



Riverside County solar fees could dwarf those of neighbors

When Kern County wanted to attract solar and other renewable energy projects to the region, it came up with a comprehensive plan on where it wanted to put the development — mostly on disturbed private land — and its likely impacts.

And after negotiations with solar companies, county officials came up with a relatively low impact fee, based on square footage of solar panels, that developers pay to compensate for the increased county services projects need.

“We have a capital improvement program and an economic (study) showed the impact on different industries if I had to build a new fire station,” said Lorelei Oviatt, director of planning and community development. “We went through that and came up with our amount.”

The fee, based on square footage of panels, varies from project to project, but is much less than the \$640 per-acre fee that Riverside County officials have proposed for large-scale solar projects east of the Coachella Valley.

First Solar's Desert Sunlight project near Desert Center, at 3,800 acres, would pay

\$2.4 million annually with the Riverside fee, but only about \$91,000 if the Kern rates were used, said Shannon Eddy, executive director of the Large-scale Solar Association, an industry group.

Riverside County's proposed fee goes to the Board of Supervisors on Tuesday, though without a comparison to fees in other counties that solar industry and Coachella Valley business leaders have requested for months.

“From my perspective, you always do the competitive assessment,” said Thomas Flavin, CEO of the Coachella Valley Economic Partnership, whose purpose is to attract businesses and their jobs to the valley. “You have an independent consultant do a comprehensive assessment. I know that's how they do it in other markets.”

CVEP on Thursday sent the board a letter again asking that the studies be done.

Riverside County Supervisor John Benoit

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thinks there may still be room to close the gap between the county's and solar industry's figures at Tuesday's meeting, but he remains unconvinced that solar developers will make good on threats to leave the county, fee or no fee.

"The industry is spending a lot of money to scare Riverside County residents," he said. "These projects are coming. What won't change are the facts that we've got the space. We've got the sunshine.

"The interest is huge," he said.

And once Riverside takes the step, other counties will follow, he said.

"The county is negotiating like our industry doesn't have any options," said Edward Sullivan, vice-president for external affairs at Solar Trust of America. "Their most recent proposal is still at least 10 times higher than impact fees charged by other counties in Southern California."

Solar industry representatives, who have been negotiating with county officials since June, when the board first considered a higher solar fee — a yearly 2 percent charge on all gross profits — said they had most recently proposed a fee of \$140 per acre.

If the county's proposed fee goes into effect, Solar Trust would pay up to \$4.48 million for its 7,000-acre Blythe project, located on public land between Desert Center and Joshua Tree National Park. The 1,000-megawatt project is on hold for a

switch from solar thermal troughs to photovoltaic panels and also awaits finalization of a change of ownership.

Solar industry faces challenges

Certainly, the debate over the county's solar fee comes at a critical moment for the solar industry. Nationwide, the value of renewable energy development and the role of federal and state government in promoting solar, wind and other renewable projects is being carefully weighed and scrutinized.

Federal loan guarantees to solar manufacturers that have gone bankrupt — panel-maker Solyndra in August and just last month, Beacon Power, an energy storage company in Massachusetts — have sparked congressional investigations and an independent review ordered by President Barack Obama.

The situation has raised concerns about any solar project that received a federal

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loan guarantee, including two projects east of the valley — First Solar's Desert Sunlight, which received \$1.4 billion and NextEra's 250-megawatt Genesis project, which received \$852 million.

In both cases, company officials have argued that their projects, which have power purchase agreements with utilities, have low risk of default or bankruptcy.

Still, the Solyndra and Beacon bankruptcies were signs of deeper changes in the industry affecting all solar developers. Plunging prices for solar panels, attributed in part to competition from China, have made almost all solar projects harder to finance and cut into developers' profit margins.

In the valley, the turmoil has played out in a series of technology and ownership changes on the Blythe and Desert Sunlight projects, both located in the Riverside East solar zone between Joshua Tree National Park and the city of Blythe.

Just two months after groundbreaking, Solar Trust put Blythe on hold for a switch from more expensive solar thermal technology to photovoltaic panels. Last month, the company announced that its parent company, Solar Millennium, a German firm, was in negotiations to sell all of its American projects to solarhybrid, another German company. The sale has yet to be finalized, Sullivan said.

Meanwhile, as part of its financing package for Desert Sunlight in Desert Center, First

Solar announced it had sold the project to NextEra Energy and GE Energy Financing, though it will continue to build and operate the project.

Benoit argues that the uncertainties in the solar industry underline the need for the county fee.

"The companies we're talking to today, if history is of any help to us, they will be different by the time" the projects are built, he said. "The turnover in the industry, the turmoil in the industry is palpable. The players will change; the plans will change. It won't have anything to do with the fee."

County fee could bring in up to \$75M annually

The impact of the fee on the large-scale projects and the county's competitiveness is another issue where facts are few and opinions strongly divided.

The fee would potentially affect 20 large-

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scale solar projects now in the pipeline for the eastern end of the county, covering 118,000 acres — an area equal to the combined acreage of Palm Springs, Cathedral City, Rancho Mirage, Palm Desert and Indio, according to a staff report. That would equate to about \$75.5 million annually for the county if the fee passes.

Solar Trust's Blythe project would pay up to \$4.48 million annually while its Palen project, a 500-megawatt solar thermal plant still awaiting final approval, would pay \$3.3 million a year for its 5,200 acres.

A report the county provided Friday — an analysis by David Kolk of Complete Energy Consulting — maintains that even with such even-figure impacts, the fee will cause minimal damage to developers' bottom lines.

He estimated the fee would account for about 1.5 percent of gross profits and therefore would not drive projects out of the county, as solar companies have warned.

He also points to the incentives and discounts available — for hiring local workers and sharing transmission corridors — that could cut the per-acre fee down substantially. The local-hire discount is \$1,500 for every Riverside County resident hired. The transmission discount can take another 3 percent to 5 percent off the total.

But solar industry officials say Kolk's assumptions don't take into account the

upfront expenses coming out of those revenues or the falling prices solar firms are being able to negotiate with utilities.

Kolk estimates utilities are paying between \$105 and \$115 per megawatt-hour, a figure that Eddy, of the Large Scale Solar Association, suggests is probably too high.

Andy Horne, deputy county executive officer of Imperial County, said his region once considered charging an assessment fee on its large solar projects but, after industry opposition, decided to go on a case-by-case approach.

Imperial now has 25 solar projects totaling 2,500 megawatts in the pipeline, he said, and has no intention of adopting higher fees, even if Riverside County does.

“In the current climate, our board has stated as a policy matter, we're in the business of trying to attract these projects,” he said.

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NextEra Energy's Solar Electric Generating Systems facility is seen near Barstow. The company is planning a similar solar thermal plant to be located on federal land at the east end of the Coachella Valley. / Courtesy photo



Zoom
California Gov. Jerry Brown talks to 80th Assembly District Assemblymember V. Manuel Pérez on June 17 during a groundbreaking event for the Blythe Solar Power Project. The project is being built eight miles west of Blythe by Solar Trust of America. Crystal Chatham/The Desert Sun

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