



Long term storage credits sold

It's happening!

Some large wind and solar company decided to buy long term storage credits (LTSC) with more possible purchases in the future.

Vidler Water Resources, Inc. ("Vidler") announced that it has entered into a sale and option contract with an affiliate of one of the world's largest producers of wind and solar energy for a minimum of 28,000 and a maximum of 55,000 Long Term Storage Credits ("LTSC") at the Company's recharge facility in the Harquahala Valley, Arizona. The contract provides for the following:

- an initial sale of 1,250 LTSC at \$400 per LTSC for proceeds of \$500,000; and
- an option to purchase a minimum amount of 26,750 additional LTSC and up to a maximum of 53,750 additional LTSC on or before December 15, 2021, at a price of \$400 per LTSC for proceeds of a minimum of \$10.7 million and up to a maximum of \$21.5 million; or
- an option to purchase a minimum amount of 26,750 additional LTSC and up to a maximum of 53,750 additional LTSC between December 16, 2021 and January 31, 2022, at a price of \$450 per LTSC for proceeds of a minimum of \$12 million and up to a maximum of \$24.2 million.

From press release:

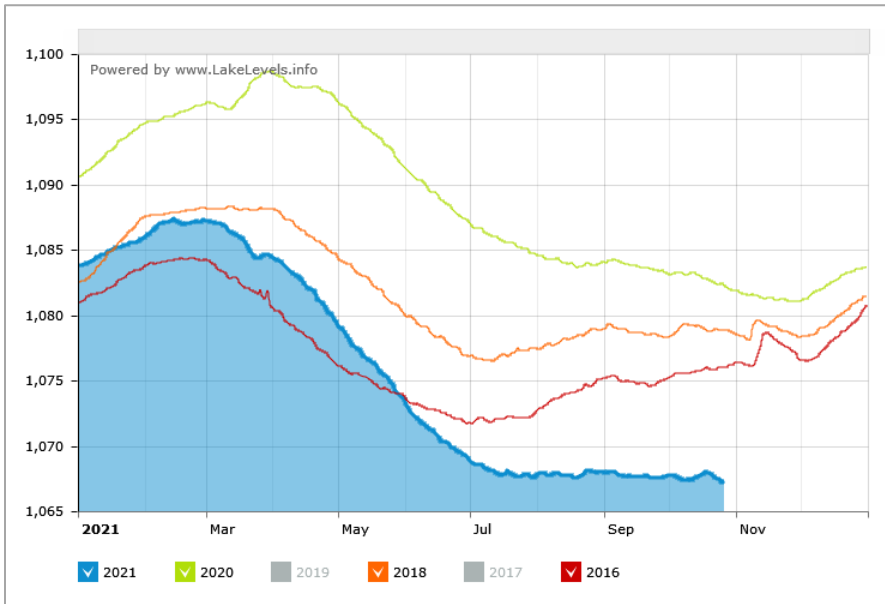
<https://www.businesswire.com/news/home/20211025005158/en/>

This company is clearly feeling the squeeze of the drought and is securing their future water supply.

I expect more news just like this. After all, the environment doesn't look like it's getting better...

Water levels projected to stay low

The water level at Lake Mead is at a historic low. And it's not a spike or one-time thing. The water level at Lake Mead is low and staying low.



Lake Mead water levels.

The last time Lake Mead dipped below 1075 feet, the level where a tier one shortage can be declared, was 2016. In 2016 and most years, the water level increased towards the end of the year. That's not happening in 2021.

We still have a few months left for water levels to rise, but even if they do, water security will still be at risk. We crossed that rubicon earlier this year.

Vidler more than doubled during those dry times of 2016 and 2017.

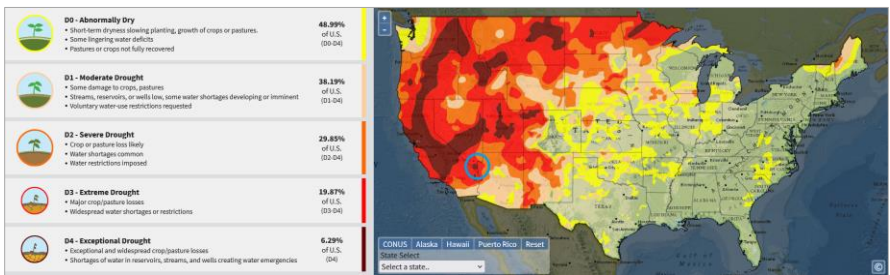




Now we are in a *much* worse situation. So if the stock performed well with water levels rising, it makes sense that the stock will perform well going forward.

Judging by the weather conditions, it looks like Lake Mead will remain dry for longer.

Currently, the drought is “exceptional” in a large chunk of the West. While this area of the country always experiences droughts, the severity and area of effect is above average.



Lake Mead in blue circle.

The stock recently pulled back which could be explained as a technical pullback and/or governments calling for water conservation efforts.

Nevertheless, conservation efforts won't overcome Mother Nature.

I remain bullish and a buyer. I'm buying a water company with no debt – simple as that.

Remember, LakeMeadPut's conservative price target was USD 25, so at today's price of USD 12, there's still a lot of yield to harvest.



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