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

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The Navajo Tribal Utility Authority (NTUA) is a non-profit enterprise created in 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 provides a range of services on the Navajo Nation in Arizona, New Mexico, and Utah:

- Electricity
- Natural Gas
- Photovoltaic (Off-grid power)
- Waste Water
- Water
- Communications
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 a 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.
Financing Options

- Development Expenses
  - Grants
  - Cash – NTUA Investment
- Construction Financing
  - National Rural Cooperative Finance Corporation
  - Short-Term Bank Financing
    - Typically look toward local financing institutions that you have a relationship with
- Equity Investment
  - Investment Tax Credit
    - 30% of qualifying cost may be written off within first year for solar through 2019
  - New Market Tax Credit
  - Cash – NTUA Investment
- Permanent Debt Financing
  - Rural Utility Service
    - Project needs to serve rural load
    - Need to demonstrate 1.05 ROI
  - Bank Financing
Project Financing Utilizing Third Party Equity Investor

- Short Term Lender (e.g., CFC)
  - Pay Off Construction Loan to Lender
  - Finance Construction Loan

- Tribal Entity
  - T.E. Generation, Inc. Retires Construction Loan With T.E.
  - Loan from T.E. to T.E. Generation, Inc.

- T.E. Generation
  - Permanent Project Loan

- Project Company
  - Tax Equity Contribution

- Tax Credit/Equity Investor
  - Tax Benefits To Equity Investor

Long Term Lender (e.g. RUS)
QUESTIONS?

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