COMMONWEALTH OF KENTUCKY BEFORE THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION AND TRANSMISSION SITING

In the Matter of:

ELECTRONIC APPLICATION OF MARTIN	1)
COUNTY SOLAR PROJECT, LLC TO)
TRANSFER A CERTIFICATE OF)
CONSTRUCTION PURSUANT TO)
KRS 278.710(3) AND 807 KAR 5:110)

Case No. 2022-00362

MARTIN COUNTY SOLAR LLC'S APPLICATION FOR BIFURCATION AND PARTIAL TRANSFER OF RIGHTS AND OBLIGATION

Comes now the applicant, Martin County Solar Project, LLC ("Martin County Solar" or the "Applicant"), by and through counsel, and hereby files this application and respectfully requests approval from the Kentucky State Board on Electric Generation and Transmission Siting (the "Siting Board" or "Board") for bifurcation of its certificate of construction for an approximately 200-megawatt alternating current (MW) solar photovoltaic (PV) electric generating facility (the "Project") located near Pilgrim, Martin County, Kentucky, and a partial transfer of rights and obligations thereunder pursuant to KRS 278.710(3).

Applicant is seeking to transfer approximately 89 MW of the Project, along with the rights granted by the certificate of construction approved on November 15, 2021, to Martin County Solar Project II, LLC ("Martin County Solar II"). Martin County Solar Project will retain approximately 111 MW. The entire 200 MW Project will then be constructed in two phases with construction of Martin County Solar II's roughly 89 MW portion beginning, ideally, immediately upon completion of developing Martin County Solar's roughly 111 MW portion of the Project. Upon bifurcation, both phases of the Project plan to connect to the Inez substation using a single gen-tie line. Savion,

LLC ("Savion"), a wholly owned subsidiary of Shell, will retain 100 percent ownership of both Martin County Solar and Martin County Solar II.

I. Background

The Applicant is Martin County Solar, a Delaware limited liability company organized on September 6, 2019. Its principal office is located at 422 Admiral Boulevard, Kansas City, Missouri 64106. The Applicant is authorized to transact business in Kentucky and is in good standing with the Kentucky Secretary of State's office. Martin County Solar's Certificate of Authority is enclosed as Exhibit A.

On November 15, 2021, the Siting Board approved Martin County Solar's Application for a certificate of construction for the Project. Martin County Solar now seeks approval to bifurcate the certificate and transfer a portion of the Project site along with the authority granted under the November 15 construction certificate to Martin County Solar II. Savion, as parent entity of both the Applicant and Martin County Solar II, will retain control over both phases of the Project. A partial transfer of rights and obligation will save the Siting Board from duplicative adjudication of a second application from the same certificate holder. The Siting Board's Final Order and Appendix are enclosed as Exhibit B.

The Project is a 200 MW solar facility located on a reclaimed coal mine connected to an onsite existing transmission line owned by Kentucky Power Company. As approved by the Board, the Project encompasses approximately 4,122 total acres with facility infrastructure covering approximately 2,541 acres of the site. There are two residential neighborhoods within 2,000 feet of the Project facilities. However, the Project sits significantly above the surrounding properties, approximately 240 feet and 360 feet above the two neighborhoods, respectively; and the nearest

residence is approximately 1,000 feet away from the Project.¹ Martin County Solar received no complaints or concerns from the public regarding the Project.² Martin County Solar's Sensitive Receptors Map is enclosed as Exhibit C.

II. Legal Standard

KRS 278.710(3) governs the process of transferring a construction certificate and the rights

and obligations therein. It states:

"A person that has received a construction certificate for a merchant electric generating facility shall not transfer rights and obligation under the certificate without having first applied for and received a board determination that: (a) The acquirer has a good environmental compliance history; and (b) The acquirer has the financial, technical, and managerial capacity to meet the obligations imposed by the terms of the approval or has the ability to contract to meet these obligations." <u>KRS 278.710(3)</u>.

Thus, if an applicant demonstrates the acquirer meets the two elements above, the Board is permitted to transfer the rights and obligation under the certificate. Martin County Solar II meets these requirements.

III. Acquirer Has a Good Environmental Compliance History

Per KRS 278.710(1)(i), before the Siting Board can approve a certificate of construction, it must determine "[w]hether the applicant has a good environmental compliance history." The Siting Board previously found that Martin County Solar Project has a good environmental compliance history when the Board approved the construction certificate. While the Applicant seeks a bifurcation and transfer of that construction certificate to a new legal entity, the same

¹ Final Order, pp. 4-5.

² Final Order, p. 7.

conditions exist upon which the Siting Board previously found sufficient evidence of a good compliance history.

Savion will remain the parent company of Martin County Solar and Martin County Solar II. The Applicant has already committed to comply with the mitigation measures and conditions imposed by the Siting Board in its November 2021 final order, and Martin County Solar II hereby commits to comply with those same mitigation measures and conditions. Because the same parent entity, Savion, will retain control over both phases of the Project and no evidence contrary to its verified statement of environmental compliance has emerged, the bifurcated certificate will be acquired by an entity with a good environmental compliance history. Moreover, although Savion does not presently intend to transfer the rights and obligation outside of its corporate umbrella, the Siting Board retains the authority to determine whether a subsequent acquirer may properly receive any portion of the Project under KRS 278.710(3).

IV. Acquirer Has Appropriate Capacity to Meet Obligations Under KRS 278.710(3)(b)

The Siting Board must determine whether the acquirer has the appropriate financial, technical, and managerial capacities to meet the obligations imposed by the Siting Board in its conditional approval, or contract out to meet those obligations. *See <u>KRS 278.710(3)(b)</u>*. Martin County Solar II meets this standard.

a. Financial Capacity

The Siting Board in its November 2021 approval inherently determined that Martin County Solar established it possesses the financial capacity to undertake the Project. Because Savion will retain control over both phases of the Project, the same determination is applicable to Martin County Solar II. The Project is the only approved merchant electrical generating facility in Kentucky to be developed on a reclaimed coal mine. The Applicant recognized that the unique conditions of the Project site would result in significant upfront environmental compliance costs and worked diligently to secure the necessary financing. For example, the Applicant and the Martin County Fiscal Court have entered into an Industrial Revenue Bond and Payment in Lieu of Taxes agreement (the "IRB/PILOT Agreement"). In exchange for the Project's annual PILOT payments amounting to \$1,500 per installed MW of capacity, Martin County agreed to issue up to \$300,000,000 in County Industrial Revenue Building Bonds for the Project.³ The IRB/PILOT Agreement is enclosed as Exhibit D. Of note, the IRB/PILOT Agreement contemplated the Project's development "in one or more phases." *See* Ex. D, p. 1.

The Applicant in December 2021 also entered into a financial agreement with the Kentucky Economic Development Finance Authority (KEDFA) pursuant to the Kentucky Enterprise Initiative Act (the "KEDFA Agreement"). The KEDFA Agreement estimates the aggregate cost of the Project at \$231,778,588 and requires significant investment from the Applicant, including a minimum investment of \$500,000 (excluding labor costs) in the Project and \$50,000 in research and development and/or electronic processing equipment during the term of the agreement. KEDFA's willingness to enter into this agreement demonstrates the financial stability of the Applicant, and its parent entity, Savion. The KEDFA Agreement is enclosed as Exhibit E. Additionally, the Applicant timely paid \$200,000 in Siting Board application fees. Payment Acknowledgement Letters enclosed as Exhibit F.

In sum, because the same parent entity will retain control over both Martin County Solar Project and Martin County Solar II, these financial agreements and remitted payments demonstrate

³ See pp. 7-13 of Applicant's Response to Siting Board Staff's Post-Hearing Request For Information.

Martin County Solar II's financial capacity to meet the obligations imposed by the Siting Board in approving the Project's construction certificate.

b. Technical Capacity

As previously described, the Project is uniquely situated as the only solar facility to be developed on a reclaimed coal mine. The Siting Board in its November 2021 approval inherently determined that Martin County Solar established it possesses the technical capacity to undertake the Project. As demonstrated by the Siting Board's approval of the construction certificate, the Applicant demonstrated the technical capacity to adaptively reuse the former coal mine consistent with the obligations imposed by the Siting Board. Because the same parent entity will retain control over both phases of the Project, the same determination is applicable to Martin County Solar II. With the same parent entity retaining control over both phases of the Project, the same conditions exist to support the Siting Board's previous determination, thus Martin County Solar II has the technical capacity to comply with the mitigation measures and conditions imposed by the Siting Board in its conditional approval of the Project's construction certificate.

c. Managerial Capacity

Savion explained in its public information materials that it is one of the largest, most technologically advanced utility scale solar and energy storage developers in the U.S., with over 130 projects in various stages of development spanning 25 states. Savion's public information materials are enclosed as Exhibit G. The Siting Board in its November 2021 approval inherently determined that Martin County Solar established it possesses the managerial capacity to undertake the Project. The Project has not substantively changed since the Siting Board's initial approval; it will just be developed in two phases. The continued involvement of Savion, as parent entity of the Applicant and acquirer, ensures the managerial expertise established during the prior approval

process will apply to both phases of the Project. Because Savion will retain control over both phases of the Project, the same determination is applicable to Martin County Solar II. Thus, Martin County Solar II has the managerial capacity to comply with the mitigation measures and conditions imposed by the Siting Board in its conditional approval of the Project's construction certificate. In sum, pursuant to KRS 278.10(3)(b) Martin County Solar II has the financial, technical, and managerial capacity to meet the obligations imposed by the Siting Board's November 15, 2021, approval.

V. Request for Bifurcation and Partial Transfer of Rights and Obligation

The Applicant has demonstrated that Martin County Solar II has a good environmental compliance history and possesses the requisite financial, technical, and managerial capacities to meet the obligations imposed in the Board's conditional approval of its construction certificate. Because the Applicant satisfies KRS 278.710(3), Martin County Solar requests the Siting Board approve this application to partially bifurcate its November 15, 2021, construction certificate and transfer approximately 89 MW of the Project along with the rights and obligations granted under the construction certificate to Martin County Solar II.

Dated this 28th day of November 2022.

Respectfully submitted,

Gregory T. Dutton **FROST BROWN TODD LLC** 400 W. Market Street, 32nd Floor Louisville, KY 40202 (502) 589-5400 (502) 581-1087 (fax) <u>gdutton@fbtlaw.com</u> *Counsel Martin County Solar Project, LLC*

EXHIBIT A

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AMcRay ADD

Alison Lundergan Grimes Kentucky Secretary of State Received and Filed: 9/10/2019 1:18 PM Fee Receipt: \$90.00



COMMONWEALTH OF KENTUCKY ALISON LUNDERGAN GRIMES, SECRETARY OF STATE

Division of Business Filings Business Filings PO Box 718, Frankfort, KY 40602 (502) 564-3490 www.sos.ky.gov	Certificate of Author (Foreign Business Entity			FBE
Pursuant to the provisions of KRS 14A a on behalf of the entity named below and			ereby applies for author	ity to transact business in Kentucky
business trus limited partne	t (KRS 386). (X) limited liablest (KRS 386). (X) limited liablest limited liablest (KRS 362). (X) limited liablest (KRS 275) (X) limited liablest limited limited liablest limited limited limited liablest limited limited limited limited liablest limited limited limited limited liablest limited	t corporation (KRS 273) ability company (KRS 275) erative assn. (KRS) tive assn. (KRS) tive assn. (KRS)		
2. The name of the entity is Martin Co (The name	ounty Solar Project, LLC ne must be identical to the name on reco	nd with the Secretary of S	tate.)	1
3. The name of the entity to be used in I		vide if "real name" is unav	vailable for use otherwis	e lezve blank i
4. The state or country under whose law	• ••			e, icave Dialin.;
5. The date of organization is Septemb	er 6, 2019	and the period of duration		· · · · · · · · · · · · · · · · · · ·
			(it left blank, the period	of duration is considered perpetual.)
 The mailing address of the entity's pri 125 W 55th St 	ncipal office is	New York	NY	10019
Street Address		City	State	Zip Code
7. The street address of the entity's regi	stered office in Kentucky is			
421 West Main Street		Frankfort	KY	40601
Street Address (No P.C. Box Numbers)		City	State	Zip Code
and the name of the registered agent at	that office is Corporation Service L	отрапу	·······	·
8. The names and business addresses	of the entity's representatives (secreta	ry, officers and directors	, managers, trustees or	general partners):
Savion, LLC	16105 W 113th St, Ste 108	Lenexa	KS	66219
Name	Street or P.O. Box	City	State	Zip Gode
Name	Street or P.O. Box	City	State	Zip Code
Name	Street or P.O. Box	City	State	Zip Code
9. If a professional service corporation, all the indi more states or territories of the United States or D 16. 1 certify that, as of the date of filing th 11. If a limited partnership, it elects to be 12. If a limited liability company, check 13. This application will be effective upor The effective date or the delayed effective	istrict of Columbia to render a professional ser is application, the above-named entity a limited liability limited partnership. box if manager-managed:	vice described in the statemen validly exists under the Check the box if applica and/or time is provided	nt of purposes of the corporate laws of the jurisdiction in ble:	ion. of its formation.
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Please indicate the size of your business: Small (Fewer than 50 employees) Large (50 or more employees)	Please Indicate whether any	of the following make up		(50%) of your business ownership:
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Agriculture Mining Wholesale Trade Retail Public Administration Transp Other		Construction Finance, Insuran Sanitary Services	nce, Real Estate	
KG1	Nick	Lincon, Manager of M	ember-Manage Ser	tember 10, 2019
Signature of Authorized Representative		Printed Name & Title		Date
I, Corporation Service Company Type/Print Name of Registered Agent	, con	sent to serve as the regi	stered agent on behalf	of the business entity.
By: CQD	[hack	ene ich.	HSSt. SCC	rearly 4/10/19
Signature of Registered Agent (05/17)	Pitnled Name		1 AU	Date
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EXHIBIT B

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION AND TRANSMISSION SITING

In the Matter of:

ELECTRONIC APPLICATION OF MARTIN COUNTY SOLAR PROJECT, LLC FOR A CERTIFICATE OF CONSTRUCTION FOR AN APPROXIMATELY 200 MEGAWATT MERCHANT ELECTRIC SOLAR GENERATING FACILITY IN MARTIN COUNTY, KENTUCKY PURSUANT TO KRS 278.700 AND 807 KAR 5:110

CASE NO. 2021-00029

<u>O R D E R</u>

On May 19, 2021, Martin County Solar Project, LLC (Martin County Solar or Applicant) filed an application with the Kentucky State Board on Electric Generation and Transmission Siting (Siting Board) requesting a Certificate of Construction to construct an approximately 200-megawatt alternating current (MWac) solar photovoltaic (PV) electric generating facility to be located near Pilgrim, Martin County, Kentucky (Project).¹

There are no intervenors in this matter. Pursuant to KRS 278.708(5), the Siting Board hired BBC Research & Consulting to review the applicant's site assessment report (SAR). Pursuant to a procedural schedule established June 11, 2021, Martin County Solar responded to two rounds of discovery; BBC filed a Review and Evaluation² (BBC Report) of the applicant's site assessment report (SAR) after conducting a site visit; and Martin County Solar filed comments upon the BBC Report. A formal evidentiary hearing

¹ Application at 1.

² BBC Research & Consulting's Review and Evaluation of Martin County Solar Project, LLC Siting Assessment Report (Ky. PSC Aug. 30, 2021).

was held on September 28, 2021. Martin County Solar filed responses to post-hearing data requests on October 12, 2021. The Siting Board received no public comments, and the Siting Board received no public comments at the beginning of the September 28, 2021 formal evidentiary hearing. The matter now stands submitted for a decision.

PROPOSED MARTIN COUNTY SOLAR FACILITY AND PUBLIC ENGAGEMENT

The proposed solar facility is a 2,541-acre site located near Pilgrim, Kentucky, in Martin County.³ The Project is located on a reclaimed coal mine that has been highly impacted by historical mining operations.⁴ Martin County Solar states that approximately 153,000 linear feet of perimeter fence, not to exceed 7 feet, will surround the Project.⁵ The solar facility has a rated capacity of 200 MWac and will be connected to an onsite existing transmission line owned by Kentucky Power Company (Kentucky Power).⁶

Martin County Solar provided notice of the proposed facility in accordance with KRS 278.706. Pursuant to KRS 278.706(2)(c), Martin County Solar notified landowners whose property borders the proposed solar facility site via certified mail on January 27, 2021.⁷ Martin County Solar also published notice of the proposed solar facility in *The Mountain Citizen*, the newspaper of general circulation in Martin County, on January 27, 2021.⁸

- ⁴ *Id*. at 2.
- ⁵ *Id*. at 3.
- ⁶ *Id*. at 10.
- ⁷ Id. at 5.
- ⁸ Id.

³ Application at 3.

In addition, Martin County Solar engaged in public involvement program activities, as required by KRS 278.706(2)(f), prior to the filing of its application.⁹ Martin County Solar held a public meeting on February 10, 2021, to inform the public about the solar project and receive comments from the public.¹⁰ Martin County Solar published notice of the public meeting in the January 27, 2021 edition of *The Mountain Citizen*.¹¹ Letters were also mailed to all adjoining landowners notifying them of the public meeting.¹² Members of the public were able to attend the February 10, 2021 meeting, which was held virtually, due to COVID-19 concerns.¹³

DISCUSSION

I. <u>Requirements Under KRS 278.708 – Site Assessment Report</u>

KRS 278.704(1) states that "[n]o person shall commence to construct a merchant electric generating facility until that person has applied for and obtained a construction certificate for the facility from the [Siting] [B]oard." KRS 278.708 requires a SAR be prepared and filed with an application. The SAR should provide (1) a detailed description of the proposed site; (2) an evaluation of the compatibility of the facility with scenic surroundings; (3) potential changes in property values and land use resulting from the siting, construction, and operation of the proposed facility for property owners adjacent to the facility; (4) evaluation of anticipated peak and average noise levels associated with the facility's construction and operation at the property boundary; (5) the impact of the

¹⁰ *Id.* at 8.

¹¹ Id. at 9.

¹² *Id.* at 7.

¹³ *Id.*

⁹ Id. at 8–9.

facility's operation on road and rail traffic to and within the facility, including anticipated levels of fugitive dust created by the traffic and any anticipated degradation of roads and lands in the vicinity of the facility; and (6) any mitigating measures to be implemented by Martin County Solar to minimize or avoid adverse effects identified in the site assessment report.

Detailed Site Description

In addition to the description of the proposed Project as described above, Martin County Solar states the Project will be situated mainly on reclaimed mine land with small areas of intact forested land on the periphery. Martin County Solar states that vegetation is sparse on the site, and the natural hydrology has been significantly altered. Soils within the Project are shallow, approx. 3-8 inches in depth, and are underlain by mine spoil (crushed up rock and coal residuals).¹⁴

There are two residential neighborhoods within 2,000 feet of the Project's facilities. However, the project sits significantly above the surrounding properties, including approximately 240 and 360 feet in elevation above the two neighborhoods, respectively.¹⁵ Pursuant to KRS 278.704(4), Martin County Solar filed a motion with the Siting Board for a deviation from statutory setback requirements, which is discussed later in this Order.

There are two proposed site entrances, one each on the east and west sides of the project footprint, adjacent to KY-1714 and KY-1439. In the SAR filed with the application, Martin County Solar states that it will comply with the National Electrical

¹⁴ Id. at 3.

¹⁵ *Id*. at 6.

Safety Code (NESC) requiring the site to be fenced prior to the start of construction and entrances to the site to be gated and locked when workers are not active on site.¹⁶

The proposed project footprint contains two properties that are currently part of a Kentucky Department of Fish and Wildlife (KDFW) Hunting Access area and will require disenrollment from that program. Martin County Solar states when the properties are removed, KDFW will post notice on their webpage that the boundaries have changed. In addition, Martin County Solar will post signage at access points of the properties notifying hunters that the area is no longer enrolled in the public access program.¹⁷

Martin County Solar does not propose to require utilities on site during the operational life of the proposed project other than potential electrical service for site lighting at the substation.¹⁸

The BBC Report concludes that Martin County Solar has generally complied with the requirements for describing the facility and site development plan, as required by KRS 278.708. The BBC Report recommends the following mitigation measures¹⁹:

1. Any change in project boundaries from the information reviewed during this evaluation should be submitted to the Siting Board for review.

2. Martin County Solar should provide the results of the American Land Title Association (ALTA) Survey of the legal boundaries of the site, including a metes and

¹⁶ Application, Exhibit F, SAR at 4; *see also* Martin County Solar's Motion to Supplement Motion to Deviate (filed Sept. 3, 2021).

¹⁷ Martin County Solar's Response to Siting Board Staff's Post-Hearing Request for Information (filed Oct. 12, 2021), Item 1.

¹⁸ Martin County Solar's Response to Siting Board Staff's First Request for Information (filed July 19, 2021), BBC Request, Item 6.

¹⁹ BBC Report, Section C at 11

bounds description, to the Siting Board as soon as it is completed, as well as an update on correspondence with owners of pipelines and wells located on the site.

3. Martin County Solar should control access to the site during construction and operation. All entrances should be gated and locked when not in use. Martin County Solar's access control strategy should include appropriate signage to warn potential trespassers. Martin County Solar should ensure that site entrances and boundaries have adequate signage, particularly in locations visible to the public, local residents, and business owners. According to NESC regulations, the security fence must be installed prior to any electrical installation work.

4. Martin County Solar should coordinate with the KDFW Resources to notify hunters that access at the site will no longer be allowed. Martin County Solar should also incorporate this message into its signage at site entrances and boundaries.

5. Martin County Solar should resubmit its Motion for Deviation from Setback Requirements based on its correction to acknowledge two adjacent residential neighborhoods rather than only one. The Motion should describe Martin County Solar's proposed setbacks based on the distance estimates from facility components (e.g., solar panels) for all applicable adjoining residences.²⁰

Having reviewed the information and data contained in the SAR, the Siting Board finds that Martin County Solar has complied with the requirements for describing the facility and a site development plan, as required by KRS 278.708. However, the Siting Board finds it necessary to impose certain mitigation measures and requirements related to the description of the facility and the proposed site development plan. Specifically, the

²⁰ Martin County Solar filed a Motion to Supplement Motion for Deviation on September 3, 2021.

Siting Board will require that Martin County Solar keep the Siting Board apprised of changes throughout the development of the Project, and as such will order Martin County Solar to provide the final site plan before the commencement of construction. This plan shall clearly indicate and highlight any changes, including those to the design and boundaries of the Project, from the proposed site plan provided to the Siting Board during the pendency of this matter. Additionally, based on the concerns and proposals raised in the BBC Report, the Siting Board further finds that the mitigation measures outlined in Appendix A to this Order, and in particular, items 1–9 shall be adhered to.

Compatibility with Scenic Surroundings

As noted above, the proposed Project site is mainly on reclaimed mine land with small areas of intact forested land on the periphery. The proposed Project site sits approximately 240 feet in elevation above and 1,000 feet away from the nearest residences. Martin County Solar states that, due to this Project being built at an elevation significantly higher than local residences, visual impacts to nearby resources will be minimal. Additionally, given that the Project is sited on a former coal mine, Martin County Solar claims any changes to current visual impacts will be less than those caused by the former land use.²¹ Martin County Solar notes that it has not received any complaints or concerns regarding the Project.²²

The BBC Report concludes the proposed facility is compatible with the scenic surroundings.²³ The BBC Report notes the site is considerably elevated and while the

²¹ Application, Exhibit F, SAR at 6.

²² Martin County Solar's Response to Siting Board Staff's First Request for Information (filed July 19, 2021), BBC Request Item 11.

²³ BBC Report, Section C at 17.

perimeter of site will be visible from surrounding residences, neighborhoods, or community buildings, the project's physical elements will be shielded from view by the site's elevation and existing vegetation.²⁴ The BBC Report recommends the following mitigation measures to address visual impacts:

1. Martin County Solar should retain existing vegetation around the site's perimeter to the extent possible and ensure the long-term health of the existing vegetation for the operation life of the project.

2. While it is not expected, if any components of the facility are visible to neighboring homes after construction, Martin County Solar should assess whether a screening plan is appropriate by consulting with neighbors to determine if there are adverse impacts to their viewshed.

Having reviewed the records of this proceeding, the Siting Board finds that the location of the proposed solar facility, given its elevation and distance from the nearest residences, combined with the pre-existing vegetation around the perimeter, will mitigate the effects the proposed facility will have on the scenic surroundings of the site. However, to ensure the continued compatibility of scenic surrounding, mitigation measures addressing obligations to maintain or further develop vegetative buffers and keep the Siting Board informed of potentially material changes to the site plan are necessary. As such, and based on the record, additional mitigation measures regarding scenic compatibility are outlined in Appendix A to this Order, and in particular, items 10-11.

²⁴ Id. at 14.

Impact on Property Values

With respect to impact on property values, Martin County Solar submitted a Property Value Impact Report from a certified real estate appraiser that finds, based upon a comparative analysis, the solar facility will have no impact on the property values of abutting or adjacent residential or agricultural properties.²⁵ The report indicates that the solar facility would function in a harmonious manner with the nearby surroundings, which is mostly agricultural, and that operation of the solar facility would not generate the level of noise, odor, or traffic impacts to negatively impact the nearby surroundings as compared to a fossil fuel generating facility or other industrial facility.

The BBC Report notes that the central issue with respect to property values impact is whether, and to what extent, the development and operation of the Martin County Solar facility will cause nearby property values to change. The BBC Report reviewed Martin County Solar's Property Value Impact Report, noting that the report contained matched pair analysis and a comparative study analyzing data from numerous solar facilities across the country of property values in proximity to such facilities with similar homes, which are not in close proximity. The BBC Report also more closely examined the data provided in the matched pair sets to determine the likelihood of a positive impact, negative impact, or no impact. The matched pair analysis shows no impact on home values as close as 105 feet when reasonable visual buffers are provided.²⁶ The BBC Report states that the analysis performed on behalf of Martin County Solar is similar to the approach by which appraisers commonly estimate residential property values.

²⁵ Application, Exhibit F, SAR Exhibit B at 17.

²⁶ BBC Report, Section B at 3.

The BBC Report also reviewed recent studies and articles on this subject and notes that no data or analysis has been provided to support the contention that solar developments have had an adverse impact on property values. The BBC Report points to a 2018 study conducted by the LBJ School of Public Affairs at the University of Texas, which involved a survey of public sector property appraisers in 430 counties with commercial solar facilities. This study found that a majority of survey respondents estimated a value impact of zero and geospatial analysis showed that relatively few homes would be impacted.²⁷ The BBC Report also reviewed a 2020 study completed by economists at the University of Rhode Island, which found that in areas of high population density, houses within a one-mile radius depreciate by about 1.7 percent following construction of a solar array.²⁸ However, the BBC Report states these findings were specific to solar sites in suburban areas. There was found to be no statistically significant impact on home prices in rural settings such as the areas surrounding the proposed Martin County Solar facility. Based upon a review of Martin County Solar's SAR, discovery responses, independent research, and information collected from the site visit, the BBC Report concludes that the Martin County Solar facility will unlikely have any meaningful impacts on the property values of adjacent properties or other properties near the solar facility.

Upon review of the Property Value Impact Report, the study conducted by Kirkland Appraisals conflicted with information provided in Martin County Solar's SAR and application. The Property Value Impact Report had 25 fewer land parcels than the

²⁷ BBC Report, Section C at 20–21.

²⁸ BBC Report, Section C at 21.

application and the closest residence from the nearest solar panel was stated as being at a greater distance than as described in other parts of the SAR and application.²⁹ Martin County Solar explained that the Project had expanded its boundaries after the Property Value Impact Report by Kirkland Appraisals was prepared and that the expansion was not expected to change the findings. In response to a request from the Siting Board, Kirkland Appraisals filed a written statement along with supplemental calculations confirming that the expansion of the Project is not substantial enough to impact the findings of the Property Value Report.³⁰

Having reviewed the record, the Siting Board finds that there is sufficient evidence to conclude that the proposed Martin County Solar facility will more than likely not have any adverse impact on nearby property values. The proposed Project site is elevated by more than 200 feet above adjacent residences, neighborhoods, and roads, and for this reason the physical components of the facility should not be viewable from nearby residences.³¹ The characteristics of solar facilities operations is passive in nature in that it does not produce any air, noise, waste, or water pollution, nor does it create any traffic issues during operations.

Impact on Roads, Railways, and Fugitive Dust

With respect to the impact on roads, railways, and fugitive dust, Martin County Solar's Noise and Traffic Study, filed as part of its SAR, notes the proposed solar site will have a primary access point along KY 1439 near the railroad crossing and a second

²⁹ Id.

³⁰ Martin County Solar's Response to Siting Board Staff's Post-Hearing Request for Information (filed Oct. 12, 2021), Item 2.

³¹ BBC Report, Section B at 4.

access point that would provide access to KY 1714 north of Lick Bridge.³² There is one railway adjacent to the proposed site to the west; however, it is located downslope and Martin County Solar states it will not likely be used for any construction or operational activities related to the Project.³³

With respect to road degradation, Martin County Solar estimates that the weight of the main power transformer, which is the largest delivery to site, will be approximately 200,000 pounds, and that, "the subsurface conditions [of the project site] are not expected to be of concern as the heavy loads will be using the existing access roads installed during the mining operations."³⁴ For other standard equipment and supplies, Martin County Solar anticipates a maximum of 100 truck deliveries to site per day.

Martin County Solar recognizes construction and associated land disturbance associated with the proposed project may temporarily contribute airborne materials. To address this, Martin County Solar states the Project will utilize best management practices such as monitoring weather, minimization of disturbance areas, and covering of open piles, to minimize dust.³⁵ Additionally, open-bodied trucks transporting dirt will move slowly and be covered while moving. During construction activities, water may be applied to internal road system to reduce dust generation. Water used for dust control is

³² Application Exhibit F, SAR Exhibit E at unnumbered page 271.

³³ Application, Exhibit F, SAR at 4.

³⁴ Martin County Solar's Response to Siting Board Staff's First Request for Information (filed July 19, 2021), Item 24 and response to BBC Item 4

³⁵ Application Exhibit F, SAR at 10.

authorized under the Kentucky Pollutant Discharge Elimination System (KPDES) as a non-storm water discharge activity, which will be required for the proposed project.³⁶

The Noise and Traffic Study states that, during construction, all highway segments are anticipated to continue to operate at acceptable level of service (LOS) standards during both the peak hours.³⁷ Based upon the Noise and Traffic Study, Martin County Solar asserts the construction for this project will not adversely affect traffic operations on KY 1714 or KY 1439.³⁸ The Noise and Traffic Study further states that, after construction is complete, the future traffic demand related to this project will be less than a typical single-family home and this additional volume of daily traffic is considered negligible and the operational phase of the project will have no measurable impact on the traffic and/or transportation infrastructure.³⁹

The BBC Report indicates that during the construction period, there could be noticeable effects on traffic volumes noticeable to local residents, but due to the low traffic levels at present, is unlikely to impact the level of service on roadways.⁴⁰

The BBC Report further notes the following regarding road conditions and potential degradation of roadways:

"During construction, the anticipated 40 to 60 commuter vehicle roundtrips and up to 100 delivery truck trips would substantially increase local traffic relative to current levels. However, given the low traffic levels at present, and the history of the site as a surface mine, this is unlikely to impact the level of service on nearby roadways. Delivery of the 100-

- ³⁸ Id.
- ³⁹ Id.
- ⁴⁰ BBC Report at 14.

³⁶ Id.

³⁷ Application Exhibit F, SAR Exhibit E, Executive Summary at i.

ton substation transformer will likely present challenges given the existing load rating of KY-1439 and KY-1714."41

The BBC Report states that these challenges can likely be overcome with careful advance planning.

The BBC Report ultimately finds that, while no significant adverse transportation impacts are anticipated, it recommends Martin County Solar pursue the following mitigation measures to ensure that impacts to roadways will be kept to a minimum:

1. Martin County Solar should develop and implement a traffic management plan for the construction phase of the project to minimize impacts on traffic flow and keep traffic safe. As part of this plan, Martin County Solar should implement ridesharing between construction workers as appropriate and feasible due to the COVID-19 pandemic, use appropriate traffic controls or allow flexible working hours outside of peak hours to minimize any potential delays during AM and PM peak hours.

2. Martin County Solar should consult with the Kentucky Transportation Cabinet (KYTC) and the Martin County Road Department as soon as feasible to discuss the anticipated construction-related traffic and the transportation requirements for the power transformer and the KYTC's restrictions on KY-1439 and KY-1714. Martin County Solar should obtain any necessary permits from these agencies.

3. Martin County Solar should commit to rectify any damage to public roads by fixing or fully compensating the appropriate transportation authorities for any damage or degradation to the existing road network that it causes or to which it materially contributes.

⁴¹ BBC Report, Section C at 32.

Having reviewed the record, the Siting Board finds that traffic impacts will require mitigation during construction of the solar facility and will be minimal during its operation. Mitigation measures required for the project, including those related to Martin County Solar's obligations regarding traffic and road degradation, as well as related permits, are necessary based on the concerns and evidence provided by the SAR and BBC Report. As such, Mitigation measures related to traffic and roads are outlined in Appendix A, and in particular, items 12-19.

The Siting Board also believes that fugitive dust should not be an issue given the Applicant's proposed best practices for construction and operational activities. To ensure fugitive dust meets the expectation of not being an issue during the construction phase or operational phase of the solar project, the Siting Board will require Martin County Solar to implement mitigation measure 20 outlined in Appendix A to this Order.

Anticipated Noise Level

Martin County Solar's Noise Assessment report indicates that the project location is in a rural mountainous area and the current land use can be defined as agricultural. Land use adjacent to the project area is comprised of scattered homes, forested land and pastures. Martin County Solar notes that most of the project area was previously cleared and surface mined for coal.⁴²

According to Martin County Solar's Noise Assessment, there are ten residences and four cemeteries within 1,000 feet of the project boundary. The nearest residence is approximately 590 feet from the project boundary at the closest point.⁴³ An active railroad

⁴² Application Exhibit F, SAR Exhibit D, Noise Assessment at 1.

⁴³ *Id*. at 2.

runs between all ten residence and the proposed solar site. Martin County Solar further asserts that the residences are in a valley, 240 feet lower in elevation than the proposed site.⁴⁴

The nearest cemetery is approximately 218 feet from the project boundary and exhibits frequent use, with covered shelters and picnic benches.⁴⁵ The closest shelter is approximately 250 feet from the closest proposed solar panel and approximately 780 feet from the nearest inverter.⁴⁶

Martin County Solar provides that construction of the facility is expected to commence in March of 2022 and be completed in June of 2023.⁴⁷ The loudest source from construction is anticipated to be pile driving equipment. The anticipated noise level due to construction equipment will be approximately 79.8 dBA at 563 feet, the nearest residential receptor and for the nearest cemetery the level is anticipated to be 88 dBA at 218 feet from the project boundary.⁴⁸ Martin County Solar further notes noise levels from construction work is expected to progress across the site and be of shorter duration and at lower levels than historical coal mining activities.⁴⁹ Martin County Solar has requested that construction activities be allowed to take place 8 a.m. to 8 p.m., Monday through Saturday.⁵⁰

⁴⁴ Id.

⁴⁵ *Id*.

⁴⁶ *Id*.

⁴⁹ Application Exhibit F, SAR Exhibit D at 8.

⁵⁰ Martin County Solar's Response to BBC Report at 3.

⁴⁷ Martin Country Solar's Response to Siting Board Staff's First Request for Information (filed July 19, 2021), Item 17.

⁴⁸ BBC Report, Section C at 24.

When the solar facility is operating, there will be periodic noise associated with the solar equipment, intermittent noise from single-axis tracking motors, relatively constant noise from inverters and the substation transformer. The sound level produced by tracking motors is anticipated to be less than 55 dBA at the closest residential receptor approximately 670 feet away.⁵¹ Noise from inverters is described as a hum and is anticipated to be 33 dBA at the closest residential receptor approximately 1,013 feet away from the source.⁵² The noise level from the substation is described as a low frequency hum, with the anticipated level to be 7.0 dBA at the closest receptor, 1,341 feet away.⁵³ Martin County Solar stated that the nearest sound receptor to the battery energy storage system (BESS) would be at distance of 1,921 feet.⁵⁴ Martin County Solar states that it did not find any relevant county noise ordinance.⁵⁵

The BBC Report likewise notes that noise issues stem from construction activities and operational components of the solar facility. During construction, noise from the pile drivers will have the most substantial impact on the nearest noise receptors. The topography of the area, distance and elevation from dwellings, as well as existing mature vegetation will likely mitigate impacts from construction noise.⁵⁶

⁵¹ Martin County Solar's Response to Siting Board Staff's First Request for Information (filed July 19, 20210, Item 20.

⁵² *Id*., Item 19.

⁵³ *Id.*, Item 18.

⁵⁴ Martin County Solar's Response to Siting Board Staff's Post-Hearing Request for Information, Item 6.

⁵⁵ Application, Exhibit F, SAR Exhibit D at 3.

⁵⁶ BBC Report, Section C at 28.

The BBC Report concludes that during operation of the proposed facility noise levels are unlikely to be disruptive to local residents.⁵⁷

The Siting Board finds noise from construction will be intermittent and temporary, and as provided by both Martin County Solar and BBC, construction noise will be loudest during the pile driving portion of the construction process if pile driving is used. Accordingly, the construction noise will not be permanently impactful to nearby residence, while the operational noise from the Project components should have little effect on nearby residents. The Siting Board would note the unique circumstances of this proposed Project, and given the topography, the elevation and distance from the nearest sound receptors, and the mature existing vegetative buffering that can provide noise suppression, the Siting Board will grant Martin County Solar's request for construction hours of 8 a.m. to 8 p.m. Monday through Saturday. For the same reasons, the Siting Board will not mandate that any further noise suppression measure be utilized by Martin County Solar during the construction process. To ensure the impact of construction noise does not unduly impact nearby residents the Siting Board will require Martin County Solar to implement certain mitigation measures outlined in Appendix A to this Order, in particular items 21–24.

Mitigation Measures Proposed by Martin County Solar

Martin County Solar's SAR contained the following mitigation measures that it plans to implement⁵⁸:

⁵⁷ Id.

⁵⁸ Application, Exhibit F, SAR at 10–12.

1. The Project was responsibly sited on the previously disturbed, former Martiki Coal Mine site. Siting solar projects on former coal mine sites minimizes the environmental impact that occurs as a result of all development while presenting a unique opportunity to repurpose land that might not be suitable for other types of development.

2. The Project is sited on a topographic high and surrounded by existing vegetation. Therefore, viewshed impacts to residences in the surrounding area are not expected.

3. The Project has been designed to minimize the amount of tree clearing required.

4. The Project has been designed to avoid impacts to Waters of the US (WOTUS) delineated on site. If impacts to such features becomes necessary, then the impact will be minimized and the appropriate Clean Water Act (CWA) Section 404/401 permit will be obtained from the U.S. Army Corps of Engineers (USACE) and the Kentucky Energy & Environment Cabinet – Department for Environmental Protection – Division of Water (Kentucky DOW).

5. Areas disturbed during Project construction will be revegetated with a mix of noninvasive native and non-native grass seed mixes to improve soil health and reduce storm water runoff.

6. The Project has been designed to avoid impacts and preserve access to four cemeteries located on site.

7. The regulation and permitting of utility scale solar impacts to stormwater and WOTUS will be addressed separately to this Siting Board application.

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8. Regulatory Agency: Kentucky DOW: The Project will obtain a Kentucky Department of Environmental Protection Storm water Construction General Permit from the Kentucky DOW in compliance with the CWA.

9. Regulatory Agency: USACE – Louisville District: The Project has been designed to avoid impacts to WOTUS. However, if impact becomes necessary then Martin County Solar will coordinate with the USACE – Louisville District and the appropriate CWA Section 404 permit 12 will be obtained. If necessary, a CWA Section 401 Water Quality Certification will be obtained from the Kentucky DOW.

II. <u>Requirements under KRS 278.710(1)</u>

In addition to the evaluation of the factors contained in the SAR, KRS 278.710(1) directs the Siting Board to consider the following additional criteria set forth below in rendering a decision

Economic Impact on Affected Region and State:

Martin County Solar's Economic Impact Report (El Report) was prepared by Strategic Economic Research, LLC using National Renewable Energy Laboratory's (NREL) Jobs and Economic Development Impacts Model (JEDI).⁵⁹ According to the El Report, the Martin County Solar project is expected to have significant impacts on the economies of Martin County and Kentucky as a whole, bringing new employment, spending, and taxes to the areas.

The EI Report analyzes the direct, indirect, and induced impacts to both the state of Kentucky and Martin County. Direct impacts refer to any construction or maintenance-

⁵⁹ Application, Exhibit E, Economic Impact Analysis of Martin County Solar Project at 17.

related employment, wages, and spending associated specifically with the project.⁶⁰ Indirect impacts refer to secondary employment and wages that occur outside the project, but support the completion and operation of the solar site, such as materials and supplies purchased from local businesses.⁶¹ Induced impacts refer to employment and wages, unrelated to the project, that result from the increase in business and household spending, stemming from the direct and indirect impacts.⁶² Lastly, total impact refers to the combination of the direct, indirect, and induced impacts. Tax revenues will also contribute to the overall economic impact of the project.

An economic impact analysis was performed separately for, the construction phase, and the operation phase of the Project. The construction phase is estimated to last approximately 12 to 18 months, with the majority of economic impact occurring in the construction sector.⁶³ Martin County Solar estimates a direct impact of up to 180 full-time equivalent workers (FTE) in Martin County over the 12 to 18 month construction period with a direct payroll of \$17.2 million.⁶⁴ Martin County Solar estimated the portion of labor that would come from within the county using industry averages of comparable projects.⁶⁵ The total direct and indirect impact to Martin County is estimated to be 251 FTE jobs with a new payroll of around \$20.5 million.⁶⁶ A full analysis for the state of Kentucky estimated

⁶⁰ Id.

⁶¹ *Id.* at 18.

⁶² Id.

⁶³ *Id.* at 17–18 and 20.

⁶⁴ Id. at 19 and 21.

⁶⁵ Martin County Solar's Responses to Siting Board Staffs First Request for Information (filed July 19, 2021), Item 13.

⁶⁶ Application Exhibit E, Economic Impact Analysis of Martin County Solar Project at 19 and 22.

a total direct and indirect impact of 502 jobs created or retained, and a payroll of \$39.3 million.⁶⁷ Other sectors are expected to be affected as contractors purchase supplies and materials from businesses in the area and workers spend a portion of their incomes at local businesses.⁶⁸

The operation phase stands to bring fewer economic impacts to a variety of businesses in the areas, but is expected to have a longer-term impact that is estimated to last 20 to 30 years.⁶⁹ Martin County Solar estimated 11 FTE jobs to support continued operation of the site over the 20–30 year Project life.⁷⁰ The Operation Phase will have an additional combined indirect and induced impact of 16.2 and 21.2 jobs throughout the county and state, respectively.⁷¹ Total payroll over the over the term, is expected to be \$3.6 million in the state of Kentucky.⁷²

Martin County Solar sought a Payment in Lieu of Taxes (PILOT) agreement with Martin County.⁷³ The EI Report assumes that the project will pay a PILOT amount of \$1,500 per MWac of installed capacity, annually.⁷⁴ In addition, Martin County Solar is expected to pay to Kentucky a rate of \$0.0015 per \$100 of assessed value on both the

⁶⁷ Id.

- ⁶⁸ Id.
- ⁶⁹ Id.
- ⁷⁰ Id. at 19.
- ⁷¹ Id.
- 72 Id. at 21.
- ⁷³ Id. at 22.
- ⁷⁴ *Id.* at 23.

manufacturing machinery and the tangible personal property on the site. Over a 30 year operational period, this amounts to a total of \$9.3 million in property tax revenues to Martin County and Kentucky.

Having reviewed the record, the Siting Board finds that the Martin County Solar facility will have a positive economic impact on the region for the reasons set forth above regarding job creation and retention, economic impact to other sections, and tax revenue.

Existence of Other Generating Facilities

Martin County Solar states that it is rare for utility-scale solar projects to be colocated with existing electricity generating infrastructure, such as a coal or natural gas fired power plant. Efforts were made to site the Project where there is existing electricity transmission infrastructure.⁷⁵ This Project is located on reclaimed coal mine land with an existing substation and transmission lines.⁷⁶ At the Project's expense, Kentucky Power will expand the existing breaker-and-half substation to include the addition of a new string and installation of two (2) 138 kV circuit breakers to interconnect the Project.⁷⁷

KRS 278.710(1)(d) provides that the Siting Board must consider whether a merchant plant is proposed for a site upon which facilities capable of generating 10 MW or more of electricity are currently located. Although the site upon which the Martin County Solar facility will be located does not contain any other generating facilities, the Siting Board notes the selected site will encompass an existing transmission line and Martin County Solar will be able to directly interconnect its solar facility to that of the

⁷⁷ Id.

⁷⁵ Application at 9–10.

⁷⁶ Id.

existing transmission line without the need for any additional land.⁷⁸ Also, as previously determined, the generally passive characteristics of the solar facility will be compatible with the surrounding area.

Local Planning and Zoning Requirements

Martin County Solar states that the proposed solar facility will be located entirely in Martin County, and that there are no setback requirements established by a planning and zoning commission for the location of the project.⁷⁹ Martin County Solar certifies that the Project will follow any applicable local ordinances and regulations concerning noise control, and with any applicable local planning and zoning ordinances.⁸⁰

The Siting Board finds that Martin County Solar's certification, that the proposed solar facility will meet all local planning and zoning requirements that existed on the date the application was filed, satisfies the requirements of KRS 278.710(1)(e).

Impact on Transmission System

Martin County Solar states the Project is within the American Electric Power (AEP) service territory, and therefore, the interconnection of the project will be on the Kentucky Power system and will interconnect with PJM Interconnection, LLC (PJM), the regional transmission organization.⁸¹ The PJM interconnection process requires three study phases; Feasibility Study, System Impact Study, and Facilities Study.⁸²

⁷⁸ Id.

⁸⁰ Id.

⁸¹ *Id*. at 10.

⁸² Id.

⁷⁹ Application, Exhibit C at unnumbered page 1.

The purpose of the feasibility study is to determine a plan, with estimated cost and construction time, to connect the proposed Martin County Solar facility to the PJM network at a location specified by Martin County Solar. The purpose of the facilities study encompasses the engineering design work necessary to begin construction of required expansion plan upgrades identified by PJM to accommodate an interconnection request. The System Impact Study determines potential impacts to the regional electric grid and the need for any network upgrades to mitigate potential impacts. PJM issued the Systems Impact Report on the Martin County Solar project in August 2020.⁸³ The Systems Impact Report on the Martin County Solar will be responsible for attachment facilities, direct connection network upgrade, and non-direct connection network upgrade costs of approximately \$2,408,000.⁸⁴

KRS 278.710(f) provides that the Siting Board should consider whether the additional load imposed upon the electricity transmission system by use of the Martin County Solar facility will adversely affect the reliability of service for retail customers of electric utilities regulated by the Public Service Commission (PSC). Having reviewed the record, the Siting Board finds that the proposed solar facility will not adversely impact the reliability of service provided by retail electric utilities under the PSC's jurisdiction based upon Martin County Solar's commitment to the interconnection process and protocols and its acceptance of any cost obligations resulting from the interconnection process and protocols and protocols consistent with the requirements under KRS 278.212. The Siting Board finds that Martin County Solar has satisfied the requirements of KRS 278.710(f).

⁸³ Application, Exhibit D at 6.

⁸⁴ Id.
Compliance with Setback Requirements

Martin County Solar's application acknowledges that KRS 278.706(2)(e) requires all proposed structures or facilities used for generation of electricity to be at least 2,000 feet from any residential neighborhood, school, hospital, or nursing home facility subject to a certain exception that is not applicable in this instance. KRS 278.700(6) defines "residential neighborhood" as a populated area of five or more acres containing at least one residential structure per acre. Martin County Solar states that there are two residential neighborhoods near the Project.⁸⁵ Martin County Solar filed a motion, and supplemental motion, pursuant to KRS 278.704(4), seeking a deviation from the 2,000 foot setback requirement, and is seeking approval for a 590 foot setback from two residential neighborhoods that lie within 2,000 feet of the Project site.⁸⁶ Without a deviation, all proposed structures or facilities used for generation of electricity must be located more than 2,000 feet from any residential neighborhood.⁸⁷ Pursuant to KRS 278.704(4), the Board may grant a deviation from the 2,000-foot setback requirements if it is determined that the proposed facility as designed and as located would meet the goals of in KRS 224.10-280 (Cumulative Environmental Assessment), KRS 278.010 (definitions), KRS 278.212 (costs of upgrading existing grid), KRS 278.214 (curtailment of service), KRS 278.216 (site assessment report), KRS 278.218 (transfer of

⁸⁵ Martin County Solar's Application and Motion to Deviate (filed July 7, 2021) stated there was one residential neighborhood near, but it was further clarified in Martin County Solar's Motion to Supplement Motion to Deviate (filed Sept. 3, 2021) that there are two neighborhoods within the applicable distance from the Project.

⁸⁶ Motion for Deviation; Motion to Supplement Motion to Deviate.

⁸⁷ Motion for Deviation from Setback Requirements at 3.

ownership), and KRS 278.700 to KRS 278.716 (Siting Board requirements) at a distance closer than the required 2,000 feet.

KRS 224.10–280 provides that no person shall commence to construct a facility to be used for the generation of electricity unless that person has submitted a cumulative environmental assessment (CEA) to the Energy and Environment Cabinet (Cabinet). In its motion, Martin County Solar proffers that the Project is designed and located to meet the goals of KRS 224.10–280, advising that its CEA provides an in-depth analysis of the potential air pollutants, water pollutants, wastes, and water withdrawal associated with the proposed merchant solar facility.

The CEA shows that the Martin County Solar facility will produce zero emissions and that minimal, indirect air emissions will occur during construction through the operation of vehicles and equipment and mowing, but no air quality permit is required for these construction or ancillary activities.

With respect to water evaluation, Martin County Solar will conduct Project construction activities in compliance with Kentucky Division of Water's (KDOW) Construction Storm Water Discharge General Permit for any construction activities that disturb one acre or more. Contractors will be required to use best management practices, such as silt fences, sediment basins, and buffer zones, in order to minimize the impacts of stormwater runoff and will implement a stormwater pollution prevention plan to comply with KDOW requirements.⁸⁸ Martin County Solar states that with the use of best

⁸⁸ Id. at 5.

management practices that will be followed to minimize impacts associated with construction.⁸⁹

The Siting Board finds that if wetlands or streams are disturbed during construction or operation, they shall only be disturbed according to applicable law, including the securing of any necessary permits.

With respect to waste evaluation, the CEA notes that construction activities will generate solid waste consisting of construction debris and general trash, such as wood, cardboard, and plastic packaging. Martin County Solar states that wastes developed during construction and operation will be recycled where practicable or otherwise disposed of in accordance with applicable regulations. The Project could also generate very small amounts of hazardous waste. The Project would be considered a conditionally exempt small quantity generator. Any hazardous waste will be managed offsite at a permitted facility.⁹⁰

With respect to managing water withdrawal and usage, the Martin County Solar facility will primarily utilize existing or new water wells. Construction-related water use would support site preparation (including dust control, if applicable) and grading activities. Similar to other solar facilities, the Martin County Solar project is not water intensive during the operational phase.⁹¹

Martin County Solar states that, based upon the CEA submitted to the Cabinet, the goals of the requirements of KRS 224.10-280 have been met.

⁸⁹ *Id.* at 5.

⁹⁰ Id. at 6.

⁹¹ Id. at 7.

With respect to KRS 278.010, Martin County Solar states that this statutory provision sets forth the definitions to be used in conjunction with KRS 278.010 to KRS 278.450, KRS 278.541 to KRS 278.544, KRS 278.546 to KRS 278.5462, and KRS 278.990. Martin County Solar asserts that the Siting Board's authority begins with KRS 278.700 and extends through KRS 278.716 and any applicable provision of KRS 278.990. Martin County Solar contends that in filing a complete application pursuant to the applicable statutes in this proceeding, the company has satisfied the goal of providing the required information utilizing the definition of any applicable term defined in KRS 278.010.

KRS 278.212 requires the filing of plans and specifications for electrical interconnection with merchant electric generating facility and imposes the obligation upon a merchant electric generating developer for any costs or expenses associated with upgrading the existing electricity transmission grid as a result of the additional load caused by a merchant electric generating facility. Martin County Solar avers that it has met the goals of KRS 278.212 because Martin County Solar will comply with all applicable conditions relating to electrical interconnection with utilities by following the PJM interconnection process. Additionally, Martin County Solar states that it will accept responsibility for appropriate costs which may result from its interconnecting with the electricity transmission grid.

KRS 278.214 governs the curtailment of service and establishes the progression of entities whose service may be interrupted or curtailed pursuant to an emergency or other event. Martin County Solar states that it will abide by the requirements of this provision to the extent that these requirements are applicable.

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KRS 278.216 requires utilities under the jurisdiction of the Kentucky PSC to obtain a site compatibility certificate before beginning construction of an electric generating facility capable of generating more than 10 megawatts. An application for a site compatibility certificate should include the submission of a site assessment report as prescribed in the applicable Siting Board statutes. Martin County Solar states that it is not a utility under the jurisdiction of the Kentucky PSC. However, Martin County Solar states that it has nonetheless met the requirements of KRS 278.216 by complying with the requirements of KRS 278.700 *et seq.*, including the submission of an SAR.

KRS 278.218 provides that no transfer of utility assets having an original book value of \$1 million or more without prior approval of the Kentucky PSC if the assets are to be transferred by reasons other than obsolescence or the assets will continue to be used to provide the same or similar service to the utility or its customers. Martin County Solar states that it is not a utility as that term is defined in KRS 278.010(3). However, to the extent Siting Board approval may at some time be required for change of ownership or control of assets owned by Martin County Solar, Martin County Solar states that it will abide by the applicable rules and regulations that govern its operation.

KRS 278.700 *et seq.* governs the Siting Board's jurisdiction and process. Martin County Solar states that it has met the goals set forth in these provisions as evidenced by the application in its entirety. Martin County Solar further states that it has provided a comprehensive application with a detailed discussion of all of the criteria applicable to its proposed facility under KRS 278.700–278.716.

Having reviewed the record and being otherwise sufficiently advised, the Siting Board finds that Martin Solar has demonstrated the proposed facility as designed and as

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located would meet the goals of the various statutes set forth in KRS 278.704(4) at a distance closer than the required 2,000 feet and is therefore permitted to a deviation from the 2,000-foot setback requirement to the distances requested and as noted below. The Siting Board notes that the mitigation requirements imposed in the Compatibility with Scenic Surroundings and Noise and Anticipated Noise Level sections will also provide some level of protection for persons occupying a property adjacent to the proposed solar facility with respect to noise, obstruction of views, and traffic. Based on the record in this matter, including the results of the noise and traffic study, Martin County Solar shall not place the BESS or solar panels closer than 590 feet from any residence, and shall not place inverters closer than 1,000 feet from any residence. This mitigation measure is outlined in Appendix A, item 24.

History of Environmental Compliance

Martin County Solar states that neither Martin County Solar, nor any entity with ownership interest in the Project, has violated any state or federal environmental laws or regulations. There are no pending actions, judicial or administrative, against Martin County Solar nor any entity with ownership interest in the Project.⁹²

KRS 278.710(1)(i) directs the Siting Board to consider whether Martin County Solar has a good environmental compliance history. In light of Martin County Solar's verified statement and no evidence to the contrary, the Siting Board finds that Martin County Solar has satisfied the requirements of KRS 278.710(1)(i). Nevertheless, the Applicant shall seek approval for any change in control or ownership so the Siting Board can ensure ongoing compliance with the law that no entity with a proposed ownership

⁹² Application at 11–12.

interest in the Project, has violated any state or federal environmental laws or regulations, and that there are no pending actions against any entity with a proposed ownership interest in the Project.

Decommissioning

The proposed solar facility would have an expected useful life of approximately 20 to 30 years.⁹³ Martin County Solar states that decommissioning requirements exist in its land agreements with the surface landowners for the Project.⁹⁴ However, Martin County has not prepared a formal decommissioning plan. The Siting Board finds mitigation measures are necessary to ensure that all parties are protected from potential nonperformance of decommissioning obligations. The Siting Board will require Martin County Solar to implement mitigation measures that require Martin County Solar and its successors and assigns to meet all land restoration requirements in the surface landowner agreements, as well as mitigation measures that require a decommissioning plan specific to Martin County Solar's Project. These mitigation measures are outlined in Appendix A, in particular items 25–30.

CONCLUSION

After carefully considering the criteria outlined in KRS Chapter 278, the Siting Board finds that Martin County Solar has presented sufficient evidence to support the issuance of a deviation from the setback requirements of KRS 278.704(2) and a Certificate to construct the proposed merchant solar facility. The Siting Board conditions its approval upon the full implementation of all mitigation measures described herein and

⁹³ Id. at 76.

⁹⁴ September 28, 2021 Hearing at 9:40:41.

listed in Appendix A to this Order. A map showing the location of the proposed solar generating facility is attached hereto as Appendix B.

IT IS THEREFORE ORDERED that:

1. Martin County Solar's Motion to Supplement Pending Motion for Deviation is granted.

2. Martin County Solar's application for a Certificate to Construct an approximately 200 MWac merchant solar electric generating facility in Martin County, Kentucky, is conditionally granted subject to full compliance with the mitigation measures and condition prescribed in Appendix A.

3. Martin County Solar's motion for deviation from the 2,000-foot setback requirement is granted in part, such that a 590 foot setback requirement shall apply to each of the two neighborhoods that lie within 2,000 feet of the Project site. In addition, a 1,000 foot setback shall apply to Inverters.

4. Martin County Solar shall fully comply with the mitigation measures and conditions prescribed in Appendix A.

5. In the event mitigation measures within the body of this Order conflict with those prescribed in Appendix A, the measures in Appendix A shall control.

6. This case is closed and removed from the Commission's docket.

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By the Kentucky State Board on Electric Generation and Transmission Siting



ATTEST:

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Executive Director Public Service Commission on behalf of the Kentucky State Board on Electric Generation and Transmission Siting

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION AND TRANSMISSION SITING IN CASE NO. 2021-00029 DATED NOV 15 2021

MITIGATION MEASURES AND CONDITIONS IMPOSED

The following mitigation measures and conditions are hereby imposed on Martin County Solar LLC (Martin County Solar) to ensure that the facilities proposed in this proceeding are constructed as ordered.

1. A final site layout plan shall be submitted to the Siting Board upon completion of the final site design. Deviations from the preliminary site layout provided in in the Martin County Solar's responses to the Siting Board Staff's Post-Hearing Request for Information should be clearly indicated on the revised graphic. Those changes shall include, but are not limited to, location of solar panels, inverters, transformers, substation, operation and maintenance building or other Project facilities and infrastructure.

2. Any change in the Project boundaries from the information that formed this evaluation shall be submitted to the Siting Board for review.

3. The Siting Board will determine whether any deviation in the boundaries or site layout plan is likely to create a materially different pattern or magnitude of impacts. If not, no further action is required, but if yes, the application will support the Siting Board's effort to revise its assessment of impact and mitigation requirements.

4. A final, Project specific, construction schedule, including revised estimates of on-site workers and commuter vehicle traffic, shall be submitted to the Siting Board. Deviations from the preliminary construction schedule provided in this matter should be clearly indicated.

5. The Siting Board will determine whether any deviation to the construction schedule or workforce estimates is likely to create a materially different pattern or magnitude of impacts. If not, no further action is required, but if yes, Martin County Solar will support the Siting Board's effort to revise its assessment of impacts and mitigation requirements.

6. Martin County Solar or its contractor will control access to the site during construction and operation. All construction entrances will be gated and locked when not in use.

7. Martin County Solar's access control strategy shall also include appropriate signage to warn potential trespassers. Martin County Solar must ensure that all site entrances and boundaries have adequate signage, particularly in locations visible to the public, local residents, and business owners.

8. According to National Electrical Safety Code regulations, the security fence must be installed prior to any electrical installation work. The substation will have its own separate security fence and locked access installed.

9. Martin County Solar should coordinate with the Kentucky Department of Fish and Wildlife Resources to notify hunters that access at the site will no longer be allowed. Martin County Solar should also incorporate this message into its signage at site entrances and boundaries.

10. Martin County Solar shall not remove any existing vegetation around the site's perimeter unless the existing vegetation needs to be removed, except to the extent it must remove such vegetation for the construction and operation of Project components.

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11. While it is not expected, if any components of the facility are visible to neighboring homes after construction, Martin County Solar shall assess the feasibility of a screening plan, including consulting with neighbors to determine whether there are adverse impacts to their viewshed. If a screening plan is considered, regardless of whether it is ultimately implemented, notice of such consideration shall be filed with the Siting Board.

12. Martin County Solar shall fix or pay for damage resulting from any vehicle transport to the project site in accordance with all applicable transportation permits obtained from state and local road authorities. For damage resulting from vehicle transport in accordance with all permits, those permits will be controlling.

13. Martin County Solar shall comply with all laws and regulations regarding the use of roadways.

14. Martin County Solar shall implement ride-sharing between construction workers when feasible, use appropriate traffic controls or allow flexible working hours outside of peak hours to minimize any potential delays during AM and PM peak hours.

15. Martin County Solar will consult with the Kentucky Transportation Cabinet (KYTC) regarding truck and other construction traffic and obtain necessary permits from the KYTC.

16. Martin County Solar will consult with the Martin County Road Department (MCRD) regarding truck and other construction traffic and obtain necessary permits from the MCRD.

17. Martin County Solar shall develop special plans and obtain necessary permits before bringing the very heavy loads, especially the substation transformer, onto state or county roads.

18. Martin County Solar shall comply with any road use agreement executed with MCRD. Such an agreement might consider special considerations for overweight loads, routes utilized by heavy trucks, road weight limits, and bridge weight limits.

19. Martin County Solar shall develop and implement a traffic management plan to minimize the impacts on traffic flow and keep traffic safe. Any such traffic management plan shall also identify any noise concerns during the construction phase and develop measures that would address those noise concerns.

20. Martin County Solar shall properly maintain construction equipment and follow best management practices related to fugitive dust throughout the construction process. Dust impacts shall be kept at a minimal level. The Siting Board expects the Applicant's compliance with 401 KAR 63:010.

21. Martin County Solar is required to limit the construction activity, process, and deliveries to the hours between 8 a.m. and 8 p.m. Monday through Saturday. Non-noise-causing and non-construction activities can take place on the site between 7 a.m. and 10 p.m., Monday through Sunday, including field visits, arrival, departure, planning meetings, mowing, surveying, etc.

22. Martin County Solar shall notify residents and businesses within 2,400 feet of the project boundary about the construction plan, the noise potential and mitigation plans one month prior to the start of construction. 23. Martin County Solar shall implement a Customer Resolution Program to address any complaints from surrounding landowners. Martin County Solar shall also submit annually a status report associated with its Customer Resolution Program, regardless of whether any complaints are received in any given year. The annual status report should provide, among other things, any individual complaints, how Martin County Solar addressed those complaints, and the ultimate resolution of those complaints identifying whether or not the resolution was to the complainant's satisfaction.

24. Martin County Solar shall place panels, inverters and substation equipment consistent with the distances to noise receptors indicated in Martin County Solar's noise and traffic study. Nevertheless, Martin County Solar shall not place solar panels closer than 590 feet from a residence, and shall not place an inverter or BESS closer than 1000 feet from a residence.

25. As applicable to individual landowner agreements, Martin County Solar, its successors, or assigns will abide by the specific land restoration commitments agreed to by individual property owners, as described in each landowner agreement.

26. Martin County Solar shall file a full and explicit decommissioning plan with the Siting Board. This plan shall commit Martin County Solar to removing all facility components, above-ground and below-ground, regardless of depth, from the project site and Martin County at the cessation of operations. If the facility components are properly disposed of at a permitted facility, they do not have to be physically removed from Martin County. Upon its completion, this plan shall be filed with the Siting Board or its successors. The decommissioning plan shall be completed at least one month prior to construction of the Project.

27. Martin County Solar shall be required to file a bond, equal to the amount necessary to effectuate the explicit decommissioning plan naming Martin County as a third-party (or secondary, in addition to individual landowners) beneficiary, in addition to the owners of the subject property insofar as the landowner agreements contain a decommissioning bonding requirement, so that Martin County will have the authority to draw upon the bond to effectuate the decommissioning plan. For land in which there is no bonding requirement otherwise, Martin County shall be the primary beneficiary of the decommissioning bond for that portion of the project. The bond(s) shall be filed with the Martin County Treasurer or with a bank, title company or financial institution reasonably acceptable to the county. That acceptance can be evidenced by a letter from the Judge Executive, the fiscal court, or the County Attorney. The bond shall be in place at the time of commencement of operation of the Project. The bond amount shall be reviewed every five years at Martin County Solar's expense to determine and update the cost of removal amount. This review shall be conducted by an individual or firm with experience or expertise in the costs of removal or decommissioning of electric generating facilities. Certification of this review shall be provided to the Siting Board or its successors and the Martin County Fiscal Court. Such certification shall be by letter and shall include the current amount of the anticipated bond and any change in the costs of removal or decommissioning.

28. If any person shall acquire or transfer ownership of, or control, or the right to control the Project, by sale of assets, transfer of stock, or otherwise, or abandon the same, Martin County Solar or its successors or assigns shall provide explicit notice to the Siting Board and the Martin County Fiscal Court. 29. Martin County Solar or its assigns must provide notice to the Siting Board if during any two-year period, it replaces more than twenty percent of its facilities. Martin County Solar shall commit to removing the debris and replaced facility components from the project site and Martin County upon replacement. If the replaced facility components are properly disposed of at a permitted facility, they do not have to be physically removed from Martin County. However, if the replaced facility components remain in Martin County, Martin County Solar must inform the Siting Board of where the replaced facility are being disposing of.

30. Any disposal or recycling of Project equipment, during operations or decommissioning of the Project, shall be done in accordance with applicable laws and requirements.

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY STATE BOARD ON ELECTRIC GENERATION AND TRANSMISSION SITING IN CASE NO. 2021-00029 DATED NOV 15 2021

Martin County Solar, LLC Site Map

ONE PAGE TO FOLLOW





EXHIBIT C





EXHIBIT D

EXHIBIT B to RESOLUTION OF THE MARTIN COUNTY FISCAL COURT

FORM OF PAYMENT IN LIEU OF TAXES AGREEMENT

* * * * *

PAYMENT IN LIEU OF TAXES AGREEMENT

THIS PAYMENT IN LIEU OF TAXES AGREEMENT, made as of [Closing Date] (this "Agreement"), by and between the COUNTY OF MARTIN, KENTUCKY, a county and political subdivision in and of the Commonwealth of Kentucky (the "County"), the BOARD OF EDUCATION OF MARTIN COUNTY, KENTUCKY, a political subdivision of the Commonwealth of Kentucky (the "Board of Education"), [the KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY, an agency and political subdivision of the Commonwealth of Kentucky ("KEDFA"),] [the Commonwealth of Kentucky, acting by and through the KENTUCKY DEPARTMENT OF REVENUE (the "DOR"),] and MARTIN COUNTY SOLAR PROJECT, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the "Company").

RECITALS:

A. The Company desires to develop, design, construct, own or lease, and operate a solar photovoltaic electric generating facility in the County (the "<u>Project</u>") on land within the geographic boundaries of the County. The Company intends for the Project to have a maximum installed capacity of 100 to 200 megawatts of alternating current ("<u>MWac</u>") developed in one or more phases (each, a "Phase" and collectively, the "Phases").

B. The Company has requested the County to assist with the construction of the Project through the issuance of up to \$300,000,000 principal amount of the County Industrial Revenue Building Bonds, in one or more series (the "<u>Bonds</u>"), pursuant to the Industrial Building Revenue Bond Act (Section 103.200 et seq.) of the Kentucky Revised Statutes (the "<u>Act</u>").

C. Pursuant to the Act, the Company proposes to transfer all, or substantially all, of the equipment and materials, including, without limitation, solar panels, racking, trackers, inverters, transformers, and wiring, for the Project (the "Personal Property") to the County via a bill of sale, to construct the Project on land leased by the Company, and to lease the Personal Property from the County pursuant to a Lease Agreement between the County and the Company.

D. [KRS 132.020(1)(b) provides that the owner shall pay an annual ad valorem tax for state purposes at the rate of 1-1/2 cents (\$0.015) upon each one hundred dollars (\$100) of value of all privately-owned leasehold interests in industrial buildings, as defined under KRS 103.200, owned and financed by a tax-exempt governmental unit under the provisions of KRS Chapter 103, upon the prior approval of the KEDFA, except that the rate shall not apply to the proportion of value of the leasehold interest created through any private financing.

E. KRS 103.210(1) provides that any industrial buildings financed by bonds pursuant to KRS 103.200 to 103.285 and leased in connection with the bond financing from a tax-exempt governmental unit shall require the prior approval by KEDFA of the reduced ad valorem tax for industrial buildings under KRS 132.020. Pursuant to KRS 103.210(1), KEDFA has approved the application of the County and the Company for reduced state *ad valorem* tax for the Project under KRS 132.020 upon the terms provided in this Agreement.]

F. Pursuant to KRS 103.285 and Section 170 of the Kentucky Constitution, the Personal Property financed with proceeds of the Bonds will not be subject to local *ad valorem* (property) taxes so long as the Bonds are outstanding.

G. In connection with the issuance of the Bonds, the Company desires to make a payment in lieu of taxes in the annual amount of \$1,500 per installed MWac of capacity of the Project, which would result in \$300,000 annually if the full capacity of the Project is developed, payable in accordance with the terms of this Agreement.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. PROJECT EXEMPT FROM TAXATION. It is understood, acknowledged and agreed by the parties that pursuant to KRS 103.285 and Section 170 of the Kentucky Constitution, the Project, to include Personal Property owned by the County, is exempt from *ad valorem* taxation by the County, the Board of Education, and other political subdivisions in Kentucky to the same extent as other public property used for public purposes, so long as same is owned by the County.

2. AGREEMENT TO MAKE LOCAL PILOT PAYMENTS.

a. In consideration of the County's agreement to issue the Bonds and to take all other actions authorized in connection with the issuance of the Bonds, subject to the provisions below, the Company hereby agrees that in each calendar year during the term of this Agreement beginning on the first January 1st assessment date following the calendar year in which the Project is placed in service (each an "<u>Assessment Date</u>") that the County owns the Personal Property that the Company <u>shall make</u> the following payments (the "<u>Local PILOT Payments</u>") for each of the Assessment Dates during the term of the Bond with respect to the portion of the Project financed with the proceeds of the Bond:

(1) To the County for its general fund, an amount equal to the product of \$_____ [insert portion of \$1,500 allocable to the County] <u>multiplied by</u> the installed MWac capacity of the Project (the "Installed Capacity"); and

(2) To the Board of Education, an amount equal to the product of [insert portion of \$1,500 allocable to the Board of Education] multiplied by the Installed Capacity.

(3) [additional taxing authorities TBD]

b. Any Local PILOT Payments payable in a calendar year hereunder shall be paid at the same time and in the same manner as are County property taxes for such calendar year, except that the Company shall deliver the respective payments to the addresses provided in <u>Section 5</u> below, instead of to the regular tax collector. The Local PILOT Payments for each such calendar year shall be due and payable in full no later than December 31 of such year or a later date established pursuant to KRS 134.015. If the Company pays a Local PILOT Payment after December 31 or a later due date established pursuant to KRS 134.015, the Company shall increase said PILOT Payment by the corresponding penalty percentage established by KRS 134.015.

3. ADDITIONAL OBLIGATIONS. The County covenants that, to the extent permitted by law, it will not take any action which may be reasonably construed as tending to cause or to induce the levy or assessment of ad valorem or other taxes with respect to the Project until the date on which the Bonds have been fully paid or otherwise are no longer outstanding. If any such levy or assessment is threatened or occurs prior to such date, the County shall, at the request of the Company, fully cooperate with the Company in all reasonable ways to prevent or to overturn any such levy or assessment. As an inducement for the Company to effect the Bonds and to enter into this Agreement, the County hereby covenants that it (a) shall not take any action whatsoever which may be reasonably construed as tending to cause or induce the (1) loss of the exemption of the Project, or (2) levy any ad valorem or other taxes or assessments with respect to the Project for so long as the Bonds are outstanding, (b) will cooperate with the Company in any legal proceeding or in any public or private forum to avert the challenge of the validity, enforceability or the amount of the exemption of the Project or the terms of this Agreement, (c) will support any land use approvals required for the Project, (d) will use its best efforts to expedite the review and approval of all health, safety, construction and other permits required for the Project, (e) will support the Company and the Project in its petition for a construction certificate before the Kentucky Electric Generation and Transmission Siting Board, and (f) will support the award of allowable incentives before the Kentucky Economic Development Finance Authority.

4. **TERMINATION**. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall terminate on the day immediately following the date that the Bond is no longer issued and outstanding and nothing in this Agreement shall be construed to guarantee that the Company will commence or complete construction of the Project or to require any minimum level of capacity to be developed.

5. NOTICES. All notices, certificates or other communications under this Agreement shall be sufficiently given and shall be deemed given when delivered or mailed by nationally recognized overnight carrier or registered or certified mail, postage prepaid, addressed as follows:

If to the County, at:	
If to the Board of Education, at:	

[If to KEDFA, at:]
[If to the DOR, at:]
If to the Company, at:	Scott Zeimetz Martin County Solar Project, LLC 422 Admiral Blvd Kansas City, MO 64106
with a copy to	Brian Zoeller Frost Brown Todd LLC 400 W. Market Street, 32 nd Floor Louisville, KY 40202

The parties may by notice given hereunder designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

6. MISCELLANEOUS.

a. <u>Entire Agreement</u>. This Agreement contains all of the agreements and conditions made between the parties hereto regarding the subject matter of this Agreement and there are no other agreements or understandings, written or oral, between the parties relating to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings, written and oral, between the parties with respect to such subject matter. This Agreement may not be modified orally or in any other manner than by an agreement in writing signed by both parties hereto or their respective successors in interest. The invalidity, illegality or unenforceability of any provision of this Agreement will not affect the validity, legality or enforceability of the remaining provisions.

b. <u>Assignment; Binding Effect</u>. Company shall be permitted to assign, in whole or in part, this Agreement and its obligations under this Agreement without the prior consent of the County or the Board of Education. This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns. Without limiting the foregoing, to the extent the Company (or the then current owner of the applicable Phase of the Project) assigns or partially assigns the rights, obligations, and interests of this Agreement as they relate to one or more Phases, the County and Board of Education agree to look solely to the owner of each respective Phase with respect to the payment of such Phase's proportionate share of Local PILOT Payments based on installed MWac, and shall release the owner of any other Phase from any and all liability with respect to Local PILOT Payments relating to any particular Phase owned by any other party. To the extent of an occurrence and continuance of a default caused by the owner of any one Phase under this Agreement, the County and Board of Education acknowledge

and agree that they shall have the right to partially exercise remedies under the Agreement with respect only to that Phase of the Project under which a default has occurred and is continuing, and the non-defaulting Phase or Phases and the respective developer, owner, or operator thereof shall not be subject to any such remedies and the Agreement with respect to such non-defaulting Phases shall remain in full force and effect. If requested by a party or any assignee thereof, each party hereto agrees to provide such further assurances and execute such additional documents as may be reasonably requested by the other party to give effect to the foregoing assignment and related provisions regarding Project phasing.

c. <u>Execution in Counterparts</u>. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

d. <u>Applicable Law</u>. This Agreement shall be governed by and construed in accordance with the laws of the State.

e. <u>Captions</u>. The captions or headings in this Agreement are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement effective as of the date first above written.

MARTIN COUNTY, KENTUCKY

By: _____County Judge/Executive

Attest:

By: ______ Fiscal Court Clerk

BOARD OF EDUCATION OF MARTIN COUNTY, KENTUCKY

By: _____

Name: _____

Title:

MARTIN COUNTY SOLAR PROJECT, LLC, a Delaware limited liability company

By: _____

Name: ______

Title:

[KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

By: _____

Name: _____

Title: _____]

[KENTUCKY DEPARTMENT OF REVENUE

By: _____

Name: _____

Title: _____]

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PILOT AGREEMENT - SIGNATURE PAGE

EXHIBIT E

AGREEMENT THE KENTUCKY ENTERPRISE INITIATIVE ACT (KEIA)

This Agreement is made by and between the **KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY**, a public body, corporate and politic, created under Chapter 154 of the Kentucky Revised Statutes, ("**KEDFA**") and **MARTIN COUNTY SOLAR PROJECT**, **LLC**, a Delaware limited liability company, (the "Company"), which operates an alternative fuel, gasification, energy-efficient alternative fuel or renewable energy production facility qualifying as an Eligible Company, as defined in KRS 154 Subchapter 31 (the "Act").

WITNESSETH:

1. <u>Preliminary Statement.</u> Among the facts and circumstances which have resulted in the execution of this Agreement by and between the parties are the following:

A. The Company plans to acquire, expand, construct, install and equip an alternative fuel, gasification, energy-efficient, alternative fuel or renewable energy production facility located at 1441 Old Martiki Road, Pilgrim, Martin County, Kentucky to provide utility-scale solar generated electricity ("Project").

B. The Project proposed to be undertaken for use by the Company will constitute an "Economic Development Project" within the meaning of the Act.

C. The Company has initiated the development of plans, specifications and designs for the Project and estimates the aggregate cost of the Project will be Two Hundred Thirty-One Million Seven Hundred Seventy-Eight Thousand Five Hundred Eighty-Eight Dollars (\$231,778,588) and the Eligible Expenses, as defined in the Act, for construction materials and building fixtures will be Eight Million Four Hundred Forty-Five Thousand Dollars (\$8,445,000) and for electronic processing equipment will be One Hundred Sixty-Six Million Three Hundred Ten Thousand Dollars (\$166,310,000).

D. KEDFA and the Company have executed this Agreement in order to effectuate the purposes of the Act and, subject to due compliance with all requirements of law and the obtaining of all necessary consents and approvals required by law, and to the happening of all acts, conditions and things required, KEDFA authorizes the reimbursement of sales and use tax up to the negotiated Approved Recovery Amount, as defined in the Act, of up to Four Hundred Thousand Dollars (\$400,000) for construction materials and building fixtures and up to Two Hundred Thousand Dollars (\$200,000) for research and development equipment and/or electronic processing equipment, which does not exceed the six percent Kentucky sales and use tax on Eligible Expenses.

E. The Company understands any purchase made prior to the date of this Agreement will not qualify as an Eligible Expense. Only purchases made on or after the date of this Agreement qualify as an Eligible Expense.

2. <u>Representations and Undertakings on the Part of the Company</u>. The Company represents, undertakes, covenants and agrees as follows:

A. The Project is expected to promote the economic development of the Commonwealth;

B. The Company shall cause contracts to be entered into for, or will otherwise provide for, the undertaking of the Project;

C. The Company shall be the entity operating the facility at the time it submits its request for refund;

D. The Company shall make a minimum investment, including the cost of land but excluding the cost of labor, of \$500,000 in the Economic Development Project, as defined in the Act, during the term of this Agreement;

E. The Company shall make a minimum investment of \$50,000 in research and development equipment and/or electronic processing equipment, as defined in the Act, during the term of this Agreement;

F. The term of the Project and this Agreement shall be from the date of approval by KEDFA through December 1, 2023. The term may be extended upon written request by the Company and by approval of KEDFA for good cause shown, but the term shall not be extended beyond seven (7) years from the date of approval;

G. The Company shall execute information-sharing agreements prescribed by the Department of Revenue with contractors, vendors and other related parties to verify the costs of and payments of sales and use tax on the tangible personal property eligible for the sale and use tax incentive under the Act;

H. The Company shall complete and submit an application to receive the sales and use tax incentives, and any additional documentation required, to the Department of Revenue within 60 days of the earlier of the completion of the Project or the expiration of the term of this Agreement. For a Project with a term of greater than three (3) years, the Company shall, beginning with the third year of the Project term, file with the Department of Revenue annually an informational return, and any supporting documentation required, within 60 days following the end of the calendar year. The Company shall not be eligible to receive the sales and use tax incentives until the Project is complete and the application for incentives is submitted to the Department of Revenue;

I. The Company shall complete and submit Exhibit A provided with this Agreement to KEDFA at the same time the required documents are submitted to the Department of Revenue. The filing of Exhibit A does not constitute a request for refund, only the filing of the required documents with the Department of Revenue will constitute a request for refund;

J. The Company shall report on Exhibit A the total amount of sales and use tax incentives claimed. Failure to provide this information may result in repayment of sales and use tax incentives previously received at the discretion of KEDFA.

K. Information reported to KEDFA on Exhibit A with regard to the Project after approval of the Project shall be available for public disclosure. Furthermore, the Company acknowledges that KEDFA is subject to the Kentucky Open Records Act and may disclose information as required to comply with applicable public disclosure or open records laws without breaching this Agreement. Nonetheless, the parties acknowledge and agree that information disclosed to KEDFA generally recognized as confidential or proprietary (Exhibit A expressly excluded from this classification), which if openly disclosed would permit an unfair commercial advantage to competitors of the Company, is not subject to disclosure under the Kentucky Open Records Act.

L. The Company shall maintain all records and documentation relating to Eligible Expenditures and the Kentucky sales and use tax paid, and shall provide those records and documentation to KEDFA or the Department of Revenue upon request;

M. The sales and use tax incentives shall not be assignable or transferable without the written notice to and approval by KEDFA;

N. The Company shall take such further action and adopt such further proceedings as may be reasonably required to implement its aforesaid undertakings, or as it and KEDFA may deem appropriate in pursuance thereof, or as may be required by law; and

O. The Company has filed its Cabinet for Economic Development Incentive Disclosure Statement (the "Disclosure Statement") related to the Project with KEDFA. If necessary, the Company agrees to update and amend the Disclosure Statement prior to the date of submitting its request as outlined in 2.H. above if changes affecting the Disclosure Statement have occurred during the period between approval and the term of the Project.

3. <u>Undertakings on the Part of KEDFA</u>. Subject to the fulfillment of the conditions herein stated, KEDFA agrees as follows:

A. That it hereby authorizes the reimbursement of sales and use tax up to the negotiated Approved Recovery Amount of Four Hundred Thousand Dollars (\$400,000) for construction materials and building fixtures and Two Hundred Thousand Dollars (\$200,000) for research and development and/or electronic processing equipment, which does not exceed the six percent Kentucky sales and use tax on Eligible Expenses, as defined in the Act; and

B. That it will take such other acts and adopt such further proceedings as may be required to implement the aforesaid undertakings as KEDFA may deem necessary or advisable, subject to compliance with applicable laws.

4. General Provisions.

A. The Total Maximum Incentives available pursuant to this Agreement may be reduced in the sole, reasonable discretion of KEDFA if, after the date of this Agreement, the Company applies for and obtains additional incentives in the form of tax credits, abatements, subsidies, grants or loans approved by KEDFA for this Project, such that the total benefit received by the Company from the aggregate of all incentives approved by KEDFA related to the Project as defined herein would exceed the Total Maximum Incentives available herein.

B. If any provision of this Agreement is determined to be invalid or unenforceable, that determination shall not affect any other provision, the remaining provisions of which shall be construed and enforced as if the invalid or unenforceable provision were not contained herein.

C. In the event that Company fails to submit any documentation required by this Agreement to KEDFA or to the Department of Revenue within any applicable time limitation, KEDFA may suspend any remaining sales and use tax incentives and require repayment of incentives previously received in its sole discretion.

D. Amendments. If the Company wants to amend this Agreement, the Company must submit a request for amendment to KEDFA in writing. After submission, such amendment will be subject to the express, prior written consent of KEDFA after passage of a resolution approving such requested amendment.

E. Entire Agreement. This Agreement constitutes the entire agreement between the parties and no other writings or communications (oral or otherwise) shall have any legal effect unless made pursuant to the terms of this Agreement. Notwithstanding anything in this Agreement to the contrary, nothing herein shall be construed to obligate the Company to require any minimum level of power generation capacity to be developed or constructed. However, the Company expressly acknowledges and agrees that KEDFA's obligation to authorize reimbursement of sales and use tax up to the negotiated Approved Recovery Amount is entirely contingent on the Company's fulfillment of the conditions set forth herein, including but not limited to, those outlined in Section 2.H. Any failure to meet such conditions, including completion of the Project, shall impact the Company's eligibility and its ability to claim reimbursement. For the avoidance doubt, KEDFA acknowledges that the estimated aggregate cost of the Project set forth in Section 1.C is an estimate and the Approved Recovery Amount set forth in Section 1.D operates as a maximum reimbursement amount. Should the actual aggregate cost of the Project be less than the estimated aggregate cost of the Project and provided the Company meets all other conditions set forth herein, including the minimum statutory investment requirements outlined in Sections 2.D and 2.E, the Approved Recovery Amount shall be adjusted based on the Project's final expenditure report.

F. No Waiver. No failure by KEDFA to insist upon the strict performance by the Company of any provision hereof shall constitute a waiver of KEDFA's right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right of KEDFA to require the Company to remedy any and all failures by the Company to observe or comply with any provision hereof.

G. Release and Indemnification by Company. The Company releases KEDFA from, holds KEDFA harmless against, agrees that KEDFA shall not be liable for, and fully indemnifies KEDFA against, any and all losses, liabilities, claims, actions, proceedings, costs and expenses imposed upon, incurred by, asserted against or with respect to KEDFA on account of: (i) any loss or damage to property or injury to or death of or loss by any person that may be occasioned by any cause whatsoever pertaining to the maintenance, operation and use of the Project; (ii) any loss or damage alleged by any third-party related to the Act (or successor statutes) and the Project; (iii) any breach or default on the part of the Company in the performance or non-performance of any Covenant arising from any act or failure to act by the Company or its respective agents, contractors, servants, employees, licensees, successors or assigns; and

(iv) any action taken or omitted to be taken by KEDFA in accordance with the terms of this Agreement (excepting acts of willful misconduct).

In the event KEDFA seeks indemnity hereunder with respect to any action or proceeding brought against KEDFA, KEDFA shall give notice of such action or proceeding to the Company, and the Company upon receipt of that notice, shall have the obligation to assume the defense of KEDFA in such action or proceeding; provided, however, that failure of KEDFA to give such notice shall not relieve the Company from any of its obligations under this Section to assume such defense unless the failure by KEDFA to give such notice so prejudices the defense of KEDFA in such action or proceeding by the Company that the Company cannot duly conduct such defense. KEDFA may employ separate counsel and participate in the defense.

The indemnification set forth above and all references to KEDFA in this Agreement are intended to and shall include all officials, directors, officers, employees, agents and representatives of KEDFA and the Cabinet for Economic Development (the "Cabinet").

H. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth.

I. Company Authorization of Release of Information. The Company by execution of this Agreement hereby authorizes and agrees that: (i) KEDFA or any of its agents, employees or employees of the Cabinet are permitted to share with the Department of Revenue information, data, research and other materials (including this Agreement and any attachments hereto) that the Company delivers or provides to, or that is otherwise made available to or discovered by, KEDFA or any of its employees, agents or Cabinet employees for purposes of administering this Agreement; and (ii) the Department of Revenue may provide to KEDFA, as KEDFA may request from time to time, copies of any and all Kentucky tax information, including tax returns, of the Company filed with or otherwise made available to the Department of Revenue (collectively, hereinafter the "Tax Information") (such Tax Information KEDFA shall retain confidentially except as otherwise may be required to be disclosed by law, is disclosed in Exhibit A or is disclosed in order to enforce the terms of this Agreement).

[The balance of this page is left intentionally blank]

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IN WITNESS WHEREOF, the parties hereto have entered into this Agreement by their officers thereunto duly authorized as of the 9th day of December, 2021.

KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY

Katie Smith, Commissioner Department for Financial Services

MARTIN COUNTY SOLAR PROJECT, LLC

DocuSigned by: Mck Lincon By: -F0AB160455C442D

Printed Name: Nick Lincon

Title: President

EXHIBIT A: AFFIDAVIT OF COMPANY AS TO PROJECT INVESTMENT

After being first duly sworn, the undersigned on behalf of _______ (the "Company"), being a duly authorized officer thereof, states to the Kentucky Economic Development Finance Authority ("KEDFA") that, as of this the ______ day of ______, 20___, the Company has expended the following amount(s) in connection with the Project as defined in the Agreement dated as of December 9, 2021, by and between KEDFA and the Company and in accordance with KRS 154.31 of the Kentucky Revised Statutes:

Actual Eligible Investment Amount for Project

1.	Acquisition of Real Property	\$
2.	Building/Construction Materials Building Fixtures	\$
3.	Costs associated with construction (tools/equipment rental, etc.)	\$
4. 5.	Research & Development Equipment and/or Electronic Processing Equipment	\$
Sum	of 1, 2, 3, & 4 must equal \$500,000 or more	\$

Evidence of the preceding data in the form of corresponding paid invoices is maintained by the Company and available for review by a representative of the Department of Revenue.

Current number of employees at Project location as of the date of submission of this Exhibit:

TOTAL AMOUNT OF BUILDING CONSTRUCTION INCENTIVES CLAIMED

\$_____

TOTAL AMOUNT OF RESEARCH & DEVELOPMENT AND/OR ELECTRONIC PROCESSING EQUIPMENT INCENTIVES CLAIMED \$_____

	Ву:	
	Title:	
County of		
Subscribed and sworn to before me by		, the
of, this	day of	, 20
My Commission expires:		
	Notary Public, Stat	e at Large

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EXHIBIT F

Andy Beshear Governor

Rebecca W. Goodman Secretary Energy and Environment Cabinet



Michael J. Schmitt Chairman

Commonwealth of Kentucky Kentucky State Board on Electric Generation and Transmission Siting 211 Sower Blvd. P.O. Box 615 Frankfort, Kentucky 40602-0615 Telephone: (502) 564-3940

May 10, 2021

Gregory T. Dutton Frost Brown Todd LLC 400 W. Market Street, 32nd Floor Louisville, KY 40202

RE: Case No. 2021-00029 Martin County Solar Project, LLC (Merchant Plant)

This is to acknowledge receipt of Check No. 4751 in the amount of \$100,000.00 from Savion LLC made payable to Kentucky State Treasurer for Siting Board Application Fees.

Sincerely,

- C. Bridwell

Linda C. Bridwell Executive Director On behalf of The Kentucky State Board on Electric Generation and Transmission Siting

cc: Parties of Record

KentuckyUnbridledSpirit.com



Andy Beshear Governor

Rebecca W. Goodman Secretary Energy and Environment Cabinet



Michael J. Schmitt Chairman

Commonwealth of Kentucky Kentucky State Board on Electric Generation and Transmission Siting 211 Sower Blvd. P.O. Box 615 Frankfort, Kentucky 40602-0615 Telephone: (502) 564-3940

May 10, 2021

Gregory T. Dutton Frost Brown Todd LLC 400 W. Market Street, 32nd Floor Louisville, KY 40202

RE: Case No. 2021-00029 Martin County Solar Project, LLC (Merchant Plant)

This is to acknowledge receipt of Check No. 1009 in the amount of \$100,000.00 from Martin County Solar Project, LLC made payable to Kentucky State Treasurer for Siting Board Application Fees.

Sincerely,

. C. Andwell

Linda C. Bridwell Executive Director On behalf of The Kentucky State Board on Electric Generation and Transmission Siting

cc: Parties of Record

KentuckyUnbridledSpirit.com



EXHIBIT G

MARTIN COUNTY SOLAR PROJECT

January 26, 2021

[NAME] [Address] [CITY, STATE, ZIP]

Dear Name,

We are writing again to inform you of an approximate 200-megawatt solar energy project we are developing on the old Martiki mine site adjacent to your property located in Pilgrim, KY. We have been working for the past year to develop the Martin County Solar Project and are formally submitting our project to the Kentucky Electric Generation and Transmission Siting Board for review and approval to begin construction in the next 12-18 months.

Savion LLC, the owner of Martin County Solar, LLC, is one of the largest, most technologically advanced utility-scale solar and energy storage project development companies in the U.S. We have been developing over 130 utility-scale photovoltaic (PV) and energy storage projects in more than 25 states. We uphold the highest standard of safety and competency required for long-term and day-to-day operations.

We are excited to be working in partnership with the Martin County community on an opportunity to host a renewable energy generation facility, located on a previously disturbed reclaimed mine. We feel the reuse of this area for the development and operation of renewable energy is the perfect opportunity for the state of Kentucky to lead in the effort to bringing our country to a future that will allow for energy independence. We look forward to addressing any questions and/or concerns the local community may have when it comes to siting a solar facility on this previously mined site. In general, communities receive numerous economic and environmental benefits from hosting a solar facility. This includes providing potentially hundreds of jobs during construction. In these cases, Martin County Solar will make all efforts to utilize local labor, where available. Tax revenue generated by solar facilities also provide positive benefits to the local economy through increased revenues to local governments and other services, including helping fund improvements to schools, roads, and social services. When the project has reached the end of its life span, the land will be restored to its original use using best practices.

We have set up a project website to provide additional information and help keep you informed of project updates. You can visit it at <u>www.martincountysolarproject.com</u>. Additionally, we are pleased to invite you to a virtual meeting Wednesday February 10, 2021 at 6pm where more information will be provided. You can access this meeting using the following information:

Dial-in Number: 877-229-8493 Access ID Code: 119551#

Thank You,

ES/AOL

Erich Miarka Senior Development Manager 913-568-0331 Emiarka@savionenergy.com

MARTIN COUNTY SOLAR PROJECT

May 12, 2021

[NAME] [Address] [CITY, STATE, ZIP]

Dear Name,

We are writing again to inform you of an approximate 200-megawatt solar energy project we are developing on the old Martiki mine site adjacent to your property located in Pilgrim, KY. We have been working for the past year to develop the Martin County Solar Project and are formally submitting our project to the Kentucky Electric Generation and Transmission Siting Board for review and approval to begin construction in the next 12-18 months.

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We enclosed a notice for the upcoming permit application submission hat will be filed to the state within the coming week. If you have any questions about the project or would like to learn more, please feel free to reach out to me at the contact information below.

Thank You,

ES/ DOL

Erich Miarka Senior Development Manager 913-568-0331 Emiarka@savionenergy.com