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

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Navajo Nation
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
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 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.
Project Financing Utilizing Third Party Equity Investor

Short Term Lender (e.g., CFC)

Pay Off Construction Loan to Lender

Tribal Entity

Finance Construction Loan

T.E. Generation, Inc.
Retires Construction Loan With T.E.

Loan from T.E. to T.E. Generation, Inc.

T.E. Generation

Permanently Project Loan

Tax Credit/Equity Investor

T.E. Generation, Inc.

Tax Equity Contribution

Project Company

Tax Benefits To Equity Investor

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

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