

**Northern Cheyenne Tribe
30 MW Wind Energy
Development Grant**

**Renewable Energy Development
on
Tribal Lands**

Andrew Elkshoulder, Tribal Planner

**Dale Osborn, President
Distributed Generation Systems, Inc. (Disgen)
Contractor**

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Discussion Outline

Project Overview

Objectives

Project Location

Project Participants

Status

10-18-05

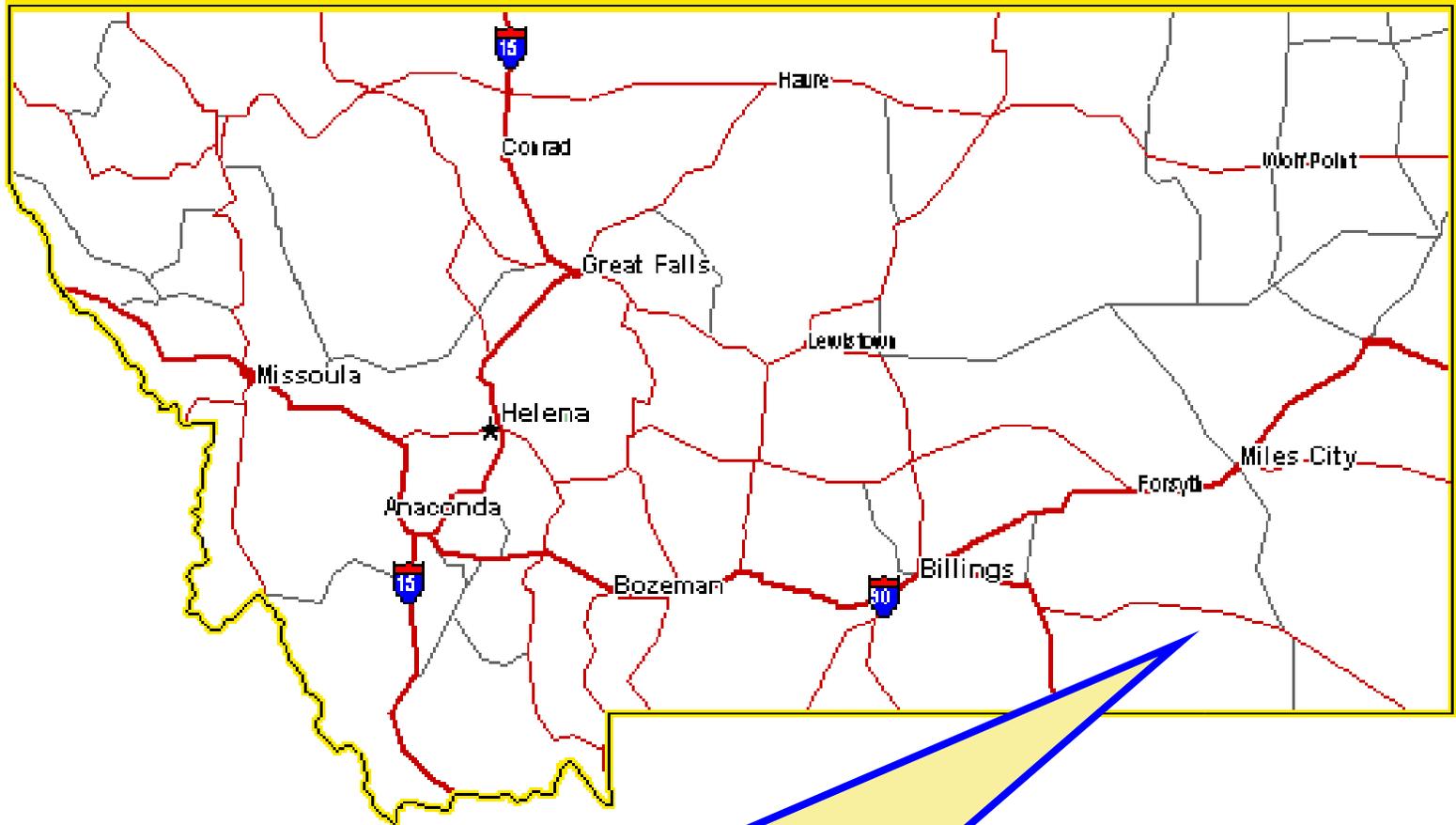


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Project Objectives

- **Complete all the development steps and contracts necessary to finance, construct and operate and maintain a 30 MW wind facility on Tribal Trust Lands.**
- **Create maximum economic development through Tribal Ownership, if possible, of resulting projects.**

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Northern Cheyenne Reservation

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Project Location

- **Colstrip coal fired power plant is 25 miles to the north.**
- **Site can accommodate a 30 megawatt wind facility locally and a 150+ megawatt facility for export power.**

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Project Participants

- **Northern Cheyenne Tribe**
 - **Program Director, Andrew Elkshoulder, Tribal Planner**

- **Contractor**
 - **Distributed Generation Systems, Inc. (Disgen)**
 - **Dale Osborn, President**
 - **Ed McCarthy- Meteorological studies**
 - **Western EcoSystems Technology, Inc.-Avian assessment**
 - **Krista Gordon- Transmission review**

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Completed Pre-Construction Development

- **Completed Wind Studies and prepared report**
- **Completed site layout**
- **Completed photo-simulations**
- **Completed environmental field studies**
- **Completed draft Environmental Assessment**
- **Completed initial interconnection studies**
- **Completed initial power purchase agreement form**
- **Completed initial project economic pro-forma**

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Complete Pre-Construction Development (2)

- **Completed inventory of wind turbine costs**
- **Identified potential power purchasers**
- **Negotiated with Southern Montana G&T and TRECO**
- **Interfaced with Rural Utilities Services (RUS) for non-recourse debt**
- **Identified potential tax investor partners**

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Transmission Analysis

- **Interconnection analysis completed by Electrical Consultants Inc. (ECI).**
- **The 69kV interconnection will result in significant line losses to Colstrip (6%).**
- **Losses are included in the economic calculations.**
- **Small substation will be required and is included in the economics.**

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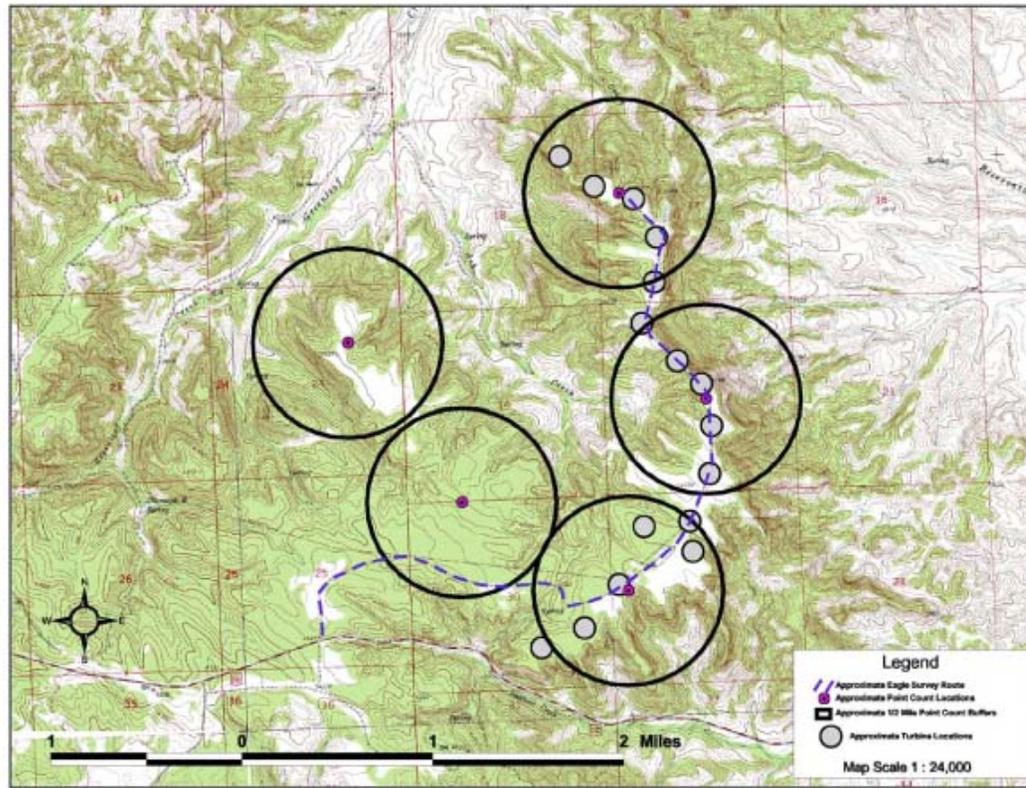


Figure 1. Locations of proposed turbines, point count stations and the eagle survey route.

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**Highway 212 from
Ashland to Lame Deer**



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Power Purchase Agreement

- **Expect a negotiated PPA with one of three entities**
- **Renewable Energy Credits (RECs) may be unbundled from physical energy and sold separately**
- **Premium pricing may be achieved from tribal RECs**

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Project Finance Objectives

- **Maximize Tribal Economic Benefits**
- **Eliminate Tribal Risk**
- **Avoid Need for Tribal Investment**
- **Allow No Tribal Debt**
- **Establish Tribal Employment Preference**
- **Utilize Production Tax Credits for Wind Energy**
- **Preserve Tribal Cultural Values**
- **Minimize Environmental Impacts**

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Action Items

- Obtain NCT approval for LLC structure
- Find a committed Power Purchaser
- **Complete a Power Purchase Agreement**
- Complete the facilities study for transmission
- Obtain RUS approval for non-recourse loan or a debt guarantee from BIA