

UTILITY SCALE SOLAR ENERGY COALITION

USSEC

OF OHIO

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Executive Director

CCAO Solar Briefing

October 6, 2021

Formed in 2020, the Utility Scale Solar Energy Coalition (USSEC) is the trade organization representing utility scale solar developers, manufacturers, and industry leaders in the state of Ohio.

USSEC provides industry perspectives and data to help inform a constructive dialogue with the Ohio Power Siting Board and decision makers around the state.



What about our...

Drainage Tile?

Roads?

Decommissioning?

Why Ohio?

Geography – Ohio is well located
Topography – Ohio is largely flat
Greenfield Development – farm fields are flat and in use
Panels More Efficient – advancing technology
Manufactured Here In Ohio – First Solar
Transmission – we have capacity
Demand For Clean Energy – corporate, govt, residential
Eastern States RPS – policy goals
Solar Irradiance Levels – it's sunny!

LOWER COST

According to NREL, the cost of silicon solar cells has fallen from \$76 per watt in 1977, to \$0.20 per watt in 2020.

BlackRock

Sustainability goes mainstream

2020 Global Sustainable Investing Survey

425

investors

27

countries

\$25tn

assets under management

Respondents are planning to double their sustainable assets under management in the next five years.



GENERAL MOTORS



Major Companies Envision a Clean Energy Boom in Ohio

Ohio business community backs 2.2 GW of Ohio



HONDA

P&G



FIFTH THIRD BANK



CardinalHealth



Huntington



First Solar



Ohio is a Solar Leader

Of the world's nine largest solar manufacturers, **only First Solar is U.S. based.**

Ohio ranks seventh in the nation in solar energy labor force, which includes manufacturing jobs.

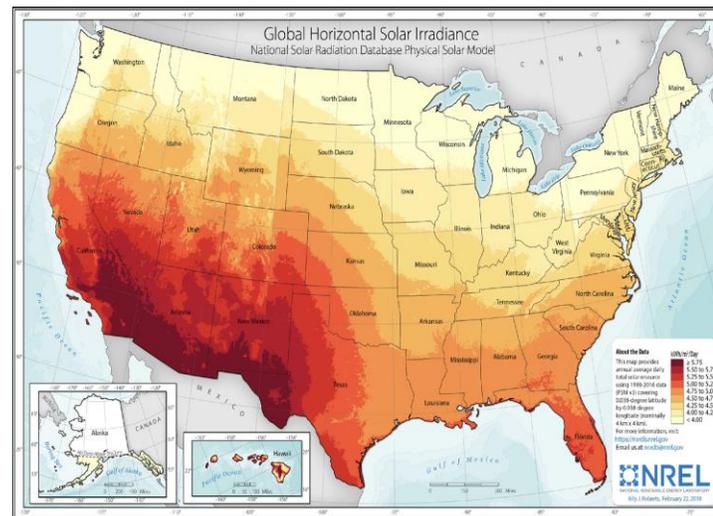
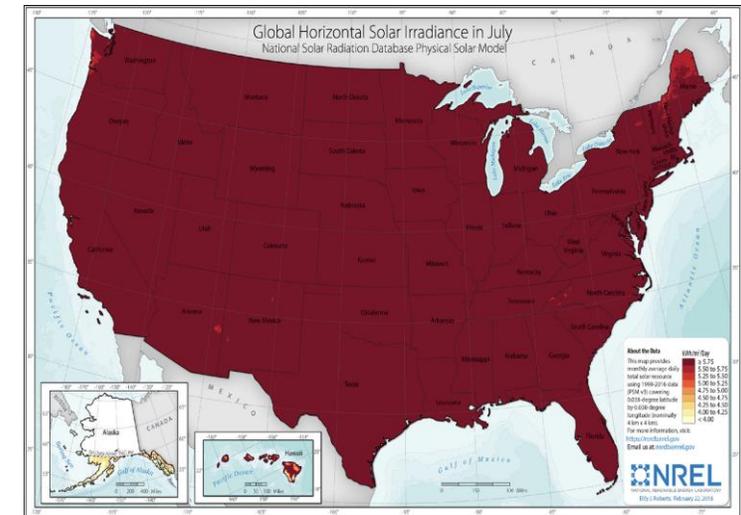
A recent study by Ohio University estimates that 30% of the components used in Ohio utility-scale farms are made in Ohio.



Average

July

Solar Irradiance Levels In Ohio



What Is It Doing For Ohio?

- Bringing business to Ohio
- Meeting Ohio's energy demand from within Ohio
- Keeping farms in the family
- Preserving farmland in agricultural communities



OPSB Solar Case Status

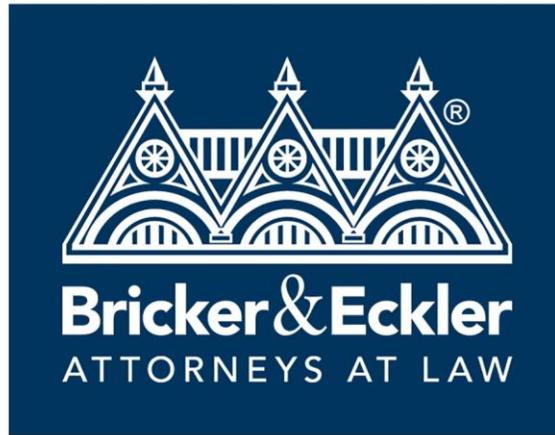


Project locations are provided by applicants. Case and construction status is determined by the case filings. The nameplate capacity shown is the maximum capacity in megawatts (MW) that could be built based on the number of approved photovoltaic panels and the highest nameplate capacity of the approved panel models. The estimated project size is shown in acres. Pre-Application project locations, capacity, and acreage may be approximated. MW and acreage totals in the legend represent the entire State of Ohio.

Ongoing Research

The Impacts of Solar on Agricultural Production





Dylan Borchers, Esq.
Partner



October 6, 2021

Utility Scale Solar: Qualified Energy Project PILOT Program and OPSB Process



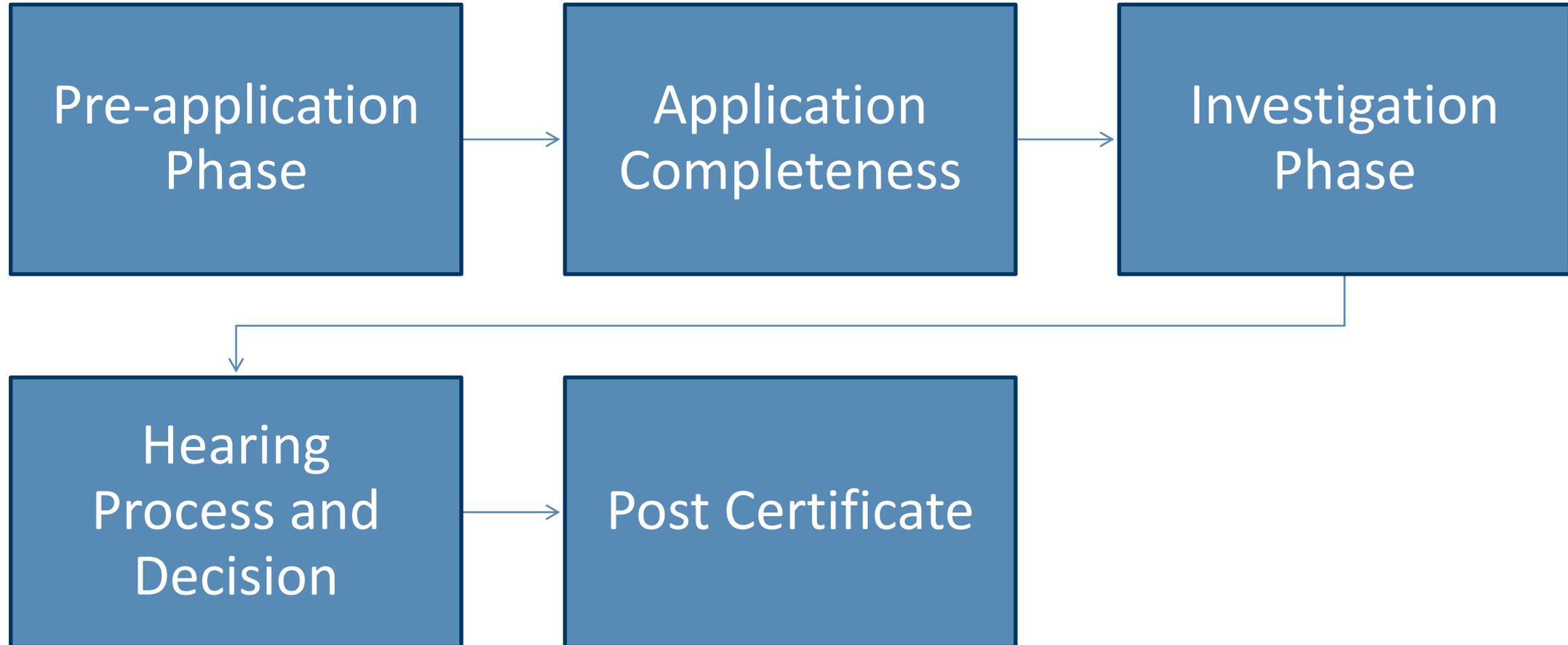
Bricker & Eckler
ATTORNEYS AT LAW

The OPSB Process



- Comprehensive, multi-phased process for siting generation, electric transmission, and natural gas pipeline facilities
- OPSB has jurisdiction over “major utility facilities”
- Over 50 MW for solar generation facility would be a “major utility facility”

Phases in the OPSB Process



Qualified Energy Project Program



Background and Eligibility

- In 2010, Ohio approved a tax abatement from real and tangible personal property taxes for renewable generation known as “Qualified Energy Projects,” under R.C. 5727.75
 - This brought energy production in line with other manufacturing operations in Ohio.
- The QEP statute was recently updated, extending the deadlines for the abatement:
 - Construction must begin before January 1, 2025 and the project must be placed into service by January 1, 2026.

Qualified Energy Project Program

The PILOT

- In exchange to be certified as a QEP, the project must pay a PILOT.
- For solar, the statute requires a minimum PILOT of \$7k/MW. The County also has discretion to add up to an additional service payment amount of \$2k/MW.
- The mandatory \$7k/MW PILOT is distributed to the County and local taxing districts on a millage basis.
- The discretionary amount, up to \$2k/MW, goes to the County general revenue fund.



Qualified Energy Project Program



Application and Approval Process

- To obtain the abatement, a project must first submit its application to become a QEP to the Ohio Department of Development (“Development”)
- After Development receives the application, it informs the County where the project is located. Within 30 days, the County must respond to Development with:
 1. a resolution from the County approving the abatement for that specific project;
or
 2. confirmation that the County is an Alternative Energy Zone (AEZ)
- Development will then certify the project as a “Qualified Energy Project”

Qualified Energy Project Program

Obligations

To maintain its QEP status, the project must:

- Meet the deadlines and make the PILOT each year.
- Submit an annual construction progress report.
- For solar, employ at least 80% Ohio-domiciled employees in construction.



Qualified Energy Project Program

Obligations (cont'd)

To maintain its QEP status, the project must:

- Repair roads, bridges, and culverts affected by construction of the project.
- Provide training to local first responders.
- Establish a relationship with an Ohio university or apprenticeship program for the purposes of education and training.



Qualified Energy Project Program



Understanding Tax & PILOT Revenue from a Solar Project

- PILOT revenue from a solar project will significantly exceed the current tax revenues from the existing property.
- The difference between the PILOT revenue and the hypothetical maximum tax revenue from a solar project without the QEP abatement is highly variable and will be different for every project. Key variables include:
 - Differing local tax rates
 - The amount of transmission infrastructure associated with the project – transmission is assessed (and thus taxed) at a higher percentage of true value
 - The applicable depreciation schedule applied by the project
- While the PILOT creates significant revenue for local jurisdictions compared to current revenue, the abatement is necessary for many projects to be able to compete.

Qualified Energy Project Program



QEP PILOTs – Not Subject to Appeal

- QEP PILOTs are in place for the life of the project and are not subject to tax appeals or reassessments, unlike projects without a QEP PILOT.
- **This is a key consideration.** A project not subject to the QEP abatement may seek a reassessment of its valuation, which could lead to significant decreases in revenue.

THE CANTON
REPOSITORY Aug. 21, 2020
Pipelines lose bid to lower tax bills, can appeal

Sentinel-Tribune Jan. 28, 2021
Pipe dreams: School money from pipelines never materialized

The Daily Record Feb. 23, 2021
Safeguard in case Rover pipeline appeal is successful

Qualified Energy Project Program



Key Characteristics of QEP Program

Personal Property Taxation as a Public Utility (e.g., Pipelines, Electricity Generators without an Abatement)	Qualified Energy Project Abatement of Property Taxes and Payment of PILOTs
Personal property taxes are calculated annually, meaning assessed taxes are never the same year-to-year and can be hard to predict	Annual payments in lieu of tax (“PILOTs”) remain the same over the entire life of the project (unless a portion of the project is decommissioned)
Taxes are based on the “true value” (i.e., FMV) of taxable property, and taxpayers may dispute the true value with appraisal evidence through the appeals process; appeals can take years to resolve	PILOTs are calculated based on an objective criteria—the generation capacity of the project.
Taxpayers may remit assessed taxes, but appeal the value of their property, resulting in political subdivisions having to refund large sums of money in later years	PILOTs are agreed upon upfront prior to development of the project, so political subdivisions are not at risk of having to refund any payments as a result of a tax appeal
Even if taxpayers do not appeal the value of their property, taxes due over time decline because of depreciation deductions permitted by statute	Depreciation is inapplicable to PILOTs; they remain the same over time, provided electricity generation capacity is not reduced
Further reading on how property tax appeals can impact school districts: https://bgindependentmedia.org/rover-pipeline-files-appeal-over-school-taxes-again/	Further reading on how reliable PILOT payments enable partnerships between QEPs and local governments: https://delphosherald.com/Content/Default/News/Article/Blue-Creek-Wind-Farm-pays-another-2-7M-to-Van-Wert-Paulding-counties-and-schools/-3/1183/191398
Tax revenue from the property taxes can impact the local school district’s state formula funding	PILOT revenue to school districts does not impact a school district’s state formula funding

Qualified Energy Project Program



Additional Resources about the QEP Program

- Ohio Department of Development:
https://development.ohio.gov/bs/bs_qepte.htm
- Bricker Solar Resource Center: bricker.com/solar
 - Paper detailing QEP program and related requirements:
[https://www.bricker.com/Documents/Resources/QEP%20project white paper.pdf](https://www.bricker.com/Documents/Resources/QEP%20project%20white%20paper.pdf)



Mike Volpe
Vice President



Community Engagement

Early and Often:

There's an opportunity to build trust by engaging with the local leadership and the local community as the project begins to clear early milestones.

What are the “lessons learned” so far?

- Best to connect with many stakeholders across the community from neighbors to the County Commissioners to the County Engineer to the County Auditor to begin answering questions and building trust.
- There are a finite number of project sites that are viable as a result of the transmission infrastructure and injection capacity constraints.
- There’s a balance of property rights between participating landowners and neighbors when it comes to appropriate setbacks from property lines and other considerations.
- Working through the OPSB process, especially when complemented by local engagement, is a well-established process that allows for constructive engagement by a wide group of stakeholders.

Addressing common concerns through OPSB conditions

- Must establish a landscape and lighting plan:
 - *“Unless alternative mitigation is agreed upon with the owner of any such adjacent, non-participating parcel containing a residence with a direct line of sight to the fence of the facility, the plan shall provide for the planting of vegetative screening designed by the landscape architect to enhance the view from the residence and be in harmony with the existing vegetation and viewshed in the area. The Applicant shall maintain vegetative screening for the life of the facility and the Applicant shall replace any failed plantings so that, after five years, at least 90 percent of the vegetation has survived.”*
- Mitigate drain tile damage and repair any damaged tile in accordance with ASTM F466-02.
- Establish a vegetation management plan.
- Road Use and Maintenance Plan requirement.
- Local Fire and EMS training.
- Bonded decommissioning plan prepared by a licensed professional Engineer.

Finding win-wins with local communities

- Landowner Payments
- Construction & Operations Jobs
- Hotel & Lodging Taxes
- Local Tax Revenue
 - Payment in Lieu of Taxes (PILOTs)
- Local Improvements

Q&A

- Project landscaping and screening
- Vegetation management
- Noise and lights
- RUMAs
- Decommissioning process
- Drainage
- Construction

USSEC is your resource for utility-scale solar development in Ohio.

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