



SENECA NATION

Energy Organizational Development

A “First Steps” Grant

11/1/08 – 12/31/08

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- ◆ In appreciation & Acknowledgment:
 - **Seneca Nation Council**
 - ◆ *Arlene Bova, Llona LeRoy, Councilors & energy development Advocates*
 - **Dept. of Energy, Tribal Energy Program**
 - ◆ *First Steps Grant for Strategic Energy Planning*
 - ◆ *NREL – Anemometer Loan Program*
 - ◆ *First Steps Grant for Energy Organizational Planning*
 - **Dept. of Interior, Div. of Energy Resource & Mineral Development**
 - ◆ *Natural Gas Assessment*
 - ◆ *Strategic Energy Planning Assistance*

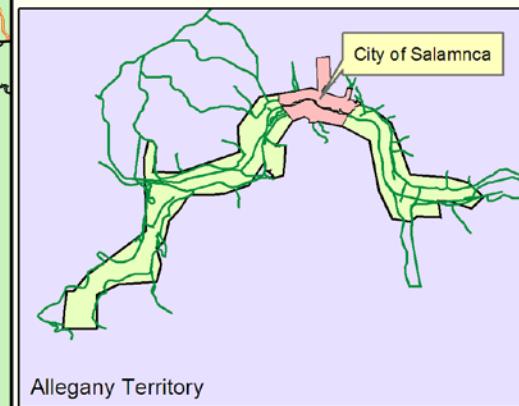
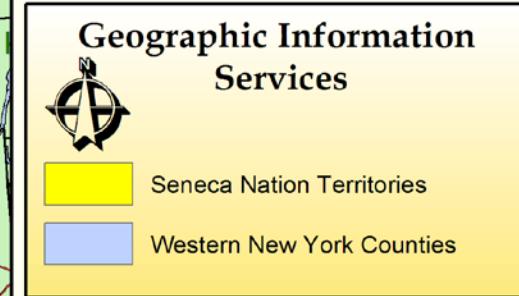
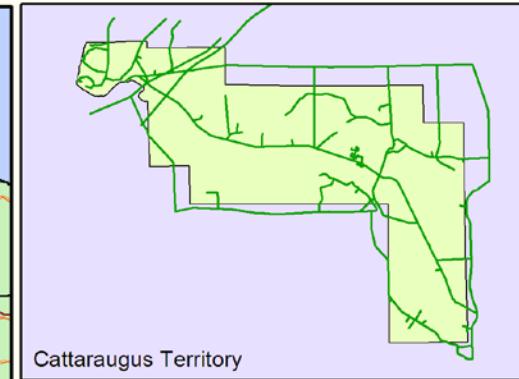
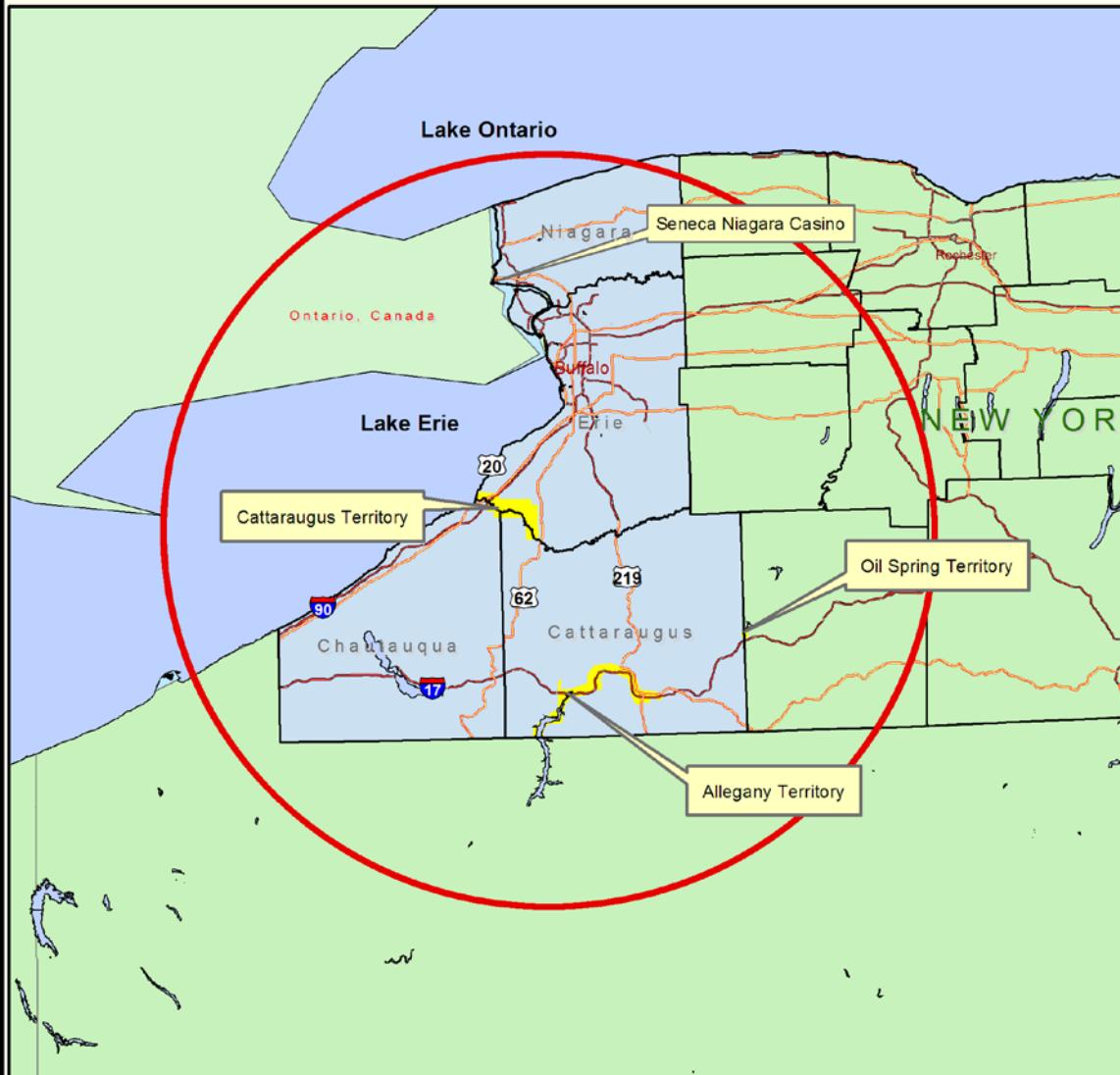
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Location



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Locational Map of the Territories



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◆ Background:

- Enrolled Members: ~ 7800
- Matriarchal Society
- 8 Clans
- Territories: Allegany, Cattaraugus, Oil Spring, (Niagara Falls, Buffalo Creek)
- Residents: Approximately 4100 members on territory



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◆ Background, cont:

- Elected form of Government – *President, Treasurer, Clerk & 16 Councilors (8 Catt, 8 Alleg.)*
- Execs – *2 Yr Terms, rotated, Council – 4 yr staggered terms*



- Primary Economic Drivers

- ◆ 3 Class III casinos – Niagara Falls, Allegany Territory, and Buffalo Creek
- ◆ Gasoline & Tobacco sales
- ◆ Class II Gaming incl. High Stakes Bingo



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◆ Strategic Energy Planning

- Driven by high energy costs
- Interest in wind development
- Pressing issues in natural gas pdtn & distribution

◆ First Steps Grant (2003-2005)

- Visioning Process – Long Term Goals & Objectives
 - ! Energy Sovereignty !
- Phase II – Research & Assessment (2005-6)
 - ◆ Preliminary Resource & Energy Options Assessments (Renewable & Non-Renewable)
 - ◆ Energy Demand & Costs Analysis, Energy Demand Projections
 - ◆ Preliminary Market Assessment
 - ◆ SWOT Analysis

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- ◆ Resource & Energy Options
 - Non-Renewable – Natural Gas Reserves
 - Produced over years by National Fuel Gas Supply Company
 - Renewable Opps – primary: Wind
 - ◆ Secondary – Solar (PV), GSHP (in use), and Biomass (with potential for cellulosic ethanol production)

Recommended Strategy: Produce Gas reserves for profit & leverage for investment

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Next Steps

◆ Phase III – Development

- With energy development being the primary objective in Phase III of the Seneca's energy planning process, it is imperative to establish a formal organizational structure through which the Strategic energy plan can be implemented
- Define and evaluate issues in the context of organizational & business planning.

Seneca Nation Energy Organizational Development Project Approach

- ◆ Assess Current State
- ◆ Develop Future State
- ◆ Define Roadmap

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Project Approach

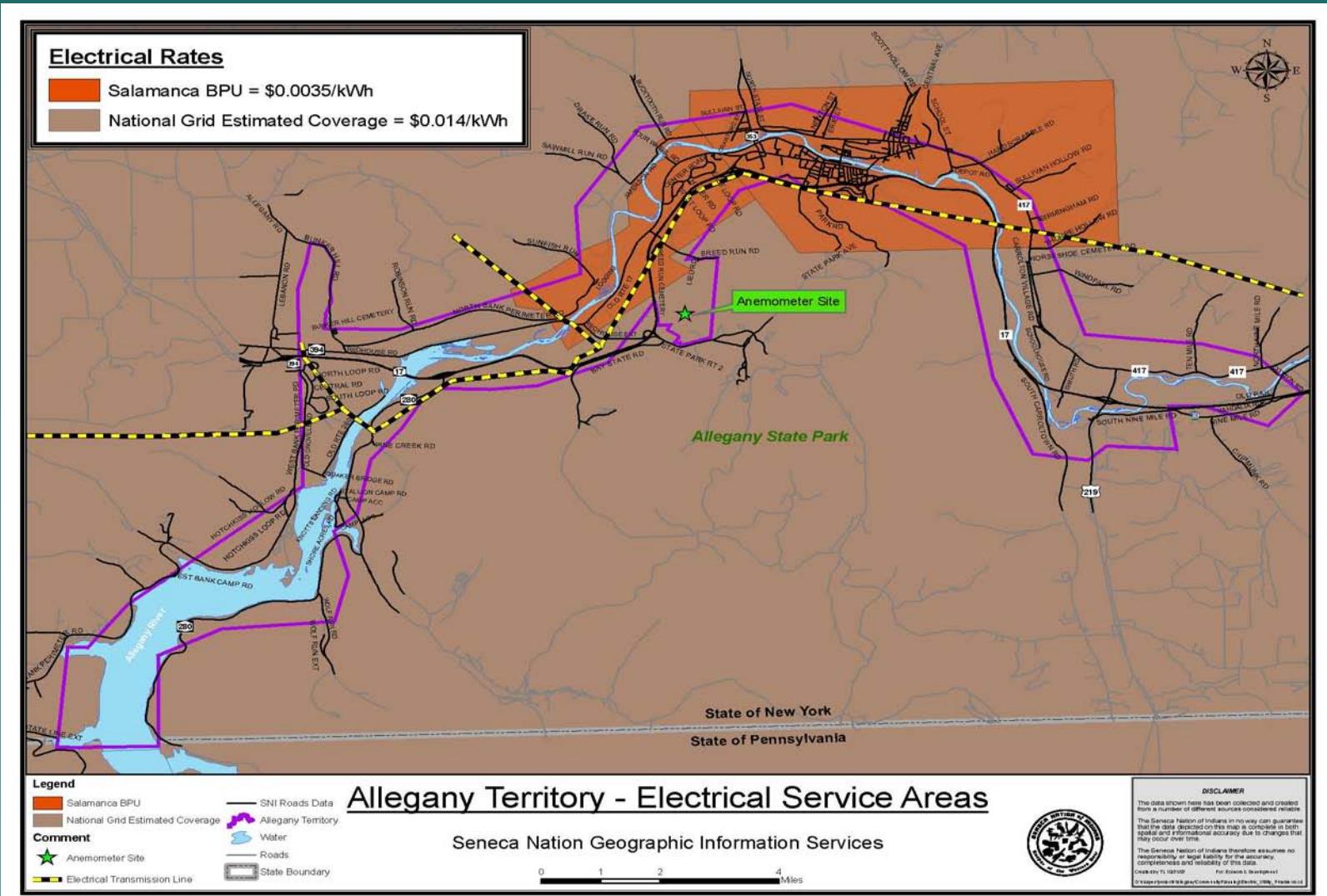
- ◆ Retain Utility Formation consultant(s) with tribal experience
- ◆ Project Review meeting with Nation leadership and SNI's Energy Planning Steering Committee
- ◆ Data compilation & Situational Analysis
- ◆ Stakeholder meetings
- ◆ Strategy Options Review, w/ "if-then" scenarios
- ◆ Develop & Present Decision models
- ◆ Create business model w/ prelim. Cost estimates, partnering options & funding opps.
- ◆ Gain Council approval of initial plan
- ◆ Conduct regulatory & statutory review, draft bylaws, ordinances & provisions for DOJ review
- ◆ Develop comprehensive critical path & business plan
- ◆ Submit for Council approval & adoption

Assess Current State

- ◆ Project Review meeting with Nation leadership and SNI's Energy Planning Steering Committee
- ◆ Data compilation & Situational Analysis
- ◆ Stakeholder meetings
- ◆ Close gaps in data to provide actionable information (energy)
- ◆ Understand the legal context through legal/regulatory review(legal/political)

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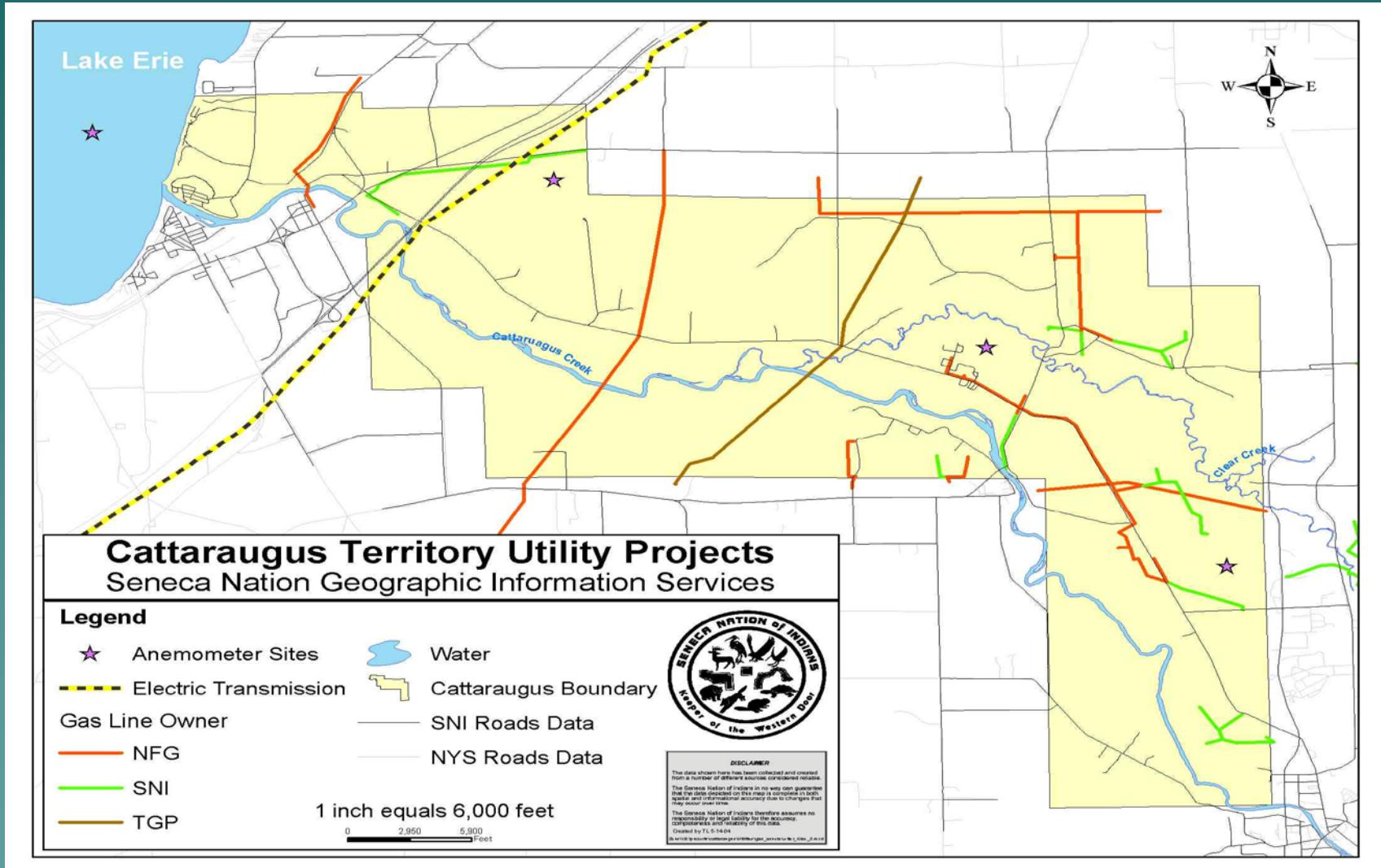
Utilities Infrastructure



◆ Allegany Territory

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Utilities Infrastructure



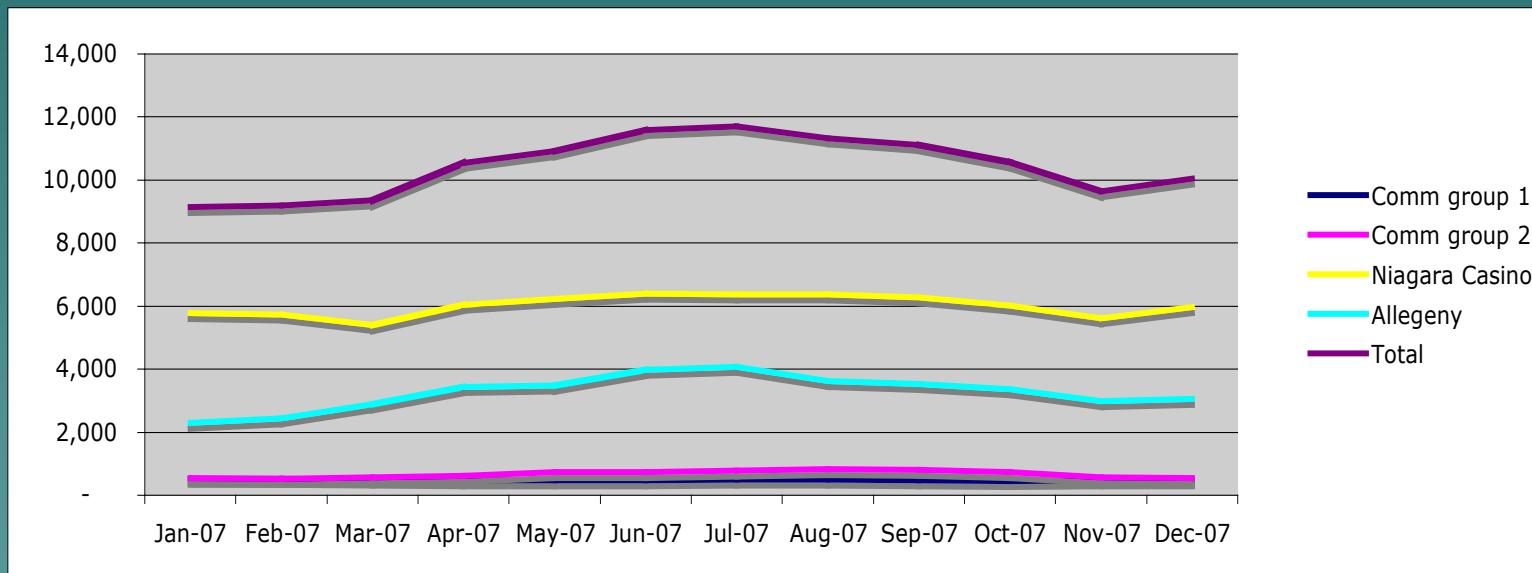
◆ Cattaraugus Territory

Major Findings (Energy)

- ◆ Electric - generate a demand curve for each sector along with a time of use profile
 - Audit of major facilities found multiple metering/billing errors
- ◆ NG - Production compared to demand
 - Resource potential, update pipeline maps, explore storage
 - Geologic Study & PBU Analyses completed with DOI funds

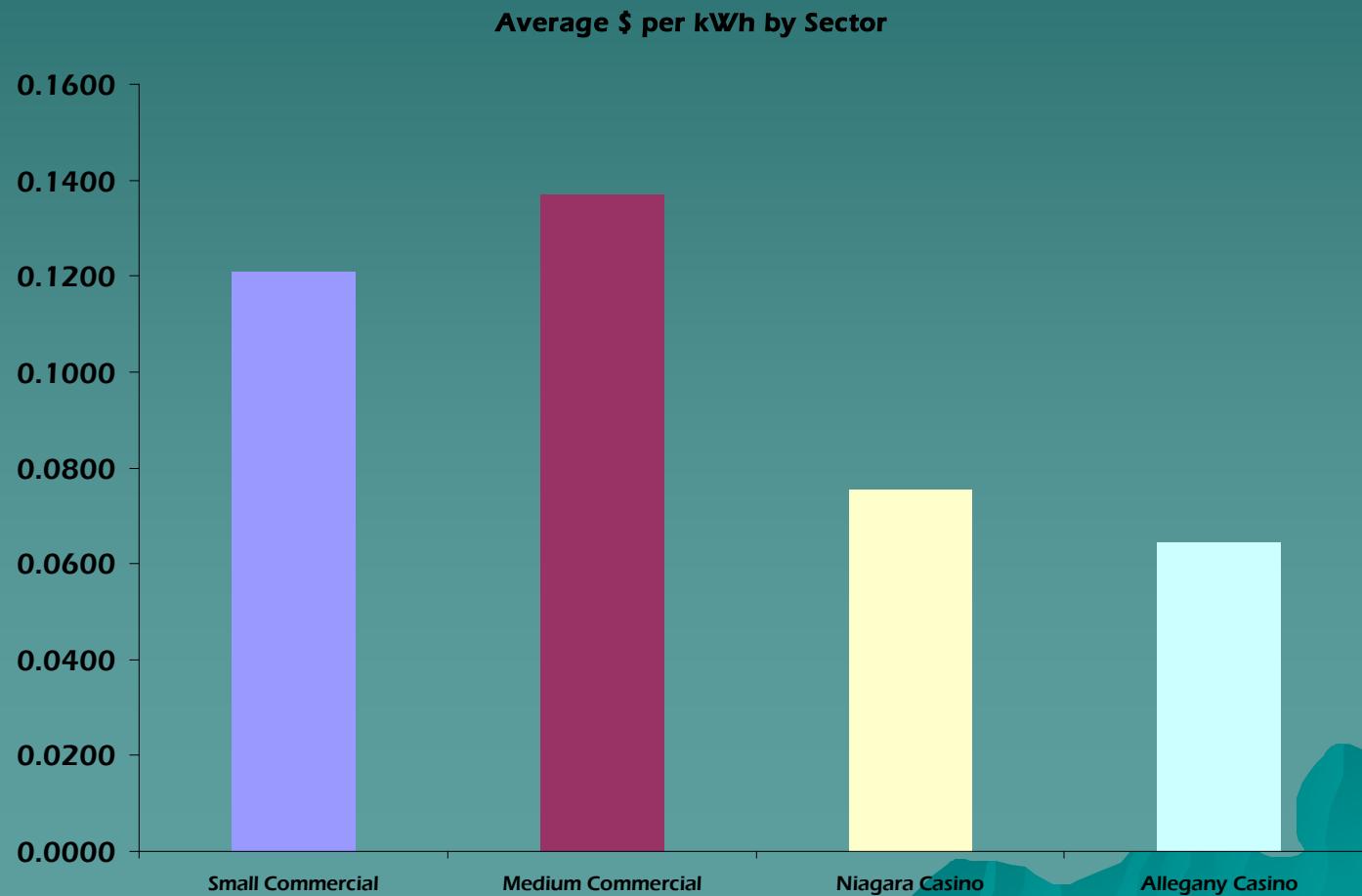
Major Findings (Energy)

◆ Seneca Demand Curve



Major Findings (Energy)

◆ Electric - Demand



Major Findings (Energy)

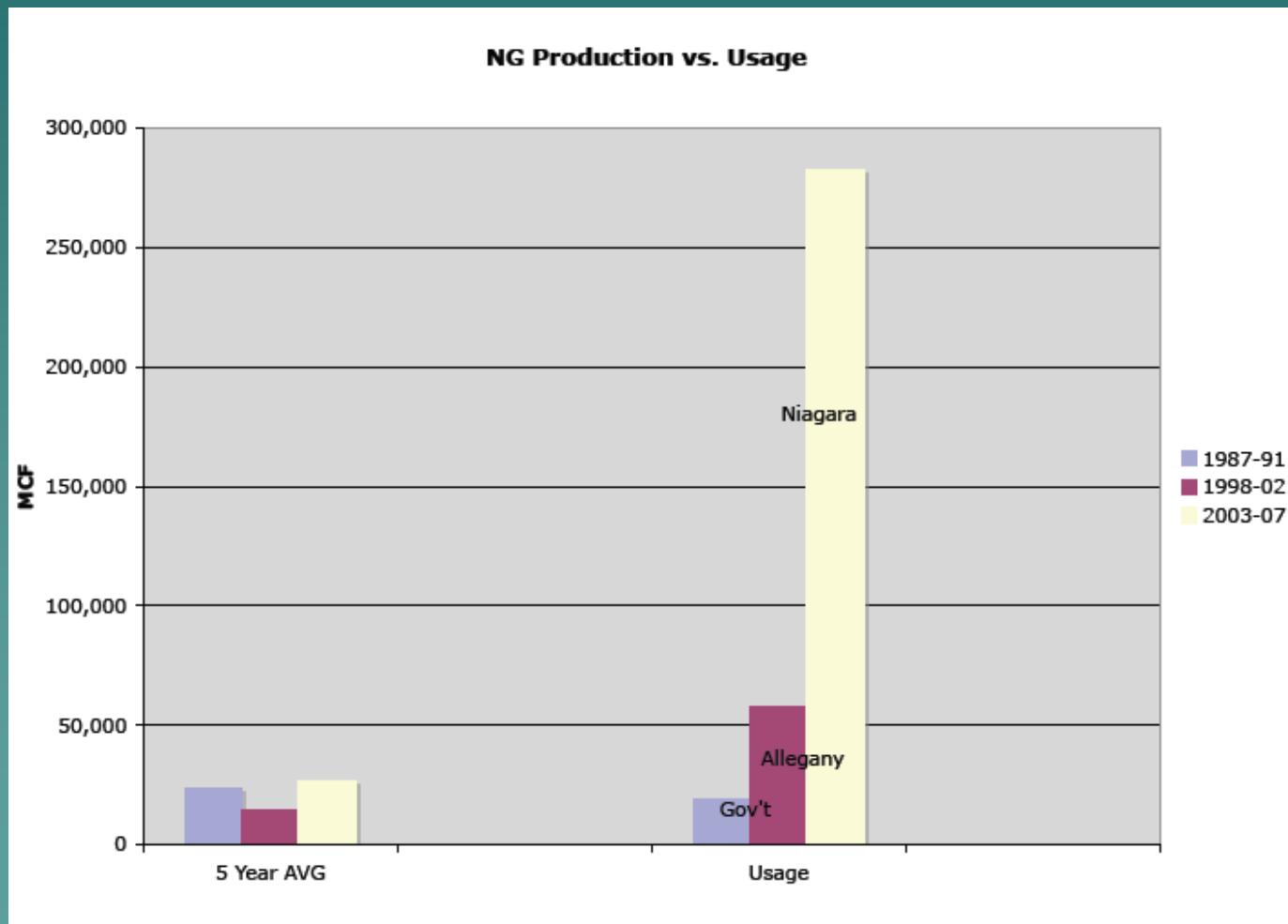
- ◆ Electric - Audit and Meter Multiplier
Error and cost recovery



QuickTime™ and a
TIFF (Uncompressed) decompressor
are needed to see this picture.

Major Findings (Energy)

◆ NG - Production vs. Usage



Major Findings (Energy,cont.)

- ◆ Re: Distribution Utility
- ◆ Electric Opps exist for purchase of substation, Power purchase revenue neutral but constrained, distribution is revenue positive for BPU @500K per year
- ◆ NG is still up in the air due to resource issues undetermined

Renewable Development

- ◆ Wind Best Potential thus far
 - **met tower is showing marginal data at current site. 2nd site to be tested, and others defined for potential on-off territory developments**
- ◆ Solar has strong incentives in play for NY state (PPA Model)
- ◆ Biomass is over-harvested and spoken for in a competitive context, but opps may exist to grow feedstock

Non-Renewable Development

◆ Natural Gas

Geologic Assessment (Catt.Territory)
complete with recommended drilling sites

- Performing PBUs and Remediation on current wells
- P&A of old abandoned & leaking wells
- Economic Analysis of E&P Plan
- Infrastructure Assessment & Pipeline plan
- Partner Solicitation

◆ Nat. Gas/Oil

- Potential to be defined on Allegany Territory

Major Findings (Legal)

- ◆ Analysis of strategic energy ROWs & Agreements, their expiration horizons, terms & conditions helped sorting near & long-term options
- ◆ Ordinances & moratoriums – gained insights into rationale & extent of regulatory authority exercised

Also – background on:

- ◆ Chartered commission
- ◆ Department jurisdiction
- ◆ Energy Marketing proposal
- ◆ Transfer of transmission assets
- ◆ Utility service provisions and power purchase agreements, municipal rules, etc.

Major Benchmarks (Organizational)

- ◆ Process has created an effective and vital consultation/review model in an empowered Energy Planning Steering Committee, where all energy information and analysis is funneled before presented for Council action.
- ◆ Achieved pivotal pt. of coordination and consensus-building

Develop Future State

- ◆ Organizational Options
 - Tribal Dept
 - Utility Authority
 - Energy Marketing Entity
- ◆ Strategy Options Review, w/ “if-then” scenarios
- ◆ Develop & Present Decision models
 - Electric Power (distribution)
 - Natural Gas (distribution)
- ◆ Draft Regulatory Recommendations

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Energy Organizational Planning

◆ Q 2B A:

- ✓ What type of organizational structure will best serve the nation's long term energy vision?
- ✓ What is the nation government's role?
 - How do we serve the energy needs of the community while generating profits?
 - How much investment is the Nation capable of making to the program?
- ✓ How much risk does the Nation want to absorb?
- ✓ Do we want to own transmission assets?
- ✓ What infrastructure improvements/changes need to occur to achieve our energy goals?
 - How do we finance this (these) venture(s)?
 - ✓ How do we achieve both organizational autonomy from AND accountability to the governmental body?
 - How do we achieve sustainability?

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Energy Organizational Planning

◆ More Q 2B A:

- ✓ What regulatory instruments do we need to put into place?
- How can we maximize our relationships with utility providers?
- How can we achieve/provide lower energy costs to our enterprises & community members?
- What is the most beneficial/economic use of any energy that we generate?
- What do we need to do to build human capacity & prepare a Seneca energy workforce?
- ✓ What is the market for energy that we may produce?
- How do we plan for future growth & expansion of our generation projects?

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Energy Organizational Planning

◆ Other Relevant Considerations

- Community demand for rate parity
- Historic provision of gas to certain customers
- Relationship with Salamanca BPU
- Development Partners for Gas E&P and/or Electric Generation Projects
- Stakeholder Interests in First Energy Hydro ReLicensing (Kinzua Dam)

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