

DEWEY & LEBOEUF

Governmental Incentive Programs for
Major Energy Projects

Presentation to
**Alaska Natural Gas Transportation Projects
Natural Gas Pipeline Forum**

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Overview

Direct Project Financial Assistance

- Grants
- Subsidies
- Capital Investments
- Funding of Development Costs
- Loans

Direct Project Assistance

- Dedication of governmental natural resources
- Guaranteed off-take
- Expedited permitting
- Use of state property
- Condemnation power

Indirect Project Financial Assistance

- Income tax incentives
- Loan guaranties
- Reduction state fiscal take
- Tax credits
- Waivers of property, use, sales, franchise, VAT
- Use of governmental bond authority

Indirect Policy Assistance

- R&D support
- Portfolio standards
- Demand incentives
- Fuel preference programs
- Labor initiatives
- Consumer financial incentives
- Building/zoning codes
- Interconnection planning
- Permitting standards

4 Major Energy Projects

Big Inch / Little Big Inch Pipeline



Natural Gas Initiative in Saudi Arabia



Renewable Energy Program in California



Solar Development in China



Big Inch / Little Big Inch Pipeline

Direct Financial Incentives

- Governmental ownership
- Financing of construction costs

Direct Project Assistance

- Guaranteed off-take
- Condemnation power
- Government housing and warehousing
- Expedited permitting
- Materials procurement

Indirect Financial Incentives

- Loan guarantees
- Tax waivers

Indirect Policy Assistance

- Labor mandates and training
- National initiative

Saudi Arabia Natural Gas Initiative

Direct Financial Incentives

- Government equity participation

Indirect Financial Incentives

- Capacity payments

Direct Project Assistance

- Monopoly of natural gas value chain
- Guaranteed off-take at set prices backed by sovereign guarantee
- Regulations by contract or light handed
- Dedication of government natural resources
- Dedication of existing facilities, surface property and ROW
- Procurement policies

Indirect Policy Assistance

- Assistance with hiring and procurement
- Training programs
- Mandated fuel switching and usage
- Industry growth incentives

California Renewable Energy Promotion

Direct Financial Incentives

- Loan programs

Direct Project Assistance

- Expedited permitting
- Zoning

Indirect Financial Incentives

- Sales and use tax exclusions
- Property tax exclusion
- Feed-in tariff

Indirect Policy Assistance

- Renewable Portfolio Standard
- Net metering
- Consumer fee waivers
- Mandated governmental usage
- Consumer rebates
- Consumer finance
- Appliance efficiency mandates
- Interconnection standards
- Training programs
- Emissions standards
- Research programs

China Solar Industry

Direct Financial Incentives

- Investment in company equity
- Loans through government banks
- Stimulus grants

Direct Project Assistance

- Use of government land

Indirect Financial Incentives

- Loan guarantees
- Development Bank loans
- Export insurance credits
- Tax incentives

Indirect Policy

- National Feed-In Tariff
- Mandated use of renewables
- Favorable export tariff structure
- Consumer financial assistance
- Interconnection planning
- Light-handed regulation
- Domestic content rules
- National solar strategy

Alaska Options

Direct Financial Incentives

- Direct development subsidy
- Equity investment
- Loans

Direct Project Assistance

- Shipping commitments
- Use state property
- Condemnation power
- Expedited permitting
- Government housing/warehousing

Indirect Financial Incentives

- Property tax incentives
- Defer production taxes
- Loan guarantees
- Finance project overruns
- Fiscal certainty

Indirect Policy

- Demand incentives
- Labor initiatives