

# Energy



Though tribal lands contain 10 percent of the nation's traditional and clean energy resources, tribal governments face mounting challenges in their efforts to contribute to national priorities related to energy independence, clean energy, economic development, and job creation. These challenges are both identified and largely addressed in the Indian Energy Parity Act (S. 3752). Leading barriers to energy development include excessive, inefficient, and outdated bureaucratic requirements, and lack of equitable access to the transmission grid, financing, and federal funding. For example, oil and gas developers must pay a \$6,500 application fee to obtain a permit to drill in Indian Country, while in some states the cost is as low as \$25.

The manifestations of these barriers are profound. On the clean energy front, tribal wind and solar energy potential can provide, respectively, 14 percent and 4.5 times the nation's energy needs. Yet, only one commercial scale renewable energy project operates in Indian Country. Meanwhile, the Department of the Interior (DOI) has assessed two dozen potential sites for large-scale solar power installations, and in 2010, the Bureau of Land Management (BLM) approved six solar projects that would produce about 3,000 megawatts. With regard to traditional energy, Indian tribes boast nearly a quarter of the nation's on-shore oil and gas reserves and developable resources and one-third of the West's low-sulfur coal. However, existing tribal energy production represents less than 5 percent of current national energy production. The DOI estimates that undeveloped reserves of coal, natural



gas, and oil on tribal lands could generate nearly \$1 trillion in revenues for tribes and surrounding communities. This untapped energy potential undermines Indian Country's capacity to contribute to the national transmission grid upgrade to meet 21st century needs.

The significant energy resources on tribal lands stand in stark contrast to the fact that many reservations with vast energy potential are home to some of the poorest communities in America. The 2000 Census reported that 14.2 percent of tribal homes lack access to electricity compared to less than 1 percent of non-Native homes. Many Alaska Native villages are dependent on diesel fuel to heat their homes at a cost of \$6 to \$9 per gallon, often compelling residents to choose between food and fuel during the winter months.

Over the past decades the federal government has not supported tribal energy and energy efficiency needs in a manner comparable to assistance provided to state governments. Under the American Recovery and Reinvestment Act (ARRA) alone, the Department of Energy (DOE) provided nearly \$12 billion directly to states under its State Energy Program, Weatherization Program, and Energy Efficiency and Conservation Block Grant Program, from which only \$64 million was provided directly to Indian tribes.

The development of tribal energy, and tribal participation in energy efficiency programs, will have significant positive impacts for tribes and surrounding communities. To ensure the economic vitality of Indian Country and the nation as a whole, the federal government must provide Indian Country with opportunities to develop their energy resources by removing barriers and providing equitable access to federal programs.

### *Key Recommendations*

#### **DEPARTMENT OF ENERGY**

##### **Energy, Water Appropriations Bill**

##### **Office of Indian Energy Policy and Programs (OIEPP)**

- Provide \$10 million for OIEPP programs.

In December 2010, DOE appointed the first director of the Office of Indian Energy Policy and Programs (OIEPP) since 2008. The FY2010 president's budget requested \$5 million for that office, which was not accessed because the office lacked a director. Given the vast scope and diversity of tribal needs, it is essential that OIEPP be funded at \$10 million to ensure that the Office can effectively coordinate tribal-related energy programs and priorities within the agency and across agencies, and can collaborate with tribal governments and energy interests to address the many challenges that impede energy projects on tribal lands.



## DEPARTMENT OF ENERGY

### Energy, Water Appropriations Bill

#### Tribal Energy Program

- Fund the Tribal Energy Program at \$20 million.
- Provide DOE authority to reduce or waive tribal cost shares.

Tribes recognize DOE's Tribal Energy Program as an effective program that provides a range of services related to tribal renewable energy development. Tribal demand for funding greatly exceeds current resources, with \$52 million in tribal demand met by only \$6 million in available funding in FY2009. Given the extensive untapped renewable energy potential on tribal lands and historic and present day inequities in funding, tribes request a full appropriation of the \$20 million in funding that is authorized for this highly effective program. Some tribes are deterred from participating due to the cost share requirements, and tribes request that DOE reduce or waive those requirements on an as-needed basis.

## DEPARTMENT OF THE INTERIOR

### Bureau of Land Management

#### Application for a Permit to Drill

- Eliminate the \$6,500 fee for the application for a permit to drill in Indian Country.

As part of the *Consolidated Appropriations Act of 2008* (P.L. 110-161), Congress authorized the imposition of a "\$4,000 fee per new application for permit to drill that the [Bureau of Land Management] shall collect upon submission of each new application." This fee authority was subsequently included in the FY2009 and FY2010 appropriations acts where the fee amount was increased to \$6,500. The fee targeted energy development on federal lands, not tribal trust lands, but the unintended consequence of this rider is to significantly deter oil and gas development on Indian lands. The legislative language does not specify that the application for a permit to drill fee applies to Indian lands, but the BLM issued a memorandum that mandated the inclusion of Indian minerals in the fee (BLM Instruction Memorandum No. 2008-043). The FY2012 appropriations bill should explicitly exempt tribal lands from these onerous fees that create a barrier to economic development and job creation.

## DEPARTMENT OF ENERGY

### Energy, Water Appropriations Bill

#### Energy Efficiency and Conservation Block Grant Program (EECBG)

- Increase the EECBG tribal set-aside to 3 percent.

The ARRA provided a crucial \$54 million investment through the statutory 2 percent tribal set-aside in DOE's EECBG program. This substantial initial investment in tribes led to the identification of



several challenges. Prior to 2009, tribes had not received funding comparable to what states received. Past funding allowed states to develop the institutional capacity to apply for, manage, and implement energy efficiency activities, an opportunity that had not been afforded to tribes. Many tribes had to recruit staff with limited prior experience in energy efficiency projects to apply for and implement the EECBG programs. These capacity challenges underscore the need for a 1 percent increase in the statutory set-aside (to a total of 3 percent), with an expansion of eligible activities to include the development of tribal institutional capacity to implement the program.

#### DEPARTMENT OF ENERGY

##### **Energy, Water Appropriations Bill**

##### **Weatherization Program**

- Establish a 5 percent tribal set-aside in the Weatherization Program (Wx).

Five percent of the funding for the Wx program should be set aside to serve tribal governments and their citizens. Eighty percent should be provided directly to tribal governments. The remaining funds should support key DOE activities to build institutional capacity to develop a tribal weatherization/energy efficiency program; assess and improve the effectiveness of state Wx offices in meeting tribal needs; develop a program to recruit, train, and employ tribal members; and provide funding to states to subcontract with tribes and/or Native businesses to run the program.

#### DEPARTMENT OF ENERGY

##### **Energy, Water Appropriations Bill**

##### **Indian Energy Project Loan Guarantee Program**

- Provide \$50 million for the Indian Energy Project Loan Guarantee Program.

Energy development is highly capital intensive, and projects require leveraging and private financing. Prior to ARRA enactment, conservative estimates of shovel-ready renewable energy projects on tribal lands exceeded \$500 million. Shovel-ready conventional energy projects on tribal lands totaled many times that estimate. DOE's Indian Energy Project Loan Guarantee Program has never been funded. An appropriation of \$50 million will support at least \$500 billion in private financing to help jump-start some of the existing tribally owned energy projects that are poised for deployment.



**DEPARTMENT OF THE INTERIOR**

**Interior, Environment Appropriations Bill**

**Office of Indian Energy and Economic Development (OIEED)**

- Provide \$5 million in capacity-building assistance to Indian tribes for purposes of negotiating and implementing Tribal Energy Resource Agreements (TERAs).

Tribal Energy Resource Agreements authorize consenting Indian tribes to exert greater degrees of control over the development of their energy resources. TERAs provide increased local control and authority but balance this by requiring tribes to take greater responsibility for implementing environmental regulations. TERAs are critical tools to develop tribal energy resources. An appropriation of \$5 million will authorize more than 10 Indian tribes to undertake comprehensive assessments of their energy development potential and conduct the necessary assessments and consultations to develop their energy resources. This program could grow to include 10-12 additional tribes per year for the following five years to reach an annualized budget of \$25 million.

