# ACR Aboriginal Programs Project
# Program Template

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| **Program Area:** | 3.0 | Business Development |
| **Sub Program:** | 3.2 | Strengthening Business Capabilities |
| **Template:** | **3.2.6** | **Purchase of Facilities by First Nations** |
| **Sponsor(s):** | *TransAlta Corporation* | |

## 1. Objective

To facilitate opportunities for the purchase of TransAlta's transmission facilities located on reserve lands by a group of First Nations.

## 2. Description

It is TransAlta's desire to exit the regulated transmission business due to deregulation and realignment with the company's business goals. Twelve First Nations expressed interest in this business opportunity. The following are phases identified for a process for the twelve First Nations to become a transmission facility owner/operator (TFO):

- Indian and Northern Affairs Canada (INAC) funding (RAN program) can be applied for to assist the First Nations to prepare the proposal for the purchase of the facilities
- Interested First Nations must meet certain criteria set out by the regulator and TransAlta – .e.g. capacity to manage the transmission facility, financial capability, operations and maintenance agreement with a qualified contractor
- TransAlta meets with the First Nations to inform them of objectives and criteria for necessary the transfer of ownership
- TransAlta directs First Nations to the First Nations Resource Council (the organization that makes recommendations for proposal funding approval to Economic Development Board of INAC)
- First Nations gain understanding of budget requirements, how to operate a business, and how to prepare a business case for funding
- INAC funding approval for proposal is acquired
- The First Nations form a company - at this time, a qualified transmission facility operator may partner or joint venture with a First Nation group to provide expertise
- With potential for purchase in sight, financing is secured, a regulator hearing is held, approval is in place, and closing documents are signed

## 3. Implementation

Some of the key elements for implementation and management of this program are:

- It is a challenge to construct business opportunities when dealing directly with a number of First Nations that are attempting to work together as part of the same business venture.
- It is important to attempt to separate business from other band priorities.

## 4. Timeframe for Results

Slow process due to the number of First Nations involved and internal band politics.

## 5. Measurable Criteria

- Creation of a successful Aboriginal business model with good growth potential
- Creation of a sustainable and skilled Aboriginal employment base
- Creation of sustainable income, economic and other benefits for the Aboriginal community

## 6. Budget

Substantial time and resources are required upfront to facilitate the transfer of ownership of the transmission facilities.

## 7. Sponsors

TransAlta and twelve First Nations with TransAlta transmission assets

## 8. Experience with the Program

This transfer of ownership program was initiated in fall 2002. No transactions have been completed to date, but TransAlta is optimistic that progress towards a sale will continue.

## 9. General Applicability

While this particular example is related to electric power generation, this program may be of interest to companies looking at potential opportunities to divest assets, facilities or operations in proximity to Aboriginal communities.

## 10. Additional Information or Support

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