

# INTERTRIBAL COUNCIL ON UTILITY POLICY

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## **Comments of the Intertribal Council On Utility Policy on Western Area Power Administration Rates and Proposed Rates for Pick-Sloan and Loveland Area Projects Transmission and Ancillary Services September 11, 2003**

The Intertribal Council On Utility Policy (COUP) welcomes the opportunity to comment in the matters of Western Area Power Administration Proposed Rates and Proposed Regulation and Frequency Response Service for Intermittent Renewable Resources. Further, Intertribal COUP supports a decision by WAPA to develop a workable approach to actively and fairly include wind into the mix of Great Plains and Western energy resources through the development of rates and regulations that equitably integrate wind onto the federal grid.

WAPA is the current operator of a system that was built by federal dollars to deliver hydropower, a renewable source of energy that does little to pollute the air and water resources of the region or the nation. Today, the WAPA grid carries but a fraction of renewable energy and instead supplements its transmission with more environmentally unfriendly carbon-based fossil fuel generation which has now come to dominate both the grid and the rules by which the grid is operated. Intertribal COUP joins with all the others who desire to see wind power, and its associated regional economic and environmental benefits, find its appropriate place on the federal grid without unnecessary penalties based unfairly upon its inherent or misconceived characteristics.

### INTRODUCTION:

Intertribal COUP is composed of federally recognized Indian tribes in North and South Dakota and affiliates throughout the northern Great Plains. Organized in 1994, it is chartered and headquartered on the Rosebud Sioux Reservation to provide a tribal forum for policy issues dealing with telecommunications and energy utility operations and services.

In the Northern Great Plains, and throughout the American West, the Western Area Power Administration (WAPA) has provided low-cost hydroelectric power transmitted on the federal transmission grid stretching from western Minnesota and Iowa to California. In the northern plains, the renewable hydropower transmitted by WAPA is generated from the stored flow of the Missouri River held in reservoirs that have flooding tribal lands and from

uncompensated use of those reserved, but unquantified tribal waters. WAPA has marketed low-cost federal hydropower for decades, building the rural and regional economies in the process. Until recently, Indian tribes, which have always been eligible for allocations of hydropower as preference customers, were denied the opportunity to directly purchase power because they were not utilities. Intertribal COUP grew out of the unified efforts of the Missouri River Basin Tribes that formed the MniSose Intertribal Water Rights Coalition. The Tribes simply sought a fair share of the federal power distributed by Western Area Power Administration.

Intertribal COUP strongly adheres to the principles of tribal self-determination and ecological sustainability, supporting the development of sustainable homeland economies built upon renewable energy resources. Anticipating the potential for technological convergence in the telecommunications and energy industries under federal restructuring, Intertribal COUP is a vehicle for educating Tribal governments about economic development opportunities available through public and private partnerships to provide reservation utility services under deregulation. Further, Intertribal COUP seeks to assure that the benefits of tribal partnerships with the federal government, as envisioned in our treaties, are promoted in federal legislation and policy.

Intertribal COUP is deeply committed to the prospects of tribally owned wind projects and has sponsored and participated in numerous briefings, conferences, workshops and forums focused on energy policy and renewable energy issues including:

- Co-sponsorship of the Telecom/Utilities 2000 Summit (1<sup>st</sup> Tribal utility conference) with the RST Utility Commission, BIA, FCC, Commerce, Agriculture and Energy Depts in June 1996.
- Sponsorship of the Restructuring, Renewables and Reservations - Tribal Energy Conference with the Department of Energy and the National Labs, as part of a three year planning program on energy deregulation for utility-based foundation for sustainable economic development on energy efficiency & renewable resources in 5-98.
- Partnered with NASA on national Native Peoples/Native Homelands USGCRP Climate Change Workshop as part of the National Assessment of Climate Change, since 11-97.  
< <http://www.usgcrp.gov/usgcrp/Library/nationalassessment/native.pdf> >
- Development of the High Plains SEED's Federal Energy Policy Recommendations for the Great Plains and western Great Lakes presented to Congress in 1-99.
- Developing tribal Integrated Resource Plan and Mid-Continent Wind Assessment 2000.
- Participating in the Intertribal Energy Network (ITEN) with other intertribal

organizations, 4-99.

- Served on the NCAI working group in drafting the DOE Indian Energy Policy 2000 emphasizing renewable energy and economic development for Tribes.
- Developed the Tribal Energy Services Company (TESCO) proposal to leverage the WAPA hydropower allocation to develop plans to address energy efficiency, utility formation, renewable energy and create a sustained economic benefit for the Tribes.
- Working with the Rosebud Sioux Tribe on Department of Energy supported 750 MW wind turbine project. See website on RST “green tag” sales at:  
<[http://www.eere.energy.gov/power/tech\\_access/tribalenergy/projects/rosebud\\_announcement.html](http://www.eere.energy.gov/power/tech_access/tribalenergy/projects/rosebud_announcement.html)> and <<http://www.nativeenergy.com/wind-farms.html>>
- Coordinated with the Great Plains Regional Tribal Chairmen’s Association on the development of an Intertribal Wind Development project from 4-00.
- Assisted in conducting the National Renewable Energy Laboratory study, “Wind Development Options for Native Americans in the Dakotas” in 8-00.
- Proposed “Green-Tag” sales of wind energy generated on Tribal lands to U.S. DOE Secretary Richardson, September 2000, announced in 1-01.
- Collaborated with Energy Foundation & Great Plains Institute for Sustainable Development on outreach to Great Plains Tribes on wind energy development from 12-00.
- Participated in Climate Change discussions via Indigenous Peoples Forum in association with the Indigenous Environmental Network as part of Kyoto Protocol conferences during the COPs 6 (The Hague) in 2000 and COPs 6b (Bonn) in 2001.
- Presented information on Tribal Wind Resource Potential to Tribes in Great Plains in 12-00, Affiliated Tribes of Northwest Indians, Western Governors Association and National Congress of American Indians in 2-01.
- Participated on the DOE’s Renewable Energy Panel at the Department of the Interior’s Indian Energy Summit, 12-01. See also, the URL for DOE Indian Energy Report: “Energy Consumption and Renewable Energy Development Potential on Indian Lands” at:  
<<http://www.eia.doe.gov/cneaf/solar.renewables/page/pubs.html>>
- Presented “Think *Windshed*” Tribal Wind Development plan as part of Greenhouse Network Global Warming Workshop in Boston, 7-02. See reference at:  
<[http://www.cleanwateraction.org/pdf/mn\\_win03.pdf](http://www.cleanwateraction.org/pdf/mn_win03.pdf)>
- Presented "Indigenous Peoples and Renewable Energy: Thinking Locally, Acting Globally - A Modest Native Proposal for Climate Justice from the Northern Great Plains" at the People of Color Environmental Leadership Summit II in Washington DC, 10-02.  
<<http://www.ejrc.cau.edu/summit2/IndigenousClimateJustice.pdf>>
- Developed the COUP Intertribal Wind Development Plan for 80 megawatts of wind power in 10 megawatt clusters on 8 reservations which was designated as an Interagency Working Group Environmental Justice Revitalization Demonstration

Project 3-03.

- Provided testimony before Senate Energy and Indian Affairs committees hearing on proposed Indian energy legislation, Washington DC, 3-03:  
< <http://indian.senate.gov/2003hrqs/031903hrg/gough.pdf> >
- Assisted in development of Rosebud Sioux large utility scale wind turbine project 2-03, and co-sponsored the "Kick-the-Tires" wind energy workshop & dedication of the 1<sup>st</sup> large utility scale 750 kW wind turbine to be owned and operated by an Indian tribe April 30 and May 1, 2003: < [www.rosebudsiouxtribe-nsn.gov](http://www.rosebudsiouxtribe-nsn.gov) >

#### COMMENTS:

Intertribal COUP endorses, joins and incorporates by reference, the comments submitted by the American Wind Energy Association and other interested parties, including those of the MniSose Intertribal Water Rights Coalition, in the matter of Western Area Power Administration's Proposed Rates for Loveland Area Projects Transmission and Ancillary Services presented at public information forums held on July 14, 2003 and August 6, 2003. This filing amplifies several matters of particular tribal interest for the Intertribal COUP membership.

American Indian tribes enjoy a tremendous untapped energy potential in reservation wind and solar resources. In the northern plains, Tribal renewable energy development offers the opportunity for building sustainable reservation economies based upon the clean and inexhaustible energy resources found in the ocean of wind that crosses the Great Plains every day. Throughout the west, Tribes are interconnected to federal WAPA/BPA grids for off-reservation energy sales with zero emissions. Distributed Indian owned wind and solar projects could help meet federal, state and tribal renewable portfolio standards (RPS). Based upon the 1987 estimated wind power potential maps development by the Department of Energy, only 5% of American Indian lands could produce some 667 gigawatts of wind energy. This number exceeds the installed electrical capacity presently utilized in the United States.

The member tribes of the Intertribal COUP recognized that an extended drought has gripped the northwestern Great Plains since the end of the last century, as the last decade has seen record breaking high temperatures year after year. Through this period of reduced snowpack in the northern Rockies and the lowest stream flows above and below the dams on the Missouri River, the policy of Western Area Power Administration in the face of hydropower shortfalls has been to turn to some of the most carbon dioxide intensive electricity generation to supplement and replace the diminishing hydropower.

A recent study ranked utility companies based on the amount of pollution produced relative to their power output. By that measure, Basin Electric Power Cooperative, the largest generation and transmission utility in the western

Dakotas and headquartered in Bismarck, ND, that relies primarily on coal-fired power plants to supply over 100 rural electric co-ops, was identified as producing the highest output of carbon dioxide per megawatt-hour of electricity.<sup>1</sup> WAPA increased purchases of carbon-based power from generators such as Basin to offset hydropower shortfalls, only increases the atmospheric CO2 intensity, resulting in greater likelihood of drought and precipitation shifts, leading to more extreme and continued climatic shifts.

This unintended impact of this policy, in the view of most of the world's reputable climate scientists, may well exacerbate and accelerate the dramatic climate changes being noted around the globe and may further reduce the hydropower resource. The predicted impacts of global climate change in the northern Great Plains presently match our current conditions. The long-term climatic future of the region may well look more like the conditions we are experience now, or with even greater variability, that those of the last century. The present drought and precipitation shifts seen in the Missouri River basin are consistent with predicted changing climate scenarios and are more likely than not to be directly associated with increased levels of CO2 generated from this country's coal fired power plants. In short, the conditions we find today may well be the "new normal" for the hydrology of the Missouri River for the foreseeable future. In our view, it would not be prudent to naively depend upon a continuation of the stream flows recorded over the past century, for what may, in fact, rapidly becoming the "old normal".

We would do well to remember that hydropower generation is only an incidental responsibility of the Corps of Engineers. The Corps now holds back water due to drought and flood conditions to meet its operational mandates. This management regime results in an overall decrease in hydropower production. The operations of the Missouri River dams, which are managed by the Corps of Engineers for a variety of non-hydropower purposes and which serve to provide WAPA with hydroelectricity, are based upon the last 100 years of river flow data. While the Missouri River has surely seen drought cycles in the past, banking on a return to the high-water averages of the past century to supply cheap power may prove to be unfounded, unwise and costly in the extreme. However, a policy that integrates wind power allows the federal power marketers to hedge their bets by building a portfolio of energy generation that on average is predictable and reliable over the long term. In recent times of abundance with vast storage capacity, hydropower can provide an extremely economical, non-intermittent, dispatchable generation source for public allocations of firm power. In 1995, a poll of Western's utility customer rejected the development of wind power

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<sup>1</sup> "Bench marking Air Emissions of the 100 Largest Electric Generation Owners in the U.S. - 2000." Natural Resources Defense Council and Coalition for Environmentally Responsible Economies, and Public Service Enterprise Group (a Newark NJ utility). From "Study Ranking Utility Polluters Aims to Sway Emissions Debate", By NEELA BANERJEE, NYT, March 21, 2002

convinced that it would raise the cost of WAPA power. In the past five years, Western has seen a dramatically accelerating increase in its purchase of supplemental or replacement power to fulfill its customers' long-term contractual requirements and a decrease and disappearance in its sale of surplus power. Forecasts promising an economic return based upon the sale of surplus power, premised upon a return to the "old normal" river flows, may be more hopeful than realistic.

All of the foregoing addresses only current energy demands. Presently, there are some 5,700 MW of new coal generation projected for the "high boundary" case announced in the four northern Great Plains states of Montana, Wyoming, and North and South Dakota through 2007. Along with additional electricity generation capacity, such fossil fuel projects are expected each year to also produce approximately: 31,986,746 tonnes of CO<sub>2</sub> (contributing to global warming); 28,962 tonnes of SO<sub>2</sub> and 22,770 tons of NO<sub>x</sub>, (acid rain downwind), and an additional 691 kilograms of mercury (air borne toxin to downwind waters & wildlife).

The Western Area Power Marketing Administration must be seen and more importantly operate as a national asset in service to a variety of federal policy goals for the benefit of entire nation. WAPA was originally designed to promote and market clean, renewable energy generated by our nation's hydropower dams. The reach of its transmission grid extends to across the entire western half of the country. In the northern Great Plains it extends through the richest wind resource in the world and touches virtually every Indian reservation along the way. It has been built and managed with federal funds, and must develop policies, rates and regulation that encourage the utilization of the full range of our national energy resources, including the other clean and abundant supplies of wind and solar power available throughout the west. Penalizing the transmission of wind power with unwarranted and unnecessary charges and payments will significantly impede the development of wind power in the west. Properly configured and distributed, wind power may well provide both supplemental and replacement power to WAPA. The present policy of purchasing supplemental coal power at rising retail rates will likely cost many hundreds of millions of dollars, with an increase in the pollutants associated with such generation. Those same annual expenditures of federal funds could support a non-escalating long-term investment in wind power, particularly on Indian reservations, and provide 25 to 30 years of clean, wholesale power into the federal grid system at low, fixed cost. In addition, such a policy would meet other federal goals, from cleaner air to support for the building of sustainable reservation economies based upon renewable energy generation. The federal government could truly live up to its trust responsibility as a treaty partner to the Tribes that were devastated by the construction of the large dams and reservoirs.

## QUESTIONS:

Western has stated that it would be willing to answer written questions about their rate proposals, with the questions and answers to be posted on their web site. Along with the questions posed by the comments submitted by AWEA and other interested parties, Intertribal COUP would like Western to address the following questions:

1. Has Western considered its current policies, practices and rate structures with regard to acquisition of supplemental and replacement power in the context of global climate change? If not, why not?
2. Has Western considered the impact, in terms of both economic and environmental benefits, that the inclusion of significant amounts of renewable energy into their portfolio may produce, particularly if that generation came from Indian projects? If not, why not?
3. Has Western analyzed the hedging benefits Western may have been able to realize had it significantly included renewables, particularly wind energy, in its portfolio from 1995 when it rejected that option on economic grounds? If not, why not?
4. Does Western consider its hydropower resource a “firm” or “non-firm” generation resource? If “firm”, has Western considered the potential of utilizing its resource as a “firming” tool for bringing wind power onto the grid? If “non-firm”, has Western considered its ability to market wind power as an additional “non-firm” resource? As to each, if not, why not?
5. Does Western consider the life-cycle costs associated with the generation of the energy it transmits? If not, why not?
6. Has Western considered the impact of the externalized costs associated with its current policies of obtaining supplemental power from carbon intensive fossil fuels? If not, why not?
7. Does Western consider itself to be a regional or national asset?
8. Does Western currently consider itself to be a marketer of a renewable energy resource? If so, does Western consider the marketing of wind energy a logical extension of that role that should be supported by policy and practice?
9. How does Western consider the purchase of tribal wind power in the context of its federal trust responsibility?

10. How does Western view the purchase of tribal wind power as promoting tribal partnerships with the federal government, as envisioned in our treaties, and in other federal legislation and policy, including the current tribal hydropower allocation process?
11. Has Western considered the opportunities presented in the current tribal hydropower allocation process in light of promoting large scale renewable energy generation? If so, where and how, and if not, why not?
12. In light of the cost increases association with diminished hydropower resources and the rejection of renewables in 1995, has Western considered utilizing deliberative polling as a tool to directly determine its end use customers desire for renewable energy? Would Western design its rates, regulation and policies so as to encourage the development and integration of renewables into its portfolio based upon such deliberative polling? If not, why not?

Thank you for the opportunity to present these comments and for responding to these questions.

Sincerely,

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