SENECA NATION
Energy Organizational Development
A “First Steps” Grant
11/1/08 – 12/31/08
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- Seneca Nation Council
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- 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
SENeca Nation of Indians
Locational Map of the Territories

Geographic Information Services

- Seneca Nation Territories
- Western New York Counties

Cattaraugus Territory
Seneca Niagara Casino
Oil Spring Territory
Allegany Territory

City of Salamanca

Lake Ontario
Lake Erie

Cattaraugus Territory
 Allegany Territory
Background:

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

Electrical Rates
- Salamanca BPU = $0.0035/kWh
- National Grid Estimated Coverage = $0.014/kWh

Legend:
- Salamanca BPU
- National Grid Estimated Coverage
- State Boundary
- Allegany Territory
- Ammeter Site
- Electrical Transmission Line

Allegany Territory - Electrical Service Areas

Seneca Nation Geographic Information Services
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Utilities Infrastructure

Cattaraugus Territory Utility Projects
Seneca Nation Geographic Information Services

Legend
- Anemometer Sites
- Electric Transmission
- Gas Line Owner
- Water
- Cattaraugus Boundary
- SNI Roads Data
- NYS Roads Data

1 inch equals 6,000 feet

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

**Average $ per kWh by Sector**

- Small Commercial
- Medium Commercial
- Niagara Casino
- Allegany Casino
Major Findings (Energy)

- Electric - Audit and Meter Multiplier Error and cost recovery
Major Findings (Energy)

- NG - Production vs. Usage

![Graph showing NG Production vs. Usage](image)
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?
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?
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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