



23RD NAVAJO NATION COUNCIL OFFICE OF THE SPEAKER

FOR IMMEDIATE RELEASE

June 6, 2017

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Resources and Development Committee considers the replacement lease to continue operations of Navajo Generating Station

TSE BONITO, N.M. – With a vote of 3-2, the Resources and Development Committee issued a “do pass” recommendation for Legislation No. 0194-17, which seeks the Navajo Nation Council’s approval of an agreement between the Navajo Nation and the owners of the Navajo Generating Station to extend the operations of the power plant until the end of December 2019.

The current NGS agreement is set to expire in December 2019, however the owners determined that the process of decommissioning the power plant will take approximately two years, which would require the power plant to begin shutting down in July 2017. The proposed legislation would allow the power plant to continue operating until the end of 2019 and continue providing significant revenues and hundreds of jobs for the Navajo Nation.

The NGS owners have asked the Nation to issue a final decision on the proposed agreement by July 1, to allow sufficient time to finalize the agreement documents with the owners.

During Tuesday’s discussion, RDC member Council Delegate Jonathan Perry (Becenti, Crownpoint, Huerfano, Lake Valley, Nageezi, Nahodishgish, Tse’ii’ahi, Whiterock) who voted in opposition of the legislation, said he has major concerns over the potential health and environmental impacts related to the operation of the power plant and potential claims by the Navajo Nation for water used at the NGS site.

Delegate Perry also stated that he views the legislation as an opportunity for the Navajo Nation to further diversify its energy portfolio by pursuing the development of other energy sources and other means of economic development.

Legislation sponsor Speaker LoRenzo Bates (Nenahnezad, Newcomb, San Juan, Tiis Tsoh Sikaad, Tse’Daa’Kaan, Upper Fruitland) has previously stated that allowing NGS to remain in operation through 2019 provides the Navajo Nation some stability in terms of projected revenue that benefits the entire Navajo Nation. In addition, it allows time to continue pursuing other energy sources including renewable energy.

Speaker Bates explained that the proposed replacement lease would be for a term of 35-years, which addresses the operation of the power plant through 2019, the retirement and remediation of the power plant site, long-term environmental monitoring, and the operation and maintenance of two transmission lines used to deliver electricity.

In accordance with the original 1969 agreement, the Navajo Nation has identified certain assets at the NGS site that the Nation would retain to promote economic development projects, including

the railroad track and related facilities, a lake pump facility, electrical distribution lines, and fencing and equipment. In addition, the Navajo Nation negotiated an additional \$18 million to be paid in equal installments over a three-year period.

The Navajo Nation receives over \$30 million each year in revenue from the NGS operations, which supports approximately one-third of the government's budget that also translates into direct services for the people of the Navajo Nation. If the power plant were to close, the Nation could lose over 800 jobs at NGS and at Kayenta Mine, which provides coal for the power plant.

Speaker Bates also noted that he anticipates that Council members will request a work session to discuss the proposed agreement in detail prior to final consideration by the full Council.

RDC chair Council Delegate Alton Joe Shepherd (Jeddito, Cornfields, Ganado, Kin Dah Lichíí, Steamboat), who also voted in opposition to the bill, said that he would like to have each of the five NGS owners present at the work session to hear their positions directly, and to provide assurances that the proposed agreement is acceptable to each of the owners.

Delegate Shepherd recalled that the previous Council negotiated in good faith with the NGS owners on an agreement that would have kept the power plant in full operation until 2044. The agreement was approved by the Council in July 2013 and signed by the President of the Navajo Nation, however, the owners failed to sign the final agreement. He also urged the Navajo Nation's negotiating team to provide more information to the public regarding the details of the legislation and the proposed agreement.

Speaker Bates said that he is certain that the Council will propose amendments to the agreement when the legislation is considered by the Naabik'íyáti' Committee and the full Council, and that he has told the owners that they should anticipate those changes.

RDC members also voted 3-2 to approve one amendment to allow for minor changes to wording and definitions contained in the proposed agreement. Speaker Bates stated that he would ensure that the revised documents are made available to the public on the Council's website.

At the conclusion of the discussion, RDC members voted 3-2 in support of Legislation No. 0194-17, which is scheduled to be considered next by the Budget and Finance Committee during a special meeting to be held at 8:00 a.m. on Wednesday at Quality Inn, located in Window Rock.

The Naabik'íyáti' Committee and the Navajo Nation Council will also consider the bill. The legislation will require two-thirds of Council's approval, or sixteen (16) supporting votes to pass.

Public comments for Legislation No. 0194-17 may be submitted until the legislation goes before the Navajo Nation Council for final consideration. Comments may be submitted by e-mail to comments@navajo-nsn.gov and written comments may be mailed to: Executive Director, Office of Legislative Services, P.O. Box 3390, Window Rock, AZ 86515.

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