

# **VALUATION OF SOLAR FARMS**

## **PRACTICAL CONSIDERATIONS**

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ME CHAPTER IAAO ANNUAL MEETING

DECEMBER 10, 2020

SOLAR FARM ASSESSMENTS  
**SHARED INSIGHTS**

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➤ **SURVEYS & DISCUSSIONS**

- Demographics Info
- Valuation Processes

**TAKE-AWAYS**

❖ **INFO GATHERING & DISCOVERY**

❖ **HOW TO ASSESS...**

- Land vs. Equipment
- Approaches to Value / Methodology

SOLAR FARM ASSESSMENTS  
**INFO GATHERING / DISCOVERY**

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➤ **EDUCATION**

- Terminology
- Units of Measurement
- Industry Data

➤ **SPECIFIC DATA**

- Solar Project
  - Size & Scope / Tech Specs
  - Infrastructure
  - Energy Consumption: Locations & Uses
- \$\$\$
  - Cost to Develop
  - Income Info
  - Tax Credits
  - Lease Terms

SOLAR FARM ASSESSMENTS  
**INFO GATHERING / DISCOVERY**

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➤ **CONSISTENCY CHECKS**

- Internal
- Other Municipalities

➤ **COMMUNICATION**

- Involvement Early in Process
- Project Developer

SOLAR FARM ASSESSMENTS  
**VALUATION PROCESS**

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➤ **EXPERT GUIDANCE?**

➤ **APPROACHES TO VALUE**

- Sales Comparison
- Cost
- Income

➤ **LAND COMPONENT OF ASSESSMENT**

- Comparable Uses?
- “What it’s Not”
- Lease \$, Terms
- Land Value < Solar Project

SOLAR FARM ASSESSMENTS  
**VALUATION PROCESS**

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**COST APPROACH**

- **Cost to Develop Project**
  - What is Subject to Capture?
- **Depreciation Schedule**
  - Not Only Physical Deterioration
  - Dep. More than other Equipment
  - RCN of Panels lower every year
- **Tax Credits**
  - Can't be Transferred
  - Economic Obsolescence

**INCOME APPROACH**

- **Profit Margin**
- **\$ / Megawatt solution?**
- **DCF**