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Community Benefit Sharing Study

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Nunavut Nukkiksautiit Corporation

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Table of Contents

Table of Contents	ii
List of Appendices	iii
List of Acronyms	iv
1.0 Introduction	1
1.1 Nunavut Nukkiksautiit Corporation	1
1.2 Scope	1
1.3 Context.....	2
2.0 The Importance of Community Participation in Renewable Energy Development Projects	4
3.0 Value Creation & Community Priorities.....	5
3.1 Community Priorities.....	5
3.2 Community Vision	5
3.3 Community Values.....	6
3.4 Inuit Qaujimajatuqangit	6
4.0 Financial Benefit Sharing Structures	8
4.1 Benefit Sharing Value Criteria	8
4.2 Benefit Sharing Structures.....	10
4.3 Benefit Sharing Models Summary Table.....	17
5.0 Benefit Sharing Framework.....	23
5.1 Community Questionnaire.....	23
6.0 Sanikiluaq Case Study.....	26
6.1 Community Overview	26
6.2 Demographics	27
6.3 Project Overview.....	27
6.4 Benefit Sharing Framework Evaluation.....	28
6.5 High-Level Quantitative Assessment of Top Three Benefit Sharing Structures	29
7.0 Conclusions & Recommendations.....	31
8.0 References	32



List of Appendices

Appendix A – Blank Benefit Sharing Framework

Appendix B – Hamlet of Sanikiluaq Benefit Sharing Framework



List of Acronyms

BESS	Battery Energy Storage System
CAD	Canadian Dollars (\$)
CanNor	Canadian Northern Economic Development Agency
CGS	Community & Government Services
COD	Commercial Operations Date
CSOP	Consumer Stock Ownership Plan
GN	Government of Nunavut
IPP	Independent Power Producer
kW	Kilowatt
kWh	Kilowatt-hour
LP	Limited Partnership
NNC	Nunavut Nukkiksautiit Corporation
PPA	Power Purchase Agreement
QEC	Qulliq Energy Corporation
QIA	Qikiqtani Inuit Association
SPV	Special Purpose Vehicle



1.0 Introduction

Nunavut Nukkiksautiit Corporation (NNC) responded to a Canadian Northern Economic Development Agency (CanNor) request for expressions of interest (EOI) in February 2021 and submitted a full proposal in April 2021 to explore the participation of Nunavut communities in clean energy development projects, including various benefit sharing structures. The work was awarded in October 2021 for completion by March 31st, 2022.

With the unique governance model of community infrastructure in Nunavut, and other regions, there exists significant economic potential for hamlets across the territory to benefit from participation in renewable energy infrastructure (and other) development projects. There also exist several systemic/structural challenges to enable this type of ownership; this is explored throughout this study.

As natural resources are developed, local communities, and Nunavummiut should share in the distribution of benefits for such developments, allowing communities to grow and thrive well into the future.

1.1 Nunavut Nukkiksautiit Corporation

NNC is a subsidiary of Qikiqtaaluk Corporation, a wholly owned Inuit birthright development corporation created by the Qikiqtani Inuit Association (QIA). NNC tailors renewable energy projects that are affordable, reliable, and accessible for Nunavut's Qikiqtani communities.

NNC's aim is to sustainably power Nunavut's Qikiqtani region by empowering communities and supporting regional-community ownership structures for renewable energy projects, reflecting the needs of Nunavummiut as voiced by communities and Inuit leaders. Investments help protect lands, create jobs, and provide financial returns for the growth and well-being of communities.

1.2 Scope

To provide fair and equitable returns to communities from development projects, it is critical to develop a solid understanding of benefit sharing mechanisms and community participation alternatives beyond direct equity ownership. It is particularly important to understand the mechanisms by which Nunavummiut will benefit the most in line with community capacity and risk tolerance, while considering community-stated priorities. Traditional business models are well-understood but the ability for renewable energy infrastructure projects to provide fair and equitable returns to Northern communities is not well-defined.

This study aims to explore different mechanisms by which communities can participate in, and benefit from, renewable energy (and other) development projects to generate value in line with their own stated priorities, capacity, and risk tolerance. Some high-level objectives for this work are:

- Identify and assess benefit sharing mechanisms for community-led and Inuit-owned renewable energy projects.

- Develop a framework to engage community organizations, community leaders, and community members to identify the value drivers to be considered in advance of decision-making related to community participation in renewable energy developments.
- Assess Qulliq Energy Corporation's (QEC) independent power producer (IPP) pricing structure and the ability of renewable energy projects to return value to communities within the confines of the pricing structure.
- Conduct a quantitative case study for the Sanikiluaq Wind Energy + Battery Energy Storage System (BESS) Project to explore community participation and community value.
- Develop a community partnership framework for renewable energy developments in remote and northern regions.

1.3 Context

As the world, and Nunavut, begin to transition away from carbon-intensive generation sources, renewable energy projects will be a keystone in the transition and future green economy. There is a substantial interest in the development of renewable projects and a wealth of investment/funding available for renewable infrastructure in remote and northern communities.

The value of funding programs should be shared with, and returned directly to, the communities that they target to help. Renewable energy projects should endeavour to return financial, social, and environmental value to communities in a way that encourages equitable, dignified, sustainable, and joyful living in alignment with the preservation of people, culture, language, and environment. Development renewable energy projects should focus on community first, helping build community resiliency for generations to come.

Researchers in other subject matters have proposed a PLACE model based on the success of the Shorefast Foundation in Fogo Island, Newfoundland & Labrador in building cultural and economic resiliency. The PLACE model stands for (Slawinski et al. 2019):

- **P**romoting community champions;
- **L**inking insiders and outsiders to share knowledge and build expertise through a bi-directional flow of information;
- **A**ssess local capacities;



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- **C**onvey compelling narratives that build morale and support community development; and
 - **E**ngage both/and thinking, which brings together seemingly contradictory goals, such as community and business objectives, rather than forcing a choice between them (either/or).

The PLACE approach can be applied to renewable energy development projects by:

- Engaging community leaders to steward the responsible development of renewable resources and the subsequent distribution of value from renewable energy projects;
- Build community capacity through bi-directional knowledge sharing and training during project execution to arm community members with the skills and knowledge for careers in a low carbon economy and to educate project developers on appropriate engagement with communities and the environment to promote cultural and environmental sustenance;
- Evaluate the resources available within communities and incorporate in project design/execution to avail of the knowledge/expertise and Inuit Qaujimajatuqangit that can help guide sustainable development and operation of renewable energy facilities;
- Actively monitor and report on the value being returned to the community with honesty and transparency. Report on the goals that are being achieved using the returned value; and
- Connecting communities and business to align objectives throughout the entire project development process to assure the incorporation of local knowledge and expertise, and to ensure there is informed and ongoing consent for the development of resources that will be mutually beneficial for both community and business.

In addition to building cultural and economic resiliency by returning financial, social, and environmental value to communities, the shared benefits of renewable energy projects can promote both energy independence and energy security for remote and northern communities, who already face challenges related to the reliability of essential infrastructure. Responsibly developed renewable energy projects can significantly decrease the burden of mitigating these challenges.



2.0 The Importance of Community Participation in Renewable Energy Development Projects

Community benefit sharing strategies are mutually beneficial relationships developed to pursue a common goal by sharing and leveraging strengths, talents, and knowledge in the interest of both the business and community (The Center for Corporate Public Affairs 2008). Through partnerships, businesses and communities can establish a framework with a common vision, purpose, morals, and values.

Direct community participation in development projects generally produces better results that are more socially acceptable and aligned with community priorities. It can promote responsible development, foster stronger participation, and renew confidence by incorporating community-driven inputs with decision making. This is achieved while helping establish the benefit structure for returning the financial value to communities. In projects, community partnership encourages community participation, economic development, social development, and self-sufficiency in the community.

In addition to returning financial benefits, community participation ensures that community interests and priorities are protected throughout the entire development process. Community participation allows for better stewardship of local assets, control over future assets, and develops local capacity to promote self-sufficiency and sustainability within the community. Early and continuous engagement can also lead to increased job opportunities, infrastructure development, and increased investment, resulting in economic development (Hanna 2017). Subsequently, community members can gain new skills, create higher standards of living, and develop a sense of community, encouraging social development.

It is critically important that the value generated by renewable energy projects is shared with communities through the fair and equitable development of natural resources within the community while ensuring the protection of people, environment, and culture.



3.0 Value Creation & Community Priorities

To establish focus areas for value creation and obtain consent relating to project development, it is important to understand the self-identified goals, objectives, and priorities of the community. It is imperative that the overall targets of project development align with the stated priorities of the community. It is also essential that community values/inputs are incorporated into project planning and design in advance of decision-making with respect to an appropriate benefit sharing arrangement. A foundational understanding of the possible community value drivers is of critical importance in aligning the values of both community and project.

This section briefly explores community priorities, possible value criteria for incorporation in development projects, and Inuit Qaujimajatuqangit.

3.1 Community Priorities

The priorities of hamlets and communities will vary according to the discrete circumstances and objectives of each community. The sample community priorities presented herein are specific to the Hamlet of Sanikiluaq and can be used as a representative set of community priorities for the purposes of this study. This document intends to demonstrate community priorities can be used to inform the design and planning of renewable energy development projects, using the Hamlet of Sanikiluaq as a specific use case.

The Municipality of Sanikiluaq prepared several documents discussing the community's vision, values, priorities, goals, and opportunities including a 2020-2023 Strategic Plan and a 2019-2023 Community Economic Development Plan.

3.2 Community Vision

The Municipality of Sanikiluaq's stated vision is "Building a community where everyone has the opportunity to achieve their potential and be proud to be Sanikiluarmitut." (Municipality of Sanikiluaq, n.d.).

This vision aligns directly with the philosophies of the PLACE model in helping to build economic and cultural resiliency for communities (Slawinski et al. 2019). The philosophies of this model can be applied to community participation in renewable energy projects in support of the community's stated vision.



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- ᐱᐅᑦᑦᑦᑦ - **Pijitsirniq** – Serving and providing for family and/or community.
 - ᐱᐅᑦᑦᑦᑦ - **Aajiiqatigiinni** – Decision making through discussion and consensus.
 - ᐱᑦᑦᑦᑦᑦ - **Pilimmaksarniq** – Development of skills through observation, mentoring, practice, and effort.
 - ᐱᑦᑦᑦᑦᑦ - **Ikajuqtigiinni** – Working together for a common cause.
 - ᑦᑦᑦᑦᑦᑦ - **Qanuqtuurniq** – Being innovative and resourceful.
 - ᐱᑦᑦᑦᑦᑦ ᑦᑦᑦᑦᑦᑦ - **Avatittinnik Kamatsiarniq** – Respect and care for the land, animals, and the environment.

Inuit Qaujimagatuqangit and the guiding principles should be incorporated in all community development projects to ensure cultural, economic, and environmental sustainability and cement project success in line with the mutual interests of communities and developers alike. The above Inuit Qaujimagatuqangit values also reflect the same values identified by the Hamlet of Sanikiluaq (Municipality of Sanikiluaq n.d.) and the Sanikiluaq Wind + BESS Project aligns with both community and Inuit Qaujimagatuqangit values.



4.0 Financial Benefit Sharing Structures

For the purposes of the benefit sharing framework (Section 5.0), **it is assumed that all appropriate community engagements are completed for development projects advancing to the point of a financial benefit sharing discussion. It also assumes that any project advancing to this stage has explicit (not implied) informed and ongoing consent to continue development activities from the community.**

This means that the community vision, values, priorities, and Inuit Qaujimajatuqangit should be incorporated in a project's design/planning well in advance of benefit sharing structure decisions. The community should be fully informed ahead of decision-making regarding their participation in development projects.

It is also important to consider the unique challenges, strengths, and priorities of individual communities in their own specific context when exploring benefits sharing options for specific resource development opportunities.

This section explores some of the possible financial benefit sharing structures that were considered in the development of the benefit sharing framework to help further inform communities in their decision-making process.

4.1 Benefit Sharing Value Criteria

Value criteria are the factors that most influence the value of the opportunity. Value drivers can include uncertainties as well as other factors. Value criteria can be anything that allows decision makers to objectively evaluate one alternative versus another. Value drivers should not be subjective; they should be objective measures that are important to the decision maker (or community in the case of this Benefit Sharing Framework), and relevant to the opportunity (Skinner 1999).

To protect and enhance the autonomy of Indigenous communities, researchers suggest that “truly sustainable renewable energy developments require a project design that reflects community values, incorporates community control, and incentivizes Indigenous ownership.” (Mercer et al 2019).

Some possible value criteria identified for the Community Benefit Sharing Study are:

1. **Capacity Building** – Providing education and knowledge towards betterment of society. Can also provide knowledge and skills for members within a community to improve personal lives and help societies to run smoother (Chiang 2020). Bi-directional flow of knowledge and skills through capacity building is important in benefit sharing arrangements.
2. **Capital Cost/Operating Cost** – Communities often have important infrastructure needs and work with limited operating/capital budgets. It is important that benefit sharing structures cap the risk exposure for communities to ensure continued success.



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3. **Economic Sustainability** – Communities are often limited in their capacity to invest and frequently rely heavily on the consistency of current revenues. It is critical to ensure the economic sustainability of development projects to protect communities from undue financial risk.
 4. **Effectiveness** – Aligning and using people and resources in the organization to maximize the purposeful benefits to stakeholders (Terry 2019). It is important to ensure that benefit sharing structures do not place undue strain on community members and leaders.
 5. **Environment and Sustainability** – Protecting and having a positive impact on the environment and promotes sustainable development (Chiang 2020).
 6. **Growth** – Benefit sharing arrangements should consider mechanisms for expanding the level of stakeholder benefits throughout the project life (Terry 2019).
 7. **Liquidity** – It is valuable for communities to have access to benefits on a regular basis and ensure that benefits are locked into projects to fulfill obligations under benefit sharing structures.
 8. **Local Employment** – Important to ensure local employment through partnerships and project development. This is something that should be considered as a requirement for any benefit sharing structure.
 9. **Protection** – Mitigate the incidence or severity of risks in the organization (Terry 2019). Benefit sharing structures should be designed such that communities are not exposed to unreasonable levels of liability from projects.
 10. **Regulatory Complexity** – Complex legal structures are often not compatible with the operating structures of communities. It is important to ensure that communities have capacity to manage the obligations associated with the legal structures of benefit sharing arrangements.
 11. **Reliability** – Given that communities often work with limited operating and capital budgets, it is valuable when communities can rely on consistent streams of revenue. This allows project revenues to be considered and included in annual community planning/budgeting.
 12. **Security and Safety** – Ensuring safety from undesirable outcomes caused by deliberate threats and being protected from harm of unintended threats (Chiang 2020). Benefit sharing arrangements should be implemented such that the community personnel are not exposed to undue safety/security risk resulting from their obligations through the benefit sharing arrangement.
 13. **Stakeholder Support** – Stakeholder interests are important to consider as stakeholders are the people primarily affected by project outcomes. It is critical to maintain favourability and to act in the interest of community members and other stakeholders in line with their stated priorities.

This list is not exhaustive, and it is important for communities to consider the value criteria related to their own discrete set of circumstances in the decision to participate in any development project.



4.2 Benefit Sharing Structures

This section provides a brief overview of some of the mechanisms for sharing benefits from development projects with communities. The benefits and drawbacks of each mechanism/structure are summarised in Section 4.3.

4.2.1 Community Enhancement Fund (Fixed Contribution)

The community enhancement fund benefit sharing arrangement is managed through a dedicated sole purpose fund that is owned by the project developer. It does not require the hamlet to create a separate corporation and avails of the developer's existing corporate governance structure thereby avoiding the associated set up costs and ongoing maintenance and compliance costs.

The community enhancement fund is funded through the proceeds of development projects; and specifically, it is funded by the project developer. Payment to the community enhancement fund is based on contractual obligations of each project's development structure.

The governance of the community enhancement fund and the use of funds can be guided by a governance document that describes the objectives and purposes of the funds. The developer can undertake community consultations annually to solicit community desires and priorities that meet the objectives and purposes of the community enhancement fund. This provides the community with flexibility to apply the funds as required towards community wants and needs. The overall determination on use of the funds will be guided by a governing body consisting of community members; the use of funds will not be guided by the project developer.

Under the fixed contribution scenario, the contribution consists of a fixed amount annually. For the fixed contribution community enhancement fund there is a set amount of revenue upon which the community will receive annually, and it can therefore be built into community planning.

The benefits of the fixed contribution community enhancement fund are:

- No set up cost for community;
- No ongoing maintenance and compliance costs (accounting fees, corporate fees, and legal fees);
- No operations risk or contractual liability for community;
- No initial capital investment required from community;
- Fixed annual benefit that can be applied to community planning; and
- Free use of the proceeds towards community objectives and priorities.

The drawbacks of the fixed contribution community enhancement fund are:

- Possible that other benefit sharing models will return marginally greater financial returns associated with additional risk exposure.



4.2.2 Community Enhancement Fund (Shared Revenue)

The shared revenue community enhancement fund is corporately the same as the fixed contribution community enhancement fund with the difference being that the shared revenue arrangement is based on a defined percentage of annual project revenues instead of a fixed amount.

The benefits and drawbacks of this approach are the same as the fixed contribution community enhancement fund with the exception that there is no fixed annual benefit and there can be minor volatility in the cash flows that can be expected by the community, and it is challenging to consider volatile cash flows in community planning. To mitigate volatility, it is possible to consider a combination of the fixed contribution community enhancement fund and the shared revenue community enhancement fund, whichever provides greater return to the community with the approach decided on an annual basis.

4.2.3 Co-Operative / Consumer Stock Ownership Plan (CSOP)

A consumer stock ownership plan (CSOP), also referred to as a co-operative, is a financing technique that uses an intermediary corporate vehicle to facilitate the involvement of individual investors through a trusteeship. It is a type of investment transaction that may use external financing, thereby achieving the benefit of financial leverage. The acquisition loan is repaid from the future earnings of the shares acquired (Lowitzsch 2019).

The benefits of CSOPs are:

- Allows individuals to invest in development projects; and
- Can help communities that may not have the funding for direct investment.

The drawbacks of CSOPs are:

- Unless the community invests in the CSOP, the community does not receive any benefits; and
- Community members without the means to invest do not receive benefits, therefore, those without disposable income to invest are left behind and excluded from sharing the benefits of development projects.

4.2.4 Initial Lump Sum Payment

The initial lump sum payment is a benefit sharing arrangement whereby the project developer pays an upfront fee to the community through a community owned corporation for development of the project. The community forfeits the opportunity for steady/annual income associated with the project and it is unlikely to foster participation or pride in the community project (NYSERDA 2020).

The initial lump sum payment requires considerable set up and maintenance costs associated with the vehicle required to accept the lump sum payment.

The benefit of the lump sum payment benefit sharing structure is:

- Immediate receipt of financial value for community.

The drawbacks of the lump sum payment benefit sharing structure are:

- Reduced overall financial value of benefits;
- No continued participation or community pride in project;
- No annual/continued revenue for community; and
- Complex legal and accounting requirements/costs for set up and maintenance.

4.2.5 Investment Options

Investment options are very similar to the co-investment/joint venture models with the difference that the community is given 'options' to invest. The community is given the right, but not the obligation, to invest in the project before the start of construction (Haggett et al. 2015).

The advantages and drawbacks of this benefit sharing structure are the same as the joint venture model described in Section 4.2.6 with the added benefit that the community is given additional time to secure capital or decide on whether to participate in the project (Haggett et al. 2015). The added downside for this approach is that the community stands to miss out on benefits entirely if they elect not to invest in the project.

4.2.6 Joint Venture/Equity Ownership

For the joint venture/equity ownership benefit sharing structure, a joint venture special purpose vehicle (SPV) can be set up, which is part owned by both the community and the project developer. The community may have a right to vote on the SPV's activities, however, it is not always a 50/50 arrangement, and, in most cases, the community will be a minority shareholder – for example, the community will typically hold 10% of shares or potentially less for larger developments (Scottish Government 2019).

This type of benefit structure is usually set up when projects are at an early age, however, a community could buy into the project after development has begun by contributing a share of the sunk costs. In this benefit sharing arrangement, the benefits and costs are fully shared in line with the respective equity/ownership percentages. A community's contribution can sometimes be made through government grants or low-interest repayable loans (Robinson 2018).

The benefit of the joint venture/equity ownership benefit sharing structure is:

- It is likely that this model will return the highest financial value of the benefit sharing structures. The additional financial value is associated with the risk assumed by the community under this structure.

The drawbacks of the joint venture/equity ownership benefit sharing structure is:

- Incomes from this benefit sharing structure are volatile and are not guaranteed annually;
- The community must raise the capital for the upfront investment;
- There are complex legal and operational requirements associated with the set up and maintenance of a corporate vehicle to hold the community's ownership;
- Requires ongoing operations staff and board level oversight for the project SPV;



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- Community control is likely to be limited to 'reserved matters' (Robinson 2018); and
 - It exposes the community to an undue level of risk associated with the operations cost and liabilities associated with ownership of the project.

4.2.7 Minnesota Flip

The Minnesota Flip benefit sharing structure is developed to allow local owners/communities to own a significant portion of the renewable energy project, while partnering with an equity investor or project developer (Yarano et al. 2007).

Through this benefit sharing structure, a corporation or limited partnership (LP) (a limited liability corporation is used in the United States but does not exist in Canada) is formed by the community and the project developer. In most cases, the project developer covers all expenses associated with completing pre-development activities, permitting, resource assessments, interconnection & transmission studies, and finances the acquisition of the equipment and project construction. The articles of incorporation and corporate by-laws allocate governance and financial rights between participants. They also determine a date when the ownership structure 'flips' so that the community has a controlling interest in the project for the remainder of the project's life. Projects are usually structured so project developers have a controlling interest for at least the first ten years (or simple payback period) to enable the project developer to recover the initial capital investment and pay down the debts associated with the project (Yarano et al. 2007).

This benefit sharing structure is very complicated and is typically used to allow investors with large incomes to shed tax obligations. The liability associated with projects under this benefit sharing structure often ends up entirely on communities in the long-term.

The benefits of the Minnesota Flip benefit sharing structure are:

- Provides access to larger ownership percentages for communities who may not have access to capital at project outset; and
- Investors receive a very large percentage of revenues throughout the payback period to cover the risk associated with the investment.

The drawbacks associated with the Minnesota Flip Benefit Sharing structure are:

- Community is still exposed to operational risk of the project;
- Liability often ends up entirely with the community in the long-term;
- Requires complex legal structure and it is unclear if this is legally viable in Canada; and
- Benefits associated with this structure are volatile and are not guaranteed on an annual basis.

The only examples for this model are in the United States and are heavily associated with renewable energy production tax credits (not available in Canada). Further legal research is required to determine whether this benefit sharing structure is applicable in Canada.



4.2.8 Royalty Payments

Royalty payments are payments received through agreements to compensate communities for the natural resources developed in the community or the land they are developed on. In a royalty type arrangement, the developer would pay the community an agreed percentage of revenues received from the sale of electricity produced by the renewable energy project. The percentage of this payment is negotiated between the community and the developer.

Royalty arrangements ensure an ongoing economic partnership between the community and the developer while guaranteeing benefits for the community (providing that the turbines are generating the expected power). The royalty payment will fluctuate based on the project revenues, which vary annually depending on both production and demand.

Hamlets in Nunavut are governed by the *Hamlets Act* (Nunavut) which prescribes the powers and duties of municipal hamlet corporations. Further legal research is required to determine whether the payment of royalty fees to hamlets is permitted (or prohibited by) the *Hamlets Act*.

The benefits of the royalty fee benefit sharing structure are:

- No required capital investment;
- No operations risk or contractual liabilities for community; and
- Free to use proceeds towards community objectives and priorities.

The drawbacks of the royalty fee benefit sharing structure are:

- Benefits to hamlet are volatile and not consistent year over year;
- Additional legal and set up/maintenance costs;
- Legality of royalty payments to hamlets is not clear and may require additional legal costs associated with set up and maintenance; and
- Royalty fee benefits are often less than those received through other benefit sharing mechanisms.

4.2.9 Shared Revenue

Under the shared revenue benefit sharing arrangement, the project developer owns the development, with the community buying the right to a defined percentage of revenue or net revenue. The community does not own any shares, and therefore does not have voting rights on any of the project/developer's activities (Scottish Government 2019).

In this arrangement, the community invests in the project at the outset of construction, or shortly after commissioning. The investment price is a proportion of the development and construction costs, and the community earns a percentage of revenues based on its investment (Robinson 2018).

The benefits of the shared revenue benefit sharing structure are:

- No operations risk or contractual liabilities for community; and



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- Free to use cash flows for community objectives and priorities.

The drawbacks of the shared revenue benefit sharing arrangement are:

- Requires initial capital investment from community;
- Cash flows to community are volatile and not guaranteed year over year;
- Additional legal and set up/maintenance costs; and
- No voting rights despite capital investment.

4.2.10 Split Ownership

Under the split ownership benefit sharing arrangement, the development is split in two and is owned discretely by the community and the project developer (Scottish Government 2019). The project (usually a wind farm) is divided into two parts (not necessarily equal parts), with different organizations owning different turbines (Robinson 2018). The overall corporate structure and community requirements for the split ownership model are very similar to the joint venture/equity ownership structure with the main difference being that there is no joint venture between community and developer, rather the community owns discrete turbines forming part of the overall project.

The benefits of the split ownership benefit sharing arrangement are:

- Can offer higher returns to the community; and
- Possible image/reputation benefit associated with ownership of specific wind turbines.

The drawbacks of the split ownership benefit sharing arrangement are:

- Community's income is volatile and dependent on production from the turbines owned specifically by the community;
- Complex legal structure required to set up the SPV for the project;
- Operations & maintenance requirements for community;
- Possible that this benefit sharing structure could incentivize vandalism to other turbines to favour energy sales from specific turbines;
- Contractual liabilities for community; and
- Additional contractual complexities or inability to share equipment associated with the implementation of energy storage technologies in projects.

4.2.11 Traditional Community Benefit

Traditional community benefit structures are policies/agreements adapted between governments or communities, and project developers that requires providing benefits to the community from development projects. No community investment is required under this benefit sharing structure and it may be used in addition to one of the other benefits sharing structures noted herein. The traditional approach is for the



developer to pay a fixed annual payment to a community fund (Section 4.2.1); however, it may be possible to convert future benefits into equity ownership (Robinson 2018).

This section will focus on alternative benefits that can be provided through the traditional community benefit structure such as: land lease fees, employment opportunities, preferential procurement, local infrastructure, or training/capacity building.

Land Lease Fees – Land lease fees are often paid to landowners on which projects are developed. In Nunavut, this is a requirement through the Government of Nunavut’s (GN) Community and Government Services (CGS) division. Land leases are typically transferred to the community before the start of operations and allow the community to collect the land lease fees for the respective development projects.

Employment Opportunities – Projects should endeavor to give preferential treatment to locals and community residents throughout the recruitment process.

Preferential Procurement – Procurement activities should favor qualified local companies within the communities where projects are being developed. This should be viewed as an opportunity to reinvest in the local economy and provide additional economic stimulus in relation to development projects.

Local Infrastructure – Projects should consider project infrastructure requirements in concert with community needs. Opportunities should be explored to support local infrastructure development beyond the end of project construction. For example, it is possible that a community needs heavy equipment that will be used by the project. There are opportunities to support procurement and share costs to help communities obtain the required infrastructure through project developments.

Training / Capacity Building – Opportunities should be explored for bi-directional learning for community residents and project personnel. This includes training for future careers in the respective fields of the development project.

While the benefits through this structure are discussed here, it is believed that some form of this benefit sharing structure should be mandatory to supplement other benefit sharing structures discussed herein. This benefit sharing structure was therefore omitted from the benefit sharing framework (Section 5.0).



4.3 Benefit Sharing Models Summary Table

The benefits and drawbacks of each benefit sharing model are summarized in Table 1.

Benefit Sharing Model	Benefits	Drawbacks
Community Enhancement Fund (Fixed Contribution)	<ul style="list-style-type: none"> • No set up cost for community; • No ongoing maintenance and compliance costs (accounting fees, corporate fees, and legal fees); • No operations risk or contractual liability for community; • No initial capital investment required from community; • Fixed annual benefit that can be applied to community planning; and • Free use of the proceeds towards community objectives and priorities. 	<ul style="list-style-type: none"> • Possible that other benefit sharing models will return marginally greater financial returns associated with additional risk exposure; and • Direct ownership control of project assets remains with developer.
Community Enhancement Fund (Shared Revenue)	<ul style="list-style-type: none"> • No set up cost for community; • No ongoing maintenance and compliance costs (accounting fees, corporate fees, and legal fees); • No operations risk or contractual liability for community; 	<ul style="list-style-type: none"> • Potential volatility in cash flows as revenue is entirely dependent on annual energy generation; • Possible that other benefit sharing models will return marginally greater financial returns associated with additional risk exposure; and

	<ul style="list-style-type: none"> No initial capital investment required from community; Fixed annual benefit that can be applied to community planning; and Free use of the proceeds towards community objectives and priorities. 	<ul style="list-style-type: none"> Direct ownership control of project assets remains with developer.
<p>Co-Operative / Consumer Stock Ownership Plan (CSOP)</p>	<ul style="list-style-type: none"> Allows individuals to invest in development projects; and Can help communities that may not have the funding for direct investment. 	<ul style="list-style-type: none"> Unless the community invests in the CSOP, the community does not receive any benefits; and Community members without the means to invest do not receive benefits.
<p>Initial Lump Sum Payment</p>	<ul style="list-style-type: none"> Immediate receipt of financial value for community. 	<ul style="list-style-type: none"> Reduced overall financial value of benefits; No continued participation or community pride in project; No annual/continued revenue for community; and Complex legal requirements/costs for set up and maintenance.
<p>Investment Options</p>	<ul style="list-style-type: none"> It is likely that this model will return the highest financial value of the benefit sharing structures. The additional financial value is associated with the risk assumed 	<ul style="list-style-type: none"> Incomes from this benefit sharing structure are volatile and are not guaranteed annually; The community must raise the capital for the upfront investment;

	<p>by the community under this structure; and</p> <ul style="list-style-type: none"> • Additional time for community to secure capital or decide on project participation. 	<ul style="list-style-type: none"> • There are complex legal and operational requirements associated with the set up and maintenance of a corporate vehicle to hold the community's ownership; • Requires ongoing operations staff and board level oversight for the project SPV; • Community control is likely to be limited to 'reserved matters' (Robinson 2018); • It exposes the community to an undue level of risk associated with the operations cost and liabilities associated with ownership of the project; and • Community may miss out on benefits entirely if they choose not to exercise their options.
<p>Joint Venture / Equity Ownership</p>	<ul style="list-style-type: none"> • It is likely that this model will return the highest financial value of the benefit sharing structures. The additional financial value is associated with the risk assumed by the community under this structure. 	<ul style="list-style-type: none"> • Incomes from this benefit sharing structure are volatile and are not guaranteed annually; • The community must raise the capital for the upfront investment; • There are complex legal and operational requirements associated with the set up and maintenance of a corporate

		<p>vehicle to hold the community's ownership;</p> <ul style="list-style-type: none"> • Requires ongoing operations staff and board level oversight for the project SPV; • Community control is likely to be limited to 'reserved matters' (Robinson 2018); and • It exposes the community to an undue level of risk associated with the operations cost and liabilities associated with ownership of the project.
<p>Minnesota Flip</p>	<ul style="list-style-type: none"> • Provides access to larger ownership percentages for communities who may not have access to capital at project outset; and • Investors receive a very large percentage of revenues throughout the payback period to cover the risk associated with the investment. 	<ul style="list-style-type: none"> • Community is still exposed to operational risk of the project; • Requires complex legal structure and it is unclear if this is legally viable in Canada; and • Benefits associated with this structure are volatile and are not guaranteed on an annual basis.
<p>Royalty Payments</p>	<ul style="list-style-type: none"> • No required capital investment; • No operations risk or contractual liabilities for community; and 	<ul style="list-style-type: none"> • Benefits to hamlet are volatile and not consistent year over year; • Legality of royalty payments to hamlets is not clear and may require additional legal costs



	<ul style="list-style-type: none"> Free to use proceeds towards community objectives and priorities. 	<p>associated with set up and maintenance; and</p> <ul style="list-style-type: none"> Royalty fee benefits are often less than those received through other benefit sharing mechanisms.
Shared Revenue	<ul style="list-style-type: none"> No operations risk or contractual liabilities for community; and Free to use cash flows for community objectives and priorities. 	<ul style="list-style-type: none"> Requires initial capital investment from community; Cash flows to community are volatile and not guaranteed year over year; Additional legal and set up/maintenance costs; and No voting rights despite capital investment.
Split Ownership	<ul style="list-style-type: none"> Can offer higher returns to the community; and Possible image/reputation benefit associated with ownership of specific wind turbines. 	<ul style="list-style-type: none"> Community's income is volatile and dependent on production from the turbines owned specifically by the community; Complex legal structure required to set up the SPV for the project; Operations & maintenance requirements for community; Contractual liabilities for community; and



		<ul style="list-style-type: none">• Additional contractual complexities or inability to share equipment associated with the implementation of energy storage technologies in projects.
Traditional Community Benefit	Not included as it is believed that the traditional community benefits model should be used in addition to another model discussed herein.	Not Applicable (See benefits summary to left).

Table 1: Benefit Sharing Models Benefits/Drawbacks Summary



5.0 Benefit Sharing Framework

To baseline the benefit sharing structures and help communities assess suitability based on the discrete circumstances of the community, the study team developed a benefit sharing framework. The benefit sharing framework allows communities to conduct a high-level assessment of community operational/financial capacity and community risk tolerance/appetite using a series of questions scored on a Likert scale. The community capacity and risk tolerance scores are then used in combination with empirical scores assigned to the different benefit sharing frameworks based on their benefits and drawbacks to determine the most appropriate benefit sharing structure for the community's circumstances.

It should be noted that the outputs of the benefit sharing framework are simply recommendations to determine a starting point for communities in assessing their participation in development projects. Decision-making regarding community participation in development projects lies with the community, not the developer. Developers should be transparent with communities in their communication around community participation.

The following sections describe the framework as well as the methodologies used in its development. A sample use case of the benefit sharing framework is demonstrated in Section 6.4 for the Sanikiluaq Wind Energy Project. An unpopulated version of the Benefit Sharing Framework is in Appendix A.

5.1 Community Questionnaire

The initial step of the framework analysis is for the community to provide answers to the community capacity (Section 5.1.2) and risk tolerance (Section 5.1.1) questions/statements on a Likert scale (Brown 2010) using the following responses:

1. Strongly Disagree
2. Disagree
3. Neither Agree nor Disagree
4. Agree
5. Strongly Agree

5.1.1 Community Risk Tolerance

The first dimension evaluated by the Community Questionnaire (Appendix A) is the community's risk appetite/risk tolerance. This is a critical dimension in understanding how the community should participate in development projects as their ability to bear financial, operational, or legal risk will significantly influence the overall perceived benefit of different benefit sharing mechanisms.

The questions/statements used to assess the community risk appetite/risk tolerance are:

1. Our community has the capacity to invest large sums of money in development projects and maintain the investment vehicle.



-
2. Guaranteed income is more important than uncertain income, even if the amounts may be slightly lower.
 3. Risk-free income is better for our community than income requiring investment and operational liability, even if the amount may be slightly lower.
 4. Our community is in a financial position to accept the uncertainty associated with capital investment and has the financial means to invest in development projects.
 5. Our community is not overly concerned about unexpected operational expenses for our current assets (i.e., unplanned repairs).

5.1.2 Community Capacity

The second dimension assessed by the Community Questionnaire (Appendix A) is the community's operational, financial, and legal capacity. This is another dimension in understanding the best mechanism for community participation in development projects as the ability to manage new operational obligations, work with complex legal structures, and respond to financial requirements will also affect the overall perceived value of different benefit sharing mechanisms.

The questions/statements used to assess the community financial/legal/operational capacity are:

1. A major expense of \$50,000 or more would place undue strain on our community's finances.
2. Our community has an established development corporation that is operating smoothly and efficiently.
3. Our community has the capacity (operational & financial) to hire and oversee additional resources or staff at will, if required.
4. Our community has outstanding infrastructure needs that are not yet addressed because of financial constraints.
5. Our community staff can take on additional work beyond their current assigned duties.



5.1.3 Community Capacity & Risk Assessment

A score between one and five was assigned for the response to each statement/question. A higher score indicates that the community is more risk tolerant/has a greater risk appetite or has more financial/legal/operational capacity. As such, the scores were modified based on the positive or negative phrasing of the question such that they aligned with the overall intention of the assessment.

The overall community capacity and risk tolerance scores were assigned by taking an average of the scores to the individual statements in their respective categories.

5.1.4 Empirical Scores for Benefit Sharing Structures

To assess the overall alignment of the benefit sharing structures with the unique circumstances of communities, it was necessary to assign empirical scores for the perceived risk and required capacity (financial, legal, & operational) for each of the benefit sharing structures.

The scores for both perceived risk and required capacity were assigned empirically between one and five, with a higher score representing that the benefit sharing structure is perceived to be riskier or require more financial/legal/operational capacity from the community.

5.1.5 Overall Score

The overall score used in the assessment of the benefit sharing structures is calculated from a combination of the community capacity, community risk tolerance, and empirical scores of the benefit sharing structures to create a combined score between 0 and 25.

The overall score is the sum of a potential financial score (out of five), a capacity score (out of ten), and a risk score (out of ten). The overall score consists of:

Potential Financial Value

The Potential Financial Value score is a numerical ranking (out of five) assigned empirically based on the perceived potential range of financial benefits provided to the community under the given benefit sharing structure. There is no influence on this score from responses to the Community Questionnaire.

Capacity

The capacity score (out of ten) is calculated based on the community capacity score and the empirical required capacity scores. If the required capacity score is less than the community's capacity, the benefit sharing structure is assessed a score of ten. If the required capacity exceeds the community's capacity, the score is scaled linearly from ten to zero starting at the community's capacity. The benefit sharing structure capacity score is interpolated along the line to determine the appropriate capacity score for the structure.

Risk

The risk score (out of ten) is calculated using the same methodology as the capacity score above.

The total overall score for each of the benefit sharing structures is simply the sum of the three components with the highest score being more favourable.



6.0 Sanikiluaq Case Study

A wind plus battery energy storage project is currently under development in Sanikiluaq, Nunavut. This represents a good opportunity to apply the benefit sharing framework and assess the overall applicability of different benefit sharing models to that project.

The original intent of this study included the hiring of a resource in Sanikiluaq to liaise with the community and gather community feedback/inputs, however, no candidates came forward in time to facilitate completion of this work despite outreach to identify a candidate. The assessment herein of community priorities is therefore completed anecdotally based on high-level discussions with the community and interpretation of content written in community documents. It is considered representative for the purposes of this study as ultimate decision-making regarding community participation remains with the community, however more thorough engagement should occur with the community before this framework is applied officially.

This section provides an overview of the community, the project, and a sample assessment of the benefit sharing framework.

6.1 Community Overview

Sanikiluaq is the southernmost community in Nunavut, located at N56° and W79°. Sanikiluaq is in the eastern part of the Hudson Bay, in the Belcher Islands, approximately 150 kilometres off the coast of Quebec and 1,200 kilometres north of Ottawa (Government of Nunavut, n.d.). The terrain in the area is composed of many rocky cliffs that tower from 50 to 155 metres above sea level (Government of Nunavut 2013).

The Hamlet of Sanikiluaq was established in 1971, when the federal government centralized services and moved the buildings and inhabitants of 'South Camp', to 'North Camp'. Today, Sanikiluaq is a growing modern settlement with an economy based primarily on subsistence hunting, fishing, and soapstone carvings (Government of Nunavut, n.d.).



6.2 Demographics

6.2.1 Population Demographics

The population of Sanikiluaq is 885, demonstrating an overall growth of 18.8% from 2006 to 2016 (Odonaterra 2022).

The median age in Sanikiluaq is 22.3 (Odonaterra 2022) and the age demographics of the community are shown in Figure 1.

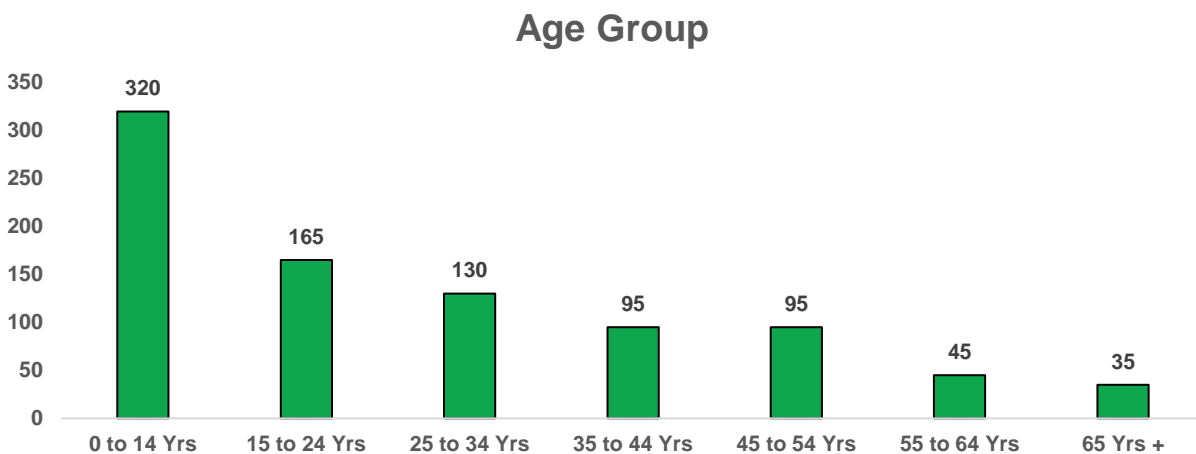


Figure 1: Sanikiluaq Population Demographics

Additional information relating to employment/income, housing, and Indigenous identity can be found in Odonaterra's *Sanikiluaq Project Socio-economic Impact Assessment* (Odonaterra 2022).

6.2.2 Existing Electrical Generation Capacity

Sanikiluaq has a total installed capacity of 1,430 kW and a firm capacity of 880 kW. Firm capacity refers to the total capacity less the largest unit of the plant. The peak demand in 2017 was 725 kW leaving a surplus capacity of 155 kW (Qulliq Energy Corporation 2021).

The forecasted peak load in 2025 is expected to be 804 kW, leaving only 76 kW of surplus capacity (Qulliq Energy Corporation 2021). This indicates that the community will soon require new generation if growth trends continue, and the community should benefit from any new developments while being presented with the opportunity to provide input on the desired form of generation.

6.3 Project Overview

The Sanikiluaq Wind Energy and BESS Project is a wind energy and storage platform tailored for deployment in the remote Hamlet of Sanikiluaq. The project configuration consists of 1,000 kW of wind generation capacity and 500 kWh BESS storage capacity. The expected useful life of the project is 30 years with an economic life of 20 years. The overall project goal is to assist in the abatement of global climate



change by displacing more than 50% of the diesel generation currently being used to produce electricity for the Hamlet.

6.4 Benefit Sharing Framework Evaluation

The Benefit Sharing Framework developed as part of this overall study was evaluated for the Hamlet of Sanikiluaq through the course of this case study. The results are based on anecdotal information and assumptions made based on interpretations of documents published by the Hamlet of Sanikiluaq. It should only be considered as a sample assessment, and a true assessment should be completed based on real inputs gathered from community members in the future; ultimate decision-making responsibility remains with Hamlet leaders.

The results of the Benefit Sharing Framework evaluation completed for the project of Sanikiluaq are available in Appendix B but are summarized below.

Community Risk Tolerance

The community risk tolerance for the Hamlet of Sanikiluaq was assessed and given a score of **2.0** based on the answers assumed for the statements in the community questionnaire (Section 5.1.1). The sample completed questionnaire is available in Appendix B.

Community Capacity

The community capacity for the Hamlet of Sanikiluaq was assessed and given a score of **1.8** based on the answers assumed for the statements in the community questionnaire (Section 5.1.2). The sample completed questionnaire is available in Appendix B.

Framework Results

After completion of the community questionnaire, the results of the Benefit Sharing Framework showed that the top three benefit sharing mechanisms for the Sanikiluaq Wind Energy + BESS Project are:

1. **Community Enhancement Fund (Fixed Contribution)** – Overall Score of 22.4.
2. **Community Enhancement Fund (Shared Revenue)** – Overall Score of 20.8.
3. **Initial Lump Sum Payment** – Overall Score of 20.0.

The results of the Benefit Sharing Framework Evaluation are shown in Figure 2 and the overall Benefit Sharing Framework as evaluated for the Hamlet of Sanikiluaq is available in Appendix B.

Official Benefit Sharing Structure Scoring

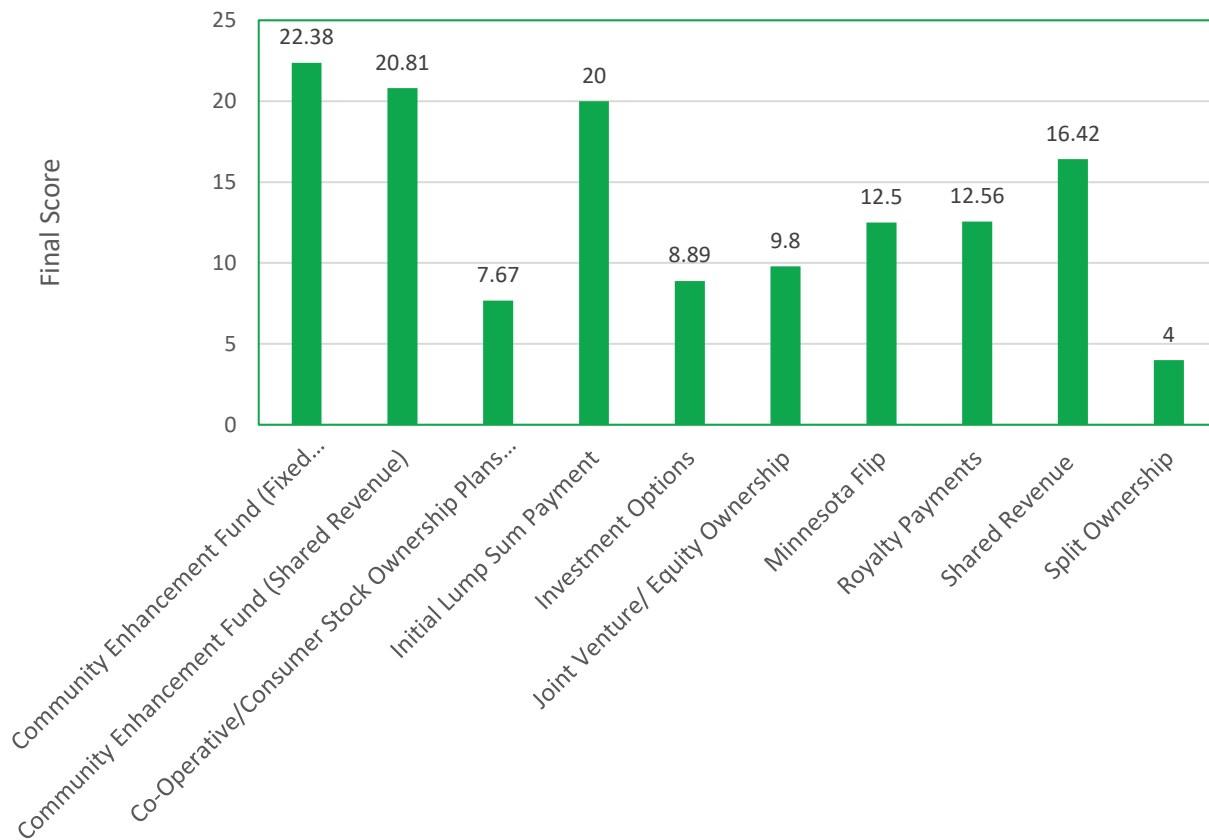


Figure 2: Sanikiluaq Benefit Sharing Framework Results

6.5 High-Level Quantitative Assessment of Top Three Benefit Sharing Structures

One of the objectives of this study was to explore the possible range of financial benefits of the Sanikiluaq Wind + BESS project for the Hamlet of Sanikiluaq under the top three benefit sharing mechanisms identified by the Benefit Sharing Framework.

In the absence of a detailed Power Purchase Agreement (PPA) pricing structure or IPP policy it is not possible to explore the full extents of benefits in a detailed financial analysis and therefore a high-level exploration of the range of benefits was not possible at this time. The top three benefit sharing structures identified by the Benefit Sharing Framework are:

1. Community Enhancement Fund (Fixed Contribution);
2. Community Enhancement fund (Shared Revenue); and
3. Initial Lump Sum Payment.



It is important to note that the overall recommended approach is a combination of the fixed contribution and shared revenue community enhancement funds, i.e., the higher of a percentage of revenues or a fixed value as determined year over year.

It is also important to note that the value received from the initial lump sum payment over the life of the project is much less than that received from either of the community enhancement fund options.

The most critical factor in determining appropriate benefit sharing values is transparency in the discussions between community and developer. The negotiation between community and project should be collaborative and mutually beneficial, for which honesty and transparency are of paramount importance. This is also critical for ongoing informed consent as it relates to project development.



7.0 Conclusions & Recommendations

It is evident that there are multiple benefit sharing mechanisms that can bring considerable value to both communities and developers from renewable energy projects. The unique circumstances of individual communities will influence the most appropriate mechanism for the community to participate in development projects.

Some key conclusions and recommendations for both communities and developers in assessing community participation are:

1. Informed and ongoing consent relating to project development. Cultural, environmental, and social values of the community should be protected at all costs throughout the project development process.
2. Community capacity to manage different benefit sharing structures financially, legally, and operationally as well as the community's risk appetite/risk tolerance will influence the most appropriate benefit sharing structures for community participation in development projects.
3. Benefit ranges are entirely dependent on the power purchase price, and beyond the hurdle rate of return to assume risk, project developers should return excess value directly to the community.
4. Transparency and honesty between community and developer can solidify the relationships, secure projects, and add considerable value to both parties in strengthening projects for success into the future.
5. Community considerations should be accounted for in project activities well in advance of a decision on community participation in the project. Whether a community decides to participate financially in a project is irrelevant to the requirement for project developers to respect community priorities, environment, and culture in development projects; this is the most important consideration in development.
6. The recommended benefit sharing mechanism for the Sanikiluaq Wind + BESS Project is the Fixed Contribution Community Enhancement Fund.
7. All information presented in this study and through the framework are intended to inform. **Ultimate decision-making responsibility for community participation remains with communities.**



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Appendix A – Blank Benefit Sharing Framework

Community Benefit Sharing Framework

Framework Evaluation Scorecard



Community:

Date:

Community Risk Appetite

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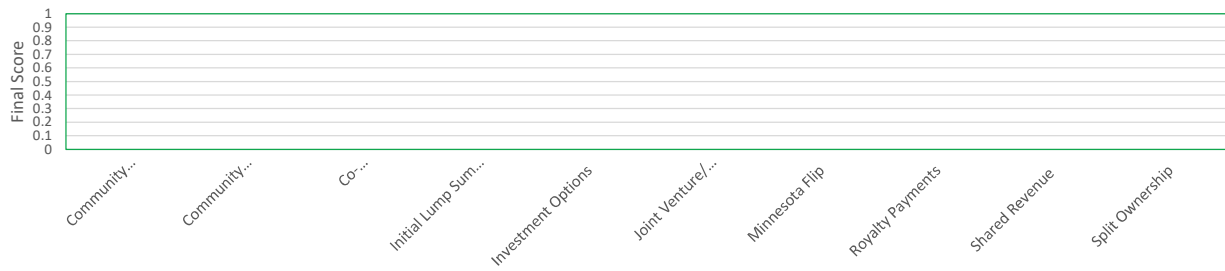
Community Capacity

#N/

Top 3 Benefit Arrangements

1.	#N/A	#N/A
2.	#N/A	#N/A
3.	#N/A	#N/A

Official Benefit Sharing Structure Scoring



Notes:

Empty box for notes.

Community Benefit Sharing Framework
Benefit Sharing Model Evaluation



Category	Potential Financial Value		Risk Appetite		Legal/Operational Complexity		Combined Score	Rank
	Empirical	Total	Score	#N/A	Score	#N/A		
Community Scores			Score	#N/A	Score	#N/A		
Scores			Empirical	Total	Empirical	Total		
Community Enhancement Fund (Fixed Contribution)	3	3	0	#N/A	2	#N/A	#N/A	#N/A
Community Enhancement Fund (Shared Revenue)	3	3	0.5	#N/A	2.5	#N/A	#N/A	#N/A
Co-Operative/Consumer Stock Ownership Plans (CSOPs)	1	1	3	#N/A	5	#N/A	#N/A	#N/A
Initial Lump Sum Payment	0	0	0	#N/A	1	#N/A	#N/A	#N/A
Investment Options	4	4	4	#N/A	4.5	#N/A	#N/A	#N/A
Joint Venture/ Equity Ownership	5	5	4.5	#N/A	4	#N/A	#N/A	#N/A
Minnesota Flip	2.5	2.5	2	#N/A	5	#N/A	#N/A	#N/A
Royalty Payments	1	1	1	#N/A	4.5	#N/A	#N/A	#N/A
Shared Revenue	3.5	3.5	3	#N/A	3	#N/A	#N/A	#N/A
Split Ownership	4	4	5	#N/A	5	#N/A	#N/A	#N/A

NOTES:

This community benefit sharing framework is not intended to influence decision making, but rather to inform communities and help guide the community thinking process as it pertains to community participation in development projects.

The evaluation of this framework is completed under the assumption that community interests, priorities, and Inuit Qaujimajatuqangit are already considered and incorporated in the project design. All development projects should be community-led and should place an emphasis on the incorporation of traditional knowledge and community values in all aspects of the project. **Development projects must align with the stated community priorities and desires - no development should take place without community engagement, consent, and participation.**

Community Benefit Sharing Framework

Community Assessment Questionnaire



Community:	
Date:	

Community Capacity

Item	Question	Response
1.	A major expense of \$50k or more would place undue strain on our community's finances.	
2.	Our community has an established development corporation that is operating smoothly and efficiently.	
3.	Our community has the capacity (operational & financial) to hire and oversee additional resources or staff at will, if required.	
4.	Our community has outstanding infrastructure needs that are not yet addressed because of financial constraints.	
5.	Our community staff can take on additional work beyond their current assigned duties.	

Community Risk Profile

Item	Question	Response
1.	Our community has the capacity to invest large sums of money in development projects and maintain the investment vehicle.	
2.	Guaranteed income is more important than uncertain income, even if the amounts may be slightly lower.	
3.	Risk-free income is better for our community than income requiring investment and operational liability, even if the amount may be slightly lower.	
4.	Our community is in a financial position to accept the uncertainty associated with capital investment and has the financial means to invest in development projects.	
5.	Our community is not overly concerned about unexpected operational expenses for our current assets (i.e. unplanned repairs).	



Appendix B – Hamlet of Sanikiluaq Benefit Sharing Framework

Community Benefit Sharing Framework

Framework Evaluation Scorecard



Community: Sanikiluaq, Nunavut

Date: 29-Mar-2022

Community Risk Appetite



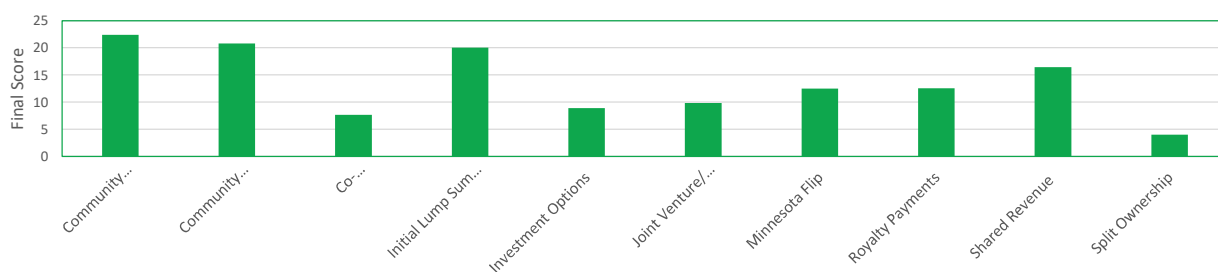
Community Capacity



Top 3 Benefit Arrangements

1.	Community Enhancement Fund (Fixed Contribution)	22.4
2.	Community Enhancement Fund (Shared Revenue)	20.8
3.	Initial Lump Sum Payment	20.0

Official Benefit Sharing Structure Scoring



Notes:

This is an output based on sample responses to the questionnaire for anecdotal information on the hamlet of Sanikiluaq. It should be noted that this estimate was not completed by residents or leaders of Sanikiluaq as the study team was unable to find a candidate to fill the community liaison position. The responses, risk tolerance, and community capacity may change based on differing responses, as well as the overall suitability of each benefit sharing structure.

Community Benefit Sharing Framework
Benefit Sharing Model Evaluation



Category	Potential Financial Value		Risk Appetite		Legal/Operational Complexity		Combined Score	Rank
	Empirical	Total	Score	2.0	Score	1.8		
Community Scores	Empirical	Total	Empirical	Total	Empirical	Total		
Scores			Empirical	Total	Empirical	Total		
Community Enhancement Fund (Fixed Contribution)	3	3	0	10	2	9.38	22.38	1
Community Enhancement Fund (Shared Revenue)	3	3	0.5	10	2.5	7.81	20.81	2
Co-Operative/Consumer Stock Ownership Plans (CSOPs)	1	1	3	6.67	5	0	7.67	9
Initial Lump Sum Payment	0	0	0	10	1	10	20	3
Investment Options	4	4	4	3.33	4.5	1.56	8.89	8
Joint Venture/ Equity Ownership	5	5	4.5	1.67	4	3.13	9.8	7
Minnesota Flip	2.5	2.5	2	10	5	0	12.5	6
Royalty Payments	1	1	1	10	4.5	1.56	12.56	5
Shared Revenue	3.5	3.5	3	6.67	3	6.25	16.42	4
Split Ownership	4	4	5	0	5	0	4	10

NOTES:

This community benefit sharing framework is not intended to influence decision making, but rather to inform communities and help guide the community thinking process as it pertains to community participation in development projects.

The evaluation of this framework is completed under the assumption that community interests, priorities, and Inuit Qaujimajatuqangit are already considered and incorporated in the project design. All development projects should be community-led and should place an emphasis on the incorporation of traditional knowledge and community values in all aspects of the project. **Development projects must align with the stated community priorities and desires - no development should take place without community engagement, consent, and participation.**

Community Benefit Sharing Framework

Community Assessment Questionnaire



Community:	Sanikiluaq, Nunavut
Date:	29-Mar-2022

Community Capacity

Item	Question	Response
1.	A major expense of \$50k or more would place undue strain on our community's finances.	5 - Strongly Agree
2.	Our community has an established development corporation that is operating smoothly and efficiently.	1 - Strongly Disagree
3.	Our community has the capacity (operational & financial) to hire and oversee additional resources or staff at will, if required.	3 - Neither Agree nor Disagree
4.	Our community has outstanding infrastructure needs that are not yet addressed because of financial constraints.	4 - Agree
5.	Our community staff can take on additional work beyond their current assigned duties.	3 - Neither Agree nor Disagree

Community Risk Profile

Item	Question	Response
1.	Our community has the capacity to invest large sums of money in development projects and maintain the investment vehicle.	1 - Strongly Disagree
2.	Guaranteed income is more important than uncertain income, even if the amounts may be slightly lower.	5 - Strongly Agree
3.	Risk-free income is better for our community than income requiring investment and operational liability, even if the amount may be slightly lower.	5 - Strongly Agree
4.	Our community is in a financial position to accept the uncertainty associated with capital investment and has the financial means to invest in development projects.	2 - Disagree
5.	Our community is not overly concerned about unexpected operational expenses for our current assets (i.e. unplanned repairs).	4 - Agree