



## ***UTILITY SCALE SOLAR PROJECTS***

### ***MAXIMIZING REWARDS AND MINIMIZING RISKS FOR COUNTIES***

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# REWARDS OF LARGE SOLAR PROJECTS

- Diversification of Tax Base
- Additional Assessed Value of Land
- Additional Assessed Value of Improvements and Equipment
- Land Owner Payments
- Economic Development Payments
- Minimal Jobs

# RISKS OF LARGE SOLAR PROJECTS

- Change in Property Tax Laws
- Damage to County Roads and Drains
- County Aesthetics
- Abandoned Property

# Relationship between County and Developer

## Objectives

- Maximize the economic benefits to the County
- Facilitate use of County roads to safely complete the project
- Protect and improve County assets

## Agreements

- Economic Development Agreement
- Road Use Agreement
- Decommissioning Agreement

# Economic Development Agreement

## Tax Abatement

Nearly all large scale solar projects have received tax abatement

- Developer attempting to fix costs of operating
- Amount of abatement varies from the traditional 10 year sliding scale to 100% abatement
- Subject to compliance with terms of other agreements
- Approved by County Council or City Council

# Economic Development Agreement

## Economic Development Payments

- Compensation for lost opportunity cost
- Typically in the millions of dollars
- Amount affected by tax abatement
- Annual payments starting on date of commencement of construction or commencement of operations
- Use determined by Commissioners and Council
- Guaranteed by parent

# Economic Development Agreement

## Other Terms

- Minimum Assessed Value and PILOTS for change in law
  - Despite any change in law or investment, the project shall have the minimum assessed value
  - Protects tax base, preserving lower tax rates and additional tax revenue
  - Ensures benefit of diversified tax base in County
- Professional fees

# Road Use Agreement

## Prior to Developer Use of County Roads

- Specific roads identified at least 90 days in advance
- Affected drains identified at least 90 days in advance
- Road condition report prepared
- Road and drains upgraded to accommodate use
- All subject to County approval

# Road Use Agreement

## Developer Use of County Roads

- Developer coordinates with County all temporary road closures
- Road closures communicated with public entities in advance
- Developer required to implement dust control measures
- Developer required to promptly repair road damage
- Fines imposed for violations by Developer

# Road Use Agreement

## After Use of County Roads

- Developer required to restore all damaged roads and drains
- Repairs made to specifications approved by the County
- Condition will be as good, if not better, than current condition
- Warranty of all repairs

# Road Use Agreement

## Financial Assurance

- All repair obligations secured by third party
- Security may be used by County to pay cost of repairs if Developer fails to complete
- Provided prior to start of construction
- Provider and terms of security approved by County
- Amount of security based on cost estimates approved by County

# Decommissioning Agreement

- Requires removal of turbines and other improvements
  - Applies when no electricity generated for a period of time
  - In addition to decommissioning required in property leases
- Decommissioning costs secured by third party
  - Allows County to decommission if developer fails to do so or if security not renewed
  - County approves security and expert determining decommissioning cost estimate

# Questions?

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