



LANDOWNERS

How we calculate your solar lease rate

Leasing land to host a solar farm provides landowners with a way to generate a steady, long-term income stream from their land while generating clean, local energy — often used by your local community. The total lease rate is dependent on a number of factors, including the type of land (e.g., open fields vs. forested), the cost of energy, the amount of available sunlight, and the distance to three-phase power and the local substation.

Here are 8 important factors we consider when determining a lease rate to offer:

1 Construction Costs

Is there a lot of clearing, grading, or grubbing needed to make the site ready for construction? We look for sites that are relatively flat with less than a 15-degree slope. If there is a slope, it should ideally face to the south. The site should be relatively clear of vegetation, however we can clear vegetation in some states and regions depending on the cost of energy. We also need enough space for the array so that the system is not shaded from nearby vegetation.

2 Interconnection Costs

Interconnection, the process of connecting the solar system into the local electrical grid, is a major cost component of construction. We consider whether three-phase power is present at the property, the distance to the local substation, and whether there are other solar projects in the area. All of these can determine whether costly distribution lines or substation upgrades are needed, and will impact the lease rate we can offer.

3 Market Factors

Some states or regions are supporting the installation of solar arrays through tax or rate incentives that provide project owners a long-term revenue stream for the project. These incentives are often comparable to the cost of energy in the region where the solar array is located. The lease rates we can offer depend on the size and type of the solar incentive program and the local utility rates.

“We’ve occupied our land for 21 years this year and when the opportunity came up to lease it for solar, I saw a great way to get a great return with little or no effort on my part. It makes life a lot easier when you don’t have to dig into your life savings to fulfill a dream that you’ve had for years. This is a way to finance that without having to go to the bank. Anytime you can produce energy that’s clean and renewable with little or no impact on the environment, everybody wins. That’s what Borrego does.”

— John Millet,
Landowner and host to
Gore Mountain
Ski Resort’s solar array

Contact us today to discuss your solar lease options

emailus@borregosolar.com | 888-898-6273 | www.borregoenergy.com

TRUST & TRANSPARENCY

A good developer is able to explain how these factors impact the offered lease rate. Our approach, which is rooted in our core principle of building trust and transparency, is to work with the landowner to explain all of these factors and to arrive at a lease rate that achieves the landowner's goals for the land while allowing us to develop and build a profitable solar project. As a family-run company, we operate our business thoughtfully and profitably to ensure that we're around for the long term to honor our warranties, guarantees, and service agreements.



4 Federal Tax Incentive (ITC)

A federal tax incentive, known as the Investment Tax Credit, is available for solar project owners. The level of the tax incentive decreases in 2020, in 2021, and again in 2022. The lease rate we can offer will be significantly impacted as the value of this tax credit declines over the next few years. Because of this, landowners who are interested in leasing land for a solar project should consider approaching a solar company today rather than waiting a few years. By 2022, the lease rates that will be offered will be a fraction of what they are today.

5 Lease Term

What is the length of term that the landowner is willing to sign up for? Lease terms typically last for 20 years or longer. A longer term typically corresponds with a higher lease rate.

6 Solar Resource

What is the available solar resource at your location? A higher yield means that the installation will produce more power and thus return more return for the owner. This higher return is passed on to the landowner through a higher lease rate.

7 Property Taxes

If there are higher taxes associated with using the property for solar energy generation, the additional cost will contribute to a higher overall cost and thus negatively impact the lease rate.

8 Complications

Are there any other constraints that add to the level of difficulty in completing a project? Is it in an area that is zoned properly? Are there endangered species, etc? e.g. system quality, troubleshooting, commissioning, end of warranty)

WHY LANDOWNERS CHOOSE BORREGO

- Borrego values transparent and open communication with you and your community.
- Our knowledgeable project developers will guide you through the process of leasing your land for solar — partnering with you to create a reliable, long-lasting financial legacy for you and your family.
- From your first meeting with our development team, we are your project advocate, working with local utilities, community representatives, neighbors & permitting authorities to develop and engineer a project that will perform for years to come.

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