

Clean Renewable Energy Bonds (CREBs)

Alaska Power Association
September 2007



**National Rural Utilities
Cooperative Finance Corporation**





Energy Policy Act of 2005

- Policy provides incentives for certain renewable energy facilities.
- CREBs created for non-profits as an alternative to the Production Tax Credits (PTC) for IOUs.
- Initial program for \$800 million, with \$300 million for electric cooperatives.
- December 20, 2006 expanded to \$400 million, with at least \$150 million for electric cooperatives.



Clean Renewable Energy Bonds (CREBs)



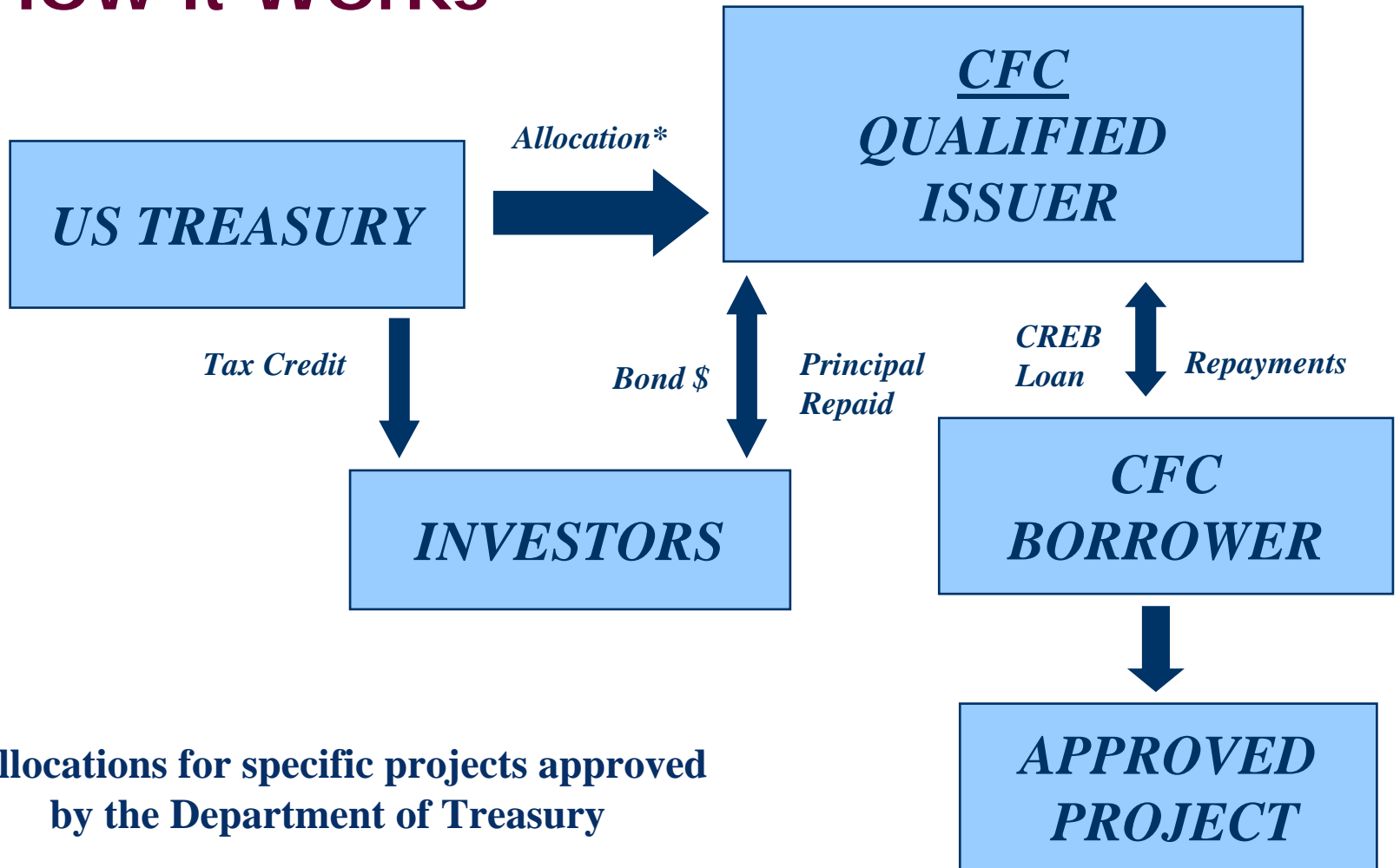
Low cost financing for

- Wind
- Geothermal
- Landfill gas
- Trash Combustion
- Closed or Open-Loop Biomass
- Small irrigation power facility
- Qualified hydro facility
- Refined coal production

Low cost financing of approximately 1%



How it Works



*Allocations for specific projects approved by the Department of Treasury

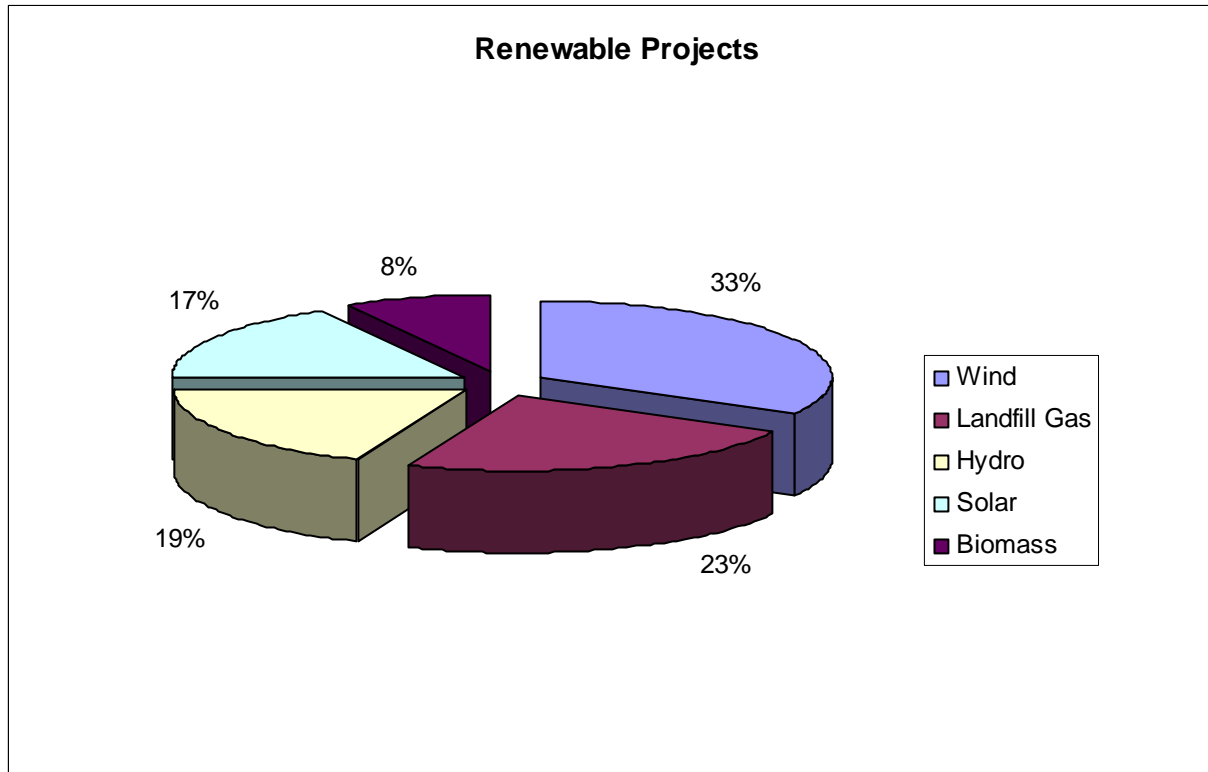


CFC 's CREB Applications

- 51 applications for electric co-ops totaling \$330 million in April 2006.
- 20 applications totaling \$130 million filed July 13, 2007.
- Supplied all necessary forms, reviewed applications & assisted with technical issues
 - Related and Subordinate Facilities
- Develop documentation - Loan & Project Agreements
- Administer back office functions



CFC CREB Allocations in Dollars





CREBs Program Requirements

- Inducement resolution
- Reimbursements of capital expenditures
- Not for interest during construction
- Bonds issued by December 31, 2008
- Level principal repayment beginning the first calendar year regardless of reimbursement
 - 5 years from bond issue to advance for reimbursement of project costs
 - Loan term and bond repayment triggered upon issuance
 - Encourages loan funds to be used quickly



CREB Project Considerations

- IRS review & allocations made starting with “smallest dollar amount requested” for a project
- May have an ownership share in a project
- All qualified projects located at the “same site” and owned by the “same qualified borrower” are treated as a single project.
- Average lead times for project evaluation in order to meet application deadlines.



CREB Federal Program Requirements

- Binding commitment to spend at least 10% of issue within 6 months
- Completion or termination certificate required
- Bonds must be deemed if unqualified
- Federal rebate consequences
- CFC must provide reporting to the Federal Government



CFC CREB Application



- Description of project, including location(s)
- Independent engineer's certification
- Timeline to obtain regulatory & permit approvals
- Total capital expenditures and financing plan



CFC CREB Financing Benefits

- Low cost financing of approximately 1%
- Save administrative time-throughout program
- On-going technical assistance
- Assist with the RUS lien process
- Reduce up-front expenses
- Proven CFC reliability

