



# Riverside County may levy fee on solar firms



Written by

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Just as one of four large solar plants prepares to break ground east of the valley, Riverside County officials are proposing a 2 percent fee to raise millions of dollars for the county.

The franchise fee of 2 percent would apply to gross annual revenues on large-scale solar projects that need county permits. Solar companies, which were surprised by the proposal, warned Thursday that such a fee could derail the region's solar gold rush.

"This is a great place to build solar, great sunshine, lots of land, good workforce," said James Woodruff, vice president for state and local government affairs for First Solar, which is weeks away from final approval for its 550-megawatt Desert Sunlight project near Desert Center. There are other places without such a fee that compete against Riverside County, he said.

The area's much-vaunted solar intensity, considered among the best in the world,

will keep companies coming here, fee or no fee, said Michelle DeArmond, chief of staff for Supervisor John J. Benoit.

"Riverside County is the mecca," she said. "They're not going to run, and if they do, there are 10 behind them."

The fee has been suggested just as a massive 1,000-megawatt solar plant is set to break ground near Blythe today.

The proposed 2 percent fee was the focus of Thursday's meeting of the Coachella Valley Economic Partnership's Renewable Energy Roundtable. The meeting ended with a vote for CVEP to send a letter to the county Board of Supervisors opposing the fee.

Details of the fee have yet to be finalized, county officials said.

If approved, the fee could cost First Solar about \$3.5 million a year, and up to \$100 million over the life of the project, Woodruff said.

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Those kinds of figures would put off solar developers scouting sites for future projects, he said.

More to the point, they also could put an indefinite hold on projects such as Desert Sunlight, which are expected to provide hundreds of construction jobs and pump millions of dollars into the region's economy.

CVEP officials also see the large-scale solar projects as a catalyst to draw more green businesses to the region as part of its blueprint to diversify the region's economy.

A recent CVEP-sponsored report on the economic impact of Desert Sunlight estimated sales and property taxes and other fees from the project would add about \$24 million to \$29 million to county coffers.

Workers' wages from the project will total about \$200 million over a 26-month construction period, though the report did not estimate how much of that money might flow into the valley's economy.

### Fee helps impacts

Riverside County officials counter that the economic benefits of solar development will be short-lived, disappearing once the solar projects are completed. Long-term jobs on projects such as Desert Sunlight will be in the dozens, rather than hundreds.

The fee is needed to to lessen the long-term effects that large-scale solar

development on public land east of the Coachella Valley will have on the county and its residents.

They likened it to the 2 percent franchise fees the county has, for decades, charged utilities and cable companies.

Benoit pointed to the visual impact of having multiple solar projects, with their thousands of reflecting mirrors and panels along the Interstate 10 corridor going east to Blythe.

"You're not going to be able to drive east of Indio" without seeing them, he said in a meeting Wednesday with The Desert Sun editorial board.

"Compared to the gross revenues of the projects, what does the county get? What do the residents of Riverside County get for the impacts? A 2 percent franchise fee is reasonable."

At least part of the money from the fee would come back to the Coachella Valley

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for regional projects such as a recreation area for off-road vehicles, Benoit said.

The supervisors are scheduled to vote on the fee at their June 28 meeting. It will likely be proposed as a county policy, not an ordinance, which means the board could pass it with a single vote as opposed to the two votes needed for an ordinance.

### Breaking ground

The controversy over the fee comes at a critical point, just as the first projects begin construction in the Riverside East solar zone, a 202,000-acre swathe of public land between Joshua Tree National Park and Blythe.

Oakland-based Solar Millennium breaks ground today on its 1,000-megawatt Blythe solar project, which federal officials have hailed as the largest solar project in the world.

It was the first of four large-scale solar projects the federal government designated for a fast-track approval process that some environmental and Native American groups have criticized as too fast.

About 8 miles west of Blythe, the Solar Millennium project also has been approved for a \$2.1 billion federal loan guarantee. But Alice Harron, the company's vice president for development, said that financing could be at risk if the 2 percent franchise fee is approved.

"Two percent of market reference (prices), that's almost a \$6 million hit a year," she said. "We got a conditional loan guarantee. We have to lock down financials, and I can't tell our investors there's something (unexpected). Investors hate uncertainty."

Both Harron and Woodruff said the county's 2 percent fee is dramatically out of line for the kind of right-of-ways and easements they want and the fees charged by other jurisdictions.

Solar Millennium's project covers about 7,025 acres of federal land, but needs an easement on about 4,400 square feet of county land, Harron said.

First Solar's project wants a right-of-way for transmission lines to run along 5.8 miles of county roadway. Woodruff pointed to rates of \$3 per linear foot for similar rights-of-way for solar projects in Kern and Los Angeles counties.

Bob Spencer, spokesman for L.A. County's Department of Public Works, said the

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county approved the \$3 fee for one solar project, which at present is the only one in the county.

“This was a one-time agreement,” he said. “We are watching and observing what is happening in other areas. We will consider different arrangements for other projects in the future.”

Inyo County, which also has large-scale solar plants on public land, is approaching fees for the projects on a case-by-case basis, said Jerry Santillan, assistant county executive officer.

“(It) depends on its location, its size, the impacts associated with job gains, job loss, independent fiscal impact. We do one for each of these (projects) because they stand on their own,” he said.

The solar companies and some people at the CVEP roundtable also questioned the county's timing of the fee proposal and the board's vote.

“We got our (approval) decision. We needed an easement,” Harron said. “We started discussions in November 2010. We went through a series of meetings. We thought it was going to be on the agenda in May.”

DeArmond acknowledged questions about timing are legitimate, but noted the board had first directed staff to come up with a policy on fees in February.

“Government moves slowly,” she said. “It

took them a while to get it formulated, but they're moving forward.”

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## Blythe groundbreaking

Solar Millennium will hold its official groundbreaking for its 1,000-megawatt Blythe solar project at 11 a.m. today about 8 miles west of Blythe.

U.S. Secretary of the Interior Ken Salazar and Gov. Jerry Brown are both expected to speak at the invitation-only event.

### Franchise fees

Under California law, counties and cities grant franchises to privately owned utilities that serve the general public in their jurisdictions. Franchise fees are negotiated under long-term contracts that compensate the local and county governments for the utilities' use of roads and other public infrastructure.

The utilities generally pass fees on to consumers. First Solar and other solar companies argue the franchise fees they pay for transmission right-of-ways are different because they are not using roads

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and other public infrastructure as the utilities do — to make money from consumers — and cannot pass the cost on to consumers.  
-- California Public Utilities Commission, First Solar

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