



INVESTMENT SPOTLIGHT

Navajo Power

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Investment Spotlight

Native-Owned Utility-Scale Clean Energy as a Driver of Community Economic Benefit

In 2021, the W.K. Kellogg Foundation made a \$3 million program-related investment in Navajo Power, a majority Native-owned Public Benefit Corporation that develops utility-scale clean energy projects on Tribal lands. This investment contributed to the \$10 million raise for an Impact Loan Facility to further Navajo Power's mission to develop more than \$3 billion of clean energy infrastructure in Tribal communities by 2030.



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RECAP



Of all households in the United States that lack electricity, 75% are in Navajo Nation.

The Need

The Navajo Nation is the largest federally recognized Tribal nation with a population of more than 350,000. Currently, there are 15,000 Navajo homes without power or running water, many within sight of transmission lines. The Navajo Nation economy is taking an immense hit through the energy transition away from coal given that for decades more than 8 gigawatts of coal power was generated at plants on or adjacent to the Navajo Nation and fed by Navajo coal mines.

The Impact

Navajo Power has built a portfolio of eight community-led solar projects, located on Navajo Nation and on tribal lands in the Southwest and Pacific Northwest. Navajo Power estimates creating 2,000 construction jobs over a 1-to-2-year period and 30 long term operations and maintenance jobs per each 1 GW of projects.

The Opportunity

Navajo Power's innovative clean energy model is opening the door for economic opportunity and wealth creation in Native communities. Each utility-scale project will generate substantial lease revenues and property taxes for Navajo communities and the central government, helping replace lost revenues from coal royalties, as well as new jobs for plant construction and operations.

WHO

“These communities themselves are some of the most vulnerable, even without the transition [of fossil fuels] occurring. They have high unemployment, as well as a lack of infrastructure. And we felt that Navajo Power was a necessity in order to address these issues from the private sector.”

Brett Issac
Navajo Power

About Navajo Power

Founded in 2018 and based in Flagstaff, AZ, Navajo Power is a community economic development organization that develops utility-scale solar projects as the source of revenues to support economic priorities in the community. Navajo Power develops utility-scale solar projects on Tribal lands, with a focus on pre-development activities (obtaining site control, environmental permitting, power marketing, etc.) It engages with local community leaders to gain agreements on land use. Once these activities are complete, Navajo Power sells the projects to Independent Power Producers (IPPs) in exchange for development fees, which it uses to provide community benefits and fund new projects.

Geography

Navajo Nation, Tribal lands in the Southwest. Navajo Power’s geographic footprint also aligns with WKKF’s programmatic priority places in New Mexico.

Sectors & SDGs

Clean Energy



WHAT

"It was important for us to take on equity risk but structure this as flexible debt in order for Navajo Power to retain Native ownership of the company for the long-term."

Susie Lee

W.K. Kellogg Foundation

Total Investment

\$3MM PRI

INVESTOR	SIZE	TYPE	POOL	DURATION
W.K. Kellogg Foundation	\$3MM	Debt	PRI	5 Years

Target Return

1%

 to WKKF

11%

 annually accrued on loan principal to benefit tribal partners

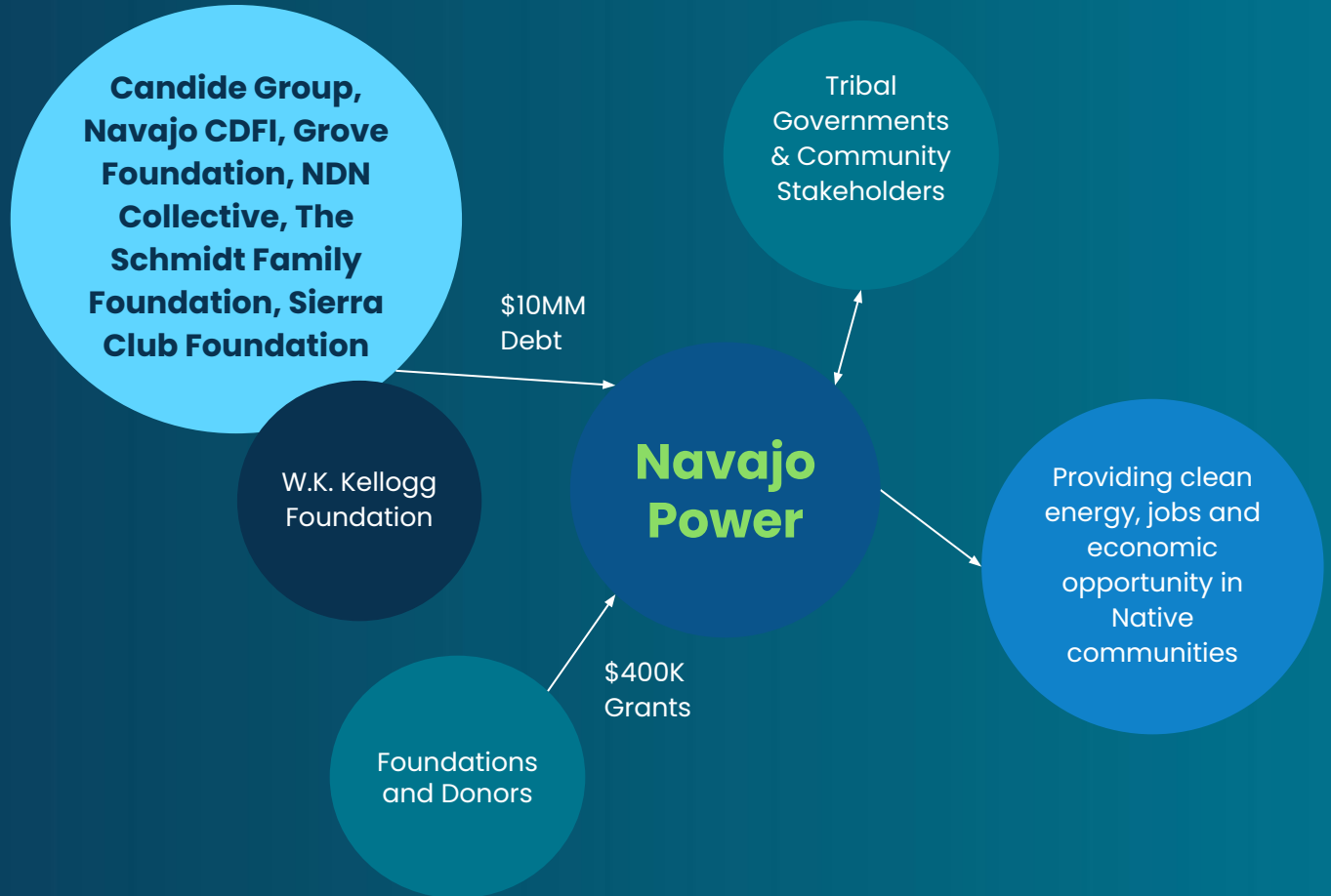
Investment Structure

A senior loan with 1% interest, maturing in 2025. The \$3MM will fund operating expenses and development costs and provide the Navajo Power with enough cash runway to reach profitability.

A company would typically raise equity to fund these start-up costs. However, Navajo Power decided to raise debt in order to preserve Native ownership and control, for the benefit of Navajo communities.

HOW

A coalition of foundations and other impact investors joined forces to support Navajo Power's \$10M fundraising in 2021.



IMPACT & MEASUREMENT



Navajo Power's Impact
Outlook 2022

5K

acres of new site
control

Avoided

25x

growth in Greenhouse Gas
emissions

Launched Navajo Power
Home to solve energy
access challenge,
deploying 50+ systems
to households

Additional

1K

Megawatts of prospective
projects in portfolio

IMPACT & MEASUREMENT



W.K. Kellogg Foundation
framework for racial
equity investments

Representation

Investee leadership is indigenous.

Ownership

Company owners and investors are BIPOC and the fund has a strategy for shifting ownership in a way that creates value for employees or communities.

Investment Strategy

The company's strategy is explicitly to reach entrepreneurs and businesses that are BIPOC-led.

Target Market and Communities

The company invests in products or services geared at BIPOC communities.

INSIGHTS



“To build an economic system that is inclusive of all, we need asset managers and entrepreneurs with diverse perspectives and experiences to advance racial equity and access untapped potential in capital markets.”

Cynthia Muller
W.K. Kellogg Foundation

Lessons Learned

- It was critical to understand the cultural context and nuances of engagement with various stakeholders.
- Having Native colleagues, and speaking to Native professionals who brought cultural competency, expertise in land use, land rights, Tribal governments and solar development was essential.
- Doing diligence during the pandemic without the ability to meet in person or go on site was challenging.

Advice to Fellow Practitioners

Foundations can be catalytic investors for early-stage companies thanks to our unique potential to tolerate risk and invest across asset classes. Accepting increased financial risk is sometimes necessary to support and develop promising, innovative models like that of Navajo Power.