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Executive Secretary
September 24, 2015
IOWA UTILITIES BOARD
NOI-2015-0001



September 24, 2015

TO: The Board

FROM: John Boorman

SUBJECT: NOI-2015-001 Renewable Energy Tax Credits

I am sending this letter in response to the Order Opening Inquiry And Soliciting Comments, dated August 21st, 2015 regarding Iowa Code chapter 476C.

Background:

Optimum Renewables is a small Iowa business primarily engaged in the development of small distributed-wind energy projects utilizing utility scale turbines. We have applied for, and have been granted Iowa Production Tax Credits for several of our projects. We are familiar with the program, and the need for granting extensions.

The project development cycle for these types of projects can be lengthy. We require the completed Interconnection Application (IA) by the utility's engineering department, and then bank financing & equity sponsorship approvals, among other steps, to bring a project to the point of placing a turbine order. These processes can take longer than the initial 18-month term. There simply is not enough time to complete engineering, arrange financing, and install the turbines within this first 18-month term. Thus extensions have proven to be necessary for our projects.

Response to the Inquiry:

In regards to the specific questions posed by the Board, we have our response included after each question posed:

1. Should the Board set conditions or milestone requirements upon which a 12-month extension of the operational deadline would be granted? Explain.

> Response: No. We feel the first 12-month extension should be granted automatically by a simple request of the sponsor.

2. Does the Board have the authority to adopt criteria for 12-month extensions without modifying its rules? Explain.

Response: No. The language dictating the extension criteria is part of the statute. The authority to change this rests with the Iowa Legislature.

3. Comment on the following possible criteria to evaluate requests for a 12-month extension:

a. Signed contracts to sell production

b. Signed contracts to purchase equipment

c. A copy of the interconnection agreement

d. Estimated cost of the facility and actual expenses to date

e. Identification of barriers that are delaying installation and activities that are underway to overcome the barriers

f. Demonstration that a tax credit transfer agreement (if applicable) is in place.

g. Any additional or different criteria you would suggest.

Response: The above list of criteria is all part and parcel of a project. However, the real test to whether a project sponsor is fully committed is in the execution of the Interconnection Agreement and the payment of the required deposit. This shows significant financial commitment to the project, which would not be made if the project were not going to move forward.

4. Should the Board limit the number of 12-month extensions for a facility? If so, how many extensions? How should the Board address those that have exceeded this number of extensions?

Response: No. The board should allow for multiple 12-month extensions, with increasing proof the project is viable. The first extension shall be granted by a simple request of the sponsor. The second request shall require some proof of progress, for example an Interconnection Application is filed and active with the utility, or other items listed in point 3 above. A third or further extensions should be provided only if the project is demonstrably active with a planned completion date, by either: a. placement of turbine order or, b. deposit paid on the Interconnection Agreement.

5. Board rule 199 IAC 15.19(6) provides that each applicant on the waiting list shall annually provide the Board a statement of verification attesting that the information

contained in the applicant's eligibility application remains true and correct, or stating that the information has changed and providing the new information. Should the rule be modified in such a way that it would only pertain to applicants on the waiting list who have not provided a periodic update during the previous 12 months?

Response: No comment.

6. The Board's rules in 199 IAC 15.20 and 15.21 require that the tax credit applications are filed in paper format. Should the rules be modified to allow for electronic filing with the Board via e-mail, as an alternative to paper, which would allow the Board to forward information to the Iowa Department of Revenue via its secure filing system?

Response: Yes, electronic submission should be allowed.

7. Provide other suggestions for modification of chapter 15.19 rules.

Response: No comment.

I thank the Board and Staff for their time.

Sincerely,
John Boorman
Optimum Renewables LLC