

# Solar Energy Development on Public Lands

## Suggested Improvements to the CLEAR Act (H.R. 3534)

### Competitive leasing is inappropriate for a newcomer to the electricity market such as solar

- Competitive leasing has strong potential to lengthen and complicate siting a project, thereby increasing costs and the resulting price of electricity generated by solar power plants. This will make solar energy less competitive compared to other fuel sources.
- Agencies and solar developers are just now getting used to the routine for processing solar right-of-way permits. Creating a new system for everyone to adjust to will slow solar deployment.
- Competitive leasing does not effectively address problem of speculators tying up land. Also, competitive leasing will skew the playing field as it may shut out new players in the market that do not have large balance sheets to cover the higher leasing costs.
- Competitive leasing may result in little or no solar development on public lands, due to costs and complications.

Competitive leasing and collection of royalties should not occur until wholesale solar energy is cost-competitive with traditional electricity generation.

### Solar Industry Preference

- Maintain the current right-of-way permit process for the foreseeable future.
- If the Department of the Interior (DOI) is granted the authority to lease land on a competitive basis, DOI should not implement such a program until the solar industry has reached maturity and wholesale solar electricity is cost-competitive with fossil generation. Another possible approach is to authorize limited pilot programs for solar leasing (see Sec. 361 of ACELA).
- All current solar applications for a right-of-way permit should be grandfathered.

Any lease issued should be for a term of at least 30 years. Lease rates should be locked in, so prices are known at the time of development and not subject to change in later years of the lease.

### Charging royalties on the gross revenues of solar projects is inappropriate and will dampen solar deployment

- Charging royalties is typically done to recover for the taxpayer the value of the commodity being extracted and depleted (e.g., coal, oil, sulfur, even steam in the case of a geothermal plant). There is no energy resource or commodity being extracted or depleted by a solar power plant.
- Charging royalties on gross revenue puts solar at an even greater competitive disadvantage compared to other, mature electricity sources. For example, if a solar MWh costs \$150 to produce, plus a 3% royalty, the total to be

charged is \$154.50. If a wind MWh costs \$100 to produce, plus a 3% royalty, the total to be charged is \$103.00. Compare this against a typical coal MWh at \$60.

- A straight royalty on gross revenue penalizes storage and other high capacity factor technologies. In selling more electricity, a developer would also pay more to the Bureau of Land Management (BLM). This creates a disincentive to develop projects and advance technologies that are more efficient.

## Solar Industry Preference

- Fair return to the taxpayer should come in the form of rental or lease payments (for use of the land), not from a royalty payment based on the revenue stream of electricity sales.
- If DOI is granted the authority to charge royalties, DOI should not implement such a program until the wholesale solar industry has reached maturity and solar electricity is cost-competitive with new fossil generation.
- Any royalty established should (a) not disadvantage solar in the electricity marketplace; and (b) encourage the deployment of solar technologies that make more efficient use of land (i.e., high-capacity factor technologies and/or storage should not be penalized).
- There should be a cap on the total royalties collected annually for any one project.

## Revenues collected from solar development on public lands should fund solar permit processing and be shared with state and local governments

- To ensure timely processing of solar plants on public lands, the Bureau of Land Management, the U.S. Fish and Wildlife Service, and collaborating state agencies must have their financial and human resources needs fully funded. H.R. 2662 provides a framework to ensure this funding.
- Revenue-sharing with state and local governments is appropriate.

## Solar Industry Preference

- Revenues collected from solar rents/royalties by the federal government should first flow to the BLM Renewable Energy Coordination Offices and other entities involved in solar permit processing.
- Remaining monies should be shared with state and local entities.

### About the Solar Energy Industries Association

Established in 1974, the Solar Energy Industries Association is the national trade association of the U.S. solar energy industry. As the voice of the industry, SEIA works with its 1,000 member companies to make solar a mainstream and significant energy source by expanding markets, removing market barriers, strengthening the industry and educating the public on the benefits of solar energy.

For a referenced version of this factsheet and more information, please visit [www.seia.org](http://www.seia.org).