



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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◆ 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

The graphic features a central image of a Native American man in traditional dress, including a large feathered headdress and a colorful, patterned vest. He is holding a wooden staff with a red ball. The background is a scenic view of a lake and hills under a blue sky with clouds. A large, faint watermark of the Seneca Nation of Indians logo is visible behind the man. The text "SENECA NATION OF INDIANS" is written in yellow, bold, sans-serif font across the middle, and "KEEPER OF THE WESTERN DOOR" is written in the same style below it.

At the top, there are six logos and corresponding circular images representing economic drivers:

- SENECA Gaming and Entertainment**: Logo with a sunburst and the text "SENECA Gaming and Entertainment". Below it is a circular image of a gaming machine labeled "Gaming".
- SENECA ALLEGANY CASINO**: Logo with a green mountain and the text "SENECA ALLEGANY CASINO". Below it is a circular image of a casino table labeled "Casino".
- SENECA ONE STOP**: Logo with a blue wave and the text "SENECA ONE STOP". Below it is a circular image of a retail store labeled "Retail".
- SENECA IROQUOIS NATIONAL MUSEUM**: Logo with a red and white figure and the text "SENECA IROQUOIS NATIONAL MUSEUM". Below it is a circular image of a museum exhibit labeled "Museum".
- SENECA NIAGARA CASINO**: Logo with the text "SENECA NIAGARA CASINO". Below it is a circular image of a casino building at night labeled "Casino".
- Highbanks CAMPGROUND**: Logo with a green tree and the text "Highbanks CAMPGROUND". Below it is a circular image of a campsite at sunset labeled "Campground".

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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

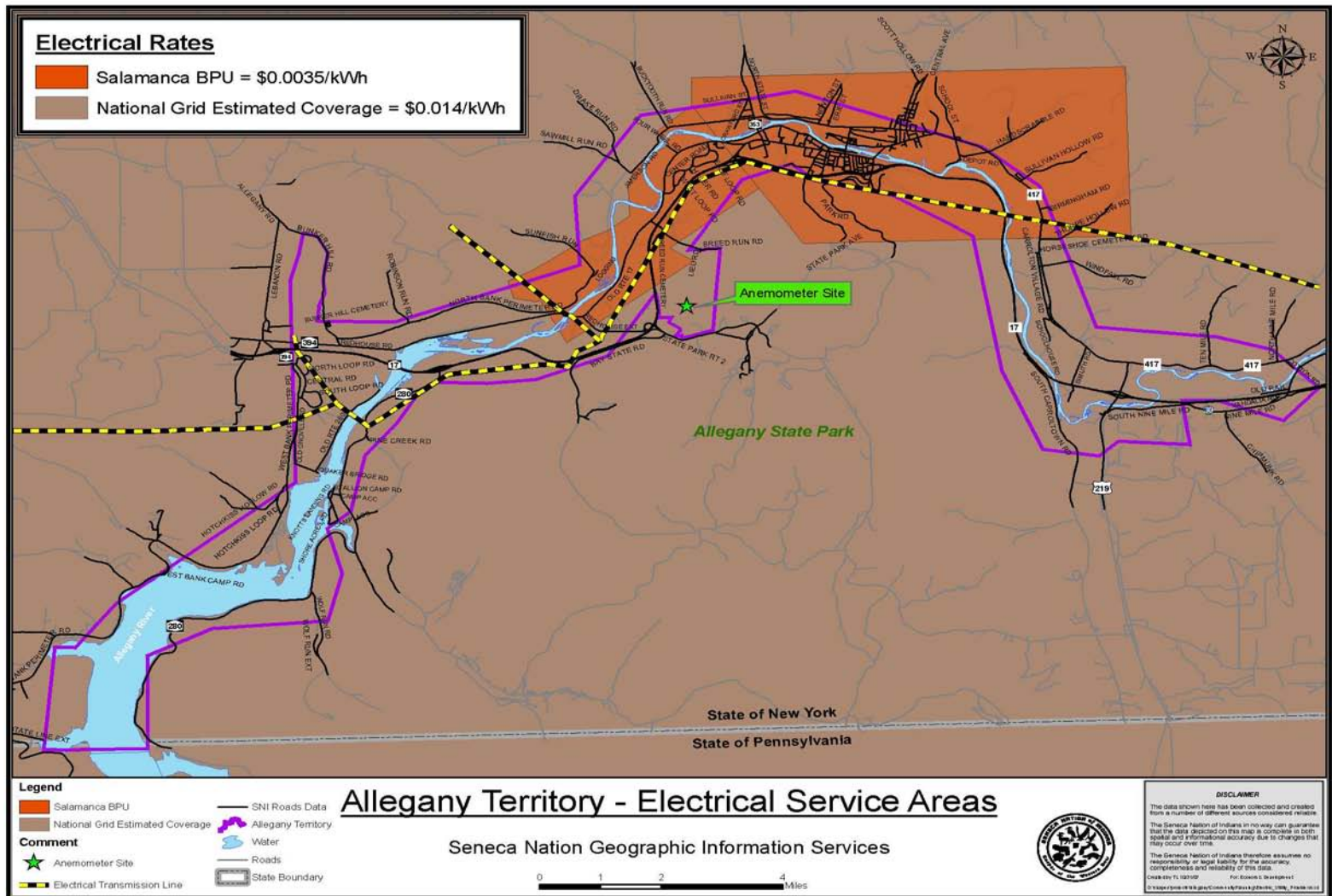
- ◆ Retain Utility Formation consultant(s) with tribal experience
- ◆ Project Review meeting with Nation leadership and SNI's Energy Planning Steering Committee
- ◆ Data compilation & Situational Analysis
- ◆ Stakeholder meetings
- ◆ Strategy Options Review, w/ "if-then" scenarios
- ◆ Develop & Present 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)

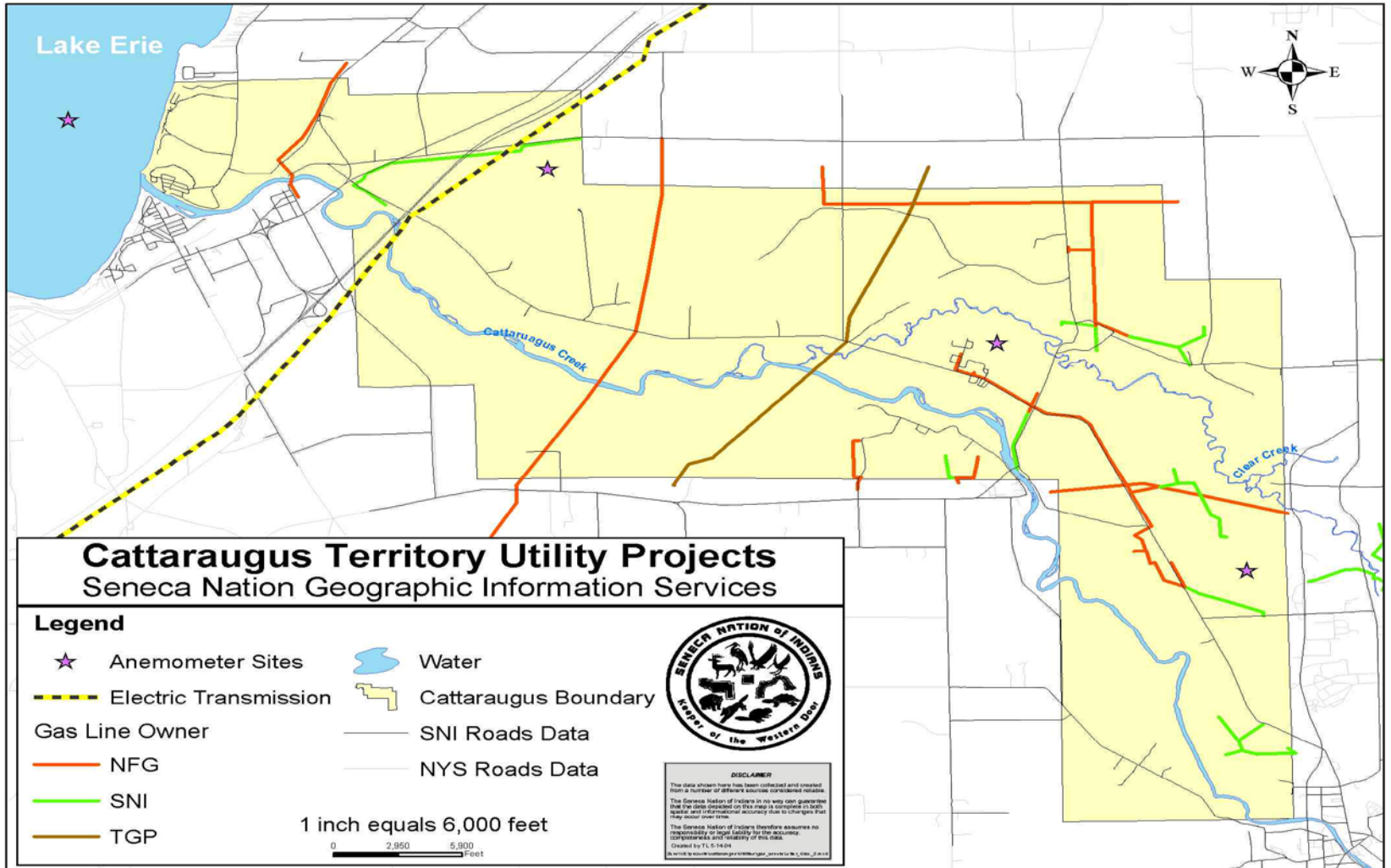
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Utilities Infrastructure



◆ Allegany Territory

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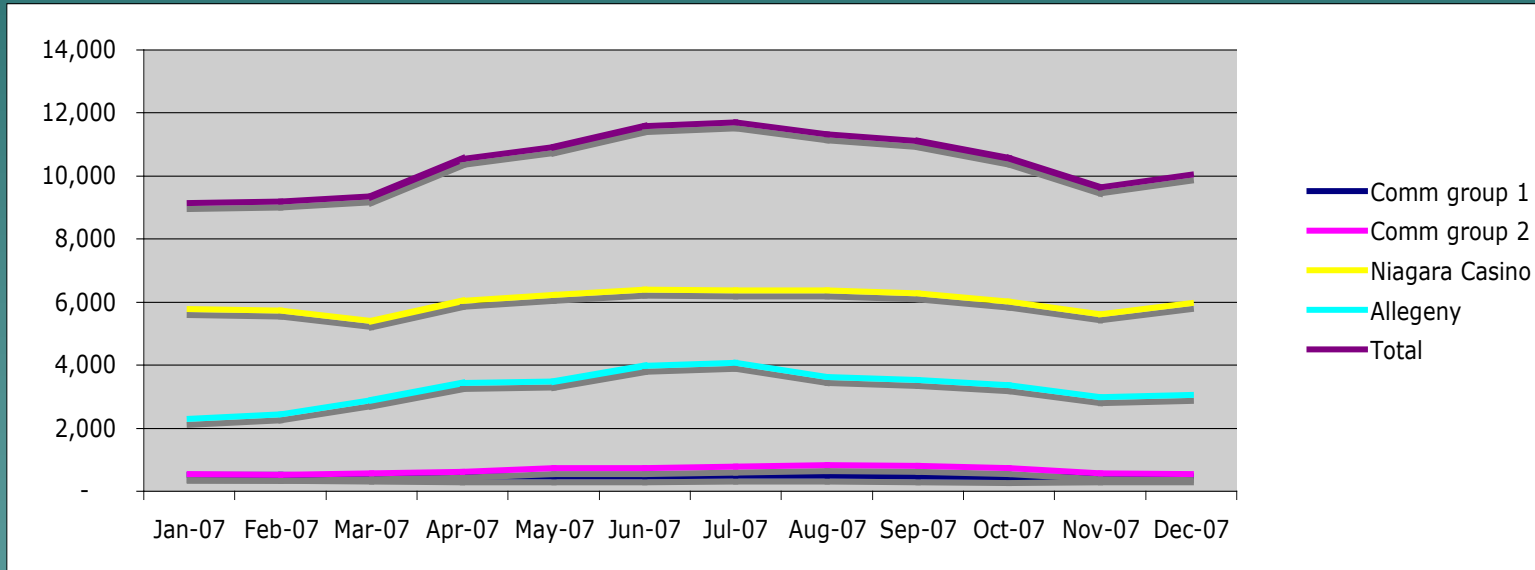
◆ Cattaraugus Territory

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

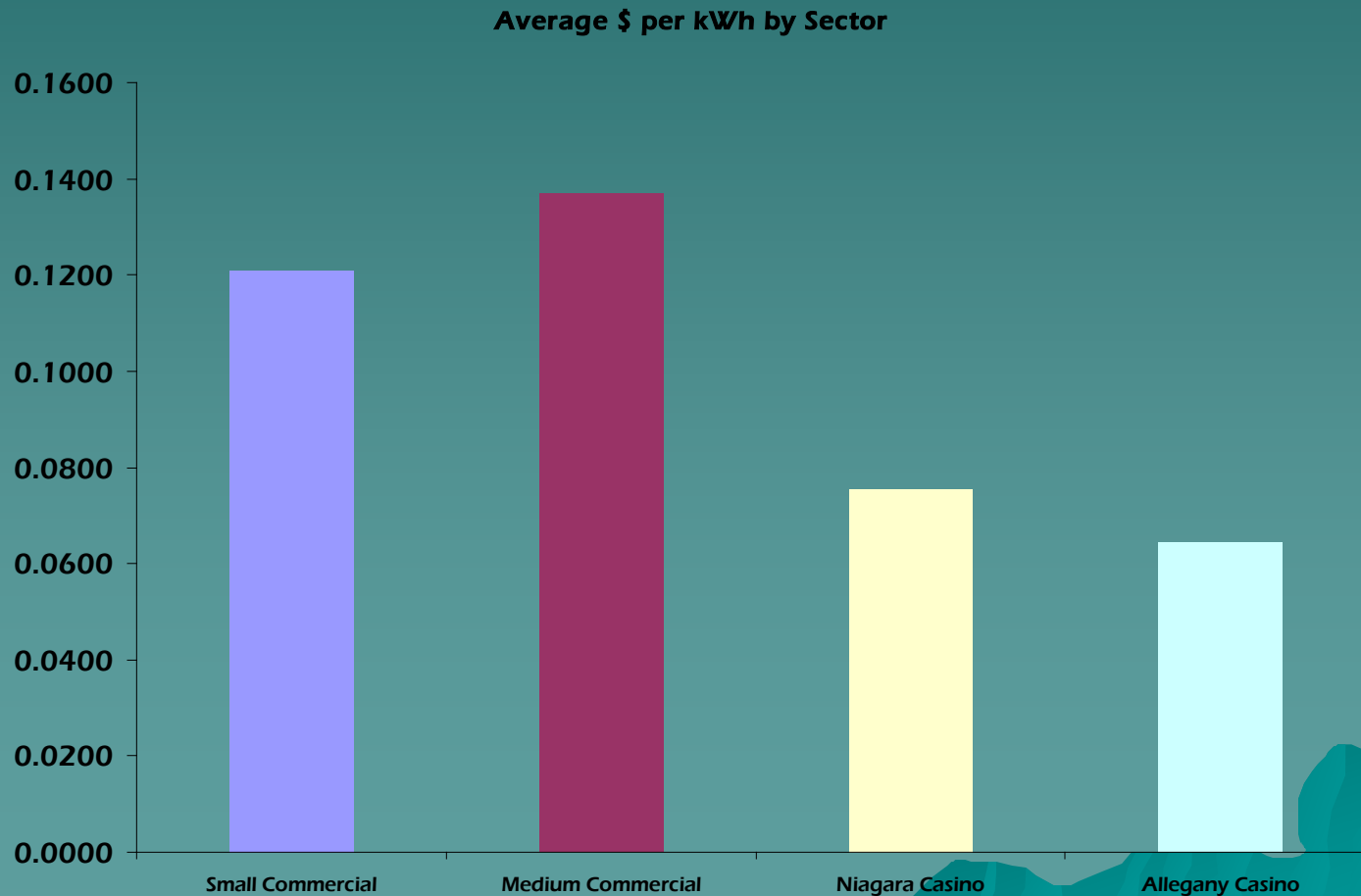
Major Findings (Energy)

◆ Seneca Demand Curve



Major Findings (Energy)

◆ Electric - Demand



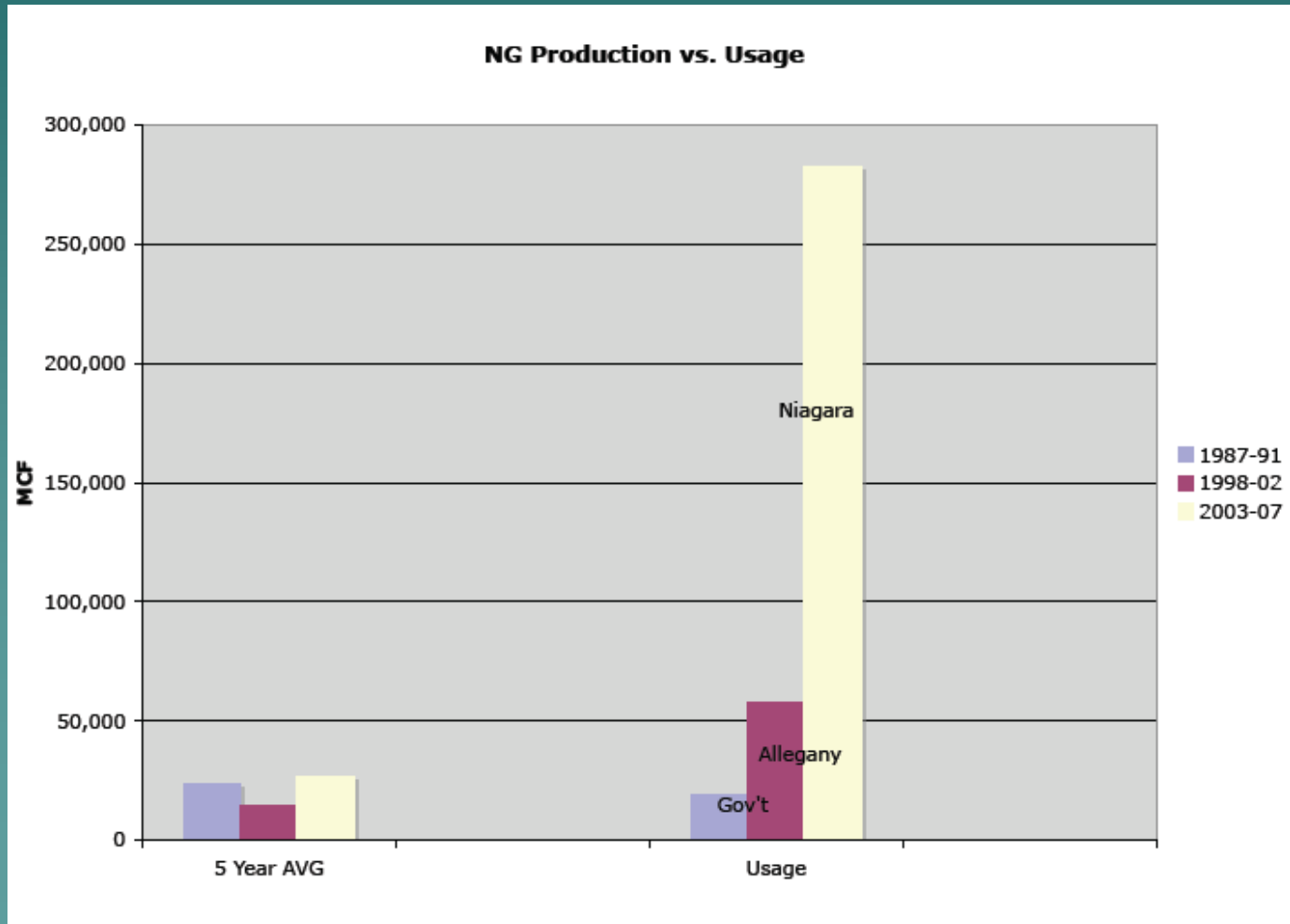
Major Findings (Energy)

- ◆ 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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