

Can Landowners Ride
the Wind?

Why we love to hate the wind:

It's relentless, constant, never ceasing,
apparently infinite.

BUT NOW.....

.....it can be income producing!

Profiting from the wind:

- Wind energy is one of the fastest growing forms of electricity generation in the Nation.
- Wind developers seek access to the land by means of either a lease or an easement.
- Leases generally range from five to maybe 50 years or more.

We Will Discuss:

- What to look for in a commercial wind lease
- Landowner Associations
- What is happening in New Mexico
- Limiting Factors

Lease agreement must define:

- Duration of time allocated for developer to study feasibility of wind farm.
 - If wind farm construction does not begin by the deadline, the landowner would be free to enter into terms with a new developer.
- Duration of time allocated for an operational wind farm

Financial Compensation

NOBODY CAN GUARANTEE THAT A WIND FARM
WILL ACTUALLY BE DEVELOPED ON THE
PROPERTY.

CONSEQUENTLY,

THE ONLY CERTAINTY THAT A LANDOWNER HAS
IS TO SECURE AS MUCH MONEY UP FRONT AS
POSSIBLE!

Points to Negotiate

- Annual rental payment, periodically increasing during the feasibility stage.
- Construction bonus, for each turbine installed.
- Annual royalty
- Percentage of money received by the developer in lieu of sale of electricity.
- Decommissioning and remediation of the wind farm

Other payments:

- Roads
- Transmission lines
- Substations
- Meteorological towers
- Payment for access to in-holdings if there is state for federal land involved.
- Termination fee, if developer terminates lease agreement prior to constructions.

Protect Your Rights

- Identify specific uses for which the wind developer may use the land, and reserve all other used to the landowner.
 - Mineral exploration
 - Development
 - Hunting and fishing
 - Water
 - Ranching and farming

Land exclusions

- Riparian areas
- Irrigation meadows
- Irrigation ditches
- Boulder formations
- View sheds
- Wildlife habitat

Liability

Losses to the landowner arising from the wind developer's use and occupations of the land will be small compared to the potential loss to the wind developer.

Example:

The cost to replace a landowner's fence, barn, or even a good horse, is a fraction of the cost to replace a wind turbine or electrical substation.

Limit your liability to the amount of insurance proceeds or some other specified amount

Taxes and Utilities:

- Increase in property taxes should be paid by the developer.
- Utilities necessary for construction or operation should be paid by developer

Assignment of rights by developer:

- Landowners should demand to be notified of every transfer of right to know who is ultimately responsible for any default of the lease agreement.

Liens

- The lease agreement must require the wind developer to keep the land free and clear of all liens related to the wind farm.
- The landowner must not be held responsible in the event the wind developer cannot fulfill his obligations to pay for labor and materials.

What do I do now???

Landowner Association

Benefits:

- **Strength in numbers**
- **Collective bargaining**
- **Block up lands to enhance their ability to market wind resources**
- **Opportunity to become informed about wind energy**
- **Avoid divided communities**

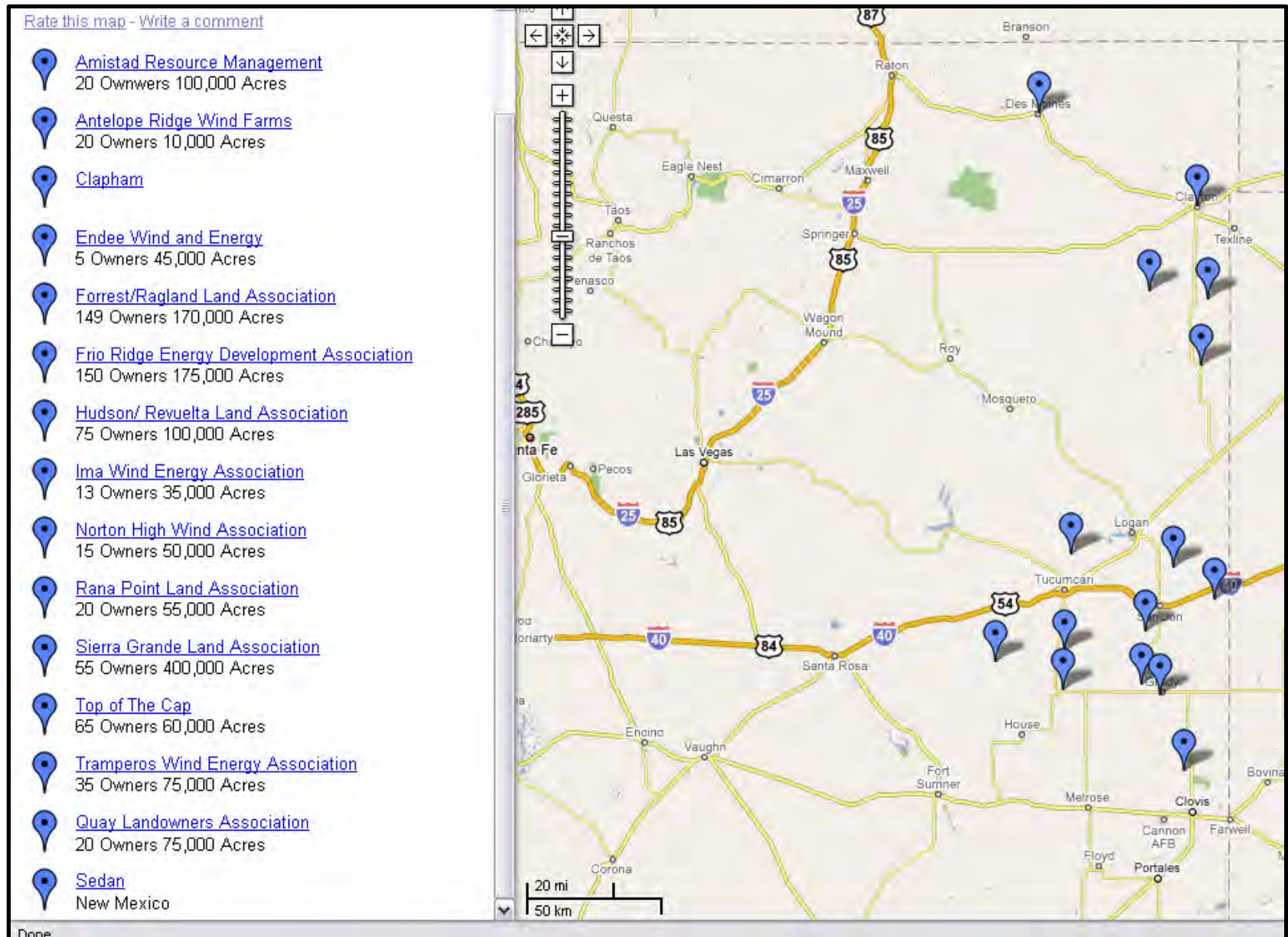
Landowner Association

An average wind farm typically includes several thousand acres and several landowners. Landowners may want to consider forming cooperative agreements to amass larger parcels of property to entice wind developers.

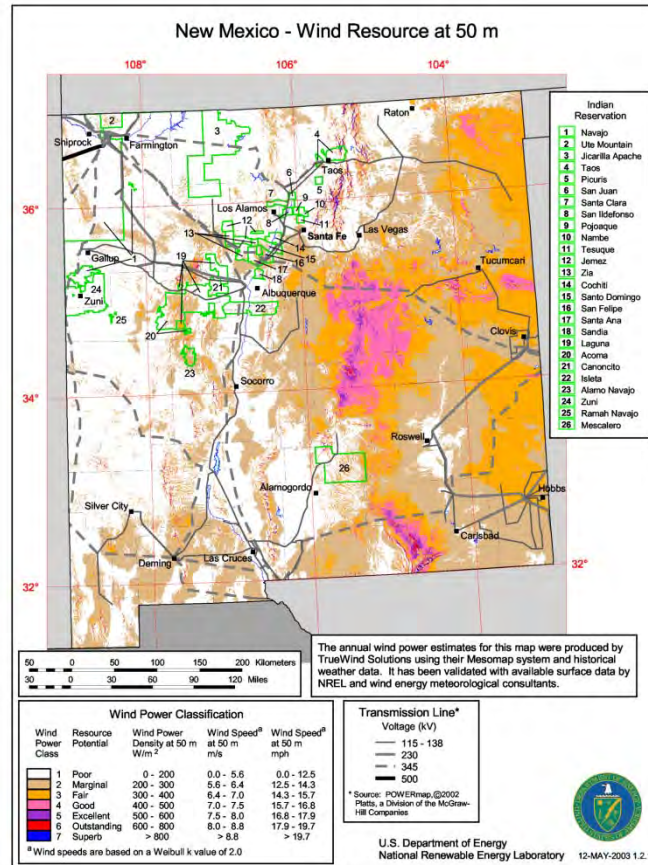
New Mexico Association Status

- Spring of 2008 began forming
- 15 Landowner Wind Associations – 1,000,000 acres
- Northeastern New Mexico

New Mexico Landowner Associations

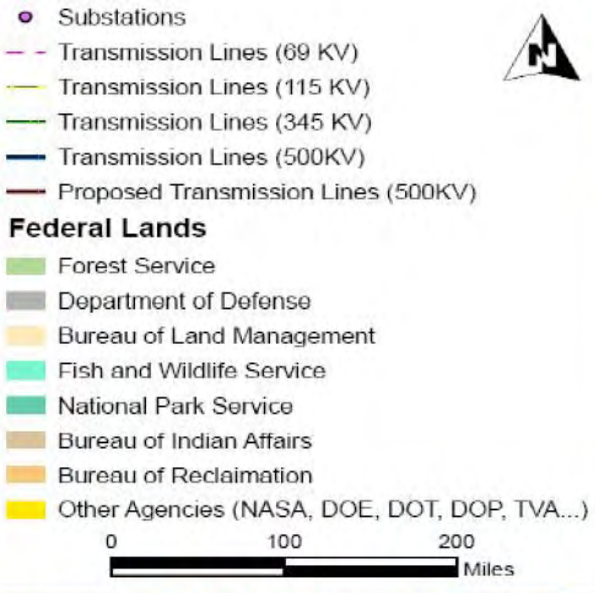


New Mexico Wind Resource



Limiting Factors

- TRANSMISSION,
TRANSMISSION,
TRANSMISSION!!!!
- Legislative will-
 - Renewable Energy Transmission Authority(RETAA) needs funding to carry out infrastructure requirements
- Current Lack of Capital Investment



High Plains Express (HPX) Project

- **Initial Feasibility Studies**
 - synergies with other projects
- **Integrated AC System**
 - Improved connections between states/systems
 - Improved Reliability
- **Two 345 or 500 kV lines**
- **1,200 Miles**
- **2,000 MW –3,000 MW**
- **Significant renewable component**
- **Power Imports/Exports**
- **Stakeholder Process**
- **Project Participants—Xcel, Tri-State, WAPA, PRPA, CSU, PNM, SRP & Trans-Elect—WIA, NM-RETA & CEDA?**

Note: This is only a conceptual route

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