
Subject:

FW: <EXTERNAL-SENDER>IPP Exemption Length

From: Jennifer Miller <jenn.miller@renewableipp.com>**Date:** May 17, 2022 at 10:51:26 AM AKDT**To:** "Chesley, Lane" <lchesley@kpb.us>**Subject:** <EXTERNAL-SENDER>IPP Exemption Length

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Hello Assemblyman Chesley,

I saw in tonight's meeting packet that Assemblyman Derkevorkian has proposed an amendment that would allow IPP's the standard "50% for 5 years" and then IPP's specifically would be able to apply for an additional 5 years. While this appears to provide additional help to IPP's it doesn't help in actual practice because our projects are sanctioned and electricity contract pricing are agreed based on bankable assumptions known at the beginning of the project. If we only have a 5-year exemption approved heading into final electricity price contract negotiations and financial closing then that's all we can take credit for in our economics. As a result, we won't be able to reduce our electricity price to HEA as we can't count on exemption beyond 5 years because it isn't approved at the time of agreeing the 25-year power purchase contract with HEA and financial closing. So a future extension unfortunately does not help incentivize IPP's or help us lower our contract price to utilities (i.e. make the project easier to progress).

I'm aware there's been some question as to the exemption length and that 15-years seems like a long time. What I'd say is that IPP projects (building generation assets) are inherently long term projects. A hydro facility, wind farm and solar farm are assets with long term operating life's and these are much longer ventures than a typical retail business, hence the request for 15-years being unique to IPP's. The exemption amount of ~25% is much less than we'd hoped for (although everything helps), so I'm hoping that the "up to 15-year" time period could be maintained in the ordinance. As it's been mentioned each project will have to justify the exemption term it requests up to 15 years, so I'd ask that the ordinance provide the flexibility of up to 15-years and let each Assembly approve the duration they think makes sense based on individual project merits and need.

Thanks very much for your consideration!

Jenn

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