November 19, 2015

Iowa Utilities Board

FILED WITH
Executive Secretary
November 23, 2015
IOWA UTILITIES BOARD

Docket # NOI-2015-0001`
Order Soliciting Additional Comments

To Whom it may concern:

1. In 2005, the Iowa General Assembly adopted the Iowa Code Chapter 476C to provide tax credits for renewable energy produced by wind and other renewable energy facilities. This chapter adopted the same legal requirements the Federal Government was using for renewable energy. In essence, the legal entity is considered to be the project owner. This has been your position since 2005 and you want to change it now? Why?

2. No. Do I like it? No. It allows gaming of the system. Am I doing it? Sure. I have to. Once it starts, to be in position when a project is finally ready to build, it must be done or you will be on the waiting list and now bank financing is not available because you do not have the credits as part of your pro forma. Given the miniscule margins for these wind projects, the State Production Tax Credits are an integral part of the financing.

It takes 5 to 7 years to bring a project to completion. At some point in that time frame, the commitment must be made for the State Production Tax Credits. Given the complexity and the huge capital outlay, this is usually done sooner rather than later so as not to "be out of the que" when you finally need them.

3. It doesn't matter. It appears the projects on the waiting list will also fall under the second question as they too have one common owner.....

4. Opinions, comments, and analysis are kinda like nose and eyes....everyone seems to have one or two. These opinions and comments are heavily biased, depending on where you stand relative to the issue. Instead, let's look at the facts/truth. VERY FEW OF THE PROJECTS IN THE QUE HAVE A "BANKABLE" PRO FORMA.

Solar seems to be the rage now days. Why? If I build a solar project, I can offset energy produced at the retail level. If I am a local cooperative, I can sell wind or solar energy at the retail level. If I am Mid American or Alliant, I can also sell wind or solar energy produced at the retail level. However, if I want to build/develop a wind project whose power will be consumed at the distribution level, I must take what you readily agree to as the "avoided cost". A number that many think is skewed.

Alliant currently offers 3.6 cents/kw for distributed wind energy. Can you show me where the profit margin is in 3.6 cents? It's a lot easier to show me a lot bigger profit margin if it's done at the retail level. To restate the obvious, VERY FEW OF THE PROJECTS IN THE QUE HAVE A "BANKABLE" PRO FORMA.

Instead of creating a new form of musical chairs in the 476C que, may I respectfully suggest spending your time leveling the playing field for the people in the que. They don't need a profit margin as "fat" as the utilities, but they do need a reasonable profit margin. One the bank will consider fair for the risk that is being taken for a 3 million dollar investment. A reasonable profit will clear the que, not a rules revision and no profit.

5. Conditional eligibility.....will that be for "just wind projects"? Is the purpose of this question trying to determine how many 476C credits should be reallocated to solar? If that would be the case, given the unlevel playing field, I am fairly certain a lawsuit would develop from the group.

If the purpose of the question is to weed out who can or can't build a project, that's easy. A commitment letter from the project financing bank stating that funds are committed to build the project, based on the availability of the Iowa State Production Tax Credits provided by Iowa Code 476C. Then, put a time limit of 2 years on the application to complete the project. When a bank commits to build a project, things are usually moving rather quickly. If the owner decides not to build, he would need to reapply after the 2 year window closes. But if you do this.....the que might be almost empty.

The landscape has changed tremendously since the 2005 Iowa General Assembly initiated the 476C program, but the vision remains the same. To enable entrepreneurs and businessmen to build and develop renewable energy for the distribution grid system. To use this elite group to help make Iowa a "better place to live" by allowing them to make clean renewable energy for the State while working side by side with the larger utilities while making a similar profit for their efforts and these profits from these local projects to stay in Iowa. That's the vision and the premise of the 2005 General Assembly.

I, like you, would like to see the que empty. What an accomplishment that will be for our State! I trust that you share the same vision as the forefathers of 476C while having the wisdom to create an environment that allows for the same success as other business entities and other forms of renewable energy.

With all due respect,

Paul Roeder
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