



# LAND LEASE AGREEMENT GUIDELINES



## GUIDELINES

A Land Lease Agreement is a legal agreement between the owner/operator of a distributed generation facility and the owner of the parcel of land selected to host a distributed generation facility.

This document provides a summary of what to include in a land lease agreement and an example of a land lease document. It is designed to help a utility execute a solar land-lease either between a utility and solar developer, or between a private land-owner and a utility.

## HOW TO USE THIS DOCUMENT

Use this document to familiarize yourself with the components of a land lease agreement.

## KEY COMPONENTS OF A LAND LEASE AGREEMENT

Buyers should consider including the following in a Land Lease Agreement:

- i. **Term:** Duration of the lease and extension options.
- ii. **Pricing:** Include price options such as a flat fee per acre per year; dollar amount per megawatt; share of the facility's revenue; or some combination of previous options. Price may also include an escalator.
- iii. **Mortgage:** If there is a mortgage on the property, lender approval may be required as well as plans in the event of a foreclosure.
- iv. **Plan for Infrastructure to Transmit Power:** Include a facility plan to identify boundaries, fencing, visibility, and any additional infrastructure required to transmit power, such as overhead lines, access roads, etc.
- v. **Easements:** Easements are included to allow access to the asset owner, as well as representatives of the utility, permitting authority, etc. This access includes both construction phases, for the required preliminary soil tests, environmental studies, as well as during the facility's operation. (An easement is often interpreted as indefinite and is typically non-exclusive.)
- vi. **Operations & Maintenance:** Operation of the facility and maintenance responsibilities of all parties are included.
- vii. **Tax:** Applicable tax implications are included such as noting all tax exemptions before or after installation of the distributed generation facility.
- viii. **Mineral & Water Rights:** Rights to minerals and water are included.
- ix. **End of life:** The land lease includes a plan for removal of the equipment once the facility has exceeded its useful life, including some form of surety to guarantee

removal. The lease also includes an agreed upon plan for returning the land to its prior state once infrastructure is removed.

**Not included in Land Lease:** Buying/selling land, gifting land, and license/easements are often covered in a different agreement.

## SAMPLE: LAND LEASE AGREEMENT

Click below to Download Clean Energy Resource Teams **Model Community Solar Garden: Land Lease Agreement**

[https://www.cleanenergyresourceteams.org/sites/default/files/Model\\_CSG\\_Land\\_LeaseAgreement.docx](https://www.cleanenergyresourceteams.org/sites/default/files/Model_CSG_Land_LeaseAgreement.docx)

## LEGAL NOTICE

This document and the associated guidelines are not intended to provide legal advice, which we recommend you seek on your own to ensure that the facts, circumstances, and state and local laws applicable to your procurement process are sufficiently addressed.