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Institute for Energy Economics and Financial Analysis
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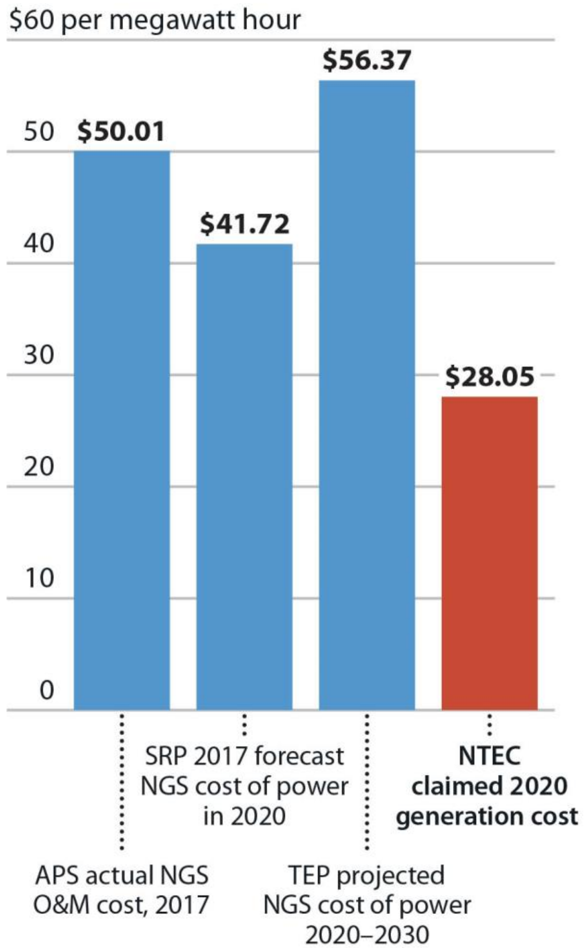
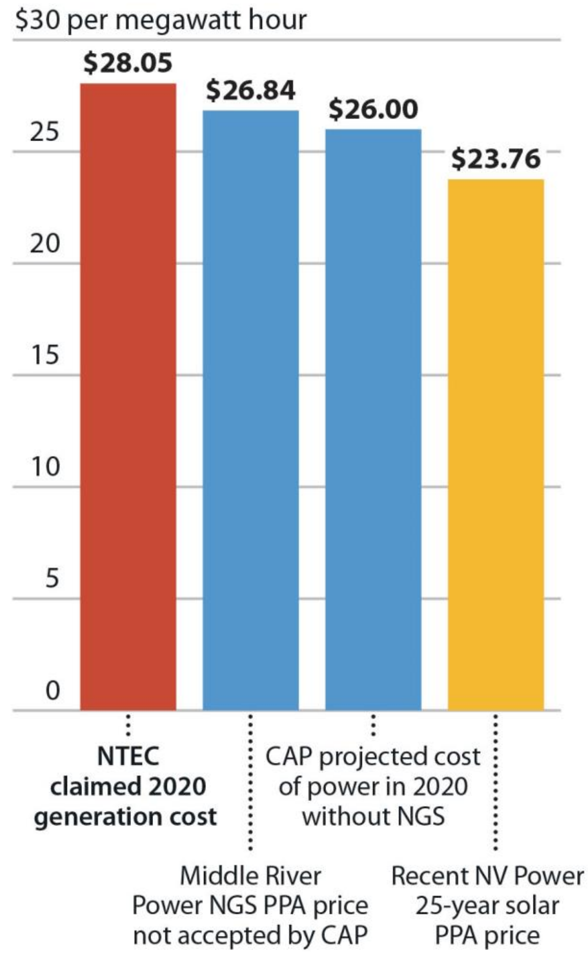
NTEC Fact Sheet: Plan to Acquire Navajo Generating Station/Kayenta Mine Will Most Likely Lose Money

A proposal by the Navajo Transitional Energy Company (NTEC) to acquire the coal-fired Navajo Generating Station (NGS) and its fuel source Kayenta Mine would most likely turn into a money-losing venture.

NTEC's Projected Cost Is Far Lower Than Other NGS Estimates . . .



. . . But Is Still Higher Than CAP Was Willing to Pay—And New Solar Power



Serious Financial Risk to Navajo Nation

IEEFA analysis of NTEC's recent presentation on acquiring NGS and Kayenta finds a deeply flawed business plan that is lacking on several key points:

- Any mention by name of potential NGS power buyers;
- No substantiation for the assertion that similar mine-plant business models have worked;
- No evidence that NTEC can reduce plant and mine costs as promised;
- No clear argument for how anything other than razor-thin profits can be achieved—best case—and no acknowledgement of market forces that will create ongoing project risk;
- No persuasive case for how operating and maintenance costs will be absorbed;
- No provision for long-term liabilities on costly cleanup in and around the plant and mine sites.

High-Risk Project Stands Little Chance of Succeeding

Under NTEC's proposed business model—and accepting all of NTEC's assertions about its ability to reduce plant and mine operating costs—NGS and the Kayenta Mine, if able to keep operating, will produce slim profits, at best.

It is more likely that the project will lose money.

The deal could very well be economically disastrous for NTEC and the Navajo Nation, which could be left bearing operating losses and all plant and mine reclamation costs.

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The current NGS owners, with decades of experience in selling power and running large coal plants, have said that they cannot make a profit continuing to run NGS after the end of this year. There is no reason to believe that NTEC can succeed where current owners have concluded that they cannot.

Read the full report here:
NTEC's Plant/Mine Acquisition Plan Puts Navajo Nation at Serious Financial Risk