

OSU Extension Community Development Blog Article

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Considerations for Utility Scale Solar Farm Land Lease Agreements

Often heard questions from Ohio farmers these days include “Who is this solar developer?” and “Is a solar land lease agreement good for my farm?” Well, if you could lease your farmland for \$1,200 per acre over 30 years, would you do it? Considering the [USDA 2016 National Agricultural Statistics Survey](#) values Ohio cash rent at \$160 per acre, this may seem like a rhetorical question. And while on the surface this may seem like a perfectly logical, economic decision, it is important to [carefully consider all of the impacts](#) of converting farmland to solar energy production.

As part of an agreement with the Public Utilities Commission of Ohio, [AEP Ohio recently committed to developing 400 megawatts of solar in Ohio](#). In December of 2016, AEP Ohio issued a request for proposals (RFP) to develop up to 100 megawatts of solar energy. In response to the recent RFP, solar developers and representatives from land acquisition firms are contacting farmers and landowners throughout Ohio to secure long-term land lease agreements to site a large utility scale solar farm.



Solar leases are complex long-term commitments with various social, financial, and [legal implications](#). One of the most important components of utility scale solar energy development is the contract between the landowner and the developer, providing site access to the developer. This is often referred to as the solar land lease.

Utility scale solar energy leases are long-term agreements which often range from 20 to 30 years or more. It is crucial that landowners fully understand the details of the agreements to ensure they are adequately compensated and their property rights are protected.

When considering a utility scale solar land lease agreement, do not fall victim to making a rushed decision. Many times, the initial lease is written in favor of the developer to best achieve their long-term interest, flexibility and objectives. [Do your homework](#), conduct a detailed assessment of the developer, the overall project, and seek advice from your tax and legal professionals before signing any paperwork. While every project and lease is unique, below is a list of common issues to consider prior to signing a solar land lease agreement for your farm.

1. How will a solar lease agreement influence my property taxes?
2. Are there pre-existing deed restrictions on my farm?
3. Will a solar project impact my eligibility for [Current Agricultural Use Value \(CAUV\)](#)?
4. How does a solar land lease impact my property rights?
5. How will a solar project impact the surface water on my farm?
6. How is the project decommissioned after the lease expires?
7. Who is responsible for [insurance](#) and liability for the solar project located on my property?
8. What are the per acre lease rates for utility scale solar projects?
9. Who will maintain the land?
10. Is a utility scale solar project subject to the [public utility tangible personal property tax](#)?

This blog article has introduced a few of the many of issues to consider before entering into a utility scale solar lease agreement. Landowners approached by a developer to lease their land should carefully consider [the legal and tax issues associated with the agreement](#). Furthermore, landowners are encouraged to work with an attorney that is familiar with energy land leases agreements to negotiate terms representing the landowners long-term interest.

Additional Resources

- [Solar Energy Leasing Webinar](#), Oklahoma State University Extension (Webinar)
- [Considerations for Transferring Agricultural Land to Solar Panel Energy Production](#), North Carolina State University Cooperative Extension (Blog)
- [Threshold Issues for Landowner Solar Leasing](#), North Carolina State University Cooperative Extension (Resource Catalog)
- [Key Solar Lease Considerations for Landowners](#), Texas A&M Extension (Fact Sheet)
- [Landowners Need to Do Background Research Before Entering Into a Solar Energy Lease](#), University of Maryland Extension (Blog)
- [Solar Energy in Agriculture](#) – eXtension (Website)
- [Guide to Land Leases for Solar](#), Solar Energy Industries Association (Fact Sheet)
- [Qualified Energy Project Tax Exemption](#), Ohio Development Service Agency (Website)
- [Ohio's renewable energy portfolio standard](#), Public Utilities Commission of Ohio (Website)

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