

BAKER DONELSON
SOLAR INDUSTRY BRIEFING:
THE SOLAR INDUSTRY
IN THE SOUTHEAST
MATERIALS

Wednesday, June 15, 2011
4:00 p.m. Eastern
3:00 p.m. Central



BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

EXPAND YOUR EXPECTATIONSSM



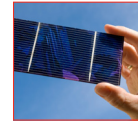
BAKER DONELSON SOLAR INITIATIVE

Baker Donelson's Solar Initiative is a multi-disciplinary group of attorneys and advisors who assist clients with issues in the solar industry. We help researchers turn ideas in renewable energy into viable businesses and work with investors to fund and leverage early mid-stage solar companies. We assist manufacturers of solar energy components in taking advantage of tax incentives and the unique state-level infrastructure found within the Firm's geographic footprint to provide a competitive advantage within the industry on an international level. We work with utility-scale and dedicated production facilities across the full spectrum of real property, financing, tax, incentives, regulatory compliance, permitting, power-grid interconnection/transmission and power purchase negotiations, and construction issues involved in any significant solar project. Our attorneys work with large energy consumers, including traditional companies adding a solar energy component in their expansions as a hedge against market fluctuations in both availability and costs related to fossil fuel-based energy, as well as new solar companies that need the additional/excess electrical capacity available within our Firm's geographic footprint to power production of their alternative energy products. Clients know it's not what we do, but how we do it, that matters most. By understanding your business, we are able to anticipate your needs and help you make smarter decisions.

Representative Matters in the Solar Industry

- Outside general counsel to a solar panel installation company serving both the residential and commercial sectors.
- Patent advisor with respect to such inventions as a portable solar generator and a solar site evaluation apparatus.
- Trademark advisor to Sunlight Direct based in Oak Ridge.
- Represented a company in a successful capital raise of several million dollars to fund research and development of solar panels.
- Experience representing companies in alternative energy fields, including the solar industry, regarding the negotiation and implementation of government contracts
- Legal advisor to a number of entrepreneurs in the stages of forming and building solar-related businesses.

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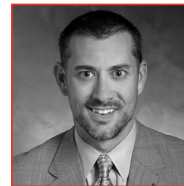
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HOW CAN BAKER DONELSON HELP YOU?

Are you ready to incorporate your solar manufacturing or installation business? We provide tax advice regarding optimal business structures, form business entities and assist in raising capital through the sale of equity or debt.

Does your company's compliance program ensure its activities meet regulations and mitigate risks? We tailor compliance programs to meet our clients' unique needs and provide management training.

Are you considering expanding your business? We facilitate bank and other financing, solve issues involving construction, land use, permitting and environmental regulations and consult regarding hiring practices.

Is your solar business undergoing rapid growth? We advise boards of directors and stockholders on growth and exit strategies, and work with investment bankers and other professionals to meet your growth needs.

Do you want talented and motivated employees? We create and update employee handbooks, provide related training to encourage a convivial and productive workplace, and craft employment agreements and incentive plans to encourage loyalty and innovation.

Is technology and intellectual property an integral part of your business model? We help clients protect their ownership rights in patents, trademarks and other work product and facilitate outsourcing/procurement of the latest technology to give you a competitive edge.

Are you considering leasing land or rooftop space to install and operate solar panels? We negotiate and prepare site and equipment leases and licenses, solve title dilemmas, as well as advise, prepare and negotiate public utility and private investor power purchase agreements (PPAs).

Do you need a roadmap concerning renewable energy credits? We provide tax and regulatory advice regarding renewable energy credits, including the sale of credits.

Is your business facing logistical hurdles? Are you using brokers to arrange for your truck needs? We advise our clients on transportation contracts.

Do you need strategic guidance and counseling on the appropriate levels of insurance for your solar company? We proactively work with insurers to both assess and mitigate your potential business risks.

WHAT ARE YOUR NEEDS? WE CAN HELP



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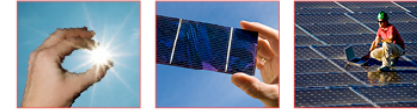
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SURVEY OF SOLAR ENERGY INDUSTRY IN ALABAMA, GEORGIA, LOUISIANA AND MISSISSIPPI

	ALABAMA	GEORGIA	LOUISIANA	MISSISSIPPI
Manufacturing and Economic Development	<p>One known solar manufacturer; it does all of its business out of state.</p> <p>No current incentives specifically for solar manufacturers.</p>	<p>Alternative energy manufacturers, including solar panel manufacturers, account for \$1.46 million in investment and more than 2,000 jobs.</p> <p>Suniva, Inc. produces monocrystalline solar cells in Norcross, and is the fastest-growing private company in Metro Atlanta.</p>	<p>State economic development is activity centered on utilities and installations.</p> <p>Renewable Energy Pilot Program renewed by Louisiana Public Service Commission in 2010:</p> <ul style="list-style-type: none"> Research component of program requires investor-owned utilities to develop two projects for self-build or through standard offer tariff for feasibility studies. RFP component requires RFPs to be issued for combined maximum of 350-megawatt of power of long-term renewable resources to come online between 2011 and 2014. 	<p>No specific subsidies for solar energy manufacturers.</p> <p>Stion, a venture-backed manufacturer of high-efficiency, low-cost thin film solar panels, is locating a 100-megawatt solar panel production facility in Hattiesburg. The production line is the first phase of a company investment of \$500 million that will create 1,000 new jobs over the next six years.</p> <p>Twin Creeks Technologies, Inc., a Silicon Valley-based manufacturer of crystalline silicon solar panels, is opening its first 100-megawatt manufacturing facility in Senatobia. The new plant will create 500 jobs, in two phases, over a five-year period and represents a corporate investment of \$175 million.</p>



SURVEY OF SOLAR ENERGY INDUSTRY IN ALABAMA, GEORGIA, LOUISIANA AND MISSISSIPPI

	ALABAMA	GEORGIA	LOUISIANA	MISSISSIPPI
Installation and Subsidies	No state incentives.	<p>State tax credit increased to \$5 million annually for 2012, 2013 and 2014.</p> <p>Businesses eligible for \$500,000 in tax credits; homeowners eligible for \$10,500 in tax credits.</p>	<p>Tax credit up to \$25,000 for 50% of the costs of purchase and installation of system, in addition to 30% federal credit.</p> <p>Expires in 2016.</p> <p>Property tax exemption for solar equipment.</p> <p>State loan program – up to \$6,000 for installation.</p> <p>Law prohibits HOAs from restricting solar collectors.</p> <p>Louisiana has a net metering law.</p>	No specific subsidies to support installations.
Power Purchase Arrangements	TVA will buy power under TVA standard contracts.	<p>TVA will buy power under TVA standard contracts.</p> <p>Georgia Power pays rates to private producers at lower avoided cost rate of 7 to 9 cents per kilowatt.</p>	Varies.	<p>TVA will buy power under TVA standard contracts.</p> <p>Arrangements with local utility companies.</p>



SURVEY OF SOLAR ENERGY INDUSTRY IN ALABAMA, GEORGIA, LOUISIANA AND MISSISSIPPI

	ALABAMA	GEORGIA	LOUISIANA	MISSISSIPPI
Key Industry Groups	None.	<p>Georgia Solar Energy Association</p> <p>Georgia Economic Development Department</p> <p>Center of Innovation for Energy</p> <p>Southern Alliance for Clean Energy</p>	Louisiana Solar Energy Society	<p>Mississippi Technology Alliance (actively promotes solar energy industry)</p> <p>Mississippi Solar Energy Society</p> <p>Mississippi Seed Fund</p>
Other/Baker Donelson Viewpoint	<p>Industry is very slow.</p> <p>Per the <i>Birmingham Business Journal</i>, a group called Clean Edge ranked Alabama 48th in the nation in "Clean Energy Leadership."</p>	<p>Budding solar industry is expanding, as is solar jobs and investment.</p> <p>Arizona State University rated Georgia as third best in the nation for deploying solar energy as a viable economic opportunity.</p> <p>Restrictions on seller solar power in Georgia are beginning to loosen.</p>	<p>Most activity appears to be trending toward the retailer and installer sector, as well as residential and commercial user incentives in the form of (1) tax credits and rebates, and (2) rights to install solar equipment despite homeowners' association provisions to the contrary.</p>	

Solar Industry Briefing: The Solar Industry in the Southeast

Wednesday, June 15, 2011

4:00 p.m. Eastern

3:00 p.m. Central

The Solar Industry in Louisiana

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Our View

- With its oil and natural gas resources, and given historic events in the Gulf of Mexico, Louisiana will continue to focus on oil and gas production.
- Louisiana's lower latitude has not translated into "changes in attitude" toward solar energy, despite other conditions which make it viable.
- Most activity appears to be trending toward the retailer and installer sector, as well as residential and commercial user incentives in the form of (1) tax credits and rebates, and (2) rights to install solar equipment despite homeowners' association provisions to the contrary.

Tax Credits and Incentives

- Louisiana Revised Statutes provide for a tax credit (up to \$25,000) for 50 percent of total costs of purchase and installation for a solar energy system within the state; in addition to federal 30 percent credit.
- HB 595 (in committee) state tax credit would apply in addition to any federal grants toward purchase of same system.
- The 50 percent credit has been the greatest incentive to solar thus far for residential and commercial, but expires in 2016 unless renewed.

Incentives *Continued*

- Louisiana Revised Statutes provide for property tax exemption for solar equipment (value not used to compute property taxes).
- State loan program through Department of Natural Resources (DNR) – Up to \$6,000 subsidy from DNR for loan to install solar water heat, solar space heat, photovoltaics or geothermal heat pumps.
- HB 751 (2010) prohibits certain entities from unreasonably restricting a property owner from installing a solar collector, i.e. HOAs.

Net Metering

- Net metering established in June 2003 and modeled on Arkansas's law. Requires investor-owned utilities, municipal utilities and electric cooperatives to offer net metering to customers that generate electricity using solar, wind, hydropower, geothermal or biomass resources. Fuel cells and microturbines that generate electricity entirely derived from renewable resources are also eligible. Net metering is available for residential systems up to 25 kilowatts (kW) in capacity, and commercial and agricultural systems up to 300 kW.
- The Louisiana Public Service Commission (PSC) established rates, terms and conditions for net metering for utilities under its jurisdiction in November 2005.

Net Metering *Continued*

- Utilities must provide customer-generators with a meter capable of measuring the flow of electricity in both directions. Utilities must pay for the cost of the meter itself, but customer-generators must pay a one-time charge to cover the installation cost of the meter. Net excess generation (NEG) is credited to the customer's next bill indefinitely. For the final month in which the customer takes service from the utility, the utility will pay the customer for the balance of any credit at the utility's avoided-cost rate.
- By the end of each calendar year, utilities must file with the PSC a report listing all existing net-metered systems and their capacities, and, where applicable, the inverter rating for each facility. The ownership of renewable-energy credits (RECs) associated with net metering has not been addressed.

Solar Economic Development

In June 2010, the Louisiana Public Service Commission (LPSC) unanimously approved a Renewable Energy Pilot Program for the state. The final implementation plan was adopted in November 2010. The goal of the pilot program is to determine whether a renewable portfolio standard is suitable for Louisiana. The pilot program has two major components: the Research Component and the Request for Proposal (RFP) Component.

Solar Economic Development *Continued*

- **Research Component**

Provides an opportunity for utilities to collect data on the feasibility of different renewable energy resources. Under this component, each investor-owned utility must develop a minimum of three projects. There are two options for the projects, and utilities may pick any combination of the two options. Projects must be fully operational by the end of 2013.

- **Option 1: Self-Build Options for New Renewable Resources**

Utilities may build their own renewable energy facilities. Each individual project is generally limited to 300 kW, but one project may be up to five megawatts (MW).

- **Option 2: Standard Offer Tariff Option for New Renewable Resources**

Utilities must develop a tariff and an associated contract to purchase renewable energy. Qualified developers must deliver energy from a new renewable resource. Utilities may not purchase more than 5 MW from any single project, and may not purchase more than a total of 30 MW of nameplate capacity. The amount of the tariff will be \$30/megawatt-hour (MWh) plus an avoided-cost payment (as defined in LPSC General Order No. U-22739) for a maximum of five years. After the five-year contract, the developer will continue to receive the avoided-cost payments.

Solar Economic Development *Continued*

- **RFP Component**

Applies both to investor-owned utilities and cooperative utilities. Utilities must issue RFPs for new, long-term renewable resources that will come online between 2011 and 2014. In total, the utilities will request a combined maximum of 350 MW. Each utility's portion of the 350 MW will be determined based on 2009 retail sales. The contract awarded through the RFP will have terms of 10 to 20 years. Award winners that supply renewable energy to investor-owned utilities must deliver at least 2 MW, and those that deliver to co-ops must deliver at least 1 MW.

Industry Groups

- Only known solar industry group in Louisiana is a chapter of the American Solar Energy Society (Louisiana Solar Energy Society – www.lses.org)
- Small group of about 10 to 20 installers and interested parties meet once a month at a local Chinese restaurant in Baton Rouge.
- Sponsors are five to six local installers, and they organize a “Solar Tour of Homes” each year to promote awareness of solar energy advantages.

The Solar Industry in Mississippi

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Tax Credits and Incentives

- Mississippi currently offers no specific subsidies or incentives specifically designed for solar energy array installations.

Net Metering

- Mississippi does not have a state-wide net metering policy. Arrangements are made with individual utility companies.
- Currently, the only program by which solar power is purchased by utilities and placed on the grid is through TVA's Green Power Switch program. Solar power generation sites are currently located at the University of Mississippi in Oxford, and at Mississippi State University in Starkville.

Solar Economic Development

- No specific subsidies or incentives are specifically designed for solar manufacturers or solar energy array installations.

A number of state incentive programs generally apply to manufacturing concerns and would be applicable to manufacturers of solar panels or components.

Notable Companies

- Stion – Hattiesburg Facility
 - Stion, a venture-backed manufacturer of high-efficiency, low-cost thin film solar panels, is locating a 100-megawatt solar panel production facility in Hattiesburg, Miss. The production line is the first phase of a company investment of \$500 million that will create 1,000 new jobs over the next six years. This plant will produce high-efficiency, thin film solar panels. The 110 W to 120 W panels are designed for use in all major applications, including commercial /government, residential, utility and off-grid.
 - Mississippi is providing loan assistance totaling \$75 million through the Mississippi Industry Incentive Financing Revolving Fund, pending approval by the Legislature. The state is also providing clean energy tax incentives and workforce training incentives for the project. Additionally, local officials provided tax and other financial incentives to assist with the project.

Notable Companies *Continued*

- Twin Creeks Technologies – Senatobia Facility
 - Twin Creeks Technologies, Inc., a Silicon Valley-based manufacturer of crystalline silicon solar panels, is opening its first 100-megawatt manufacturing facility in Senatobia, Miss. The new plant will create 500 jobs, in two phases, over a five-year period and represents a corporate investment of \$175 million.
 - Since breaking ground less than one year ago, 150 local workers have been employed in construction of the factory. In addition, approximately 70 percent of the resources used to complete phase one of construction were locally sourced. Construction of the new facility will continue over the next four to five years, resulting in a 250,000-square-foot manufacturing site upon completion.

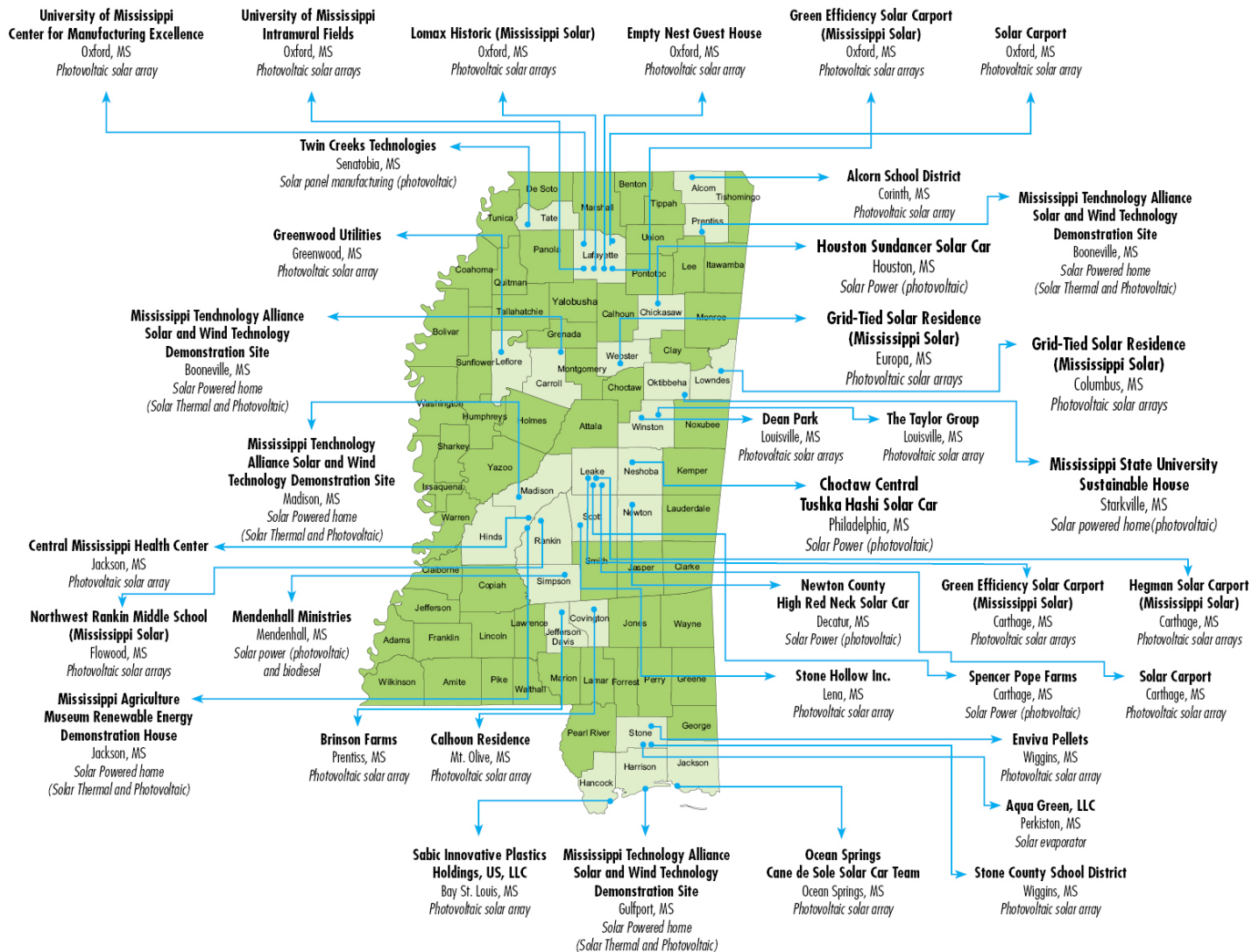
Industry Groups

- **Mississippi Solar Energy Society**
- **Mississippi Technology Alliance**
 - Non profit organization created to promote technology based economic development in the state of Mississippi
 - Overall Objective: to put in place resources needed to increase the number of high performance innovative enterprises capable of shaping the economic future of Mississippi.
 - Organized in these centers:
 - The Center for Innovation and Entrepreneurship
 - The Center for Innovation-Led Economic Development
 - The Center for Capital Formation

Industry Groups *Continued*

- **Mississippi Seed Fund**
 - Administered by the Center for Capital Formation
 - Provides high-tech start up companies with access to capital:
 - Pre-seed Financing-up to \$10,000
 - Product Development Capital-up to \$200,000 over two years
 - Purpose of Financing: To stimulate the development of technology based business ventures in Mississippi.
 - Eligible Applicants:
 - In the process of commercially advanced technology
 - Technology based and sufficiently innovative to provide a competitive advantage in the marketplace.
 - Potential for significant high performance growth

Mississippi Solar Projects



MISSISSIPPI INDUSTRIAL INCENTIVES AND SUBSIDIES
APPLICABLE TO THE SOLAR INDUSTRY

Mississippi currently offers no specific subsidies or incentives specifically designed for solar manufacturers or solar energy array installations. However, below is a summary of several state incentive programs that apply to manufacturing concerns, generally, and all of which would be applicable to manufacturers of solar panels or components.

A. Corporate Income Tax Incentives Available

(i) Jobs Tax Credit (Miss. Code Ann. § 57-73-21). The Jobs Tax Credit is available to certain types of businesses that create and sustain new jobs in Mississippi, including wholesalers, processors, distributors and warehousemen. The Jobs Tax Credit is a credit against the Mississippi corporate income tax. It is calculated as a percentage of eligible payrolls each year for five years, based on the location of the job and the salary paid. The credits are taken in the five years subsequent to the year in which the job was created.

(ii) Rural Economic Development (RED) Tax Credit (Miss. Code Ann. § 27-7-22.3). Rural Economic Development (RED) credits are taken against Mississippi corporate income tax. RED credits are used in conjunction with industrial revenue bonds issued by the Mississippi Business Finance Corporation (MBFC). The credits are based on the amount of bond-related debt service and can be used to offset up to 80 percent of the state corporate income tax liability attributable to the project each year for the life of the bonds. Unused RED credits may be carried forward up to three years. Businesses that qualify for bonds must create 35 jobs and have a minimum capital investment of \$2 million. In instances where a company already has a presence in Mississippi and plans to expand its facility, a formula is used to determine what percentage of the income can be offset from the credits generated by debt service.

(iii) National or Regional Headquarters Jobs Credit (Miss. Code Ann. § 57-73-221). Businesses that establish or transfer a national or regional headquarters in Mississippi, with or without an accompanying manufacturing facility, are eligible for income tax credits for five years, provided that they create and maintain a minimum of 35 headquarters jobs, as determined by the Mississippi State Tax Commission. The base credit is \$500 per full-time employee, but the credit amount may increase if the salary of the position exceeds annual average state wages. For each position with a salary that is 125 percent or more of the annual average state wage, the credit is increased up to \$1,000 per employee per year. For each position with a salary that is 200 percent of the annual average state wage, a maximum credit of \$2,000 per employee per year is allowed.

(iv) Skills Training Tax Credit (Miss. Code Ann. § 57-73-25). An income tax credit of 50 percent of the actual costs of employer-sponsored training is available to certain types of businesses that provide skills training to Mississippi employees. The training must be offered or approved by the community college in the district where the business is located. Qualifying businesses include manufacturers, wholesalers, processors, distributors and warehousemen.

B. Sales and Use Tax Incentives Available

(i) Sales and Use Exemption for Bond Financing (§ 27-65-111 and § 27-65-114). Any eligible purchases made with industrial revenue bonds issued by the Mississippi Business Finance Corporation (MBFC) can be exempted from the sales/use tax in Mississippi. Bond proceeds may be used to purchase machinery, equipment and component building materials, exempt from sales and use tax. This exemption applies to retail rate taxes, but does not cover tagged vehicles, ongoing expenses or supply items. Component building materials purchased directly by the eligible company using industrial revenue bonds issued by MBFC are not subject to the contractor's tax and can be exempted from sales/use tax.

(ii) National or Regional Headquarters Incentive (§ 27-65-101). Out-of-state businesses that establish or transfer a national or regional headquarters to Mississippi are eligible for sales and use tax credits, provided that a minimum of 35 headquarters jobs are created and maintained for five years. The Mississippi State Tax Commission makes all determinations of whether jobs qualify as headquarters positions. This incentive is not available for national or regional sales offices. A full exemption of sales and use tax is available on machinery and equipment purchases. The exemption is valid from the beginning date that purchases are made through three months after initial start up. Component building materials purchased directly by the eligible company are not subject to the contractor's tax and can be exempted from sales/use tax.

C. Property Tax Incentives Available

(i) 10-Year Property Tax Exemptions (§ 27-31-101 through § 27-31-115). An exemption from property taxes on land, building, equipment and certain inventory is available and is valid for up to 10 years. The related municipal authorities and/or the local board of supervisors must approve this incentive. The exemption may be granted on all property taxes except school taxes, taxes on finished goods and rolling stock.

(ii) Free Port Warehouse Exemption (§ 27-31-51) through (§ 27-31-61). Local authorities may grant a freeport warehouse exemption on finished goods inventory leaving the state of Mississippi. The exemption may be for all property taxes and may be perpetual. To be eligible for this exemption, an application to operate as a free port warehouse must first be made to the local governing authorities. The related municipal authorities and/or the local board of supervisors

must approve this incentive. To claim this exemption an inventory of all personal property located in the warehouse as of January 1 must be provided to the local county tax assessor. At year-end, a percentage of all personal property that was shipped to a destination outside the state must be calculated and applied to the property value as of January 1. The result is the maximum exemption that can be taken for the year.

(iii) In-State Inventory Exemption. Local authorities may grant a finished goods inventory exemption on inventory that will remain in Mississippi. The exemption may be granted on all property taxes except school taxes and may be granted for up to ten years. The related municipal authorities and/or the local board of supervisors must approve this incentive. The exemption is available through June 30, 2013, and must be agreed to by the local taxing authorities. The exemption applies to all property taxes except the portions assessed for school districts and fire and police protection.

D. Other incentives

(i) Advantage Jobs Incentive Program (§ 57-62-1 et seq.). The Advantage Jobs Incentive Program provides for a cash rebate to qualified employers of a percentage of withholding taxes paid by the employer, for a period of up to 10 years, related to newly established jobs. This incentive is available to businesses that promise significant economic development of the economy through the creation of jobs. The average of all jobs included in the program must meet the minimum average wage requirements. In addition to meeting certain salary requirements, eligible businesses must also provide a basic health benefits plan and execute a performance agreement with the Mississippi Development Authority (MDA) specifying the manner in which the enterprise will utilize the rebate.

(ii) Tax Increment Financing. Section 21-45-1 et seq. of the Miss. Code (the TIF Act) authorizes cities and counties in Mississippi to finance infrastructure projects within designated redevelopment areas through the use of tax increment financing bonds (TIF Bonds). TIF Bonds may generally be used to finance projects that would otherwise be funded by municipalities from other revenue sources, such as the cost of construction of roads, utilities or other infrastructure required in connection with a development project. The municipality issuing the bonds enters into an agreement with the developer under which the developer constructs all or part of the redevelopment project with private funds in advance of issuance of the TIF Bonds. The developer is then reimbursed from the proceeds of the TIF Bonds, upon dedication of the redevelopment project by the developer to the issuing municipality. TIF Bonds are repaid with a portion of the sales or property taxes that would otherwise be associated with the development. TIF Bonds are most typically used to finance roads and utilities needed in conjunction with residential, commercial or industrial developments.

(iii) Development Infrastructure Grants. MDA administers the Development Infrastructure Grant Program to assist local jurisdictions in funding publicly owned infrastructure. Funding from this program can be used by municipalities and counties to assist with the location or expansion of businesses. The program permits grants up to \$150,000 per project. Use of the funds must be directly related to the construction, renovation or expansion of targeted industry, including relocation of national or regional headquarters.

(iv) CDBG Development Grants. MDA offers a program that uses community development block grants (CDBG) to fund economic development costs. The CDBG Economic Development grants provide funding to the local units of government for eligible infrastructure improvements such as water, sewer and access roads in support of business start-ups and expansions. Job creation is the key to CDBG-assisted economic development.

(v) Mississippi Industry Incentive Financing Revolving Fund. This revolving loan and program was created during the 2010 legislative session and allows the state to loan money to businesses locating facilities in Mississippi. During the most recent legislative session, the Legislature has added a \$73 million bond bill to fund this program. This revolving fund is administered by the MDA, which has broad latitude in making grants or loans to any approved business enterprise that locates or expands in Mississippi, creates a minimum of 250 new, full-time jobs with a \$30 million capital investment in a Tier 1 or Tier 2 County, or a \$15 million capital investment in a Tier 3 County, or, alternatively, creates 1,000 new, full-time jobs anywhere in the state.

(vi) Miscellaneous. Mississippi offers a variety of other incentives that may apply to the proposed facility or new jobs depending on the particular location and scope of the facility. Further, the MDA has several programs with might provide incentives to the project, such as grants for green energy components of the facility.

The Solar Industry in Alabama

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Our View

- The Solar Energy Movement is very slow in Alabama.
- In fact, there is very little movement, but everyone likes to talk about it.

Tax Credits and Incentives

- **Commercial Energy Producers**
 - Green Power Switch Generation Partners Program - Offers purchase of solar photovoltaic-generated electricity from commercial energy producers, at a rate of \$0.12 per kWh, for a duration of 10 years.
- **Solar Manufacturing Facilities**
 - As per the Alabama Development Office, in Alabama there are no incentives specifically for solar manufacturers or producers.

Tax Credits and Incentives *Continued*

All manufacturing firms in Alabama can benefit from the following if:

- They are investing at least \$2 million in capital and employing 20 or more employees, OR
- They are located in a Favored Geographic Area or Enterprise Zone and investing \$500,000 in capital investment and employing five or more employees.
- http://www.informationbirmingham.com/oed/available_services.aspx

Tax Credits and Incentives *Continued*

Then they will receive:

- Abatement of all non-educational sales and use tax on materials and equipment.
- Abatement for non-educational property tax for 10 years.
- Also, there is an Income Tax Capital Credit which gives an income tax credit of 5 percent of a total capital investment made for 20 years.
- <http://www.revenue.alabama.gov/Taxincentives/capcrsummary.htm>

Notable Companies

- There is one known solar manufacturer in Alabama. However, the manufacturer does all of its business outside of the state.

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Our View

- *Chief Executive Magazine* survey of top 500 CEOs rates Georgia as one of the most business friendly states in the nation.
- Georgia has a Quick Start training program that makes it very attractive to manufacturing companies.
- 40 percent of all U.S. manufacturing companies are within a 500-mile radius of Atlanta.

Our View *Continued*

- Georgia's budding solar industry (manufacturers, installers and vendors) is expanding and so are solar jobs and investment.
- Arizona State University rated Georgia as third best in the nation for deploying solar energy as a viable economic opportunity, due to excellent infrastructure, location-motivated workforce and exceptional solar radiation.

Tax Credits and Incentives

- Solar Tax Credit recently increased from \$2.5 million to \$5 million annually for 2012, 2013 and 2014.
- Businesses are eligible for \$500,000 in tax credits to offset cost of installing solar PV generating systems. Homeowners are eligible to receive up to \$10,500 in tax credits for solar energy systems. If an annual state-wide \$5 million ceiling is reached, eligible taxpayers on a waitlist will have priority to receive the credit in the subsequent year.

Net Metering

- Georgia Power generally pays rates to private producers set at the lower avoided cost rate of 7 cents to 9 cents per kW. Avoided cost refers to costs a utility would incur if it generated or purchased power from another source.
- 1MW solar farm in Blairsville, Georgia commissioned in January 2011 to generate electricity to be sold to TVA.

Selling Solar Power

Restrictions Beginning to Loosen

- The Georgia Territorial Electric Service Act (1973) gives designated utilities exclusive privilege to serve all residential, small business and existing large commercial and industrial customers.
- Restrictions (caps) currently: residential solar projects, 10 kW; commercial, 100 kW.
- In 2010 Public Service Commission doubled the amount of purchased solar, and Georgia citizens voted for constitutional amendment to allow state agencies to enter into energy savings performance contracts.
- GA Power is conducting research on how PV systems will affect the utility's distribution system, and has PV panels installed in Rome, Valdosta, Macon, Augusta, Columbus, Savannah and Conley.
- GA Power has issued RFP for up to 1 MW of solar energy projects that are at least 11 kW (energy wanted on or before 6/1/12).

Solar Economic Development

- Major new solar projects include:
 - Chote Construction Company Headquarters Building, Atlanta, 74 kW capacity.
 - White Oak Pastures, Buffington, GA, beef processing facility, 50,000 kW watt capacity.
 - Persimmon Creek Vineyards, sustainable winery in Clayton, GA.
 - Jacoby Development is planning 10 MW solar array at Aerotropolis Atlanta, a redevelopment of the old Ford Assembly plant near the Atlanta Airport.

Industry Groups

- Georgia Solar Energy Association
- Georgia Economic Development Department
- Center of Innovation for Energy
- Southern Alliance for Clean Energy

Other

- Alternative energy manufacturers in Georgia, including manufacturers of solar panels, account for \$1.46 million in investment and more than 2,000 jobs.
- Suniva, Inc., a Georgia Tech spin-off and the fastest-growing private company in Metro Atlanta for 2011 (according to the *Atlanta Business Chronicle*), produces monocrystalline solar cells at its facility in Norcross, GA.