

Building and Governing the Canadian Energy Sector: Learning from Canada's Energy Leaders

Matt Jamieson, CEO of the Six Nations of the Grand River Development Corporation

By Brandon Schaufele and Adam Fremeth



Matt Jamieson is a proud member of the Tuscarora Nation and resident of Six Nations of the Grand River. He holds a Post-Bachelor's in Management, an MBA from Athabasca University and is a graduate of the ICD-Rotman Directors Education Program. Matt is the founding CEO and architect of the corporate governance model used by Six Nations of the Grand River Development Corporation (SNGRDC) —a model that since 2015 has successfully operated autonomously from the political structures within the community.

Matt leads SNGRDC investment strategy, operations, and asset management. Under Matt's guidance, SNGRDC has deployed \$60+ million of Indigenous equity and participated in the construction of \$2.5 billion of infrastructure assets. Since inception, SNGRDC has generated more than \$100 million of direct economic impact for the Six Nations of the Grand River. In 2017, Matt was recognized as both a Delta Clean50 and Clean16 award winner. In 2018, SNGRDC was chosen as Development Corporation of the Year by the Canadian Council for Aboriginal Business. In 2019, 2020, and 2021 SNGRDC was recognized as one of Canada's Best Managed Companies by Deloitte. In 2021, Matt received the Hedley Palmer award, as chosen by the Association of Power Producers of Ontario.

Can you provide some background for how you came to lead the Six Nations of the Grand River Development Corporation (SNGRDC) and the role of energy in the Corporation's strategy?

Jamieson: I'm a member of Six Nations and grew up in the community, but spent many years elsewhere. In 2008, I took an opportunity to pause and reflect on what's important to me, both individually and for my children. I embraced the notion of coming back home, partly to immerse my children in our culture and to help them understand who they are, but also to take on the role of Economic Development Director for the Six Nations community under the Elected Council.

This role was important to me because, at that time, like many Indigenous communities – and like many governments in general – we struggled with economic development. There was a lack of strategy. I used to say that the most important economic development opportunity was the one that the Chief of Council heard the night before. Elected officials want to react to everything, which inevitably causes the economic development folks to spin their wheels.

When I returned to the community, the Green Energy Act passed in Ontario. This laid the foundation for significant investment in the province and incentivized Indigenous participation in the energy sector. In 2009, we started learning about the sector; specifically, how it operates – but we were still outsiders looking in. We were knocking on the door, trying to get a seat at the boardroom table. Initially, it was an uphill battle. Yet, sustainable clean energy is something that Indigenous people embrace. At the outset of my role in Economic Development, renewable energy wasn't a well known sector in Ontario, so it quickly became a steep learning curve. At the same time, many companies seeking to set up shop within our traditional territory or within our region didn't understand Duty to Consult obligations. So, there was a learning process on both sides. Our thinking had to collide with theirs and the provincial government had to play a part in the solution. Eventually, we did learn how the industry operates. Ultimately, we were able to position ourselves as a strong advocate and supporter of renewable energy, and as an investor.

We are now a constructor of large utility scale energy projects. I am happy that I was able to harness my corporate experience in order to benefit the community. We're now at a point where sustainable energy is inextricably linked with the community's ambitions through the Development Corporation.

The SNGRDC is accountable to several groups, and its governance structure is guided by the “We Gather Our Voices” report. How has this unique structure contributed to the Corporation’s success?

Jamieson: The architecture of our corporate governance model is very specific to our community and difficult to replicate by others. The correct approach for us was to look for foundational principles on what good governance structures might be and develop policy frameworks that worked for our community. We went through this exercise called, “We Gather Our Voices.” We went to the community, had coffee and tea in people's living rooms, community dinners, and engagement sessions—we listened and learned.

Before establishing our governance structure, we knew what it meant for the community and what their fears and sensitivities were. We know that Canada's Indigenous history hasn't been great. It's a dark history that's led to a lot of distrust in our community towards business. So, the idea of creating a corporation on the reserve was something not easily embraced by many of our community members. We made sure to emphasize why it's important for the community. At the end of the day, we needed to translate what it meant to a person who works 9 to 5 and just wants to provide for their family, live a harmonious life, and ensure a good future for their kids.

Ultimately, this process identified a number of key themes that were important to the community. Number one was governance and how funds from our investments flow back to benefit community members. Like any government, you want to avoid situations where there is a lack of transparency that makes it difficult to show the value for money, what citizens get from it, and how it serves the long-term interests of people. We created an Economic Development Trust that would make independent decisions about reinvesting proceeds back into the community. So, we have an independent group of community members, independent of my management group and my Board of Directors, who have the tough job of making those decisions. The Trust reinvests the proceeds in ways that benefit the community's development like infrastructure, housing, and healthcare. These decisions are guided by our foundational Long-Term Community Plan.

Next, the Board of Directors has a different lens than the Economic Development Trust. The Board of Directors, who I report to, is focused on performance. The Board looks at investment decisions, risks, and key performance indicators to maximize the value of our assets. While making strategic investment decisions in line with the Long-Term Community Plan. Our Board of Directors is corporate-orientated and metric driven. They want to grow our assets.

Finally, above the Board of Directors and the Economic Development Trust is the Advisory Committee. The lens of the Advisory Committee is conformance. They look at the activities of the Board and the Economic Development Trust and ask whether they are conducting themselves in a way that conforms to the values of our community. They have veto power over the development activities that we engage in. For example, if there is a sector that we are exploring, one where it may be unclear how it fits with the community's values, we will seek their guidance. They might direct us to go to the community and conduct engagement to get further feedback, or they place the sector on our blacklist. The Advisory Committee is really the conduit that manages our shareholder relationship, which is the Elected Council of our community.

The model itself is very specific to Six Nations. We are a large and highly-skilled community. We have a lot of people and resources, so the total governance group of the development corporation is 15 people spread across various Board functions. This would simply not be possible in smaller communities.

How has the relationship with the shareholder evolved since 2009?

Jamieson: Obviously, it's been successful. We've grown our company from no off-reserve assets to well over \$100 million in 7 years. There's a general appreciation from our shareholder—and in our in our governance group—that we're accomplishing great things.

Since the launch of the Development Corporation, we've had four separate council elections with four different governments. Political views change, so sometimes we have elected leaders that hold diverging views on the things that development corporation does. We've certainly encountered situations where political decision-makers have suggested that they want to eliminate the Economic Development Trust and have the funds flow back to the to the council. One thing is certain, the governance structure has been successful in protecting operations from political interference.

We've been isolated on a reserve, like other communities in this country, for hundreds of years. This has meant that change can take time as opportunities emerge. One or two transactions will not provide the reconciliation we pursue; rather, you need to have a sustained campaign built on a long-term strategy that's tied to the social fabric of the community and that is embraced by the people and supported by government. It's a long-term exercise. As we've evolved and built our asset base, it has dawned on our shareholder—and the community at large—that this is a multi-generational exercise to undo the injustices that have been done. I'm fortunate that I was here to set the ship in motion but the journey will greatly outlast my tenure.

We're goal oriented as a corporation. We focus on connecting our actions to long-term goals. Our strategic goal is "Autonomy 150 by 2030". What this means is that we are aiming to generate \$150 million of annual recurring direct economic impact by the year 2030. We believe this goal will empower our future leaders to make decisions that are uniquely different than the ones that our leaders make today. Decisions that are immune from outside political influence and are focused squarely on

strengthening our nationhood. Our role as a Development Corporation, in a community like the Six Nations, is to help provide the resources to create a brighter future for the next generation.

What allowed the SNGRDC to quickly grow its portfolio of green energy projects to well over 1000MW?

Jamieson: In the early days, we had to force our way into the narrative around these renewable energy development activities. We were more limited in our ability to participate. We were too small to have a major equity role. At that point, we could raise small amounts of financing through banks and other means, but we still sought loan guarantees from the council and were dependent on existing banking structures. We didn't really have the financial ammunition to play at a higher, more serious level.

However, as we grew our balance sheet through participating in projects, we matured and became more sophisticated. Having strong knowledge of how the sector works, we were able to evaluate the degree of risk we were willing to accept. We could also leverage the importance of Indigenous participation to help move projects forward. Energy development companies learned that, if you want to build in a traditional territory, it's helpful to have a willing community partner. This partnership can be parlayed into the certainty that these partners sought.

Our early projects started with equity bridge-type structures. The counterparty would actually fund our equity stake, often with a waterfall distribution model that would repay the debt and provide community benefits over time. Once the project is operational with stable cash flows we pursue more favourable financing to take out those equity bridge deals. In Ontario, we have the Aboriginal Loan Guarantee Program which helps underwrite equity financing which is great, however that leaves 25% unfunded which is beyond the reach of many Indigenous communities. Overcoming this barrier requires creativity and with the passage of time, we've been able to increase our level of sophistication. We now have multiple ways in which we can participate and structure deals. This has enabled us to make sizable equity investments without seeking bridge financing. This enhances our negotiating power and puts us in a more favourable position.

As an Indigenous community, we're proud to say that we started off as a 5% or 10% passive equity investor in some of these large projects. Now, we're a 50% developer in solutions that bring value, not just to us but to the ratepayers across the province. We think that's a significant accomplishment.

Your strategy has focused on generation assets and, recently, battery storage. What's next?

Jamieson: We are looking at diversifying our portfolio. The renewable space was something that we could easily latch onto because the values associated with renewable energy clearly aligned with the values of the community—but we're not limited to the energy sector.

We look at ourselves as a private equity fund moving forward. We're looking at strategic plays and investment opportunities in Europe, the United States, and various parts of Canada. Our investment thesis has evolved, and we are interested in fishing where the fish are – provided that it fits within our values of sustainable and net positive impacts on environment.

I believe that, maybe not under my watch, but in the in the very near future, we will become a multi-billion dollar corporation. The Development Corporation will lead our community to a future that we've long aspired to and that's exciting.

Your efforts and that of the Development Corporation have been recognized with national accolades. Is there one award that you hold above the others?

Jamieson: Any time the Development Corporation gets recognized for moving forward in a progressive and positive way, it feels great. Fairly consistently, we have been on Canada's best managed company list which is a reflection on our management team, our strategy, and how we have utilized our governance model, in a transparent and accountable way.

I can tell you that as my kids have grown, they've watched some of the things that we've done. When we go to the cottage, they can see the wind farms that we've developed. They'll say, "Hey Dad, is that one of ours?" That makes me proud. I can show them what we're actually doing, and we're just getting started. Nobody has ever accused me of not being a big thinker!

AUTHORS

Brandon Schaufele is the Director of the Ivey Energy Policy and Management Centre and an Associate Professor in Business, Economics and Public Policy at the Ivey Business School. Prior to coming to Ivey in 2014, Brandon was an Assistant Professor in the Department of Economics at the University of Ottawa as well as the Research Director of Sustainable Prosperity. Brandon's research focuses on the economics of energy and the environment and the economics of law. Among other places, he has published papers in the American Economic Journal: Applied Economics, Journal of Environmental Economics and Management, Energy Economics and the Canadian Journal of Economics.

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