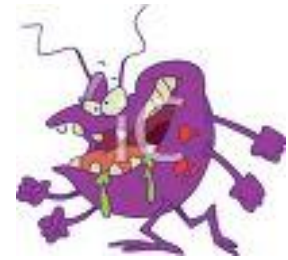
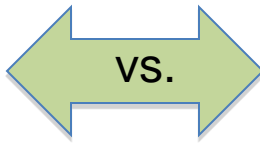




***The Challenges of Investing in  
Renewable Energy  
March 22, 2012***

- ▶ All projects are different
  - They all have their benefits and risks, just a different set
  - The risks need to be:
    - Identifiable & Known
    - Actively Managed
    - Not present a Fatal Flaw to the Project
- ▶ The Banks, Transmission and PPA Providers want them to all look the same
- ▶ Economics are not very flexible within a given market
- ▶ Taxes and Jurisdictions vary widely
  - Tribal / Federal / State / Municipal

# Perceptions vs. Realities



## ▶ PTC / ITC / Grants

- Most visible, but not as problematic

## ▶ Depreciation & Tribal Entity Ownership

- Taxable Entities vs. Sovereignty
- 

## ▶ Infrastructure

- County Roads, Tribal Lands, Jurisdiction questions

## ▶ State Taxes

- Excise vs. property taxes
- Energy Production tax across jurisdictional lines

## ▶ TERO & other Tribal Taxes

- Vary Greatly in size, shape and application

▶ Push to understand and get ahead of the issues

▶ **Project Economics**

- Identify all taxes that might apply
- Push to clarify issues early and before jumping into the expensive work
- There are potentially trade-offs that take time to negotiate

▶ **Tribal battles vs. Project battles**

- Unknown territory
- Jurisdictional disagreements
- Tax Compacts, Fee Agreements

## ▶ Non Tax-based incentives

- Tax based incentives are inherently biased
  - For those who don't pay taxes
  - For those who don't make enough to pay taxes

## ▶ More consistent jurisdictional guidelines

- New BIA leasing regs