Lake County Renewable Energy

Developed by Oregon Solutions

Lake County Renewable Energy Working Group

April 2010

Presentation Purpose

To provide tools for the public and developers to understand and respond to renewable energy development in Lake County.

- *Renewable Energy Land Agreements*
- *Summary of Planning Process*
- *Overview of Transmission Planning*
- *Estimate of Economic Impacts*

Presentation Overview

- Oregon Solutions Project Background
- Renewable Energy Land Agreements
- Summary of Planning Process
- Overview of Transmission Planning
- Estimate of Economic Impacts
- Contact Page

Oregon Solutions Project Background

Presented by Therese Hampton

Oregon Solutions Project Manager

Project Background

- The Christmas Valley Back-Scatter site consists of 2,656 acres. The property was originally BLM land withdrawn for use by the U.S. Air Force for national security.

- The site was made obsolete by satellite technology and was scheduled to return to BLM in September 2009.

- Beginning in 2004, Lake County, the Oregon Military and others were exploring other uses for the site, including renewable energy development.

Project Background Cont'd

- On April 30, 2007 Governor Kulongoski designated the Christmas Valley backscatter site as an Oregon Solutions project and appointed Brad Winters and Jim Walls as project co-conveners of the project.

- The project was intended to bring parties together to evaluate:
  - USES: The potential alternate uses of the backscatter site
  - DISPOSITION OF LAND: The appropriate disposition of the land and infrastructure associated with the site.
  - RENEWABLE ENERGY: The potential and approach for renewable energy development.

Project Background Cont'd

DISPOSITION OF LAND:

In late 2008, the 2,656 acres was surplused to General Services Administration (GSA).

- Oregon Military has secured 300 acres for emergency management purposes.
- Oregon Military is pursuing acquisition of the additional acreage.

Project Background Cont'd

RENEWABLE ENERGY:

- Solar, geothermal, and wind resources exist in the area.
- The existing transmission system can accommodate some level of development.
- Exploration of the renewable potential has created interest:
  - Oregon Military is interested in renewable energy development.
  - Developers have expressed interested in working on the backscatter site.
  - In addition, renewable energy developers began pursuing development on private land.
- The Oregon Solutions effort is concluding with a review of issues related to renewable energy development in Lake County.

Renewable Energy Land Agreements

Presented by Therese Hampton
Oregon Solutions Project Manager

Involvement of Landowners

Developers may be interested in property for the following reasons:

- Determine the feasibility of project
- Construct and operate a project
- Build transmission to transfer power from a project
- Hold the property for future development

Options for securing rights to the property

- *Easement* – right to a limited use of the land
- *Lease* – conveyance of the land for a specified period of time
- *Option* – exclusive right to lease, purchase, or secure an easement at some time in the future
- *Purchase* – acquisition of the property

Involvement of Landowners

Know the Resource – Learn about the resource and its value. This will help you determine the value of your property.

Know your Rights – Contact the County and become familiar with planning and use rules. Find good legal consultation to assist in any negotiations, document development, and/or document review.

Work Together with Your Neighbors – Sharing ideas about the contracts offered and goals for your land will put all of you in a better negotiating position.

Take Your Time – You may be involved with a developer for a long time. Learn as much as you can about them before signing any documents.

Landowner Resources

Information about the resource:

Oregon Department of Energy: egov.oregon.gov/Energy/RENEW

Considerations for Lease, Sale, Purchase or Options Agreements:

Windustry: windustry.org

Michigan State University Guidelines for Wind:
http://web1.msue.msu.edu/wind/WindLease-Easement_WorkSheet-V5.pdf

Stoel Rives Law of Wind:

http://www.stoel.com/webfiles/LawOfWind.pdf

Planning Process

Presented by Tony West

Lake County Planner

State Planning Process

- Oregon Energy Facility Siting Council (EFSC) governs siting for the following projects:
  - Wind and solar projects >= 105 MW
  - Geothermal projects >= 38.85 MW
  - Thermal projects >= 25 MW
  - All other projects >= 35 MW
  - Transmission lines > 230 kV or longer than 10 miles

- Developer of a project smaller than guidelines above may elect to use EFSC process

- For more information: Oregon.gov/ENERGY/SITING/index.shtml

County Planning Process

1. Define your planned use for the land.
2. Contact Planning Department and determine current zoning for land.
3. If necessary, fill out application (available on county website):
    - Zoning Application
    - Type I or Type II Conditional Use Application
4. If it is a permitted use, the Planning Director can approve and sign the application.
5. If it is a conditional use application, it will go through the conditional use permit process.

Conditional Use Permit Process

1. *Public Notice*: A notice of the request is sent to the neighbors located within 250 feet of the property under consideration and is published in the Lake County Examiner. Any party can comment on request.

2. *Planning Commission Hearing*: If there are valid objections to the Conditional Use Permit, the request will go to a hearing with the Planning Commission. The results of the hearing will be mailed to all parties involved.

3. *Appeal To Board Of Commissioners*: If there is an objection to the Planning Commission's decision, an appeal can be made to the Board of Commissioners. The appeal is quasi-judicial and includes a filing fee.

4. *Appeal To LUBA*: If there is an objection to the Board's decision, an appeal can be filed to the Land Use Board of Appeals (LUBA). There is a filing fee.

Key Features of Planning Ordinance

- Lake County, with the assistance of SCOEDD, has conducted a review of other county's renewable energy ordinances.
  - Most Oregon counties have developed ordinances that cover wind only.
  - Lake County has been approached for wind, solar, and geothermal development.
  - Current Lake County ordinance, modified for renewable energy development in 1989, is structured for all types of renewable energy.
  - Current review indicates all major and necessary elements are covered.
- The requirements related to decommissioning are handled differently by counties. This is an issue for further exploration.
- Lake County will periodically review renewable energy ordinances of other counties.

Transmission Planning

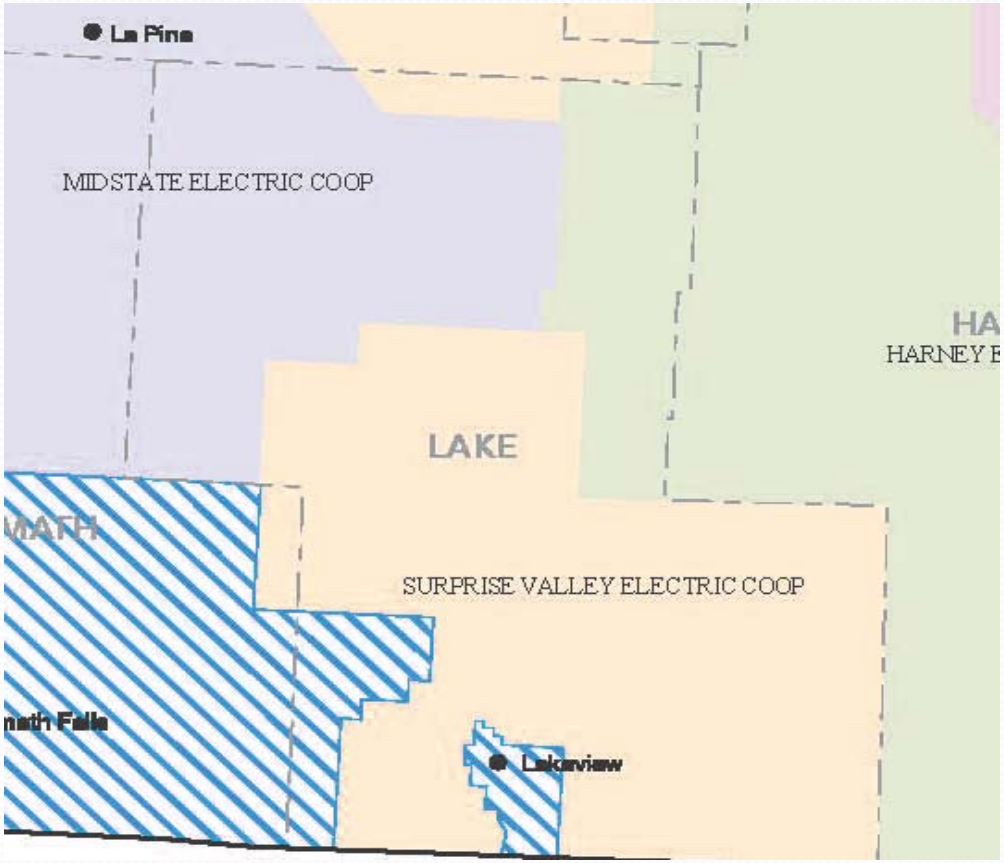
Presented by Therese Hampton

Oregon Solutions Project Manager

Transmission/Interconnection

The location of the renewable energy project will determine the options for interconnection.

- Publicly Owned Utility (Surprise Valley, Midstate Electric, Harney Electric)
- PacifiCorp
- Bonneville Power Administration



Transmission/Interconnection

Different approaches to interconnection:

1. *Publicly owned utility* (Midstate, Surprise Valley, and Harney Electric): These utilities are full requirements customers of BPA and currently do not purchase power from others.
   - The utilities will "wheel" the power across their system to the BPA system.
   - Each utility will have its own interconnection process.
   - The utility's interconnection process will be pursued in conjunction with the BPA interconnection process.

Transmission/Interconnection

Approaches to interconnection continued:

2. *PacifiCorp*
   - If located within the PacifiCorp service territory, the project may connect to the PacifiCorp system.
   - If the project is in a different service territory and close to a PacifiCorp owned transmission line or substation, the developer may build a line to connect to the PacifiCorp system.

3. *Bonneville Power Administration*
   - If located in a publicly owned utility service territory, the project may connect to the utility and then to the BPA Transmission system.
   - If the project is close to a Bonneville owned transmission line or substation, the developer may build a line to connect to the BPA system.

Transmission/Interconnection

Interconnection Requirements:

- PacifiCorp and Bonneville Power Administration have different interconnection processes for small generators (<= 20 MW) and large generators (> 20 MW).
- Interconnection process can take ***1 – 3 years*** depending on the size of the project.
- Depending on the size of the project, the interconnection process will cost a ***minimum of $22,500 for small projects and can be several hundred thousand for large projects***.
- System upgrades required to connect the project are paid for by the developer.
- The availability of transmission capacity is dependent on resource location and other system dynamics.

Transmission/Interconnection

More Interconnection Information can be found at:

Midstate Electric Cooperative:

- Tom Weller at www.midstateelectric.coop

BPA:

- www.transmission.bpa.gov/business/generation_interconnection/

PacifiCorp:

- www.pacificorp.com/tran/ts/gip.html

Economic Impacts

Presented by Betty Riley

Executive Director,

South Central Oregon Economic Development District (SCOEDD)

Economic Impacts

- Not all projects have the same type of impacts
- Job Creation – labor income
- Tax Revenues – property tax & personal income tax
  - Enterprise Zone gives three years exemption of property tax on new plant and equipment
  - Forecast of assessed value set by Oregon Department of Revenue

Economic Impacts Cont'd

Rural Renewable Energy Development Zone Criteria

- Biomass, wind, geothermal, solar and other alternative or renewable energy production projects qualify.
- Investment costs must be $50,000 or more in total qualified real property.
- Within three years of commencing operations, at least a certain minimum number of new, full–time employees are hired and maintained during the tax abatement period.

Economic Impacts Cont'd

Biomass Facility Employment Impacts

Impact Type	Direct	Indirect	Induced	Total
Construction	250	36	30	316
Logging	60	18	13	91
Electricity Plant	18	2	7	27
Total	328	56	50	434

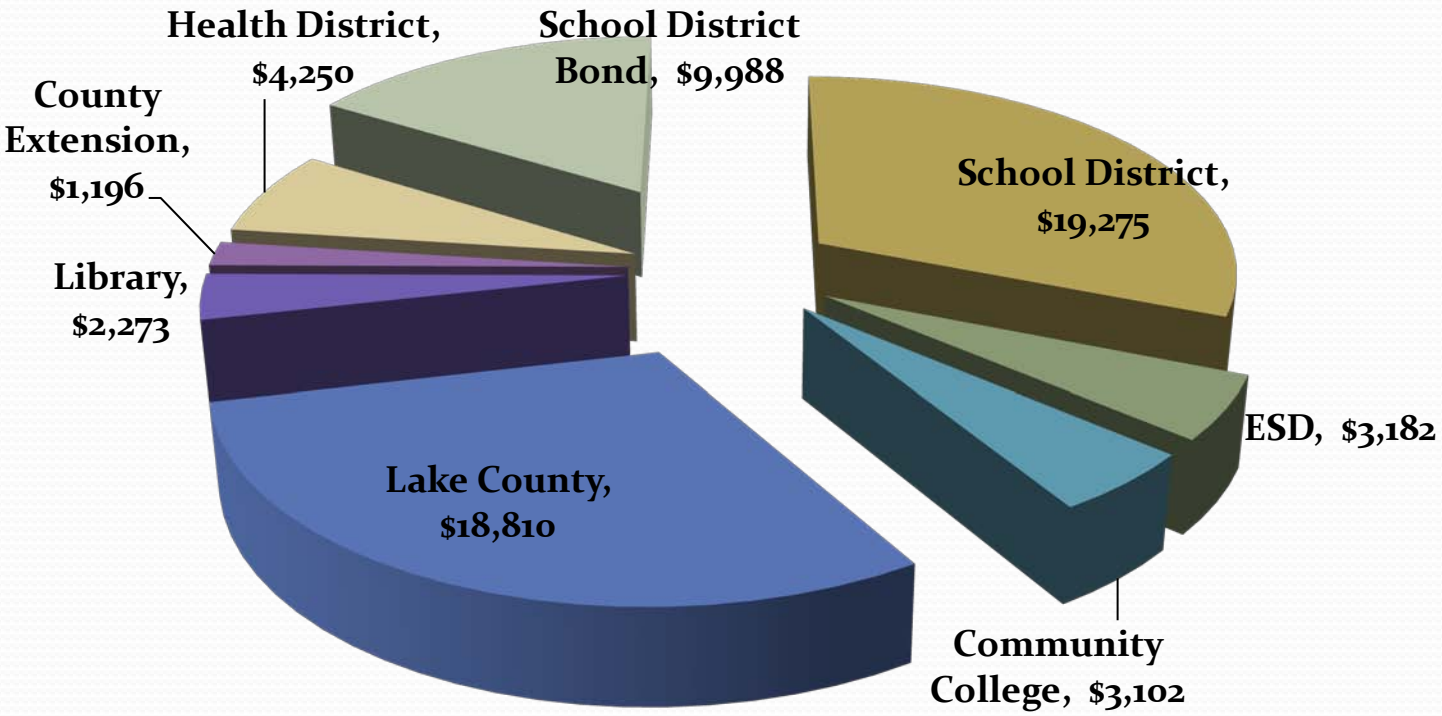
Economic Impacts Cont'd

Biomass Facility Wage Impacts

Impact Type	Direct	Indirect	Induced	Total
Construction	$8,966,995	$1,571,861	$743,569	$11,282,425
Logging	$3,642,292	$966,130	$316,401	$4,924,823
Electricity Plant	$1,628,230	$273,571	$128,358	$2,030,159
Total	$14,234,517	$2,811,562	$1,188,328	$18,237,407
Source: IMPLAN (2008, Lake County, Oregon)				

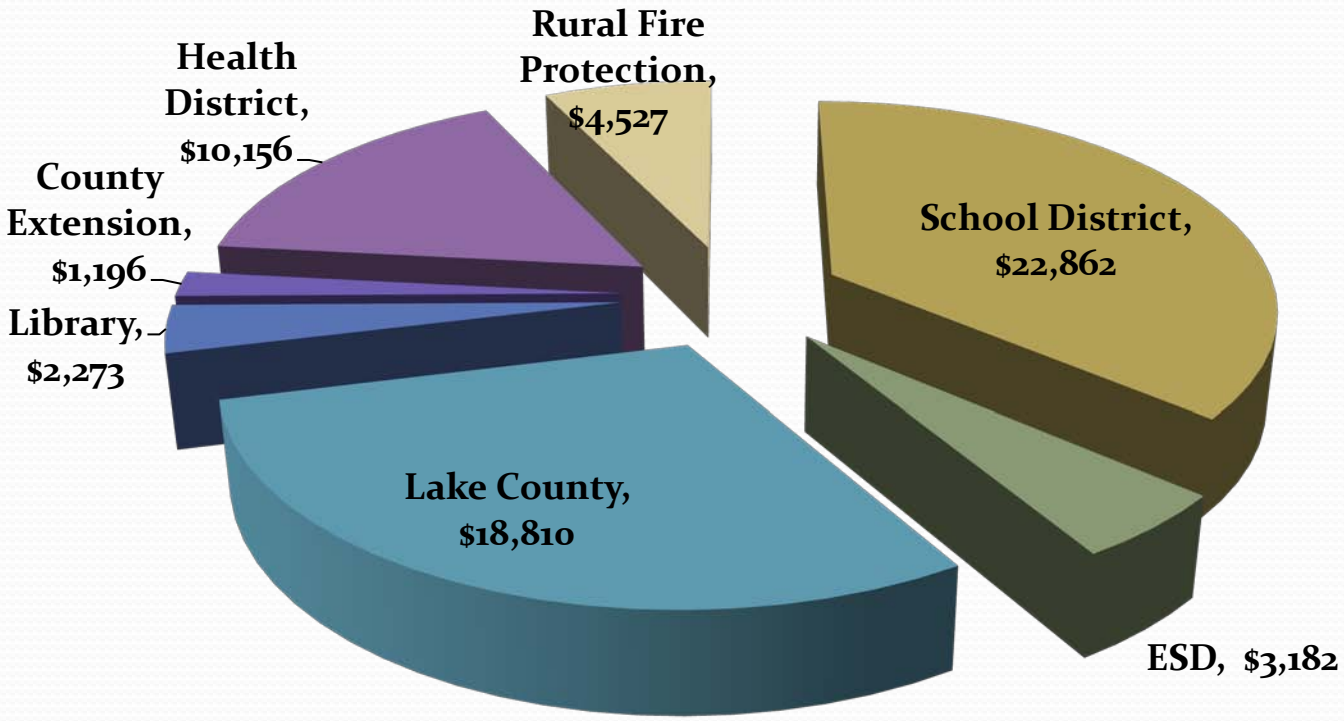
Economic Impacts Cont'd

Projected Solar Project Annual Tax Revenue – Christmas Valley
Based on $5 million assessed value



Economic Impacts Cont'd

Projected Solar Project Annual Tax Revenue – Lakeview
Based on $5 million assessed value



Economic Impacts Cont'd

Wind Farm Benefits

- New Jobs in Construction Phase and for Operations and Maintenance
- Property Tax Benefits – 24 MW project in Sherman County generated $321,205 in property tax revenue in 2005
- Landowner Benefits – Royalties are typically $2000 per year or 2% to 3% of project's gross revenues – up to $55 per acre

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