



December 13, 2023

To Whom It May Concern:

Navajo Transitional Energy Company (NTEC) writes in support of House Resolution 5482. We believe the Energy Poverty Prevention and Accountability Act of 2023 is an essential piece of legislation to ensure that the current extraordinary focus on climate change does not irrevocably harm the most vulnerable among us by essentially, or in fact, eliminating basic needs, such as affordable and reliable electricity.

While the scientific community has been discussing climate change since as early as 1938, global politics and policies regarding climate change have become truly extraordinary over the past decade. In the United States, the Biden Administration is rapidly moving forward with massive, systemic changes to the United States electrical grid. All corners of the Administration have been pushing for the elimination of fossil fuel generated electricity since signing Executive Order 13990 on President Biden's inauguration day. For illustration, just in 2023, the following federal regulatory actions have been advanced which threaten the US electrical grid (*not an exhaustive list*):

- Proposed particulate matter national ambient air quality standards review,
- Final mercury and air toxics standards issuance of "Appropriate & Necessary" decision,
- Proposed greenhouse gas new source performance standards for existing electric generating units (rule 111d),
- Proposed greenhouse gas new source performance standards for new electric generating units (rule 111b),
- Final greenhouse gas Subpart Ba implementing regulations,
- Proposed mercury and air toxics standards risk and technology review,
- Effluent limitation guidelines proposed rule to potentially strengthen effluent limitation guidelines,
- Proposed coal combustion residuals legacy impoundments,
- Final particulate matter national ambient air quality standards review,
- Proposed new source review emissions accounting review rule,
- Coal combustion residuals Part B final rule (Phase 2 closure),
- Final ozone national ambient air quality standards reconsideration,
- Coal combustion residuals closure complete (f)(2), less than 40 acres, and
- Final prevention of significant deterioration fugitive emissions rule.

Each of the individual regulations, rulemakings and reviews listed above has a significant impact on an aspect of the United States electrical grid. Taken together, the culmination of these items (along with the regulations, rulemakings and reviews from 2020, 2021 and 2022) puts the United States electrical grid in extreme peril. However, it is not apparent that there is any balancing test being applied by the Biden Administration to evaluate the impacts of its collective energy policy decisions (or individual rulemakings) with the short-term harm to our national security, national

economy or the significant hardships being exacerbated upon our most At-Risk communities (At-Risk as defined in HR 5482).

NTEC has consistently stated that we believe an 'all of the above' energy strategy is the only prudent and reasonable path forward given what is collectively understood about climate change, current and future energy needs and the state of technological advancement with other potential energy sources. We believe the Energy Poverty Prevention and Accountability Act of 2023 is necessary because United States energy policy to combat climate change seems to follow a "Ready, Shoot, Aim" methodology rather than reasonably analyzing the economic, national security and social justice implications of decisions. Policy makers seem significantly more concerned about what *may* happen to people in the year 2100 rather than the *absolute* direct policy impacts happening today on our most vulnerable. We need to balance the needs of addressing potential climate change impacts that may occur 30+ years from now with meeting the immediate basic necessities of ALL human beings.

Affordability

The Energy Poverty Prevention and Accountability Act of 2023 clearly will provide some reassurance to the Navajo Nation that the welfare of its citizens will not be expendable at the alter of climate change. But the concern felt by members of the Navajo Nation are also felt by many other communities. Over the past year, we have started to see numerous examples of utilities that are announcing significant increases for electricity rates. In Wyoming, both businesses and individuals were recently informed that their local electric utility was requesting a 20-35% rate increase. While the Wyoming PSC announced the full requested increase would not be granted, the utility has already stated they will be coming back for another rate increase in 2 or 3 years in the range of 30%. This is but one example of many from across the country – and electric utilities have publicly stated that rates in the future will be higher due to the costs of green energy. A simple Google search provides dozens of headlines proclaiming electric utility costs rising 5, 12, 20% and more in 2022 and 2023. These increases are guaranteed to continue so long as the utilities are being forced away from affordable energy. Obviously, utility increases are essentially a regressive tax against the At-Risk populations and communities this bill is intended to protect.

Reliability

For decades, we have seen the plight of non-US businesses operating in countries throughout the world who were forced to deal with significant energy reliability issues. Rolling brownouts, blackouts, regulated power or inconsistent power have been deemed as a necessity of doing business in third world countries. Suddenly, as a direct result of eliminating electrical generation from coal, gas and hydro without replacement electricity being online, the United States finds itself with similar significant electricity reliability concerns.

South Africa jumped on the 'green energy' revolution early and wholeheartedly. They are now dealing with systemic blackouts due to the lack of reliable energy. The push to solar and wind has created a massive energy poverty gap between the wealthy and the At-Risk, who cannot afford to purchase solar units for their homes. While South Africa is the continent's most developed economy, they have placed themselves in a situation where they are forced to endure daily power cuts which are wreaking havoc on the economy and population.

Over the past 6 months alone, many utilities, regional transmission organizations, and federal agencies have released very concerning studies and statements regarding reliability. For example:

- FERC Commissioner Mark Christie told the Senate Energy and Natural Resources Committee in a hearing on May 4, 2023 “The United States is heading for a reliability crisis. I do not use the term “crisis” for melodrama, but because it is an accurate description of what we are facing. I think anyone would regard an increasing threat of system-wide, extensive power outages as a crisis.”
- At a hearing before the Senate Energy and Natural Resources Committee on June 1, 2023, Manu Asthana, President and CEO of PJM stated “We will need to slow down the retirement or restriction of existing generation until replacement capacity is deployed . . . frankly, we see this as the single largest risk in the energy transition.”
- MISO has closed 45 power plants (1 nuclear, 29 coal and 15 gas) in the past 6 years. Those plants provided over 17 megawatts of electricity (approximate coverage for 11.2 million homes). The vast majority of that 17 megawatts has been replaced with wind and solar, which is intermittent power . . . not reliable as baseload power. According to data from MISO’s website, there will be an ever-widening gap between ‘installed’ and ‘accredited’ capacity going forward. Essentially, MISO is virtually guaranteed to not be able to reliably meet its forecasted energy needs with reliable generation. In other words, there WILL be blackouts throughout the MISO region, it is simply a matter of whether that occurs when the temperature is 30 degrees or 20 below. The differences in those temperatures when the electricity goes out will literally be a life/death determination for many At-Risk individuals and communities throughout the MISO region.
- Similar analysis in ERCOT, SPP and other regions show that PJM and MISO are not alone. Each and every regional transmission organization has been publicly clamoring about the crisis that is not coming – but rather here.

It is for these reasons and more that we believe the Energy Poverty Prevention and Accountability Act of 2023 is necessary legislation. The United States can, and should, continue to address proven climate change ramifications. However, we do not believe that climate change and energy policy decisions should be made in a vacuum with a focus only on POTENTIAL future impacts. There should be a balance between protecting and lifting up citizens of today, especially those At-Risk, while addressing potential harms in the future.

About NTEC

Navajo Transitional Energy Company was formed in 2013 as part of a ground-breaking initiative by the Navajo Nation to assert and assume full sovereignty over its vast mineral and energy assets. NTEC was established under Navajo law as an autonomous limited liability company whose sole shareholder is the Navajo Nation. NTEC’s initial objective was to acquire ownership and control of the Navajo Mine located entirely on the Navajo Nation just outside of Farmington, New Mexico. In 2019, NTEC went on to acquire substantially all the assets of Cloud Peak Energy after they filed bankruptcy. Through this acquisition, NTEC became the 3rd largest coal producer

in the United States. Our coal portfolio includes the Navajo Mine – which is a mine mouth operation feeding the Four Corners Power Plant located on the Navajo Nation; the Antelope and Cordero Mines in Wyoming and the Spring Creek Complex in Montana.

In addition to owning and operating coal mines, NTEC owns and operates producing helium wells on the Navajo Nation, we have an ownership percentage in the Four Corners Power Plant, we have an ownership interest in the Round Top rare earths deposit in Texas, and a partnership with Arizona Lithium for development of the Big Sandy lithium project in Arizona. Further, we are working closely with the respective owners of the FCPP to develop large-scale, merchant power solar facilities on reclaimed mine land. We truly represent and strive for “all of the above” solutions to the energy needs of the Navajo Nation, the United States and beyond. As new technologies are developed which we believe can help provide energy and support the Navajo Nation – we will be analyzing it.

We are an essential contributor to the Navajo Nation. Through royalties, taxes and other payments NTEC accounts for 30% of the Navajo Nation General Fund on an annual basis. Further, the Four Corners Power Plant provides another 9%. That power plant is currently scheduled to be shut-down in 2031.

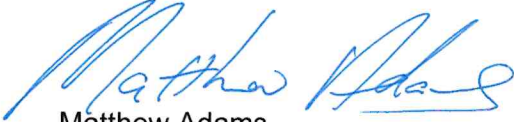
In addition to significant royalties and taxes, NTEC provides critical support for the Navajo Nation in numerous other ways. We provided over 12,000 tons of free coal to Navajo and Hopi families in 2022-23 through our Community Heating Resource Program CHRP program to ensure houses stay warm in the winter months. Due to high energy costs and local energy shortages, we expect to exceed that amount this year. In all, NTEC has provided over \$350 million directly to the Navajo Nation and to Navajo charities since 2013. Of our almost 1,400 employees, 354 voluntarily identified as Native American – including 318 Navajo employees. The average salary of our employees identifying as Native American is \$82,600. These high paying jobs are essential to the Navajo community. The Navajo Nation is one of the most impoverished communities in the United States, so to put this in perspective,

On the Navajo Nation:

- Median household income is \$26,862 (compared to \$57,652 for the US),
- 36% of households have income below the poverty line (compared to 12.7% in the US),
- 19% of households are in Extreme Poverty,
- 40% of homes lack running water,
- 32% of homes lack electricity,
- 86% of homes lack natural gas,
- Unemployment rate is just above 40%,
- More than 50% of Navajo on the Nation live more than 20 miles from the nearest grocery store (there are 13 grocery stores on the 27,000 square mile Nation),
- 2020 census numbers provide 32.9% of homes have broadband access.

Thank you for your consideration.

Regards,

A handwritten signature in blue ink that reads "Matthew Adams". The signature is fluid and cursive, with the first name "Matthew" being larger and more prominent than the last name "Adams".

Matthew Adams
Director, Senior Tax Counsel
Navajo Transitional Energy Company LLC