

Nebraska Public Power District's Experience with Clean Renewable Energy Bonds

CREBs and PTC Update Webinar

June 24, 2009



Nebraska Public Power District

"Always there when you need us"

Public Power System in Nebraska



- Unique:
 - ❑ Only state in the nation served entirely by publicly-owned electric utilities
 - ❑ Public Power District Statutes
 - 1933
 - ❑ Bought the Investor Owned Utilities (IOU)
- Municipal electric systems date back to 1880's

Public Power System in Nebraska



- Low-Cost:
 - ❑ Electric rates in Nebraska are consistently well below national average and among 10 lowest cost states
- Average Firm Wholesale
 - ❑ 4.16 cents/kWh
- Provides almost half the electricity consumed in Nebraska

NPPD's Experience with CREB Applications



- 2006 Submitted two applications
 - 3.6 MW Low Head Hydro \$8.8 million
 - 15 MW Build out of Ainsworth Wind Farm \$30.2 million
- Neither application was successful

NPPD's Experience with CREB Applications (cont'd)



- 2007 Submitted three applications on July 13, 2007
 - ❑ 3.6 MW Low Head Hydro \$9.2 million
 - ❑ 15 MW Build out of Ainsworth Wind Farm \$33 million
 - ❑ 1.8 MW Springview Wind Farm \$3.4 million

NPPD's Experience with CREB Applications (cont'd)

- Received recommendations from IRS to resubmit the 10 turbine Ainsworth application as ten \$3.3 million single turbine applications and the 2 turbine Springview applications as the two \$1.7 million single turbine applications
- Received notice on Dec 11, 2007 that the two Springview applications were successful and the Sutherland and Ainsworth projects were denied

Challenges of CREBS

- Applications process is burdensome and costly, requiring outside legal counsel and engineering review
- No guarantee of award
- Since CREBs rely on tax credit very few entities have an appetite for the tax credits due to limit income tax obligation
- Effective interest rate 1.25 to 1.35% for 12 year term vs. NPPD recent tax exempt rate of 3.74% for 10 year term

Challenges of CREBS (cont'd)

- NPPD solicited bids after receipt of successful CREB application at Springview
- Original developer who proposed project no longer in business. New bids were approximately 80% higher
- Project on hold, CREBs expire 12/31/2009
- Partnering with private entity that can utilize PTCs, (and now grants) is preferred
- NPPD has successfully partnered with Edison Mission and Midwest Wind Energy on the 80 MW Elkhorn Ridge Wind Farm



David Rich, P.E.

**Renewable Energy
Development Manager**

402-563-5477

ddrich@nppd.com



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