

# Utility Scale Solar

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Joe Lerch, AICP

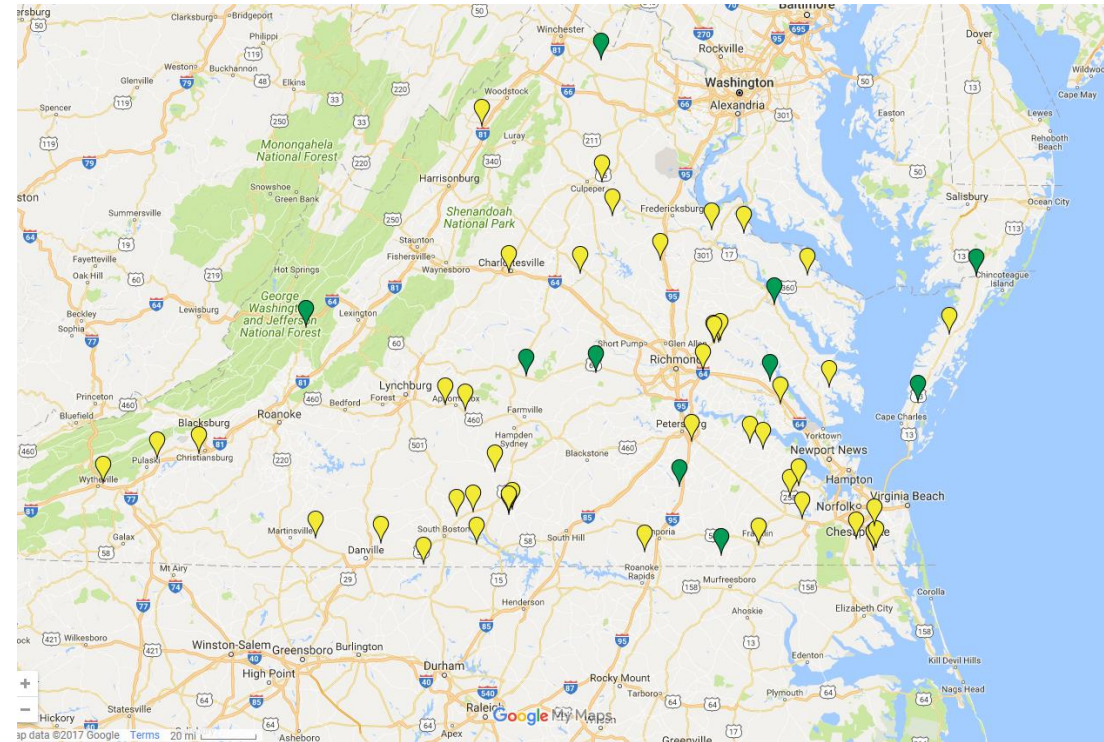
Director of Local Government Policy  
Virginia Association of Counties



# 63 Notices of Intent (NOI) to install solar generation - 38 counties & 2 Cities

DEQ Permit by Rule (PBR) - November 2014 through July 2017

- Project area ranges from 41 acres to 2676 acres
- Generation capacity 6 MW to 150 MW
- Subject to state regulation, but exempt from SCC Approval
- 9 approved under PBR



Source: Virginia Department of Environmental Quality (DEQ)

# Factors Leading to the Emergence of Utility-Scale Solar in Virginia

- Industry indicates costs to produce are declining
- Corporate pledges to secure clean & renewable energy sources
- In 2013 FERC issues new interconnection standards for renewable energy sources of 20 MW or less



# Changes in Virginia Law - regulatory and tax incentives

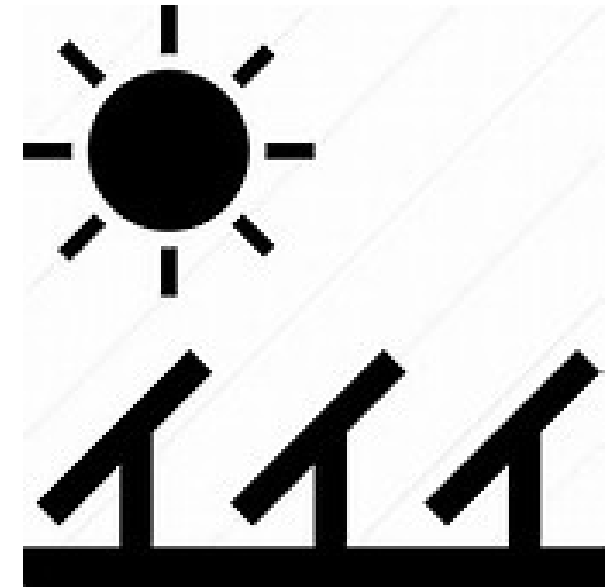
- 1977 General Assembly grants authority to localities to fully or partially exempt “certified solar energy equipment” from local taxes;
- Permit by Rule (PBR) – 2009 General Assembly allows solar generation of 100 MW or less to bypass State Corporation Commission (SCC) approval. **However, still subject to local zoning & land use authority;**
- Machine & Tool Tax (M&T) Exemption – 2014 General Assembly fully exempts solar generating equipment rated at 20 MW or less from M&T;
- 2015 General Assembly – creates the ability for investor-owned utilities (IOUs) to collect additional revenue from ratepayers for construction (or purchase) of up to 500 MW of solar capacity (still requires SCC approval); and
- 2016 General Assembly modifies M&T exemption – full exemption for projects 5 MW or less; 80% exemption for projects greater than 5 MW.

# 2017 General Assembly – Approved Solar Legislation

- Permit by Rule (PBR) – (1) Increases the threshold solar generation from 100 MW to 150 MW to bypass State Corporation Commission (SCC) approval; and (2) allows utilities and electric cooperatives to participate in PBR; and
- Small agricultural generators – allows a farm or other agribusiness to generate up to 1.5 MW of renewable energy at 150% of “expected annual energy consumption” on 25% of “contiguous land owned or controlled by the agricultural business”.

# The Impact of Applicable Local Government Taxes on Utility Scale Solar

- M&T Tax exemption does not apply to the real estate – potential offset for loss in M&T revenue;
- Nuance in application of M&T – for projects greater than 25 MW then it is taxed at the applicable real estate rate;
- Land no longer eligible for use valuation (farmland, timber) – rollback taxes due; and
- If currently assessed under agricultural use designation will change to industrial/commercial.



# Local Government Considerations

- Compatibility with agricultural use (Comprehensive Plan Update)
- Decommissioning/Returning land to pre-existing conditions
- Opportunities to market existing commercial and industrial sites in proximity to clean/renewable sources of energy

