

Financing Renewable Energy Development: Perspectives from the Navajo Tribal Utility Authority

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Renewable Energy Development

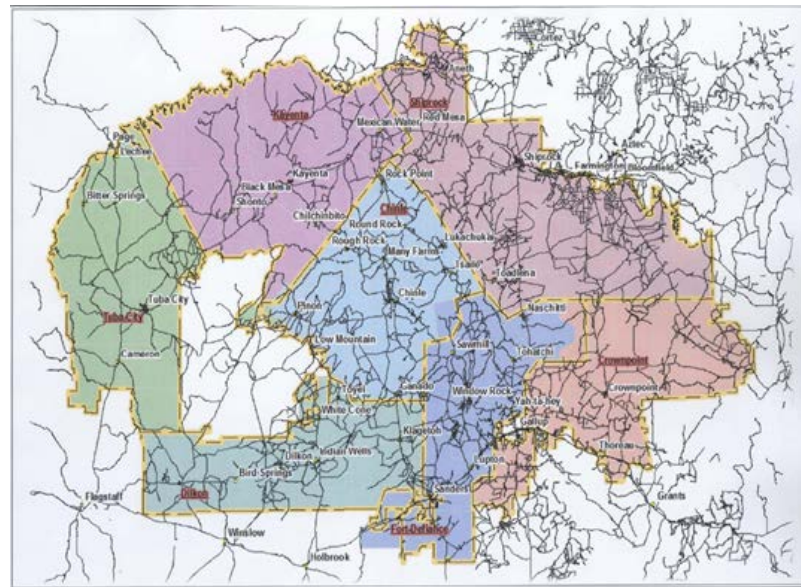
- The Navajo Nation has abundant natural resources that include renewable energy resources
- NTUA has taken on a leadership role in developing renewable energy projects within the Navajo Nation
 - Promotes long term economic security and community development
 - Promotes skills enhancement and workforce development

NTUA SUMMARY

- The Navajo Tribal Utility Authority (NTUA) is a non-profit enterprise created 1959 to provide utility services to the Navajo Nation
- To promote the implementation of electricity and other utility services, the Navajo Nation Council created the Navajo Tribal Utility Authority in 1959
- Prior to the establishment of NTUA, the rural electrification of the Navajo Nation was under the purview of the U.S. Bureau of Indian Affairs
- Organized for the operation, maintenance, and expansion of utility services to customers within the Navajo Nation
 - To promote employment for Navajo people
 - To improve the health and welfare of the residents of the reservation
- Headed by a General Manager and governed by a seven-member Management Board, which is confirmed by the Navajo Nation Council

Service Territory

- Seven District Offices
- Headquarters
 - Engineering & Technical Services
 - Electricity & Information Services
 - Safety
 - Human Resources
 - Finance & Accounting



NTUA Mission

- Organized for the operation, maintenance, and expansion of utility services to customers within the Navajo Nation
 - To promote employment for Navajo people
 - To improve the health and welfare of the residents of the reservation
- NTUA currently has over 700 employees, of which 98% are Navajo
- NTUA provides utility services which improve the quality of life for the Navajo Nation

Financing Outline

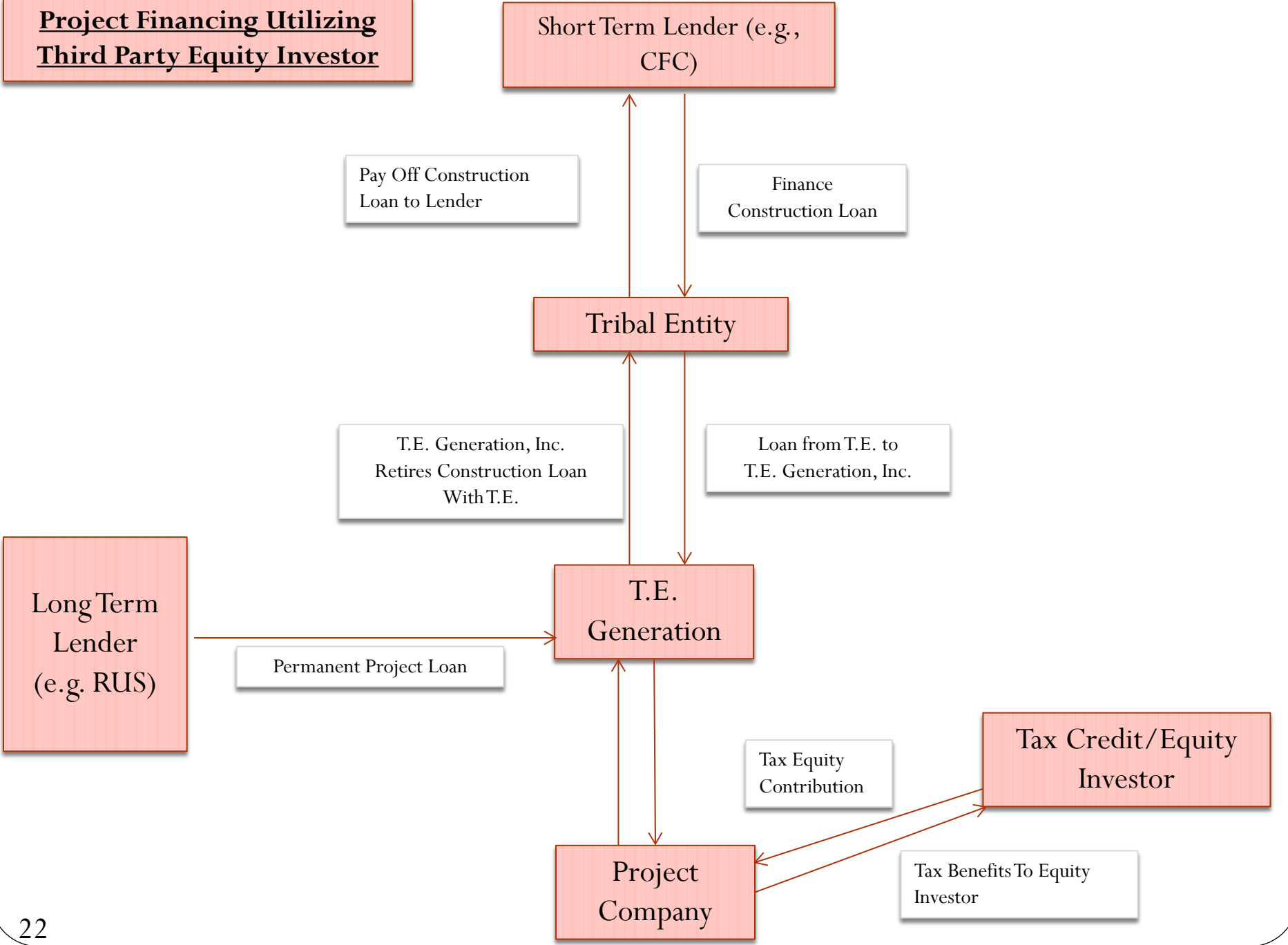
Federal Renewable Financial Incentives

- Renewable Electricity Production Tax Credit
 - As of 2016: \$0.23/kwh for wind, closed-loop biomass and geothermal resources; \$0.12/kwh for other technology
 - Terminates in 2016 for all technologies except for Wind; Wind phases out by 2019, with reductions of an additional 20% each year
- Investment Tax Credit
 - 30% of qualifying cost may be written off within first year for solar through 2019
 - Reduced by 4% each year in 2020 and 2021 and becomes 10% in 2022
 - Large Wind - 30% in 2016, with a 6% reduction each year through 2019 and is eliminated in 2020
- New Market Tax Credit
 - Used for Projects to promote economic development within an underserved portion of the United States
 - Dependent upon availability of an allocation at the time of the development
- Identify Federal Grant and Loan (Loan Guarantee) Opportunities

Kayenta Solar Project

- The Navajo Tribal Utility Authority (NTUA) created NTUA Generation, Inc. (NGI) to own, build and operate utility scale generation projects
- NGI is a for profit subsidiary of NTUA
- NGI and NTUA entered into power purchase agreement wherein NTUA will purchase all of the energy and environmental attributes from the Kayenta Solar Project.
- The electricity generated will feed into the Navajo Tribal Utility Authority substation located in Kayenta, Arizona.
- The proposed solar project will have a name plate capacity of approximately 27.3 MW.
- The site was selected by considering daily average solar radiation, ease of access to the local electrical system and environmental considerations.

**Project Financing Utilizing
Third Party Equity Investor**



QUESTIONS?

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