



Sandra Begay-Campbell, a researcher at Sandia Labs and member of the Navajo Nation, talks with Sandia Labs interns about solar energy in the Pueblo of Acoma, New Mexico.

Credit: Randy Montoya, Sandia Labs.

ENERGY

Although tribal lands contain a vast amount of the nation's conventional and renewable energy resources, tribal governments face an array of challenges in developing them. Further development of tribal energy would contribute significantly to national energy independence, clean energy, economic development, and job creation.

On the renewable energy front, tribal wind could provide 14 percent of the nation's electric needs and tribal solar could supply twice the nation's demand for electricity.³⁰ Despite this substantial potential, only one commercial-scale renewable energy project operates in Indian Country.

Similarly, in the conventional energy arena, Indian tribes boast nearly a quarter of American on-shore oil and gas reserves and developable resources and one-third of the West's low-sulfur coal. Yet, in total, existing tribal energy production represents less than 5 percent of current national production.

A primary reason for this underdevelopment is bureaucratic and financial barriers. For example, oil and gas producers must pay a \$6,500 application fee for a permit to drill in Indian Country, while in some states these permits cost as little as \$25. Both the Senate (S. 1684) and the House are currently considering legislation that would remove some of these obstacles. Such legislation provides low-cost and no-cost solutions to tribally-driven energy development.

At the same time, however, tribes have a great need for the capacity and technical assistance to advance the over 150 energy projects that they are currently moving into the development, financing, and construction stages.

In 2008, the then-Director of the Office of Indian Energy and Economic Development within the Department of the Interior estimated that: "15 million acres of undeveloped energy and mineral resources may exist on individual Indian and tribal lands, which if fully developed could result in billions of dollars in revenue for those tribes and individual Indian landowners over the period of production. Drawing from the results of various studies done over the years, we estimate that these lands contain over 5 billion barrels of oil, 37 trillion cubic feet of natural gas, and 53 billion tons of coal that are technically recoverable with current technologies." (p. 4)³¹

Through Recovery Act funding of the Energy Efficiency Conservation Block Grant (EECBG) program, many tribes were able to establish—for the first time ever—the capacity to even consider energy and energy efficiency projects. This momentum must be sustained.

Tribal interest is strong, and the Departments of the Interior (DOI) and Energy (DOE) are now well positioned to provide these services. DOE's new Office of Indian Energy Policy and Programs (OIEPP) is beginning to mobilize the Department's current network of technical assistance on behalf of tribes—

a service that the Department has provided to states for decades. OIEPP has also initiated a demonstration project to channel DOE's technical assistance to help grow from the number of commercial-scale tribal renewable energy projects from one to five. DOI's Office of Indian Energy and Economic Development has seen a significant increase in tribal applications for funding to develop Tribal Energy Resource Agreements (TERA). TERAs would remove many bureaucratic barriers and foster tribally-driven development. These are building blocks necessary to provide tribes with equal opportunities to effectively access their energy resources.

Key Recommendations

DEPARTMENT OF ENERGY

Energy and Water Development Appropriations Bill

Office of Indian Energy Policy and Programs (OIEPP)

- *Provide \$20 million for OIEPP programs.*

Since its inception in December 2010, OIEPP has done a tremendous job in identifying and addressing the technical and capacity hurdles that tribes experience with the complexities inherent in the development of energy projects. By providing the maximum statutory amount under the Energy Policy Act, OIEPP, through its broad statutory authority, can direct the funds where tribes need them. For example, these areas of need might include technical and financial analyses, energy efficiency for homes, solar panels for tribal government buildings, and transmission studies. Full funding would also serve to address the most significant tribal needs that might not be met by other federal programs (such as EECBG) due to federal budget cuts.

DEPARTMENT OF THE INTERIOR

Interior - Environment Appropriations Bill

Bureau of Land Management – Application for a Permit to Drill (APD)

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

As part of the *Consolidated Appropriations Act of 2008* (Pub. 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 (BLM)] shall collect upon submission of each new application, subject to the condition that no such fee may be collected by the Bureau for any application for a permit to drill on Indian land (as defined in section 2601 of the Energy Policy Act of 1992, 25 U.S.C. §3501).” This fee authority was included in subsequent Appropriations Acts, and the fee was increased to \$6,500. The fee has significantly deterred oil and gas developers from undertaking projects in Indian Country. None of these Appropriations Acts specified whether the Application for a Permit to Drill (APD) fee is applicable to when applying to drill for Indian minerals. It was the BLM that issued a memorandum, mandating “every new APD (including those on Indian Minerals) is to be accompanied by a filing fee in the amount of \$4,000” (BLM Instruction Memorandum No. 2008-043). Congress and the Administration should clarify that the fees were not intended to affect tribal lands.

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 negotiating and implementing Tribal Energy Resource Agreements (TERAs).

Tribal Energy Resource Agreements (TERAs) authorize consenting Indian tribes to exert greater control over the development of their own energy resources. TERAs remove many of the bureaucratic barriers to energy development that Congress and the tribes have already identified. TERAs balance the increased provision of local control and authority by requiring tribes to take greater responsibility for the implementation of environmental regulations. TERAs are critical tools in developing tribal energy resources. Tribal applications for the program have increased significantly in recent years. An appropriation of \$5 million will enable more than ten tribes to undertake comprehensive assessments of their energy development potential and conduct the necessary assessments and consultations to develop their energy resources.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Labor, Health and Human Services, Education Appropriations Bill

Low-Income Home Energy Assistance Program (LIHEAP)

- Maintain full funding levels for LIHEAP (\$4.5 billion) with \$51 million to tribes.

The Low-Income Home Energy Assistance Program (LIHEAP) prevents families from having to make the choice between food and heat. With high unemployment and barriers to economic development, much of Indian Country cannot afford to pay for the rising costs of heat and power. For example, Alaska Native villages have experienced a substantial increase in energy costs, with fuel prices recently reaching \$9 per gallon. In FY 2011, LIHEAP was appropriated \$4.7 billion total, with \$51 million allocated to tribes and tribal organizations. Full funding of LIHEAP is crucial to address the extreme need for heating assistance in Indian Country.

DEPARTMENT OF THE INTERIOR

Interior - Environment Appropriations Bill

Bureau of Indian Affairs' Office of Indian Energy and Economic Development (OIEED)

- Fund the Office of Indian Energy and Economic Development at \$5 million.

The Department of the Interior's Office of Indian Energy and Economic Development (OIEED) has launched many creative and successful initiatives to encourage energy resource development on tribal lands, spur economic and business development assistance and training, expand job and skills training opportunities, and leverage limited federal funding to provide access to capital for business development.

More funding would enable the OIEED to continue to expand the scope and usefulness of its Indian Loan Guarantee Program, as well as finance more business development (including support for Native business development providers engaged in assisting Native businesses in preparing business plans and financing applications). Additional funding would also support OIEED programs that enable more Native contractors to satisfy surety bond requirements for construction projects; expand use of the Section 477 program and other job training initiatives; and assist business incubation pilot projects initiated in recent years to facilitate Native business growth and job creation. Additionally, the OIEED has supported Interior's acquisition staff as it develops stronger and streamlined procurement procedures for use of Buy Indian Act authority to procure goods and services from Native contractors and suppliers.