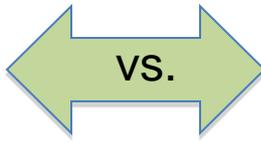




***The Challenges of Investing in
Renewable Energy
March 22, 2012***

- ▶ 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