

RENEWABLE ENERGY LEASING ON STATE TRUST LANDS

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Moderated by Shawn Thomas

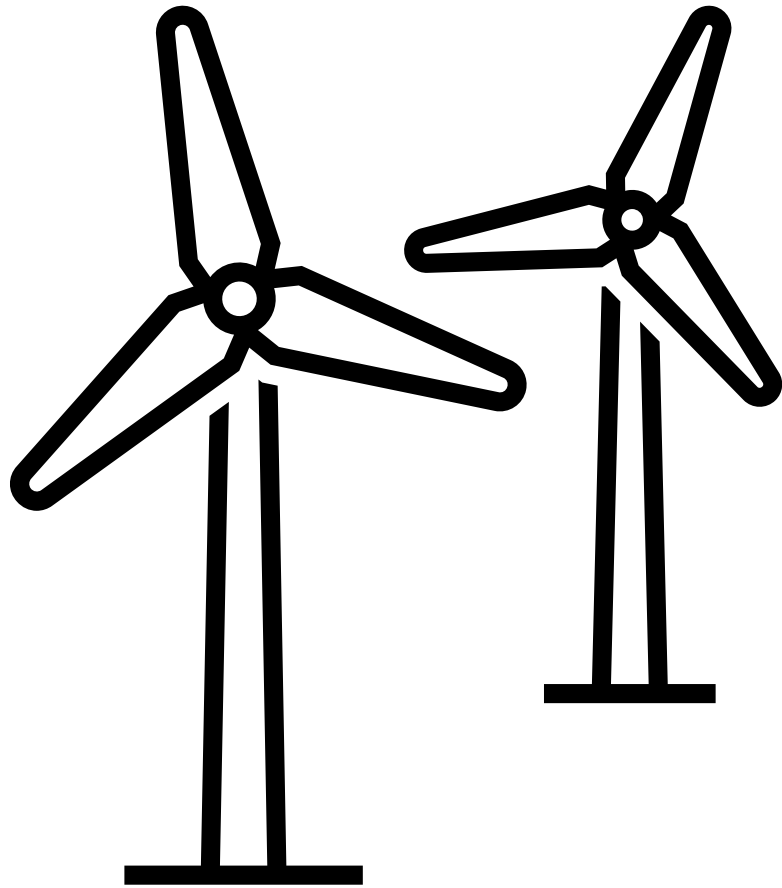


Montana DNRC
Trust Lands Division
NASTL 2021 Conference
Portland, OR



INTRODUCTIONS

Who are these people and why are they talking?



How do these deals come together?

What are the strategies and ideas being used by state trust land managers entering renewables leasing contracts?

What are common reasons these deals fall through and what are solutions?

How can we create an inventory of helpful resources for trust land managers on this topic?

Goals of the Project

Learn

Learn from other states and developers.

Help

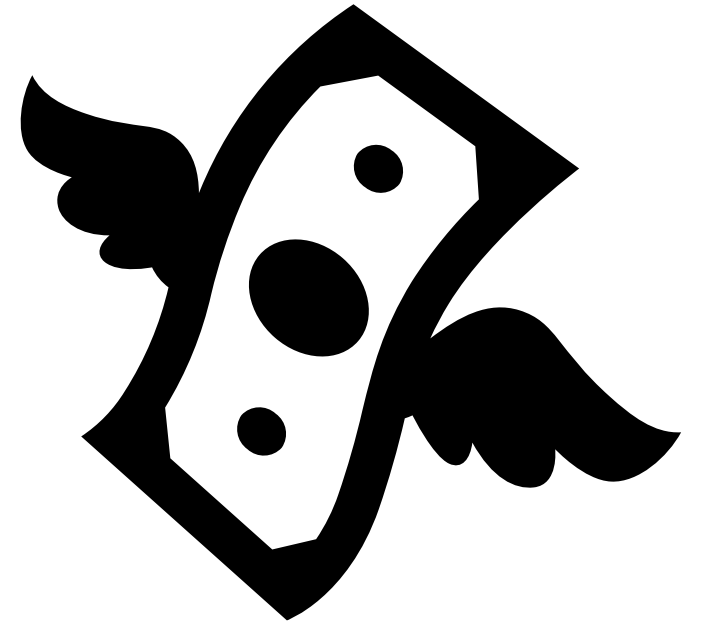
Help NASTL build a database of resources.

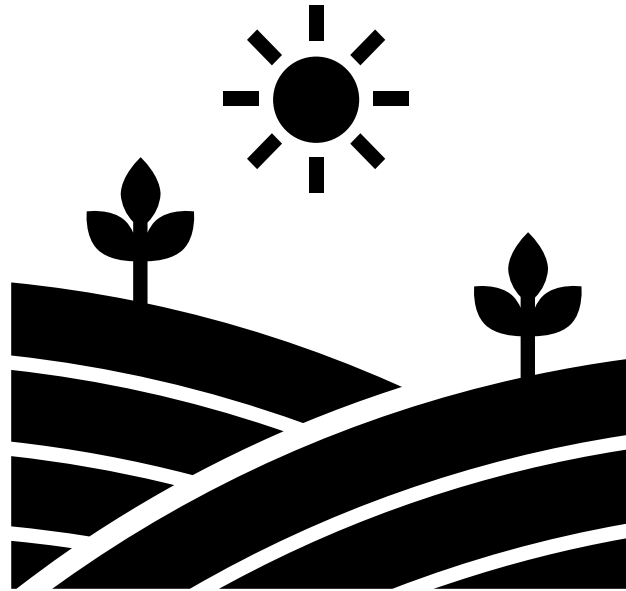
Build

Build a resource useful to both trust land managers and developers.

Introduction

- Renewable energy is trending up
- New renewable energy projects require a significant amount of land
- State trust lands likely to see more attention in the coming years
- On average a wind or solar lease is more lucrative than most other surface leases
- Path to signing a renewable project lease can be rocky for trust land managers and developers alike



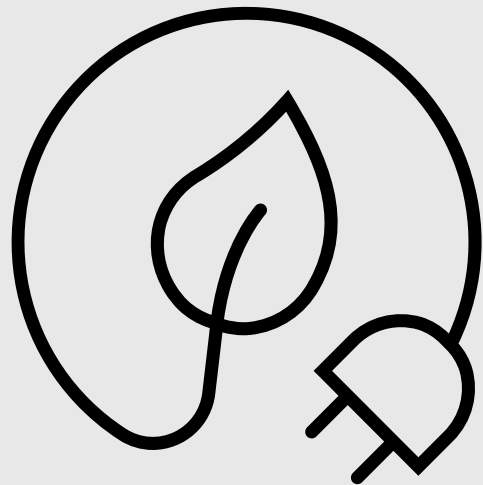


Overview of State Trust Lands

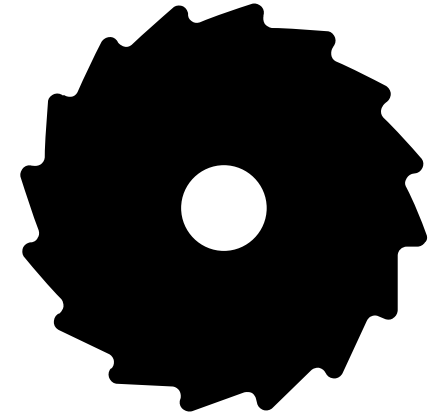
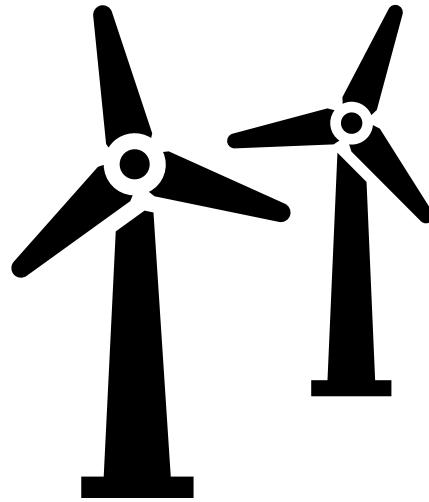
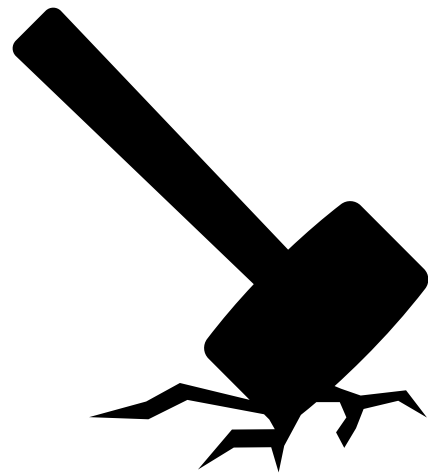
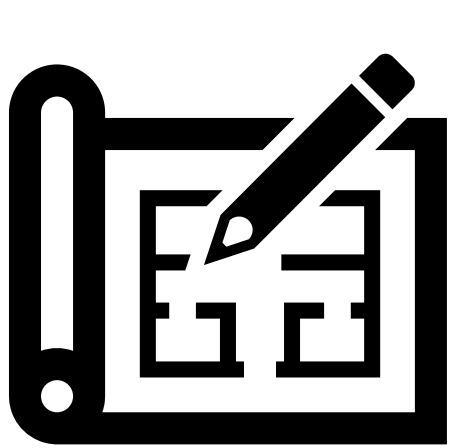
- Of the 21 NASTL states, 12 engaged in renewable energy leasing
- Most active are Arizona, Wyoming, Oklahoma, New Mexico, and Colorado
- All state trust lands combined (2021):

Total	116 wind 73 solar 9 geothermal	2.3 GW wind 1.9 GW solar	\$16,845,122.30 annually
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Impediments and Opportunities to Leasing State Trust Lands for Renewable Energy Development

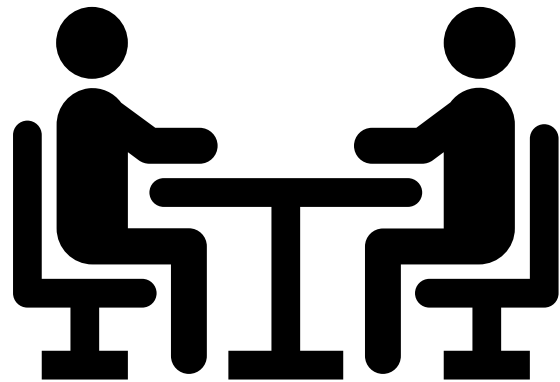


Impediments	Solutions
<ol style="list-style-type: none"><li data-bbox="759 544 1549 682">1. Uniformity, consistency and predictability of leasing and permitting processes<li data-bbox="759 696 1549 835">2. Accessible transmission and the special review needs associated with state trust lands<li data-bbox="759 849 1549 1043">3. Lack of state trust land maps with renewable resources, possible environmental concerns like endangered species, and transmission potential	<ul style="list-style-type: none"><li data-bbox="1607 544 2135 586">✓ Specialized staff/program<li data-bbox="1607 596 2262 639">✓ Consolidation of land ownership<li data-bbox="1607 649 2415 739">✓ Inventorying and mapping lands suitable for renewable energy development<li data-bbox="1607 749 2288 839">✓ Permitting guides and application timelines<li data-bbox="1607 849 2186 892">✓ Front-loading project review<li data-bbox="1607 902 2372 1043">✓ Thinking through multiple uses issues, such as mineral estate access, existing lessees, and recreational use<li data-bbox="1607 1053 2328 1195">✓ Alternative lease arrangements to accommodate things like wind-solar hybrid leases and battery storage



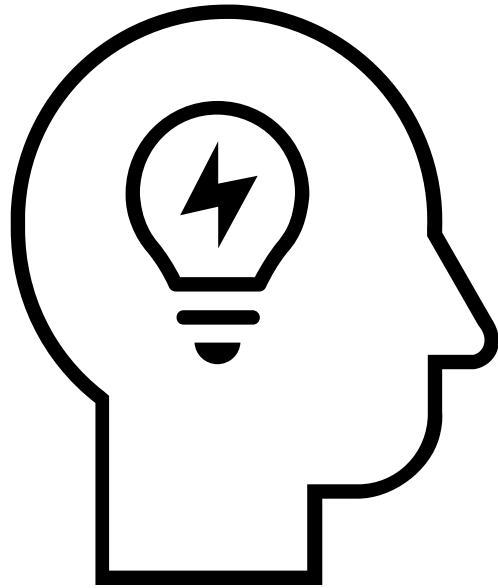
Lease Phases

1. Planning
2. Construction
3. Operations
4. Decommissioning



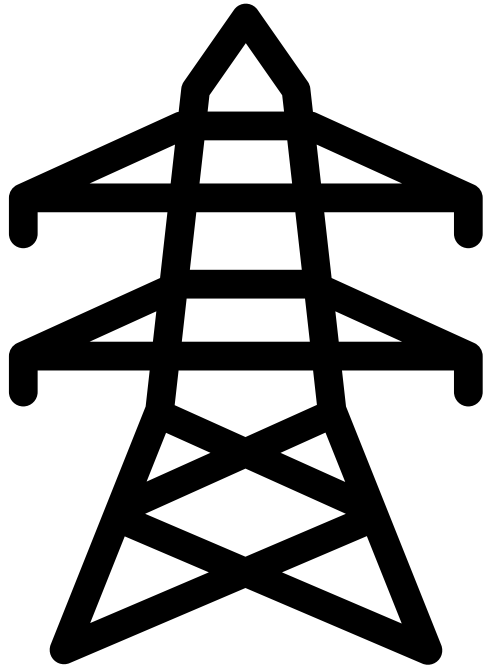
Lease Provisions

1. Types of real property agreements
 - a) Leases
 - b) Option Contracts
 - c) Planning Leases
 - d) Easements, Licenses, and ROWs
2. Lease fees or payments
 - a) Application fees
 - b) Option fees
 - c) Others - fees for lease execution, facility installation, assignment, and mineral access



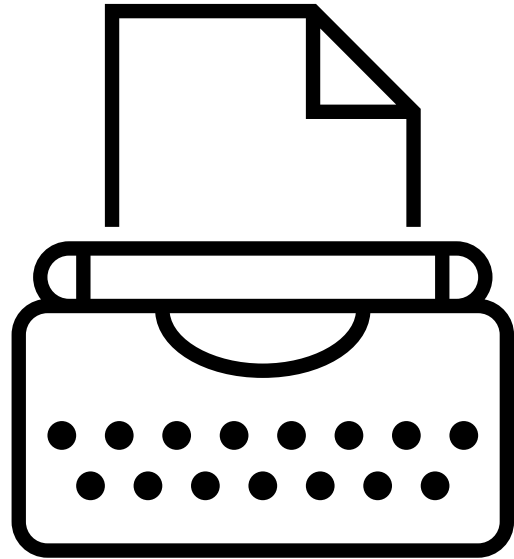
Lease application process

1. Application submittal
2. Internal review
3. Notice and public auction
 - a) Competitive bidding
4. Permit review
 - a) Environmental review
5. Final approval



Contract terms relevant to each of the four project phases

1. Planning Phase
 - a) Site control, PPAs, and Interconnection Studies
2. Construction Phase
 - a) As-Built Plans, Recreation Access, Minerals
3. Operations Phase
 - a) Payment
4. Reclamation Phase
 - a) Bonding and salvage value

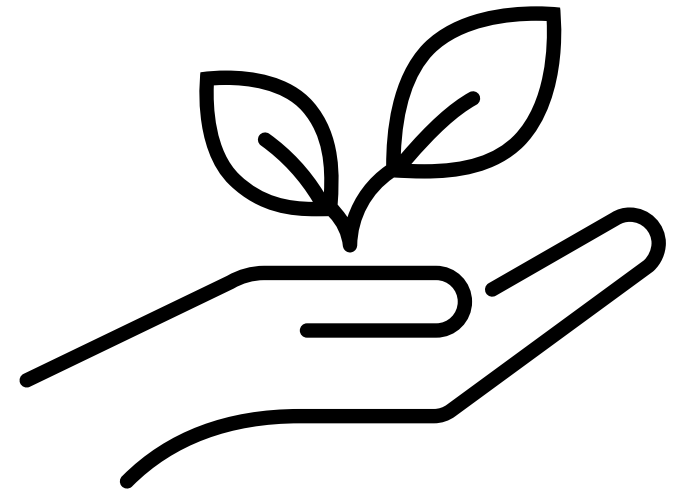


Miscellaneous Lease Provisions

1. Most Favored Nations Clauses
2. Required Insurance
3. Indemnification

Other Types of Renewable Resources and Related Interests

- Geothermal
- Hydropower
- Wave energy
- Tidal energy
- Biomass
- Carbon sequestration
- Hybrids





Questions?

1. Was any of this relevant to your work or do you think it might be in the future?
2. What kinds of questions remain for you?
3. What are areas that you've struggled with not mentioned here?
4. What would you find helpful to have handy on the NASLT website?

NASTL Website for Renewables

<https://www.statetrustland.org/renewable-energy.html>



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