

# Tribal Wind Development from a Developer's Perspective

## Successful Development of a Tribal Wind Project

September 7, 2011

# Introductions

- **Citizens Energy/Citizens Wind**
  - Braden Houston
    - Director of Project Development



# Citizens Energy Corporation

- Non-profit energy company founded by Joseph P. Kennedy II in 1979
  - U.S. Congressman 1986-1998
  - Citizens Energy
    - Chairman & CEO
      - 1979-1986
      - 1998-Present



- **Mission:** to make life's necessities more affordable for those in need

# Fuel Assistance Program

## Citizens in partnership with Citgo

- \$80+ million in fuel assistance to people and groups in 16 states
- \$21 million in heating assistance grants to 70+ tribal communities



# Citizens Wind – Tribal Wind Experience

## Citizens Wind, founded 2003

- Two Projects Development Complete
  - 34.5 MW Munnsville, NY – operational 2007
  - 197.8 MW Wolfe Island, Ontario – operational 2009
- 5+ Projects under development with a combined 750+ MW potential
  - USA: Northeast, Midwest, Southwest
  - Eastern Canada
- Native American Wind Development
  - Penobscot, ME
  - Cree Nation of Mistissini, Quebec
  - Wasauksing, Ontario
  - Rosebud Sioux, SD
  - Cheyenne River Sioux, SD



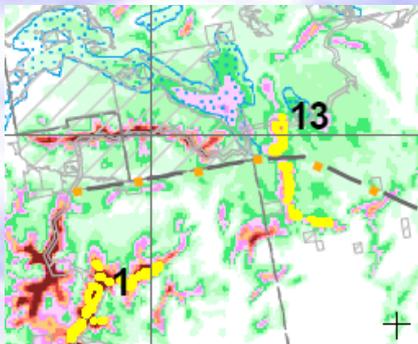
# Development

## Developers' Views of Investing

# Wind Development is Very Expensive

## Site Selection

- 1-2 months
- ~\$50,000
  - Wind maps
  - Transmission
  - Road access
  - Land use
  - Environmental



## Development

- 2-4 years
- \$2-\$3 Million
  - Wind assessment
  - Interconnection
  - Layout
  - Environmental study
  - Permitting
  - Power Contract
  - Financing
  - Procurement

## Construction

- Approx 6-9 months
- ~\$1.75 Million/MW
  - Turbines
  - Foundations
  - Roads
  - Collection system
  - Substation
  - Facilities



**A 100MW project  
will cost almost  
\$200 Million**

# Investment Analysis is Similar for All Projects

- Critical Flaw Analysis
- Preparation for Undertaking Projects with a Minimum of Monetary Risk
- Proper Flow of Wind Project Development Activities
- **Developers seek profitable and easy to develop projects**

# Investment Community Sees Certain Benefits and Detractions in Tribal Projects

- Pluses
  - Ability to deal with one entity responsible for most of the land
  - Potential Governmental advantages for financing and funding
- Minuses
  - NEPA permitting requirements
  - Sovereign Immunity Issues
  - Inexperience with Tribal projects
  - Continuity of relationships due to turnover of elected officials

# Tribe Needs to Set Reasonable Expectations

- Tribe must understand market conditions and expect those
  - AWEA, BIA, others
- Developers have a large number of potential projects to select from
  - Tribal projects must be competitive with non-tribal projects near by
    - All projects selling to same regional markets
    - Turbine and Const. prices are similar

# Developer Must Develop To Industry Standards

- Project will require significant amounts of capital - \$100m+
  - Investors have very stringent requirements that must be met
    - Contracts
    - Sovereign Immunity
    - Economics
  - Developer will not begin a tribal project unless comfortable with all aspects
  - Project must stand on its own without expectation of special government assistance

# Keep the Project Moving

- Development is Only Successful at Project Completion
  - Can Not get Bogged Down in Small Items and Amounts
    - Excessive Negotiation can Cost the Project Valuable Time, & Possibly Construction Windows
  - Progress is the Name of the Game
  - Regulations and Situations Always Change
    - Limit the Project's Exposure to Change by Moving it along Quickly
    - Change Usually Causes Delays, and Almost Always Additional Money

# Journey of 1000 miles Starts with 1 Step

- Tribe should understand market conditions and set internal expectations
- Tribe needs to assess its own capabilities
- Tribe needs to create an investment environment that allows developer to
  - make progress
  - feel comfortable in its contractual relations
  - Divorce itself from tribal politics as much as possible
- Key for the Tribe is to make a decision and make progress – **select the right partner**

# Time is Ticking for Tribes

- Competition from numerous projects in the region
  - Limited transmission access
    - Addition of transmission resources is a long term prospect
  - Limited demand for power in the region
- Uncertain political environment
  - Politics
  - Economy

# Cheyenne River and Rosebud

- Decided what they wanted, understood their capabilities and made a decision
  - RST
    - has seen significant development progress in 2 years
    - Won \$1.5 million in DOE development funding in 2009
  - CRST
    - has seen significant development progress in 2 years
    - Signed LGIA with WAPA in July
    - Would be able to go into construction if a PPA were available
- **One successful project will lead to more**

