



## Out of options, the Navajo Nation seeks to take over troubled NGS coal plant

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(Photo: Mark Henle/The Republic)

With no power companies willing to take the risk, the Navajo Nation on Friday said it wants control of a troubled coal plant near Page that is slated to close next year.

The facility is too important to the tribe's economy to let it close, tribe officials said.

Salt River Project and the other utilities that own the Navajo Generating Station [voted in 2017](http://story/money/business/energy/2017/02/13/utilities-vote-close-navajo-generating-station-coal-plant-2019/97866668/) ([/story/money/business/energy/2017/02/13/utilities-vote-close-navajo-generating-station-coal-plant-2019/97866668/](http://story/money/business/energy/2017/02/13/utilities-vote-close-navajo-generating-station-coal-plant-2019/97866668/)) to close the three, 750-megawatt generators at the end of 2019 because it is cheaper to buy power from natural gas plants.

But the tribe and the U.S. Bureau of Reclamation, which owns a portion of the facility, have sought to keep it running. In September, [the only seriously interested buyer walked away from negotiations](http://story/money/business/energy/2018/09/21/navajo-generating-station-deal-falling-apart-means-plant-mine-closure/1376588002/) ([/story/money/business/energy/2018/09/21/navajo-generating-station-deal-falling-apart-means-plant-mine-closure/1376588002/](http://story/money/business/energy/2018/09/21/navajo-generating-station-deal-falling-apart-means-plant-mine-closure/1376588002/)) and closure looked certain.

But the tribe says that's unacceptable, as it would cripple the economies of the Navajo Nation and Hopi Tribe.

"It's not over until it's over," Navajo Nation Speaker LoRenzo Bates said Friday. "We are going down the path to keep NGS open."

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Approximately 750 people, mostly Native Americans, work at the plant and Kayenta Mine that supplies it when the facilities are fully operational. The tribe also benefits from lease payments, coal royalties and myriad ancillary transactions, such as selling power to the mine.

The Hopi Tribe also relies heavily on the mine, which is partially on its land and partially on Navajo land.

Shuttering the power plant would force the mine to close and cause a massive ripple effect across the reservations. Both tribes get substantial percentages of their budgets from the coal operations and would be forced to cut services if those revenue streams go dry.

"The Navajo Nation is the ultimate decision maker on the future of NGS," Bates said. "Navajo is taking the lead."

## What would a deal look like?

[Fullscreen](#)

Exactly how a deal could work, including whether the tribe needs financial partners and who will buy the electricity, need to be worked out, Bates said.

### Rally to save Navajo Generating Station coal plant

"Granted, there are many moving pieces here we have to deal with," he said. "We are working through the many pieces."

SRP officials said they would work with the tribe.

"As we worked with others, we will continue to provide support and information to the tribe as they decide whether to pursue a transfer of assets," SRP spokesman Scott Harelson said. "Timing remains a growing challenge."

SRP is only maintaining and repairing what it needs to run through 2019, deferring hundreds of millions in long-term maintenance at the plant. The tribe or any other entity that takes over the facility will have a months-long backlog of work to catch up on, which essentially guarantees at least a temporary shut down in December 2019 when SRP's current lease expires.



Navajo Generating Station near Page. (Photo: Mark Henle/The Republic)

## New Mexico deals cited

Bates said the tribe's purchase of a New Mexico mine and part of a coal plant near Farmington shows the tribe can execute such deals.

"You've had that as an example that says we can do this," Bates said.

The Navajo Transitional Energy Co., which formed in 2013 to buy the Navajo Mine, in 2016 paid off BHP Billiton for the mine.

Then last year, through NTEC, the tribe bought a 7 percent share of the Four Corners Power Plant from Arizona Public Service Co. The power plant gets its coal from the Navajo Mine.

"We are no longer sitting on the sideline," Bates said. "We are a major player in producing coal and generating electricity."



Darryl Sahmea (right) and Dertram Ami (Polacca, AZ) search for quality pieces of coal on Feb. 4, 2017, at the public loadout facility in the Kayenta Mine, Arizona. The Navajo and Hopi tribes depend on the free coal provided by the mine's operator, Peabody Energy, to heat their homes during the winter. (Photo: Mark Henle/The Republic)

## Activists want renewables

Critics of the coal operations, including many environmentalists, have argued that the tribe should focus on transitioning to new revenue sources, including renewable energy.

Many activists who have pushed for the coal operations to close long suspected the tribe would eventually make a play to take over the plant.

"We were waiting for this," said activist Nicole Horseherder, who lives near Forest Lake and the coal mine and represents the Navajo group Tó Nizhóni Ání (Sacred Water Speaks).

She said renewable energy prices are lower than coal and utilities have a bigger appetite for renewable energy, so the tribe should move in that direction. The tribe can use power lines now used by the coal plant to get the energy to big markets like Phoenix and Los Angeles.

"To me the answer is obvious," Horseherder said. "To put energy on the lines that people want and that is cheaper."

Bates said the tribe is working on renewable-energy developments, but they are insufficient to replace the economic pillar coal represents.

"The Nation is going down the renewable pathway," Bates said. "But the revenue that will be lost if (the coal plant) closes cannot be made up the next day. The transition is going to take a period of time."

Anthony Peterman, an energy adviser for the Navajo Nation, said that renewable-energy projects proposed on the reservation often get underbid by solar plants built closer to big cities on cheap land in the desert.

"We are just too far away from the market to be competitive," Peterman said.

## Social concerns top environment

Peterman and Bates said that tribal leadership is aware of the environmental concerns with burning coal, but they must balance those with the tribe's immediate needs.

"It's not that we are insensitive, as they say, to Mother Earth," Peterman said.

He said that he has multiple family members who have worked at coal operations who have had to reconcile their concerns for the environment with their family's needs.

Through those family members, he has seen what happens when coal operations close. A brother in law lost his job at the Black Mesa Mine when the Mohave Generating Station closed.

With few other job opportunities on the reservation and unemployment of about 50 percent, those workers are forced to leave for work in other parts of the state.

"It's the breadwinner who leaves," he said. "It really stresses the family."

The coal revenue is needed today, Bates and Peterman insist.

The transition to new revenue streams will be all the more difficult without the money from the coal operations, they said, not to mention cuts to tribal services without the coal business.

"The budget in place as we speak today most likely will have to be amended (if the plant closes)," Bates said. "The direct services we as a government are obligated to provide will be impacted."

Bates said activists who want the coal operations to close don't consider the fallout.

"You are going to have the folks that want to close regardless, with no feelings for the families that will be without a job," Bates said. "These same folks have yet to come and say this is how we can make the money and this is how we can keep the jobs. If they had a solution to those two problems, we'd be more than willing to listen to them."

Horseherder said activists opposed to coal care just as much about families on the reservation.

"Of course we rely on the jobs and revenues," she said. "That's why we are saying do something where you are going to make money because you want the revenues. Go do something where you will have longer lasting jobs (than coal provides)."

## Last buyer bailed

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The coal mine hired a consulting company, Lazard, last year to help find a buyer, which proved challenging. Sixteen companies signed confidentiality agreements with SRP.

## Miners rally to save Navajo Generating Station

Only Middle River Power of Illinois and its affiliated New York investment firm, Avenue Capital, came forward as a serious contender, and they gave up that effort in September.

Lazard is now out of the picture, Bates said.

"Quite frankly, it was disappointing," he said of Middle River's decision.

Horseherder said Middle River's decision should be illustrative.

"He (Bates) is talking about continuing coal, which is going to last we don't know how long," she said. "Avenue Capital backed out. These guys have top economists, engineers, whatever, in arms reach, working for them, saying 'I'm sorry, I thought I could do something with this, but I can't.'"

But something good did come from Middle River's exploration of the plant, Bates said, noting a report the company generated that indicates the coal burner can generate electricity at a price competitive with natural gas, with some operational changes.

"We've all been seeing natural-gas prices have been going up," Bates said.

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#### More on NGS coal plant:

- [Death of Navajo coal plant deal will have wide-reaching effects \(http://www.azcentral.com/story/money/business/energy/2018/06/06/navajo-coal-plant-generating-station-deal-falling-apart-means-pl-closure/1376588002/\)](http://www.azcentral.com/story/money/business/energy/2018/06/06/navajo-coal-plant-generating-station-deal-falling-apart-means-pl-closure/1376588002/)
- [Coal miners rally at the state Capitol in bid to save Navajo Generating Station \(http://www.azcentral.com/story/money/business/energy/2018/06/06/navajo-coal-plant-generating-station-ownership-jobs/675147002/\)](http://www.azcentral.com/story/money/business/energy/2018/06/06/navajo-coal-plant-generating-station-ownership-jobs/675147002/)
- [Sale of Navajo Generating Station to new operator falls through \(http://www.azcentral.com/story/money/business/energy/2018/09/20/plan-buy-navajo-generating-station-falls-through/1374905002/\)](http://www.azcentral.com/story/money/business/energy/2018/09/20/plan-buy-navajo-generating-station-falls-through/1374905002/)
- [Despite protests, Central Arizona Project approves power deal \(http://www.azcentral.com/story/money/business/energy/2018/06/07/middle-river-power-seeks-buy-navajo-coal-plant/683029002/\)](http://www.azcentral.com/story/money/business/energy/2018/06/07/middle-river-power-seeks-buy-navajo-coal-plant/683029002/)
- [Your Turn: Stop pushing NGS as a way to help our tribe \(http://www.azcentral.com/story/opinion/op-ed/2018/06/08/navajo-generating-station-not-help-tribe/683458002/\)](http://www.azcentral.com/story/opinion/op-ed/2018/06/08/navajo-generating-station-not-help-tribe/683458002/)



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