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FARMING THE WIND

Could Saline County landowners some day be selling wind over top their land and collecting royalties? Some developers are saying absolutely yes, we have a wind resource above our land in certain areas of the county that has value to them. Research is needed to prove it. Research 70 meters high in the air. It would take several test anemometers and landowner easements to prove value.

Nebraska has been slow in establishing wind turbine farms. One reason is we have the sixth cheapest electricity in the nation according to a source at Infinity Wind Power. After LB629 was passed this year, this set the stage for new local and outside investment in wind farming in Nebraska.

Currently, most landowners who participate in commercial-scale wind development do so by entering into a lease or easement agreement with a developer or land acquisition specialist. This appears the least riskiest way to the landowner. In a case like this, the landowner would sign a legal and binding agreement granting the developer the right to use their land for wind research and development, and in return, the landowner would receive compensation from the developer during the research phase of the project such as \$1,000 per year.

In the proposal currently being given to certain Saline County landowners, if the research on the wind is positive, they have a project of considerable value that will be sold to a long-term wind turbine developer. The long-term developer would own the large turbines (like near Lincoln or larger), typically two wind turbines on an 80 acre tract corridor. An acre of dryland is taken out of crop production but that acre of land with the wind turbine easement could be worth \$4,000 to \$9,000 per year or 2% to 4% of the wind turbine gross. It all depends on how the royalty schedule is set up by the developer.

Wind leases and easements are often written to cover extremely long periods of time--30 to 60 years is typical, and they can be longer than 150 years in some cases. Because of the long-term ramifications of wind leases and easements, and because they are often complicated documents full of technical and legal terms, it is important for landowners to seek assistance in assessing any offer made to them. The document I have seen is about 30 pages long including the royalties schedule IF a wind turbine project becomes a reality.

We recommend that any landowner considering signing a wind turbine lease or easement consult a lawyer with experience in wind energy development and landowner rights. There is an excellent guide on the web called "Farmers' Guide to Wind Energy Legal Issues in Farming the Wind." This is available at www.neo.ne.gov/renew/wind.htm. The Nebraska Energy Office has excellent links to wind energy information. Landowners in Nebraska are now surprised to learn they may be sitting on an area that is considered a small "nugget."

The next risk level is being a financial partner in a community based C-bed model now allowed in Nebraska. The two newest projects that come to mind are near Crofton and Bloomfield,



Nebraska. This is a flip investment strategy whereby 1% to 2% of a 80 to 100 megawatt wind turbine farm is a community based investment. One megawatt could power 200 or more homes. Large towers are now 1.5 to 3 megawatt turbines. (A 3 megawatt tower would make Lincoln's look small). Then 98% is a large equity partner like John Deere. The first 10 years, the major equity partner gets 98% of the profit, then after 10 years, community investors get 98% of the profit, but there are maintenance and end of life issues to be worked out. This is just an example flip strategy with the percentages, LB629 sets the rules.

The highest risk is owning a large wind turbine yourself for 3 million dollars and powering up 200 to 300 homes. This is not possible yet in Nebraska unless a C-Bed model approach is used. This is the first year a C-BED project developer can negotiate a power purchase agreement with an electric utility in Nebraska. So get ready Saline County landowners, a nugget is being talked about.

Randy Pryor, Extension Educator
University of Nebraska-Lincoln Extension in Saline County
306 West 3rd Street, Wilber, NE 68465
Phone (402) 821-2151 • Fax (402) 821-3398 • e-mail: randy.pryor@unl.edu