



governance toolkit

best practices

Principle: Economic Realization
Government: Hupacasath First Nation

OPPORTUNITY

When Hupacasath Chief Judith Sayers and council decided to harness the power running through their lands, the result was a best practices model of how to build a small hydro project.

Widespread opposition to the Duke Point natural gas facility in the late '90s was the impetus for council to explore other options for resource development in the Hupacasath territory near Port Alberni, B.C. When faced with the possible environmental impacts of another electrical development, Hupacasath knew they needed to be intimately involved in the planning, decisions and development to minimize negative effects and ensure the First Nations shared in the benefits.

Hupacasath opposed the gas generator and, more important, offered an alternative solution. In 2003, with help from researchers at the Pembina Institute and Sigma Engineering, the Hupacasath council identified China Creek as having run-of-river hydro potential (run-of-river refers to energy produced when water is diverted out of a creek and flows over a vertical drop).

NCFNG

is a national, independent, First Nations-controlled organization dedicated to supporting First Nations as they work to implement their inherent right to self-governance. The development of a set of shared principles that clearly articulate our approach to effective governance is one way in which we support that work. This NCFNG Effective Governance Case Study profiles a best practice in the principle "Economic Realization".

To learn more about this case study, contact:
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In October 2006, Hupacasath launched the China Creek Micro-Hydro Project through Upnit Power Corporation – upnit means “a calm place” in the Nuu-chah-nulth language. The micro-hydro dam is 72.5% Hupacasath owned with minority partners from Ucluelet First Nation, Synex International Subsidiaries and the City of Port Alberni. Upnit began business with a secure 20-year BC Hydro contract to supply power to up to 6,000 homes.

PRINCIPLE IN ACTION

The 2006 launch of China Creek was more than five years in the making. While the Hupacasath knew they couldn't allow the devastation of their lands and water, they also knew that more power was needed on Vancouver Island. Given their earlier opposition to traditional power projects, council recognized that both their and the Port Alberni communities would be watching. It was important that the First Nation not do anything in their own developments that they had opposed in the past.

The due diligence undertaken by Hupacasath before proceeding included the following actions:

- A provincially-funded study on alternative energy conducted by Ecotrust Capital
- A federally-funded consultation process to develop an endorsed Community Energy Plan
- A federally-funded process to develop a Land Use Plan (Phase 1: 2003, Phase 2: 2006)
- A hydrological survey of their territory
- A research partnership with the Pembina Institute to investigate local options
- Securing creative financing to enhance rather than strain the resources of the nation including a \$250,000 loan from Ecotrust Capital as part of a \$8.5 million debt syndicate arranged by VanCity Capital.

The environmental innovation and business acumen of Hupacasath is quickly changing attitudes about aboriginal people. “As First Nations, we’ve always

wanted to be a part of economic development, but we've been so held back economically," Sayers says. "Our whole issue now is promoting pride and our culture."

SUCCESS FACTORS

Patience, partnerships and focus on environmental sustainability were keys to the success of the China Creek micro-project.

Fuelled by the Duke Point opposition through the 1990s, Hupacasath began looking for alternatives at the turn of this century. In 2002, they developed the community energy plan. It was two years later that ground was broken for what would become the China Creek micro-project and a further two years until construction was completed in 2006. The success of the project was not a quick fix but came over time.

With little experience in business partnerships, Hupacasath had to actively pursue a partnership strategy that would make the project viable. "On this particular project, we decided who we wanted as partners and courted them with information and opportunity," said Sayer. It was important to the First Nation to find partners whose values were the same and who they knew they could work with over a long-term. Upnit is a success because its partnerships are based on mutual trust, cooperation, understanding of each other's needs, and commitment to achieve a common goal.

Consistent with the Hupacasath's traditional respect for the land, the nation worked very hard to ensure China Creek had no negative impacts on the surrounding land or fish habitat. "At the outset, we were told this project was too hard for First Nations. Now, people come from all over the world to learn the best practices for generating power," said Sayer. Hupacasath are proving that it's possible to produce energy locally, profitably and sustainably — without devastating the environment.

We will give back to mother earth the respect and sanctity she rightfully deserves. We will make our lands, waters and air inviolable. We will spiritually cleanse the lands that have already been violated. We will take back our place as the rightful caretakers of our territory and far exceed the provincial and federal standards, for they are lax and inefficient
— Hupacasath Treaty Main Table

CHALLENGES

Even in cases where potential business ventures appear economically feasible, the most significant challenge faced by First Nations may be a gap in their human resource capacity. Without adequate investment in training and technical support the strain on personnel from both start up and the ongoing management may be overwhelming. As summarized by Pembina Institute staff, "If you're looking at both the technical side of developing a project and the administrative side of management, you're looking at a whole new skill set for most communities... It's not simple processes to have to work through... but I don't think they're barriers that can't be overcome."

NCFNG GOVERNANCE LESSONS LEARNED

The effective governance principle of *Economic Realization* means that governments possess the right and the tools to develop their land into sustainable economies.

As Hupacasath have never ceded, surrendered or released any part of their territory to any government and retain all of their rights and title under their Constitution Act that right is theirs. They have the right to realize wealth through participation in resource development and through leveraging those resources to access additional sources of revenue beyond their communities. Aboriginal title includes an inescapable economic component. This is a legal right that First Nations must realize to benefit their citizens and finance their governments.

The deliberate actions taken by the Hupacasath have benefited their citizens, increased their financial and human resource capacity, and raised their profile while honouring their traditional roles as stewards of their land and its resources.

LINKS AND MORE INFORMATION

BC First Nations Community Economic Development Forum

www.fns.bc.ca/pdf/Report_BCFNCED_2007_v5.pdf

Ecotrust Canada Capital

www.ecotrust.ca/capital/upnitpower

Another Side to Private Power

<http://thetyee.ca/News/2008/04/11/PrivatePower>