

Getting this energy transition right

By Jonathan Kneebone, [First Nations Clean Energy Network](#)

The temperature is rising.

To meet its ambitious 82% renewable energy target for 2030, the federal government has [announced](#) it's dumping its Renewable Energy Target policy and replacing it with auctions as the best mechanism to get new renewable energy projects under way.

The revised Capacity Investment Scheme will ramp up from 6 gigawatts (GW) of storage to more than 9GW of dispatchable capacity, and will add 23GW of variable capacity, or wind and solar. The Scheme will be eligible to “uncommitted” projects from November 2023.

First Nations are reasonably expected to feel some anticipation about this.

For, as part of the change, new policy will be developed detailing contracting and procurement requirements, and States/Territories are required to improve their planning and regulatory assessment pathways.

This opens an opportunity to embed First Nations in these assessment pathways and to develop other innovative policy and process measures, suggestions First Nations have been pushing in multiple roundtable discussions this year to inform the government's [First Nations Clean Energy Strategy](#).

In Canada, around 20% of renewable energy initiatives have Indigenous ownership and/or equity, providing income, wealth generation and employment for Canada's Inuit, Métis and First Nations peoples. And these projects deliver better value and returns to investors.

Targeted government policy and genuine investment enabled that to occur.

The Australian government knows the critical role genuine First Nations involvement plays in this country's transition.

Federal Minister the Hon Chris Bowen MP [told](#) the Lowy Institute on Tuesday, “getting First Nations involvement in renewable energy right can play a big role in the future economic health of Australia's Indigenous peoples”.

Success in First Nations involvement will also lead to better projects, greater certainty, reduced risk and increased shareholder value.

Done the right way, driven by communities, clean energy can be developed so it sustains Country for generations to come.

While First Nations engagement as a key pillar has been mentioned in numerous government strategies this year, including its [Critical Minerals Strategy](#), to date investment backing up these sentiments has been seriously lacking.

Last week's announcement about using auctions as a mechanism to get new projects under way provides an opportunity to demonstrate real action.

Using the auction process to build a better system for First Nations

Over the last decade, more than 100 countries worldwide have adopted auctions as a way to deploy renewable energy.

This common tool of government policy is also consistently used by governments to achieve specific outcomes - such as inclusive growth, or particular outcomes, like for host communities.

For example in 2009, [South Africa](#) designed a process that sought to ramp up host community and local content requirements from projects, along with Black economic development and empowerment.

Also in 2009, the province of Ontario in Canada passed the *Green Energy and Green Economy Act*, introducing a feed-in tariff known as the "Aboriginal Price-Adder" which essentially guaranteed an increased price for projects passing certain thresholds of Indigenous ownership. At the same time, Ontario launched an Aboriginal Loan Guarantee Program supporting Indigenous equity participation in renewable energy projects.

More recently in British Columbia in Canada, the government-owned electricity generator and retailer [BC Hydro and Power Authority](#) and the government have been working with First Nations to [move forward a call](#) for new sources of renewable, emission-free electricity (including wind and solar).

The call for power in BC puts Indigenous people upfront, and proponents will need to demonstrate a **minimum Indigenous ownership in their projects** along with other **minimum requirements for Indigenous participation**.

Coupled with CAD\$140 million in funding to the British Columbia Indigenous Clean Energy Initiative, an agency providing support and capacity-building funds to

Indigenous communities working on the development of clean energy projects, it is clear **Indigenous equity** will be considered a standard requirement for those submitting tender responses.

These are just some examples demonstrating how auction processes can provide governments with opportunities to realise additional impacts - like more inclusive growth, host community and other local benefits, and First Nations outcomes.

An energy transition inclusive of First Nations - what will it take?

As Canada has demonstrated, First Nations consent, participation, inclusion, ownership and equity can safeguard projects.

Auction design can include preferencing offtakes, clear inclusion and outcomes in tender processes, mandated involvement in the planning scheme (including potentially expedited approvals for projects that are First Nations owned) or options for being the regulator, among other elements.

With billions of dollars of public money at stake through the Federal Government's reliance on auctions, and with numerous international examples available that can be replicated to achieve a system delivering the sorts of outcomes we also want to see in Australia, we can't let this opportunity be missed.

The Federal Government must use this announcement to design a system that brings everyone together to achieve an inclusive clean energy transition by embedding First Nations outcomes into its auction process.