

Introduction to Landowner Wind Energy Associations

January 24-25, 2011
Augusta, Maine

Innovations, Development &
Public Acceptance

Lisa Daniels



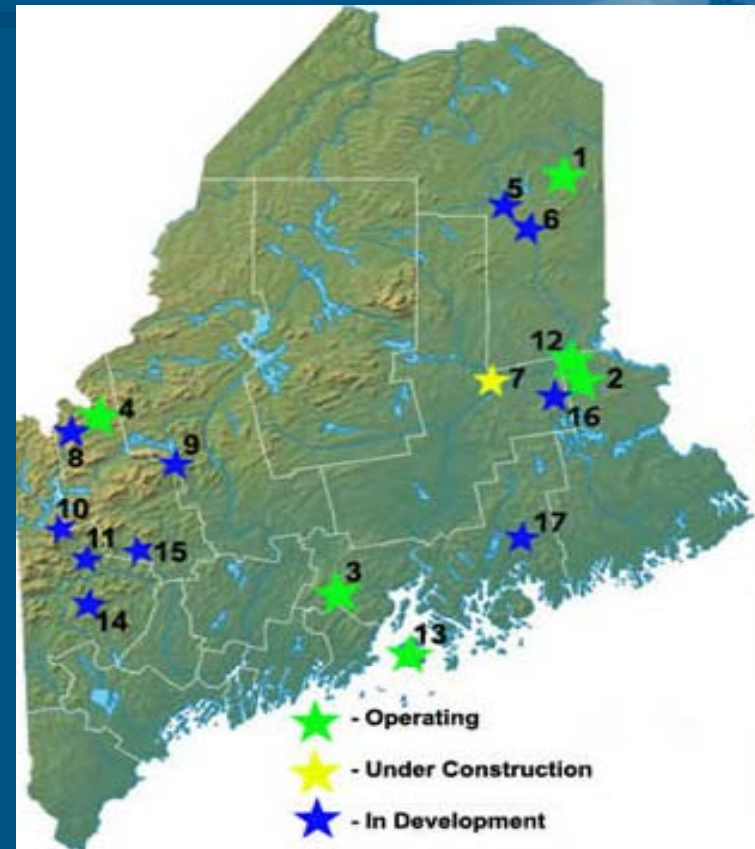
Windustry



- Creating an understanding of wind energy opportunities for rural economic benefit.
- The Windustry Newsletter
- www.Windustry.org
- Landowner Wind Energy Association Resource Center
- Community Wind Across America series

Outline

- What is a Landowner Wind Energy Association?
- Why form an LWEA?
- What do LWEAs do?
- How do LWEAs work?



Natural Resources Council of Maine – Nov. 2010

Landowner Wind Energy Association (LWEA) Defined:

- A **group** of landowners
- Who decide to work **together**
- For more **control**
- Over the wind energy development **process**

Why did LWEAs develop?



- Conventional development concerns:
 - Pitting neighbor against neighbor
 - Gaps in wind lease patterns preventing wind projects in the area (checker boarding)
 - Divide and conquering landowners

Why did LWEAs develop?

- Lack of good information and community knowledge
- Fear of greedy developers
- High stakes: long-term consequences involving valuable land



Why create LWEAs?



- Members work together and meet often
- Address development concerns and prevent over-reaching
- Create large blocks of land for wind development

Why create LWEAs?

- Share resources and build on community strengths
- De facto acceptance of wind energy in the area and community
- Collective bargaining leads to a better deal

Why Developers like LWEAs?

- Provides efficiency in development
- Reduces transaction costs
 - No need to negotiate door-to-door.
- LWEAs provide background information about the land and wildlife
- Free public relations





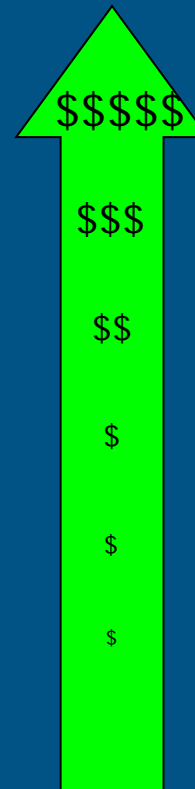
How do LWEAs come together?

- Begins informally – a conversation between neighbors
- Modest contributions to cover initial investigations and fees
- Commitment to negotiating with one voice

Spectrum of Activity for LWEAs

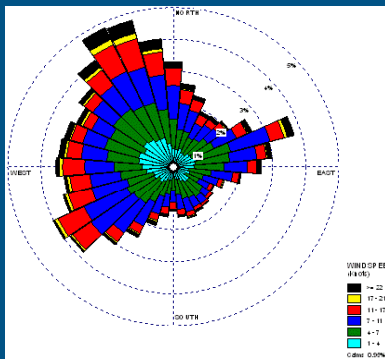


Community Developed Project
Partnership w/ Developer
Organized LLC
Unincorporated Land Trust
Committed Group of Landowners
Organizing Land
Coffee Shop Chit-chat



Financing/Constructing Turbines
Transmission Studies, Legal,
Consultant and Permitting Fees
Legal & Consulting Fees
Environmental Studies
Food and Meeting Space
Phone Calls and Time
Cup of Coffee

What does an LWEA do?



■ LWEA Milestones:

- Formal study of community interest
- Wind resource assessment and site selection
- Noise studies
- Bird and bat habitat studies
- Radio and aircraft flight studies

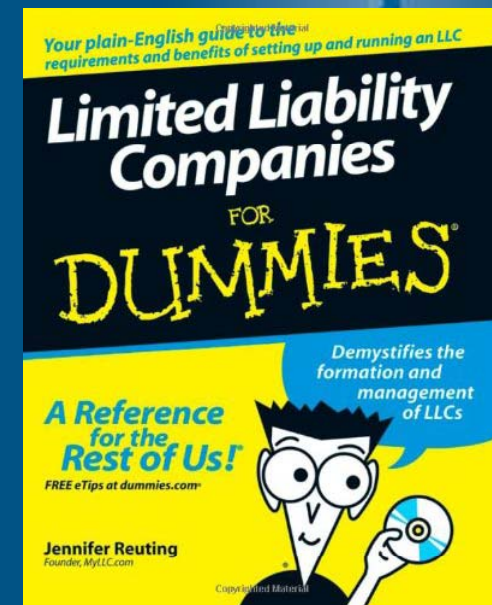
What does an LWEA do?



- Fatal flaw analysis
- Siting and Permitting
- Interconnection and transmission studies
- Power purchase agreement

How do LWEAs work?

- Structured as a Limited Liability Company.
- Operating Agreement communicates purposes:
 1. Collective bargaining to reach agreement with wind developers
 2. Enhance marketability of wind energy by assessing resources and packaging the information



How do LWEAs work?

- LLC Governance:
- Typically Board-managed
 - Chief Executive, Treasury, Secretary, etc.
 - Powers of Board of Managers
 - Quorum for Board Meeting
- Can be member-managed
 - Depends on size
 - Hard to herd cats sometimes

LWEA Membership

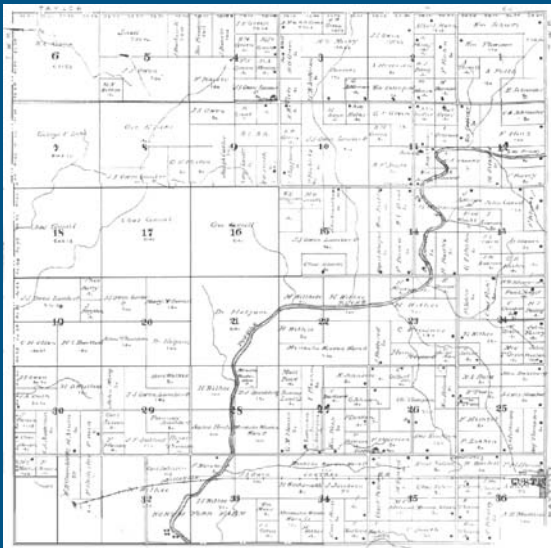
- Important to define land boundaries
- Landowners only:
 - Turbines sit on their land
 - Deserve the most control
 - Carry the most risk
 - Landowners set the goals
- Landowners plus townsfolk?
 - Necessary to reach more capital



LWEA Membership

- Capital Contributions:
 - Members contribute a small amount of money per acre of the land for the project
 - Each member contributes to the LWEA the wind resources of the property that is covered in the operating agreement
 - Contribution to LWEA capital resources for 2-3 years

LWEA Voting Shares



- Typically pegged to the number of acres contributed
 - (i.e. 200 acres = 1 vote)
- Only land titled in member's name
 - No BLM or rented land.
- Votes are per unit of ownership
 - husband and wife, brother and sister, etc.

Compensation

- Landowner turbine hosts receive a lease payment for loss of land use.
- Royalty Payments
 - ___% to landowners hosting turbines, divided by energy produced on land
 - ___% to non-hosting landowners on a per-acre basis
- Landowners decide split - usually 55/45

What's the LWEA product?

- Request for Proposal
- Operating Agreement:
 - Contains process for creating and broadcasting RFP to developers
 - Allows members to select winning RFP from developer competition

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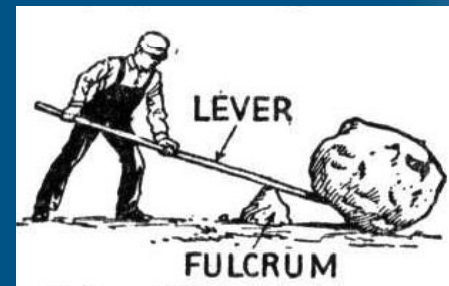


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Collective Bargaining

Leverage the LWEA voice to get:

1. Larger land lease payments
2. Greater percentage of gross revenues for the LWEA





Collective Bargaining

- Hire a qualified attorney to broker the deal with a developer
- BIG Caveat: Don't get greedy – developers will walk away
- Landowners need to understand project economics

The End Result

LWEA Group
+ Good RFP
+ Developer
= Wind Farm





Thank you!

Lisa Daniels

Executive Director

lisadaniels@windustry.org

(612) 870-3462

Windustry

2105 First Av. S.

Minneapolis, MN 55404

