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Is NGS Facing Closure?

1 message

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Best New Year wishws to you and your family.
Roger

GALLUP INDEPENDENT

Is NGS facing closure? Sources say owners to determine fate of power plant in January

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By Kathy Helms
Cibola County Bureau

GRANTS – Navajo and Hopi tribal officials say they have been told that Navajo Generating Station could close as early as 2017, but Jeff Lane of Salt River Project, managing owner of the coal-fired power plant, said Thursday that no decision has been made at this time.

Sources said the owners of NGS will decide in January whether to shut down the plant, near Page, Arizona, in 2017 and decommission it by 2019, or keep it open until 2021.

At stake are 546 jobs between the power plant and Peabody Energy Co.'s Kayenta Mine, the sole supplier of coal to NGS.

Other options reportedly on the table would be for NGS owners to pay the Navajo Nation several hundred million dollars to decommission the power plant – meaning that Navajo would become the responsible party for environmental issues – or renegotiate the lease.

The Navajo Nation Council voted in 2013 to approve an amendment to the 1969 lease. The amendment extended the power plant's life expectancy to Dec. 22, 2044, and provided Navajo with an annual payment of \$42 million. However, the Department of the Interior reportedly never signed off on it.

If Navajo were to renegotiate the lease, as reportedly suggested by President Russell Begaye, of concern to tribal officials is how much of the \$42 million per year the Nation would have to give up to keep the facility operating until 2044.

Tribal officials are expected to meet with SRP Jan. 4-5 and must make a decision soon thereafter.

Hopi impact

Hopi Tribal Chairman Herman Honanie said Thursday that Hopi also received information from an SRP representative about the potential closure of the embattled power plant.

"I believe the shutdown was stated to be around that area, 2017, which is the reason why it really took us by surprise. We had no idea that that was going to come about," he said.

"If there is a shutdown of the NGS, then obviously our coal mining revenues would be affected totally. It's a huge revenue source for Hopi, and without the ability to sell it (coal) to them anymore, it's going to take a lifeline away from Hopi," Honanie said. "The only option that we have at that time is to export it to whoever else may have a need for it. It may be to export out of the country or whatever. Those are the things that we have to look at."

Honanie said he believes a more formal approach on the part of SRP is in order and that he would like to receive more specific information in writing.

Energy and economics

SRP's Lane confirmed that company representatives met with the Navajo Nation earlier this week and are meeting with other parties to keep them current on discussions regarding the status of Navajo Generating Station.

"NGS has been an important provider of electricity for millions of customers in the Southwest and a significant economic engine for the state of Arizona," Lane stated in an email. "Over the past decade, many efforts have been made to be able to extend the life of NGS beyond 2019 when its lease with the Navajo Nation is set to expire. These efforts, supported by many, have put the owners of NGS in a position to make clear decisions about the plant's future operations."

The owners of NGS include the U.S. Bureau of Reclamation, SRP, Arizona Public Service Co., NV Energy and Tucson Electric Power.

With the economics of the energy industry changing rapidly and falling natural gas prices altering how coal-fired power costs compare with other options, the owners of NGS are exploring every possible scenario with respect to the plant's future and the impacts of each of those scenarios, Lane said.

"This includes evaluating decommissioning when the current lease ends on Dec. 31, 2019. The owners of NGS are devoting great time and effort to this assessment. At this time, no decision has been made."

Where's the transparency?

Davis Filfred of the Navajo Nation Council's Resources and Development Committee said three non-Navajos from SRP met with Navajo officials Tuesday.

"I asked the president, Russell Begaye, how he was going to put the revenue back in there – if he has a plan," Filfred said. "No plan at all. He was just reciting what he was being informed. Nobody has a plan."

There was no response Thursday from the president's office to a request from the Independent to speak with Begaye regarding NGS.

Begaye has established a task force to work on the issue, Filfred said. "I don't even know who the task force is. RDC is the oversight and we're not even being informed. He says that we're 'a new dawn'; 'one nation, one voice.' That's a crock of you-know-what. He's doing his own thing and he's keeping us in the dark."

"Some of the delegates are saying, 'Let's just divorce them (SRP).' Some of them are saying, 'Let's just salvage what's there.' Some of them are saying, 'Let them take the whole thing with them,'" Filfred said.

"We're an energy tribe and all our resources are going downhill. The only answer is to go after fracking," he said. "That's our revenue."

No surprise

Ivan Sidney, village administrator for Hopi's First Mesa Consolidated Villages, said the proposed closure of NGS comes as no surprise, but that it will be devastating for Hopi, which draws a majority of its revenue from coal.

"Our elders have always told us that we must prepare for the future. We should have been preparing all along. We have nobody to blame but ourselves," he said.

The Hopi Tribal Council passed a resolution when Sidney was chairman which called for a percentage of revenues coming from Peabody Coal to be put into a permanent trust for the future, Sidney said, "to be utilized when something like this should happen."

"I challenge the Council to look into how much is in that account, because my opinion is that it might be gone. There has been concern about the spending of tribal money in violation of a lot of these resolutions," he said.

The Kayenta Mine employs more than 320 workers, 96 percent of whom are Native American. The mine injects more than \$110 million in direct economic impacts to tribal communities through wages and benefits, tribal payments, water fees, NTUA revenues and scholarships.