



# Wind and State Trust Lands

Wind Powering America State Summit  
Evergreen, Colorado  
May 19, 2005

Terri Walters  
National Renewable Energy Laboratory  
303-275-3005  
[terri\\_walters@nrel.gov](mailto:terri_walters@nrel.gov)

# What are State Trust Lands?

- Since 1802, each new state received grants of federal land to assist in the funding of public education facilities and other governmental programs.
  - Known as school lands, trust lands or grant lands
  - 447 million acres in 23 western states alone
- The states have a dual mission in managing these lands:
  - Maximize revenue from the lands for the endowment fund
  - Protect the lands for future generations
- Many western states have trust land and private land in a “checkerboard”
- Although early states don’t have trust lands, many have state land opportunities.

# Why Wind on State Lands?

- Wind development meets both missions of the state land manager
- Major Revenue Potential
  - Common lease rate for grazing: ~\$1/acre per year
  - Wind can increase revenue 30-50 times without impact to most existing surface leases
- Sustainable Development
  - No depletion of resources as with oil and gas or mineral leases
  - Increasing RE production in state can reduce long-term environmental impacts

# Wind Powering America: State Lands

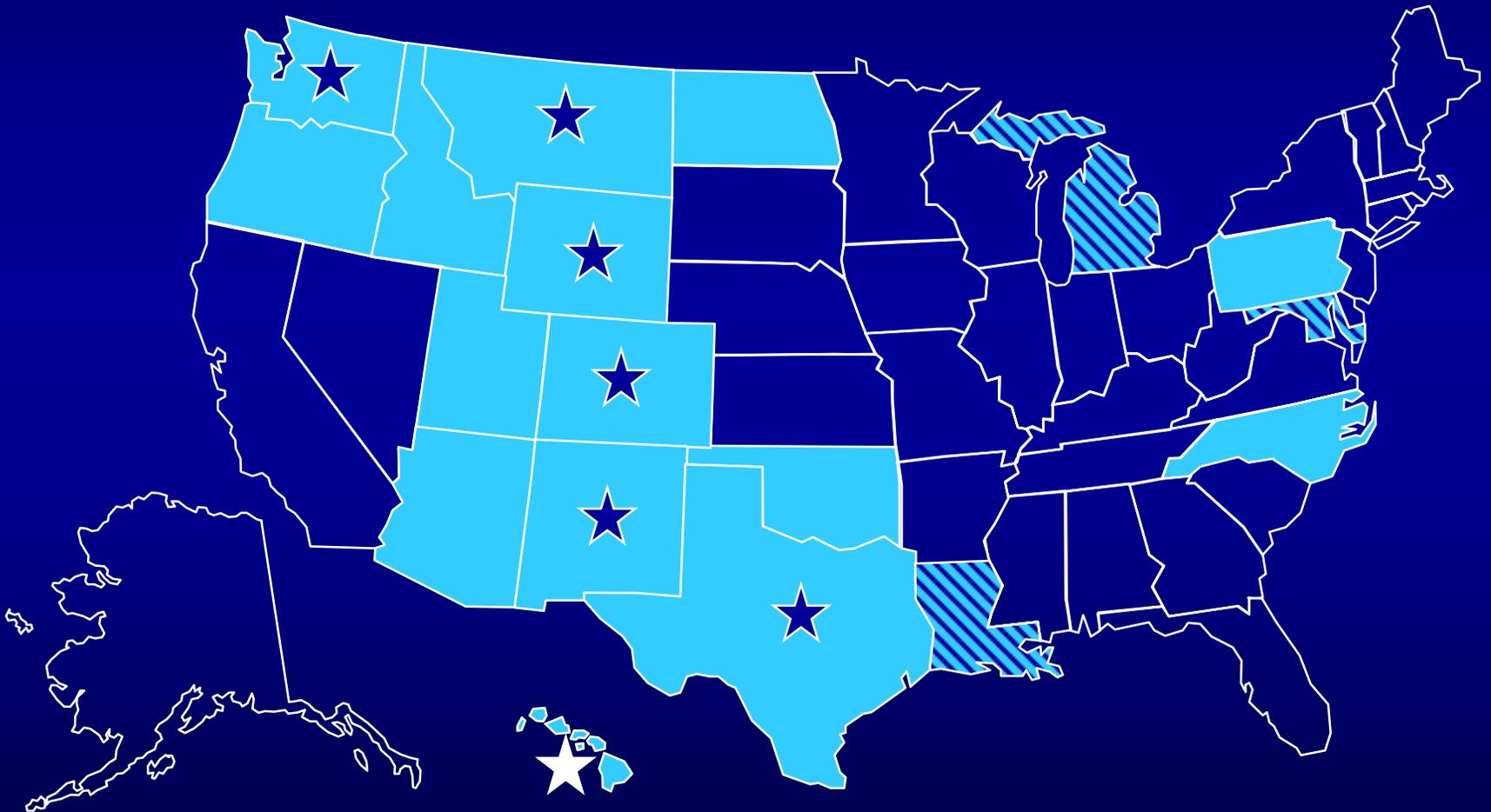
- In 2003, started outreach to state land officials
  - Connect states with each other and with state energy offices
  - Serve as clearinghouse for wind information
  - Provide technical information and support as needed
  
- Assistance to group:
  - “Wind and State Lands” workshop, April 2003
  - Web site for Wind and State Lands
  - Information sharing
  - Technical Assistance via TAP



# Technical Assistance Project (TAP)

- TAP provides state and local officials with short-term access to national lab experts
- Assistance with cross-cutting policy and program issues:
  - Renewable or efficiency portfolio standards
  - Public Benefits funds or other ratepayer funded programs
  - Use of EERE technologies to improve air quality, or
  - **Use of renewable energy on state or local lands**
- Joint effort between DOE Office of Weatherization and Intergovernmental Programs, DOE Regional Offices, and three national laboratories
  - Request assistance through DOE Regional Offices

# Participating States: WPA Wind and State Lands Network



★ Wind Lease on State Lands

# Key Issues



- Lease Agreement Terms
- Resource Assessment
- Selection Process
- Increasing Developer Interest

# Lease Agreement Terms

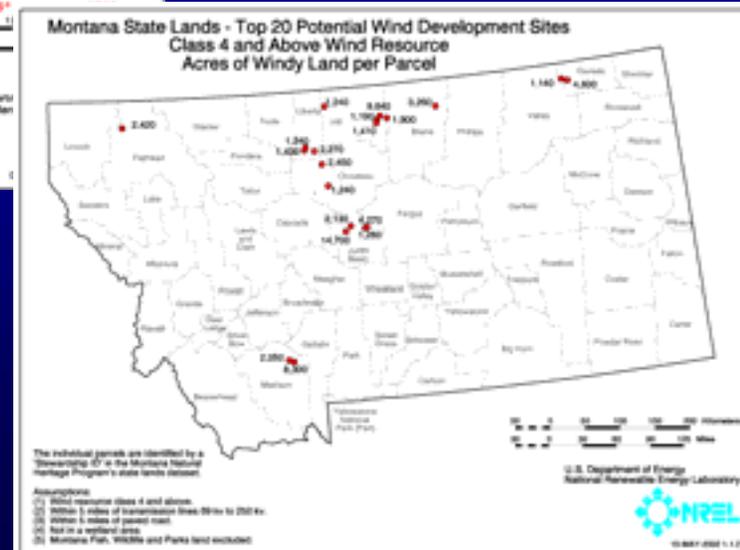
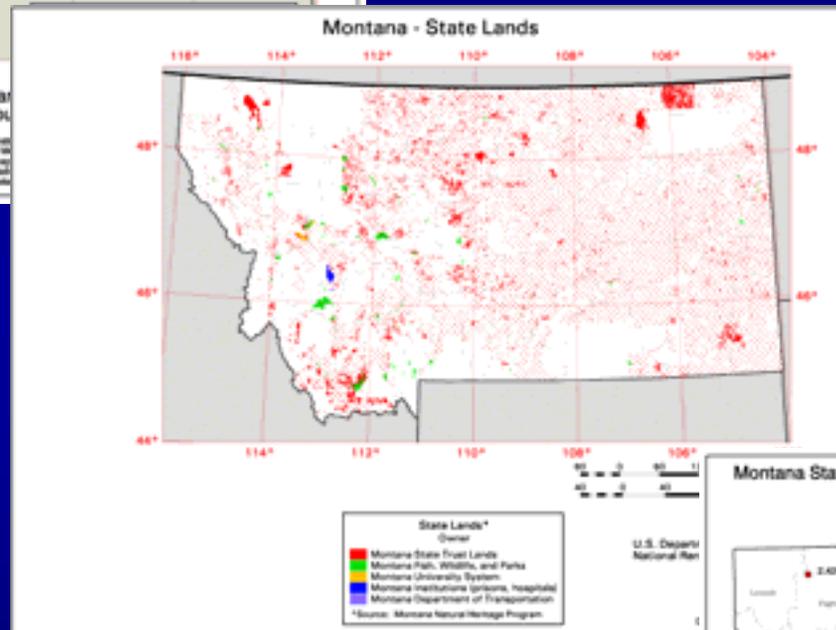
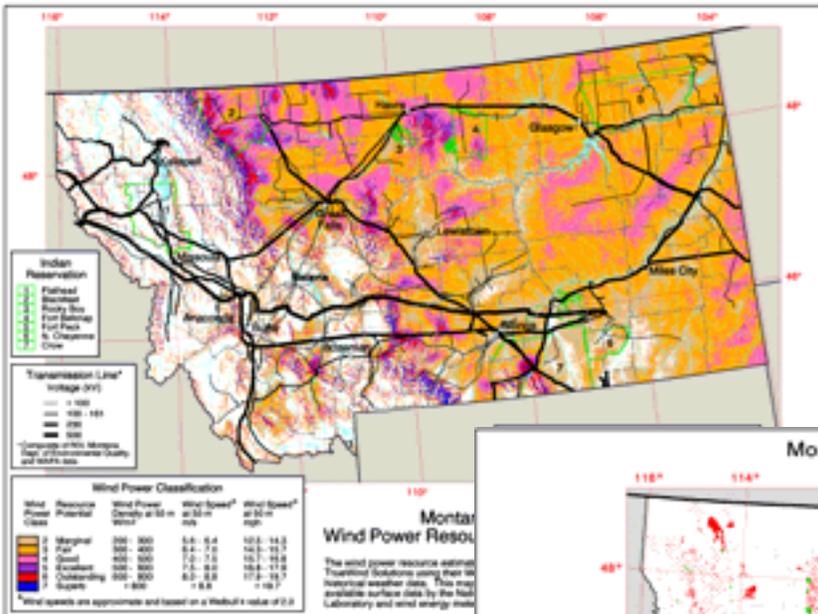
- State land officials are familiar with leases, but need very specific details on wind
- Revenue terms for wind
- Types of terms for wind – insurance, bonding, setbacks, time limitations for development, repowering
- Types of leases – resource assessment, development, operations

# Resource Assessment

- State land officials interest goes beyond high-resolution maps
- Officials want to target likely land areas
  - NREL helped MT overlay state land info with resource and transmission data to identify top 25 land parcels.
- Several states conducting their own anemometer testing on-site

# Montana State Lands Resource Assessment

- NREL can overlay GIS data with resource maps



- Analysis can help identify top opportunities on state lands
- Accounts for wind resource and proximity to transmission

# Selection Process

- Some states required to bid all leases competitively
- Developers need to know that if they conduct on-site testing, they will have first bids on land
- Options:
  - States conduct own resource assessment for developers
  - States try to get legislative changes for bid process specific to wind
  - Multi-phase leases – assessment lease has option to extend to development lease
  - Non-lease options – right of way, easement

## To Compete or Not Compete?

- Several states have significant state-run efforts to assess resources on state trust lands.
  - Montana and Texas have both run competitive bids on lands with resource assessments.
- Arizona: pursuing right-of-way agreements rather than leases for wind development.
- Hawaii: state amended Hawaii's land lease laws to allow direct negotiation for renewable energy leases.

## What Has Already Been Done?

- Bureau of Land Management Wind Policy
- 7 states have wind projects underway on state lands
- State-specific wind policies
  - Variety of models being used

## Texas “Wind Rush”

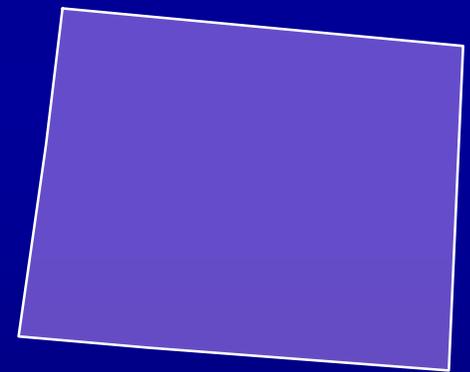
- In April 2004, the Texas General Land Office issued a call for bids for wind development on 89 tracts of state land.
- Modeled after oil and gas land lease process
- Standard lease included in bidding package. Winning bidders:
  - Pay royalties to land office
  - Have 3 years to bring project online
  - Have rights to 24 years of lease time, extendable in 5 yr. Increments per state
- Concept well received by the wind developers, but unsuccessful due to uncertainty of Federal PTC
- State plans to reissue.



# Wyoming

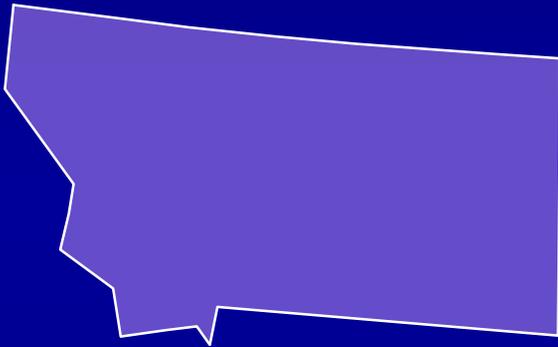
## “Most Favored Nation” Clause

- Wyoming has more active wind leases on state lands than any other state.
- Not all are productive -- the state land office has pursued constant improvements to accommodate wind.
- Non-competitive process approved by state land board.
- Recently upgraded their model lease to include a “most favored nation” clause.
  - If an adjacent landowner negotiates a higher revenue rate than in the state lease for the same project, the state automatically gets the increased rate.
- Intent is to enable state lands to get competitive rates without the land office establishing wind market expertise.



# Montana Wind Purchase

- Can a state purchase it's power from wind development on state trust lands?
- Montana officials requested NREL assistance to assess the feasibility and costs/savings of such a purchase.
- Effort would direct state energy purchases towards projects that lead to rural economic development and state revenues.



# Offshore Wind

- Four state are currently investigating the potential for putting wind development on offshore state lands.
- This includes state lands under oceans and lakes.
- Resource assessment is critical
- Other factors:
  - Icing
  - Water Depth
  - Permitting

## More Information

For info on the Wind on State Lands Network:

[www.windpoweringamerica.gov/state\\_lands.asp](http://www.windpoweringamerica.gov/state_lands.asp)

Or Contact:

Terri Walters

National Renewable Energy Laboratory

303-275-3005

[terri\\_walters@nrel.gov](mailto:terri_walters@nrel.gov)