



# Landowner Manual: An Overview of Leasing to Green Energy Developers



# An Intro to Solar Leasing

Solar leasing allows a landowner to rent out land to developers who install and manage solar farms. These leases typically last between 25 and 35 years, providing a long-term, predictable source of income. Solar leasing differs from other land use agreements because it is more stable and often provides higher annual returns than farming or other leasing options.

The **phases** of a solar lease include:

- **Option Period:** This is the initial stage, where the developer conducts feasibility studies and grid connection assessments. During this period (which can last from 3 to 5 years), the land remains available for other uses.
- **Construction Phase:** Once the feasibility studies are completed, solar panels and infrastructure are installed. This process generally takes 9-12 months.
- **Operational Phase:** After construction, the solar farm begins generating electricity and the landowner starts receiving full lease payments.
- **Decommissioning:** At the end of the lease, the solar farm is decommissioned, and the panels are removed. A good lease will stipulate that the developer must restore the land to its original condition.

Solar farms generally require flat, open land with few obstructions, but they can range in size from 10 acres to several hundred acres, depending on the capacity (measured in MW) and the scale of the project.

# The Financial Upside of Solar Leasing

Solar leases are more profitable than many traditional land uses. For example, agricultural leases typically bring in \$150 to \$300 per acre annually. In contrast, solar leasing can offer between \$500 and \$1,500 per acre per year, depending on factors like location, the quality of the land, and proximity to grid connections.

**A real-world example:** A 100-acre solar farm producing 10 MW could generate \$1,000 per acre annually, providing \$100,000 in annual revenue. Over a 30-year lease, this totals \$3 million, significantly more than what farming would likely generate.

Additionally, solar leases often include **escalation clauses**, which increase lease payments by 1.5% to 2.5% each year to keep up with inflation. These increases ensure that your lease payments remain competitive over time.



# Key Lease Terms Explained

- **Option to Lease:** This gives the developer time (usually 3-5 years) to assess the land's viability for a solar project. During this time, the land can often be used for other purposes, such as farming.
- **Escalation Clause:** This clause adjusts the lease payments over time to account for inflation. A typical escalation might be 2% per year, which ensures you continue receiving fair compensation as the value of money changes.
- **Decommissioning:** This clause ensures that the developer is responsible for removing all solar equipment and restoring the land once the lease ends. Look for a bond or financial guarantee that ensures this work will be done.
- **Lease Length:** Solar leases typically last 25 to 35 years, aligning with the lifespan of solar panels. Some leases also allow extensions based on the longevity of the panels or other developments in energy technology.
- **Liability:** The developer should be responsible for all risks associated with the installation and operation of the solar farm. Ensure that any damages or accidents caused by the panels or construction are covered by the developer's insurance, not your own.

# Technical Insights:

## MW, Grid Connections, & Solar Panels

- **What is a Megawatt (MW)?**
- A megawatt (MW) is a unit of power used to measure the output of a solar farm. One MW of solar energy can power roughly 150-200 homes annually. Large solar projects, often referred to as "utility-scale," can range from 10 MW to 500 MW. For example, a 100 MW project could power approximately 20,000 homes.
- **Grid Connection**
- Developers are particularly interested in land that's close to power lines or substations because the cost of connecting to the grid (called "interconnection costs") is lower. A typical solar project may require land within 1-3 miles of transmission lines. Closer proximity to the grid can increase the lease value of your land, as developers will incur fewer connection costs.
- **Solar Panel Technology**
- Most utility-scale solar farms use **photovoltaic (PV)** panels made from silicon. These panels convert sunlight directly into electricity through a process called the photovoltaic effect. Each panel has a lifespan of 25-30 years, which is why solar leases often align with this timeline.
- Developers are also beginning to use **bifacial panels**, which generate power from both sides of the panel, increasing efficiency. Tracking systems, which rotate the panels to follow the sun, are also becoming more common, further improving energy yield.

# What Developers Look For in Your Land

Developers assess several factors before leasing land for a solar project:

- **Proximity to Power Lines:** Land close to transmission lines is preferred because it reduces interconnection costs, which can make or break a project.
- **Flat, Unobstructed Terrain:** Flat land with few trees, hills, or buildings is ideal for installing large arrays of solar panels. Developers prefer areas that allow efficient land use.
- **Sunlight Availability:** Developers look for regions with high solar irradiance (sunlight exposure), which ensures the maximum potential for energy generation.
- **Favorable Zoning and Permitting:** Land that's easy to permit with fewer environmental or zoning restrictions is more attractive to developers, as it shortens the timeline to build.
- **Soil Stability:** Strong, stable soil can support the infrastructure needed for a solar farm without requiring extensive groundwork or maintenance.

Solar projects also bring environmental benefits to the land, with minimal impact compared to traditional farming or industrial uses. Developers often plant pollinator-friendly vegetation under and around the panels to support local ecosystems.

# How Develop Marketplace can Help You Lease Your Land to the Best Developers with the Highest Rates

Your property listing is processed through our patented **Analyze** software to find the best property valuation for a solar lease or sale. It identifies any potential obstacles and assesses whether the site has strong potential for grid connectivity.

Once your property is analyzed and ready, it's posted on **Develop**, a marketplace where leading developers can find it. Developers can view important details, such as the your property's size, and easily connect with you.

This marketplace technology speeds up the process, helping both you and the developer that's perfect for you to secure a deal that's optimized for success.



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Our platform scalably optimizes the future project on your land, **maximizing your Annual Lease Rate.**

# About HST

## A Company You Can Trust

HST has been in business for over 10 years and is proud to be a leading software marketplace provider. We bring together a diverse team that collectively has several decades worth of clean energy and software experience.

We ensure you work with the largest and most active clean energy developers in the country. Our team looks forward to helping you with everything from learning how much your land can be worth in a clean energy deal, to guiding you through the steps to a successful project, to receiving the first check.

We have a history of helping many successful landowners receive payments from developers—you could be next.



**“I have realized that the team that is assembled is a leader in the field and I have been thrilled with the outcome.**

...My experience with HST has been informative, because I did not know much about this process before I started working with your company. The potential of these companies legitimately wanting to look at your land and start a big project has been exciting. The players have kept me informed. It has been exciting because it has been put in front of companies that have the means to put a solar field together. **As far as a landowner wondering whether to get involved with HST, I would say 100% don't worry about that because they will have your back”.**



**Sherrie Williamson**

*Landowner who recently signed a large solar deal with a Global Fortune 500 Company after listing her land on Develop Marketplace*

# Landowner Resources

Our additional Landowner Resources Include:



## Presentation

Monetizing your Land: **Develop Marketplace for Landowners**

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Or visit this link:

<https://www.bit.ly/3zT2rzm>

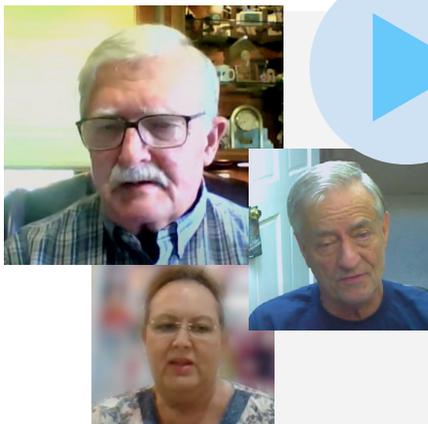


**Solar Leasing FAQ:**  
Your Top Questions  
Answered

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## Video Testimonials

Watch videos with some of our Landowner's who have had successful Leases

[Watch Videos >](#)

Or visit this link:

<https://www.bit.ly/3BBjeHV>

We look forward to helping you unlock the full potential of your land with a match to a solar lease.

