

## Wind & Hydropower Technologies Program

Harnessing America's abundant natural resources for clean power generation

# NAWIG NEWS

THE QUARTERLY NEWSLETTER OF THE  
NATIVE AMERICAN WIND INTEREST GROUP

SUMMER 2006

*As part of its Native American outreach, DOE's Wind Powering America program has initiated a quarterly NAWIG newsletter to present Native American wind information, including projects, interviews with pioneers, issues, WPA activities, and related events. It is our hope that this newsletter will both inform and elicit comments and input on wind development in Indian Country.*

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### Kumeyaay Tribe Earns \$16,000 Per Turbine

The Campo Band of Kumeyaay Indians is earning landowner payments for the wind farm on its tribal land near San Diego, California, that are substantially above wind industry standards.

The 25-turbine, 50-MW Kumeyaay project provides roughly \$16,000 per turbine (2 MW each) per year for the Campo Band. The Kumeyaay receive high payments because of a lucrative power purchase contract with local utility San Diego Gas and Electric (SDG&E), as well as local land values.

The tribe is acting only as a landowner on this project, with no tribal ownership stake and no risk to the tribe. The tribe earns fees structured as 5% of the power purchase contract with SDG&E. According to Michael Connolly, a tribal council member, the tribe also received an upfront payment of \$200,000 for the project.

The project was developed by Superior Renewable Energy, which has since sold its stake in the project to Australian investment bank Babcock & Brown. Babcock & Brown is in the middle of a big push to invest in energy, including wind energy, in the United States.

Unlike many renewable energy projects, the Kumeyaay project is not structured as a flip model, in which the tribe has the option to take all of the revenue stream after 10



Turbines from the Kumeyaay Wind Power Project grace the ridge above the Golden Acorn Casino on the Campo Reservation near San Diego.

years when the investor has used all of the tax credits. Babcock & Brown will continue to take all of the revenue streams from the project (except for the 5% that goes to the tribe) through the project's projected 30-year lifespan. However, the project ownership will change, and the tribe will take ownership after 10 years so that the project can avoid paying the \$600,000 in property taxes it pays yearly to San Diego County.

The electricity from the project is sold to SDG&E for 4-5 cents per kWh over a 20-year term, said Connolly. According to a 2005 report by Windustry, a wind-industry non-profit that works extensively with landowners, land value, turbine size, price of energy, and landowner knowledge are the factors that most consistently influence landowner payments.

Three of the four factors seem to be in the tribe's favor. The median detached home price in San Diego County is \$585,000, according to May 2006 figures from DataQuick, more than double the national average. The 2-MW Gamesa

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turbines are among the largest currently being installed in the United States. The price for power is high.

As for the fourth factor, landowner knowledge, the tribe does not have a significant knowledge base about wind energy. Connolly said that if given another chance, the tribe would negotiate for an option to buy the project after 10 or 20 years. Connolly also thinks the tribe could have, with more knowledge, received royalty payments per turbine per year.

However, despite its lack of knowledge, the tribe did strike a good deal with developers – 30% better than any other project Windustry surveyed as part of its 2005 report. This may be partly due to the tribe's other financial resources and experience in business. The Campo Band is a relatively small tribe of 350 people and runs a casino with millions of dollars in yearly profits. Because of the success of the casino, the tribe is not desperate for revenue at any price. Connolly said that the tribe also learned the hard way from its casino experience that it shouldn't sign long-term exclusive deals with developers.

Another unusual aspect of the Kumeyaay project deal is that the tribe itself - not a corporation formed by the tribe - receives the royalty payments from the project. Normally, tribes are advised to separate political and business affairs. However, in this case the tribe is acting as a relatively silent partner, receiving a check every month. Connolly said that any risk from the tribe receiving money directly seemed to be low.

The tribe owns other land with a good wind resource that it is trying to develop, this time with an



R. Gough/PXI 14792

The Kumeyaay Wind Power Project is comprised of 25 Gamesa 2-MW turbines.



R. Gough/PXI 14793

The Kumeyaay Wind Power Project is the largest wind power project on tribal lands to date.

ownership stake. One project will be a 1-MW net-metered turbine to power the tribal casino.

The tribe also plans to develop a 20-MW project on a ridgeline near the 50-MW project. The tribe would like to have an ownership role in the 20-MW project and take a greater part of the project rewards.

With that stake in the rewards, however, comes greater risk, Connolly said.

“It’s a very stop-and-go industry, and if you’re not ready to move when the time comes to move, then you miss your window,” he said.

The tribe will seek an experienced wind industry player as a partner who can invest some capital – aligning its interests with the tribe’s – and also bring its expertise to bear, Connolly said.

The tribe is not as concerned with jobs from the project as are other reservations in more rural areas. Few jobs have come from the 50-MW project (about six construction jobs and one continuing site manager, who is not a tribal member). However, the tribe is exploring how to leverage its capabilities in the next project. It is exploring the option of assuming decommissioning responsibility for the project, something the tribe can do for lower cost than an outside developer.

*Author Mark Shahinian is an intern for Intertribal Council on Utility Policy (Intertribal COUP).*

## Native Wind Releases Wind Energy PSA

Native Wind, a non-profit organization formed to protect the environment and promote the welfare of indigenous people by facilitating the development of renewable energy resources on tribal lands, has produced a wind energy public service announcement (PSA). The PSA features Lakota Chief Arvol Looking Horse, 19th Generation Keeper of the Original Sacred White Buffalo Calf Pipe, and Eddie Spears, actor (Into the West, Dreamkeeper).

Native Wind is the result of an invitation extended by Intertribal COUP to urban leaders participating in the greenhouse gas emission reduction programs of ICLEI and the U.S. Council of Mayors. These cities are America's load centers where most of the nation's energy is consumed. They have recently pledged to meet or exceed Kyoto Protocol targets for reducing global warming pollution through a variety of actions, including

energy efficiency measures, investment in green tags, and advocating for the development of renewable energy resources.

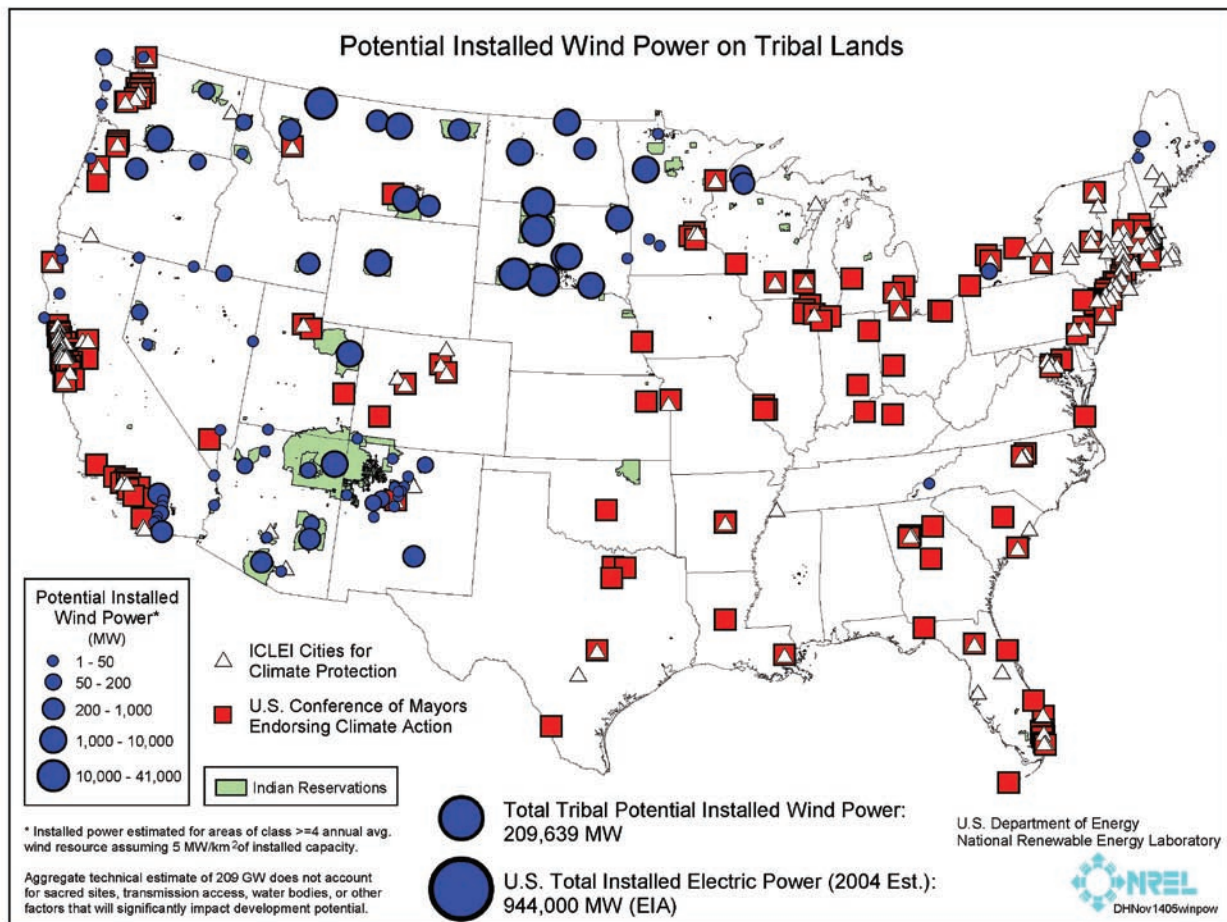
Developing the abundant wind energy resources on tribal lands throughout the West could help these cities meet their renewable energy goals. The map below shows the developable potential of tribal wind resources in blue and the locations of the ICLEI and U.S. Conference of Mayors cities in white and red.

When wind projects can get access to the grid, wind energy can be delivered as green power.

In areas where the grid is constrained, green tags can provide an alternative option for cities to meet their reduction targets.

The PSA made its debut at the Clinton Global Initiative on September 15 in New York City.

See the PSA at [www.nativewind.org](http://www.nativewind.org)



This map depicts the maximum potential installed wind capacity on tribal lands (Class 4 winds and above). The map is illustrative and does not take into account urban areas, sacred lands, bodies of water, etc.

## 2006–2007 Calendar

Aug. 7 – Aug. 9 **Indian Energy Solutions 2006** – Mt. Pleasant, MI  
Council of Energy Resource Tribes, 303-282-7576

Aug. 8 – Aug. 11 **Wind Energy Applications and Training Symposium (WEATS) 2006** – Boulder, CO  
Tony\_Jimenez@nrel.gov or 303-384-7027

Aug. 21 – Aug. 25 **Renewable Energy for Tribal Community Development** – Golden, CO  
The Native American Energy and Minerals Institute,  
[www.mines.edu/outreach/cont\\_ed/naemi/retcd.html](http://www.mines.edu/outreach/cont_ed/naemi/retcd.html)

Oct. 1 – Oct. 6 **63rd Annual NCAI Convention** – Sacramento, CA  
National Congress of American Indians, 202-466-7767  
or [www.ncai.org](http://www.ncai.org)

March 23 – 25, 2007 **Denver March PowWow** – Denver, CO  
[www.denvermarchpowwow.org](http://www.denvermarchpowwow.org)

June 3 – 6, 2007 **WINDPOWER 2007 Conference and Exhibition**  
– Los Angeles, CA  
American Wind Energy Association,  
[www.eshow2000.com/awea/2007/](http://www.eshow2000.com/awea/2007/)

Current Native American wind events can also be found on the Wind Powering America Web site at [www.windpoweringamerica.gov/native\\_americans.asp](http://www.windpoweringamerica.gov/native_americans.asp)

### Useful Links

Wind Powering America • [www.windpoweringamerica.gov](http://www.windpoweringamerica.gov)  
American Wind Energy Association • [www.awea.org](http://www.awea.org)  
U.S. Department of Energy Tribal Energy Program •  
[www.eere.energy.gov/tribalenergy](http://www.eere.energy.gov/tribalenergy)  
National Wind Coordinating Committee • [www.nationalwind.org](http://www.nationalwind.org)



Prepared for the U.S. Department of Energy  
by the National Renewable Energy Laboratory, a DOE National Laboratory

For more information contact:  
EERE Information Center  
1-877-EERE-INF (1-877-337-3463)  
[www.eere.energy.gov](http://www.eere.energy.gov)

### A Strong Energy Portfolio for a Strong America

Energy efficiency and clean, renewable energy will mean a stronger economy, a cleaner environment, and greater energy independence for America. Working with a wide array of state, community, industry, and university partners, the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy invests in a diverse portfolio of energy technologies.

DOE/GO-102006-2289 • Summer 2006

