressive policy framework that recognizes energy system transitions and fosters the development of the hydrogen sector as a critical fuel in the decarbonized economy domestically and internationally.

4 Expedite First Nations Equity

Create and expand programs that support First Nations investment in new infrastructure enabling them to become major equity partners in the decarbonized economy. **IMMEDIATE PRIORITIES**—invite affected First Nations to be partners in the expansion of the northwest transmission grid in BC.

5 Fast Track First Nations' Climate Solutions Projects

First Nations are currently partnered in and leading major development projects that will make a significant contribution to climate change mitigation and adaptation in Canada and globally while alleviating poverty in their communities. And there are many more Climate Solutions projects that First Nations will partner in and/or lead. Approval of these projects needs to be streamlined. Europe, US and Australia are implementing expedited approval processes for climate solutions projects; this is what responding to crises requires.
IMMEDIATE PRIORITIES—Establish an expedited approvals process with a 12 month approval timeframe for First Nations led or partnered projects that will contribute to climate change mitigation and adaptation here in Canada and internationally.

6 Act Globally and Benefit Locally

Recognize that Canada has a role to play beyond reducing our own emissions because we have the capacity to help other countries with much greater emission profiles to reduce their GHG emissions. **IMMEDIATE PRIORITIES**—Position Canadian gas as the cleanest in the world and work with energy providers in Asia to support fuel switching from coal to gas to hydrogen.

7 Aim for a Recovering Climate

Provide tax incentives and direct government investment for demonstration projects in BC/Canada for new technologies such as direct air carbon capture technologies (DAC), bio-energy carbon capture and storage projects (BECCS), and First Nations developed nature-based solutions (NBS) to reduce concentrations of GHGs in the atmosphere. Leverage opportunities to attract investment into decarbonization technologies for the Canadian economy and then export these new technologies and strategies to the rest of the world. This will expedite achieving net zero as soon as possible and negative emissions and a recovering climate thereafter.

> **"We can achieve net-zero in BC and Canada efficiently—potentially even sooner than 2050—if we expand the use of carbon markets and locally developed carbon offsets for industrial compliance.**

1

EXPAND THE CARBON MARKET IN BC TO ACHIEVE NET-ZERO AS QUICKLY AS POSSIBLE

This is particularly needed in BC which presently does not allow for offsets as a compliance pathway for industry. The new Forest Carbon Offset Protocol in British Columbia has the potential to facilitate large scale First Nations led nature-based solution (NBS) carbon projects in BC. Prefeasibility work completed with seven First Nations across northern BC testifies to the massive opportunity to directly address the reconciliation imperatives of ecosystem protection and recovery, and self-determined economic opportunity, in addition to protecting and creating globally significant carbon sinks.

Many companies that are working with FNCI are ready to purchase millions of tons of offsets from First Nations NBS projects in BC which will help pay to address the massive restoration deficit that was highlighted in the recent Blueberry decision—Yahey vs British Columbia. But they can't because the regulated GHG compliance for industry does not include carbon markets and offsets. We need a protocol that will enable these projects and we need policy and regulatory adjustments to enable the use of these offsets as a tool for industrial GHG compliance as an alternative to paying carbon tax for their regulated emissions.

Carbon pricing is an excellent way to guide the economy towards net-zero and a recovering climate, and the revenue from carbon tax needs to be directed to carbon abatement initiatives and negative emission strategies rather than as a supplement for general revenue.

The BC carbon pricing scheme and the federal pricing scheme are not aligned and when the tax increases to $170 the current BC GHG framework will drive potential investment out of the province. We have extraordinary resource-related opportunities to build climate solutions in BC that will be disabled by the current BC carbon pricing scheme.

Aligning carbon pricing and policy between BC and Canada and getting FCOP right provides a foundation for the carbon market in BC. This market can be expanded further by establishing offset protocols for wetlands, coastal and aquatic ecosystems, methane and other natural and technological emission strategies including bio-energy carbon capture and storage (BECCS) and direct air capture and storage (DAC) technologies. The federal and provincial carbon market regulatory frameworks need to function together efficiently to expedite these emission reduction opportunities.

#	Policy and Investment Proposals
1	Align the BC climate policy for industry with the Federal Output Based Pricing System to include offsets and trading for compliance.
2	Finalize and approve the BC Forest Carbon Offset Protocol incorporating input from First Nations and Project Developers to ensure the projects developed using the protocol are viable, competitive, in keeping with international standards while facilitating carbon financing to First Nations NBS projects.
3	Expand the use of carbon markets and offsets for compliance by developing protocols for a variety of carbon mitigation projects (i.e. fuel switching, wetlands, coastal and aquatic ecosystems, methane and other natural and technological emission reduction including bio-energy carbon capture and storage (BECCS) and direct air capture and storage (DAC) technologies).
4	Implement strategies to protect low carbon export opportunities (using practical Emission Intensive Trade Exposed benchmarks) to prevent carbon leakage (i.e. Prevent investment from going to countries without carbon policies).
5	Direct carbon taxes from industries into carbon abatement and negative emissions projects and funding strategies.

2

INVEST IN RENEWABLE ENERGY & TRANSMISSION INFRASTRUCTURE

We need renewable energy to reinforce net-zero ambitions in many sectors including current and future LNG, Hydrogen, Methanol and Natural Gas Liquids (NGL) exports. Nowhere is this more obvious than in northwest BC.

The northwest power grid in BC is lacking in capacity and redundancy which is essential for the future decarbonized economy. There is significant new low carbon energy development proposed for NW BC, and elsewhere, and grid improvements need to be constructed proactively to support this development. The revenues generated from expediting low carbon energy exports, including LNG, NGL's, methanol and hydrogen, will provide significant taxpayer returns and pay for the public investment in transmission infrastructure. Accelerated demand for the renewable energy will drive further investments in First Nation led and partnered clean generation projects like hydro, wind, pump storage, run-of-river, and geothermal.

If the renewable energy is available projects will choose to electrify. If it is not, they won't. BC has billions of dollars of project development proposals in approval processes that are dependent on this infrastructure in order to help achieve net-zero and climate recovery. We need to start building the transmission capacity now.

Many First Nations will be affected by this Grid Expansion and are prepared to work with other governments to ensure the expansion addresses these interests as part of the Action Plan. Many of these Nations want to be equity owners in this transmission infrastructure in keeping with the precedents recently set in Ontario as well as in Saskatchewan.

#	Policy and Investment Proposals
6	The Federal and Provincial governments need to invest in a proactive expansion of the BC NW transmission grid to help electrify the low carbon economy of the future. The Province needs to direct BC Hydro to partner with FNCI Nations and other affected Nations to expedite this grid development including twinning the 500kV line from Prince George to Terrace and installing a 500kV loop line from Terrace to Prince Rupert, and over to New Aiyansh and back to Terrace.

3

INCENTIVIZE NEW ZERO AND NEGATIVE EMISSION ENERGY SYSTEMS

Climate smart technologies will not make a difference in the world if they are too expensive. Jurisdictions around the world are taking significant steps with public investments to accelerate the transition and making new technologies more competitive—paying off with long term dividends for their economies and the climate.

We must implement more tax incentives and direct government funding for developments that are part of global emission reduction strategies (like the recent federal CCUS corporate tax credits), to incentivize and reward innovation. This includes expedited approvals for projects that have proactively engaged First Nations as partners and have addressed climate recovery and other environmental imperatives.

There are technologies that are operating at commercial scale in other jurisdictions and yet barely known in Canada (e.g. Monolith in Nebraska—methane pyrolysis). And there are innovations developing here that could be expedited (e.g. H_2 Naturally—biomass to hydrogen with CCUS). We need to accelerate public support for the competitive development of these climate smart solutions.

Hydrogen projects are developing across the country but there is no coherent policy and regulatory framework to stimulate and incentivize this sector. We need to rapidly shift hydrogen strategies to actions, starting with implementation of a framework that appropriately incentivizes the many hydrogen innovations and investments already occurring in Canada and to stimulate more of them. The natural gas infrastructure we have, and should construct, can be repurposed to hydrogen production domestically and internationally as part of the decarbonized economy over time and as markets materialize. And there are new zero and negative emission technologies for manufacturing hydrogen from natural gas and biomass that need to be fostered as part of the new policy framework.

7	Expand new energy system tax incentives and provide federal and provincial grants to enable FNCI partner Nations to participate in public, private, and First Nations partnerships to construct commercial scale low, zero and negative emission technological demonstration projects that contribute to meeting provincial and federal emission reduction targets. FNCI is investigating a range of options including methane pyrolysis, low carbon hydrogen, low carbon fuel production (i.e. methanol), subsurface carbon storage hub(s), Direct Air Capture with Storage and BioEnergy CCS. First Nations participation should be a key criterion.

4

EXPEDITE FIRST NATIONS EQUITY PARTICIPATION IN PUBLIC AND PRIVATE INFRASTRUCTURE PROJECTS

First Nations consent is essential for development and the recent Federal and Provincial commitments to UNDRIP signify that First Nation communities are destined to be central actors in the decarbonized economy.

But until only very recently, First Nations have been marginalized and woefully undercapitalized for more than a century. The massive shift that needs to take place in our economy needs to be implemented in partnership with First Nations—"decarbonization and decolonization are two sides of the same coin."

As an immediate priority First Nations need financial support such as loan guarantees to enable them to drive business opportunities and become equity owners/partners with the private sector in new infrastructure for the decarbonized economy. There is also an opportunity for the Federal and Provincial governments to partner with First Nations in new public infrastructure investments such as the new transmission capacity development in the northwest of BC.

Joint Primer: National Roundtable on Indigenous Access to Capital in Canada

#	Policy and Investment Proposals
8	The Province of BC needs to direct BC Hydro to include First Nations equity participation in the new transmission line from Prince George to the coast.
9	The partnerships in climate solutions energy systems demonstration projects proposed above need to include First Nations equity participation opportunities.

5

FAST TRACK FIRST NATIONS' CLIMATE SOLUTIONS PROJECTS

Climate change is now a crisis. And we need to act decisively and quickly to shift to a decarbonized future.

This means investing in and approving projects that will make a difference within months not years. The recent investments in recovering infrastructure from the 2021 floods in BC is evidence of our capacity to respond quickly and effectively when we must. We need to act as decisively to implement climate solutions projects.

First Nations are currently partnered in and leading major development projects that will make a significant contribution to climate change mitigation and adaptation in Canada and globally while alleviating poverty in their communities. This is particularly true if this Action Plan is implemented. And there are many more Climate Solution projects that First Nations will partner in and lead. Approval of these projects needs to be streamlined. The US, the European community and Australia are all implementing streamlined approvals processes to expedite climate solutions. We need to do the same in Canada.

10	Establish a Climate Solutions expedited approvals process in Canada with a 12 month approval timeframe for First Nations led or partnered projects that will contribute to climate change mitigation and adaptation here in Canada and internationally.

6

ACT GLOBALLY AND BENEFIT LOCALLY

Canada has the capacity to make a difference globally because many of our natural resource exports, particularly natural gas, have a smaller carbon footprint than the same products from other places.

We can and should increase our emission reduction ambitions in a global context by continuing to decarbonize the extraction and production of our natural resources and exporting our resources to countries that need these resources to lower their carbon emissions (i.e. Asia).

We need to pursue bi-lateral agreements under article 6.2 of the Paris Agreement (ITMOs) to share the emission reductions supported by partnerships between suppliers here and customers in Asia.

Whether Canada gets credit or not, emission reductions in Asia are one of the keys to addressing climate change. Achieving our domestic targets will not solve the problem and we are in an excellent position to help Asia reduce emissions.

#	Policy and Investment Proposals
11	Promote exported Canadian resources as the most sustainable in the world (i.e. lowest carbon) and ensure that National and Provincial climate plans include the global reductions that our export resources provide through benchmarking of other jurisdictions.
12	Engage in bi-lateral discussions with Asian customers of Canadian low carbon resources like LNG to explore potential agreements that accelerate emission reductions that can be shared under article 6.2 of the Paris Agreement as Internationally Traded Mitigation Outcomes. Involve the FNCI leaders in these bi-lateral discussions.

7

AIM FOR CLIMATE RECOVERY NOT JUST NET-ZERO

Negative emission technologies and nature-based solutions reduce concentrations of greenhouse gases in the atmosphere which is essential to recovering and stabilizing the climate.

We can be a leader in developing these technologies and exporting them around the world but are currently lagging behind many other jurisdictions in establishing regulatory certainty which attracts carbon finance into NBS projects.

In addition to the many new zero and negative emission technologies, there are zero emission uses for natural gas already deployed at commercial scale in the US and planned in BC. Supporting natural gas development is not locking in future emissions. It is one of the most efficient ways to transport hydrogen molecules and we can develop it using biomass which actually enables negative emission energy systems.

13	Develop a National/Provincial strategy for the deployment of negative emission technologies (e.g. Nature Based Solutions, Direct Air Capture, Bio-Energy with carbon capture and storage, etc.) with the intent of implementing at scale in Canada and exporting these technologies.
14	Expand Federal and Provincial climate policies to include recovering the climate by reducing concentrations of GHGs in the atmosphere through development and implementation of negative emission natural and technological climate solutions.

TAKE ACTION

Federal and Provincial climate policies continue to change on a weekly basis. If you agree with this Action please take action by:

Let Us Know. Register your support through **fncionline.com/climate-action-plan**.

Get Involved. To be actively involved in implementing the Climate Action Plan, please contact **info@fncionline.com**.

Inform Your Network. Forward the Climate Action Plan to others that would likely support it and may not be aware of it.

Influence Your Government. Let your Council, local MP and MLA and network of senior government officials know that you want them to support the Plan. Call or write to the Ministers with responsibilities for climate change and indigenous rights. Learn more at **fncionline.com/new-page-1**.

Climate change mitigation and adaptation, poverty alleviation, and a decarbonized economy

ACT NOW FOR OUR RECOVERING CLIMATE

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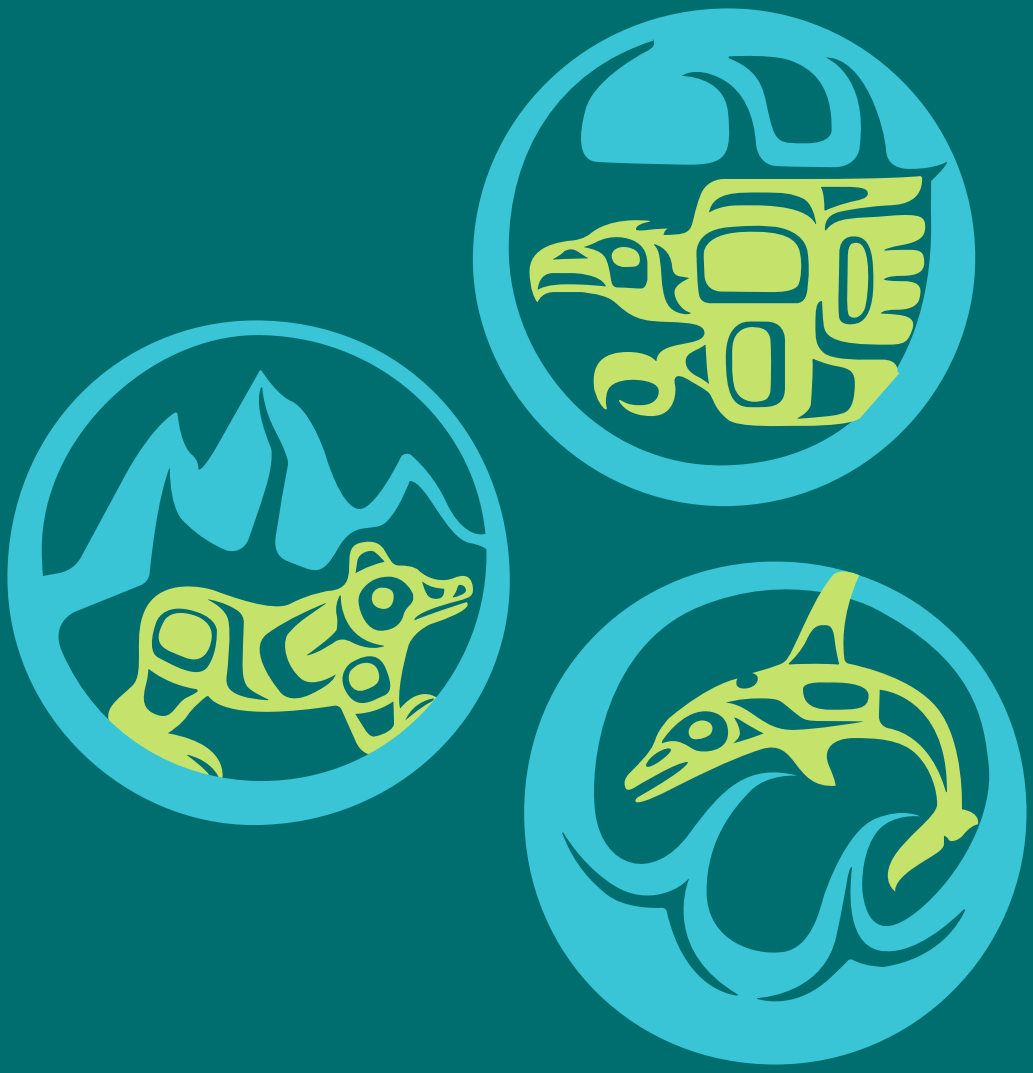

Metlakatla First Nation

Nisga'a Lisims Government

Haisla Nation