Energy Projects and Workforce Development: A Win-Win Opportunity

Payton Batliner CHEROKEE NATION
Economic Development Specialist
Acting Branch Chief, Business Services Branch
Payton Batliner is a Economic Development Specialist and Acting Branch Chief of the Business Services Branch within the Department of Interior’s Division of Energy and Mineral Development (DEMD). He has worked at DEMD since 2009. He works across all commodity groups in the Division and specializes in business planning, financial analysis, and Tribal Utility Formation. Payton holds an MBA with an emphasis in finance and entrepreneurship from the University of Colorado at Boulder. He is an enrolled member of the Cherokee Nation of Oklahoma, and was born on the Pine Ridge Reservation in South Dakota.
DIVISION OF ENERGY AND MINERAL DEVELOPMENT

Assistant Secretary - Indian Affairs

Principal Deputy - Assistant Secretary

Director
Bureau of Indian Affairs

Office of Indian Services

Director
Bureau of Indian Education

Office of Trust Services

Indian Energy Service Center (IESC)

Deputy Assistant Secretary Policy and Economic Development

Division of Energy & Mineral Development (DEMD)

In April 2021 DEMD was moved back under BIA - Office of Trust Services
DEMD Mission

Provide the best possible technical and economic advice and services in assisting Indian mineral owners to achieve economic self-sufficiency by creating sustainable economies through the environmentally sound development of their energy and mineral resources.
DIVISION OF ENERGY AND MINERAL DEVELOPMENT

FLUID MINERALS
Team of professionals provides technical support, mineral assessments, economic analysis, lease negotiations and recommendations for all oil and natural gas energy resources.

SOLID MINERALS
Solid Minerals staff supports Tribes and allottees in assessing and developing their mineral and aggregate resources, resource evaluation and bringing resources into production and profitable joint ventures.

GEOTECHNICAL DATA SERVICES
Geotechnical Data Team maintains seismic datasets and provides data to oil and gas companies or other investors who are interested in exploration and developing new reserves on Indian lands.

NIOGEMS
NIOGEMS is a map-oriented computer software application for managing reservation oil and gas lease, well, production, and other energy/mineral resource data. Training and support are all provided at no cost.

RENEWABLE & DISTRIBUTED GENERATION
Renewable and distributed energy team is committed to helping Tribes formulate and implement energy development strategies, pre-feasibility studies, and consultation to best fit with their unique circumstances and long-term visions.

BUSINESS SERVICES
Business Services provides strategic and economic planning guidance and business structure. Grant Programs and Marketing services.

DEMD Branches provide the best technical assistance to federally recognized Tribes, including Alaska Native Villages to identify and implement opportunities to maximize their revenue stream and resource development.
Business Services Branch

Provides strategic financial analysis, business structure consultation, and economic development planning guidance across all energy and mineral development projects.

Key Services offered to Tribes:
» Business Planning, Entity Formation & Project Management
» Deal Structuring & Evaluation
» Financial Analysis
» Assistance Accessing Grant Funding and Loan Guarantee Financing
» Marketing Department offers a wide variety of marketing services to energy and mineral projects
Grant Programs and Services

❖ **EMDP-Energy and Mineral Development Program**
  - FOAs Coming Soon!
  - Grant program to assess, evaluate and promote development of tribal energy and mineral resources
  - $5 Million to $9 Million Annually

❖ **TEDC-Tribal Energy Development Capacity Program**
  - Grant program to develop tribal managerial, organizational, and technical capacity to maximize the economic impact of energy resource development on Indian land.
  - $1 Million to $1.5 Million Annually

❖ **Technical Assistance**
  - Liaison between Tribes, Industry, and other Federal Programs
  - Consultation on developing stable business environments on reservations
  - Assist Tribes with negotiation of resource development agreements
  - Strategic and economic planning
To develop tribal economies and promote development that maximizes the economic impact of energy resources on tribal lands.
TRIBAL ENERGY DEVELOPMENT CAPACITY (TEDC) GRANT PROGRAM

- Grant program to develop tribal managerial, organizational and technical capacity to maximize the economic impact of energy resource development on Indian land
  - Establish business entity structures and/or organizational structures related to energy resource development Business development capacity
  - Develop or enhance key regulatory activities

- **FY 2015 over $1.5 Million awarded**
  - 10 Total Project Awards

- **FY 2016 over $1.4 Million awarded**
  - 16 Total Project Awards

- **FY 2018 $1.488 Million awarded**
  - 16 Total Project Awards

- **FY 2019 $1 Million awarded**
  - 12 Total Project Awards

- **FY 2020 $1.55 Million awarded**
  - 16 Total Project Awards
TEDC Grant Program Activities

- Developing legal infrastructure for business formation
- Establishing tribally chartered corporations under tribal corporation codes
- Establishing tribal business charters under federal law (IRA Section 17 corporation)
- Establish Tribal Utility Authority
- Developing or enhancing tribal policies, codes, regulations, or ordinances related to regulating and developing energy resource(s)
  - Land lease regulations for energy development purposes
  - Helping Expedite and Advance Responsible Tribal Homeownership (HEARTH) Act
- Adopting secured transaction codes and subsequent joint power agreement with the tribe’s respective state.
ENERGY DEVELOPMENT CAPACITY
Capacity Development Process

PASSIVE
Pay the Utility Bills

AWARE
Understand & monitor energy usage, costs, impacts & opportunities

ENGAGED
Evaluate & prioritize Energy Projects

ACTIVE
Invest in Energy Projects

INNOVATIVE
Collaborate & Optimize

Source: Midwest Tribal Energy Resources Association (MTERA)
Why Focus On Utility Development?

- Tribes spend on average $2-$3 million per year on electric power. This can range from a low of a couple hundred thousand up to $20+ million for large casino/resort tribes.

- Extrapolated to all Federally recognized tribes this is a $1-$2 billion dollar annual market.

- The Utility market on Tribal lands is largely owned, operated, and controlled by third party incumbent utilities who may or may not have the tribe’s best interests in mind.

- Tribes need to, and are, taking a more active role in managing these assets.
THE TRIBAL ENERGY DEVELOPMENT CAPACITY (TEDC) GRANT PROGRAM HAS FUNDED NEARLY 30 TUA PROJECTS IN FY 2015 - FY 2019. THE BELOW INFORMATION IS A CASE STUDY FROM A FY 2015 TEDC PROJECT.

- Analyze Energy Infrastructure
- Review Legal & Regulatory Issues
- Assess Business Entity Options
- Financial Analysis
ASSESS BUSINESS ENTITY OPTIONS

Organizational options

Federally Chartered Corporation (Section 17)
- Pros:
  - Limited liability protection
  - Shares can be traded on major stock exchanges
  - More flexible corporate structure
- Cons:
  - High initial costs and ongoing fees
  - Must be regulated by federal agencies
  - Limited access to Native American resources

Tribally Chartered Corporation
- Pros:
  - Native American enterprise
  - Limited liability protection
  - Shares can be traded on major stock exchanges
- Cons:
  - Limited access to funding opportunities
  - Must be regulated by the tribe

Unincorporated agency or division of tribe
- Pros:
  - Can be formed within a year
  - No ongoing fees
  - Quick to establish
- Cons:
  - Limited liability protection
  - Must be regulated by the tribe

Political subdivision of tribe
- Pros:
  - Shares can be traded on major stock exchanges
  - Limited liability protection
  - Can be formed within a year
- Cons:
  - Must be regulated by the tribe

State law entity
- Pros:
  - Shares can be traded on major stock exchanges
  - Limited liability protection
  - Can be formed within a year
- Cons:
  - Must be regulated by the state

A number of organizational options exist
Model Roadmap Deliverable for a TEDC Utility Feasibility Project

Staffing Plan
<table>
<thead>
<tr>
<th>Tribal Utility Alternative</th>
<th>Estimated Upfront Cost</th>
<th>Potential Annual Savings</th>
<th>Benefits</th>
<th>Potential Issues &amp; Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Full Tribal Utility</td>
<td>$5-10 Million</td>
<td>0%*</td>
<td>• Reinvest utility revenues</td>
<td>• Tribe solely responsible for service reliability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Full control over power supply and cost</td>
<td>• High up-front cost</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Ability to add jobs</td>
<td></td>
</tr>
<tr>
<td>2 Outsourced Tribal Utility</td>
<td>$2.8 Million</td>
<td>9%</td>
<td>• Reinvest utility revenues</td>
<td>• Need to coordinate with third parties to ensure service reliability</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Full control over power supply and cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Possibility to add jobs in future</td>
<td></td>
</tr>
<tr>
<td>3 Control Power Supply Only</td>
<td>$0-800 Thousand</td>
<td>4%</td>
<td>• Full control over power supply and cost</td>
<td>• Need to establish regulatory framework</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• No change in provider</td>
<td>• Need to negotiate with Trico to allow power purchase</td>
</tr>
<tr>
<td>4 Control Service Territory Only (Not a Tribal Utility)</td>
<td>$0-800 Thousand</td>
<td>15%</td>
<td>• Ability to select electric service provider</td>
<td>• No benefits of tribal utility</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Residential rates most likely to go down</td>
<td>• Likely to pay charges related to infrastructure</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Fully reliant upon new provider</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• No control over future cost or power supply</td>
</tr>
<tr>
<td>- Status Quo (Not a Tribal Utility)</td>
<td>$0</td>
<td>0%</td>
<td>• No change to Trico service</td>
<td>• Reliant upon Trico</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• No control over cost or power supply</td>
</tr>
</tbody>
</table>
For more information on EMDP and TEDC
Both grant FOAs can be found on Grants.gov

Technical Assistance:
» Microgrid
» Solar
» Wind
» Biomass

Grants.gov
CONTACT

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