

NEGOTIATING RENEWABLE ENERGY LEASES

Negotiating for a wind or solar lease is different than negotiating with the oil and gas industry. In Alberta, there is no right of entry or expropriation process for a renewable energy power plant.

Participation in a wind or solar lease for a power plant is 100% voluntary, and you are under no obligation to entertain a proposal. Contracts are negotiated bilaterally between the landowner and the renewable energy developer.

If you decline interest, the developer will have to find an alternative location.

However, the new spot may be located nearby, in which case you would experience impacts without generating direct value from revenue. While power plants are entirely voluntary, there may be a need for associated infrastructure, such as substations or distribution and transmission lines, when a power plant is established.

The surface rights act process for right of entry applies to associated infrastructure, so ultimately your power plant could have other implications for you or your neighbours. If you are approached by a wind or solar developer, keep in mind that the developer's representative in a solar or wind negotiation is only representing one party.

There is no standard option to lease for wind and solar developments.

What is proposed by companies can differ greatly, and a contract is generally designed to meet the drafters needs, not the landowners. A landowner should take the time to fully understand the proposed agreement and ask questions to ensure their needs are adequately reflected. The Farmers' Advocate Office (FAO) recommends getting legal advice prior to signing the proposed contract.

Having legal counsel review the document in advance is a good investment that could save you money and frustration in the long-term. An experienced lawyer can help ensure you fully understand the agreement and its potential risks. It is recommended that land-

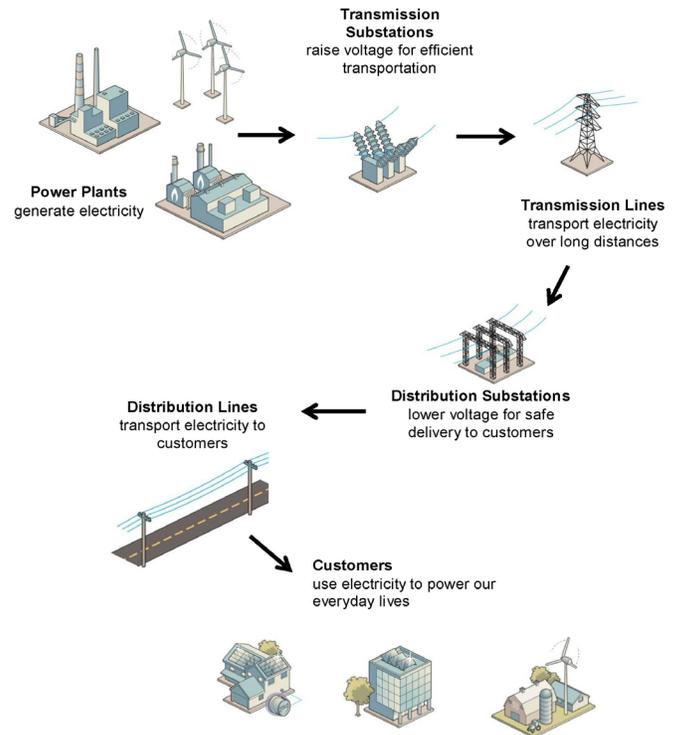


Image Credit: Adapted from Alberta Electric System Operator (AESO)

owners negotiate with the developer to have the costs for legal review covered by the developer. Developers may choose to use land agents who are licensed under the land agents licensing act for the negotiation of wind and solar leases, but they are not required to do so by law.

If a developer uses a licensed land agent for the negotiation of a wind or solar lease and the landowner feels they've been treated unethically, they may contact the land agents licensing registrar with Alberta Labour at 780-415-4600.

More information and a detailed energy leases guide is available at the Farmers' Advocate Office website at www.farmersadvocate.gov.ab.ca.

- Information from the Farmers' Advocate Office
www.farmersadvocate.gov.ab.ca
farmers.advocate@gov.ab.ca
310-FARM (3276)