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# Due Diligence in Power Projects

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# Introduction

# Multiple Roles of the Nation

- Governmental
- Landowner
- Co-Owner/Business Counterparty/Enterprises (NTUA)

**We're going to come back to this unique combination at the end.**

# This Presentation Focuses on Renewables and Storage Projects

- Likelihood of new renewables greater than most types of thermal generation:
  - CCT/APS RFP
  - National Trends
    - EPA
    - Tax Credits
  - Water Considerations

# Life Cycle of a Renewable Project

- Site Acquisition
- Interconnection
- Power Offtaker
- Equipment Procurement
- Construction
- Operations
  - Power Purchase Contract
  - Maintenance
- Decommissioning
  - Panel Waste
  - Battery Waste

# Site Acquisitions

- Very Large Tracts of Contiguous Property
- Real Estate Intensive
- Key Attributes of an Optimal Site
  - Tax Abatement
  - Location of Transmission
  - Permitting for a Large Area
  - Minimal encumbrances
- Storage Only
  - Less Real Estate Needed
  - Transmission Infrastructure is Key

# Interconnection

- Often is THE Critical Path Item
  - Start Interconnection Process Early
  - Timelines Can Kill a Project (5-Year Lead Time)
- Processes Can Differ
  - RTOs v. non-RTOs
  - Potential move of APS/PNM/Salt River into an RTO? Is Markets+ support a first step?
- Key Factors
  - Queue Position
  - How Robust is the Transmission System (\$\$)
  - Study Timelines
  - Upgrades Required

-Existing Interconnection Facilities  
Can Be Incredibly Valuable

-Retiring Coal Generation Sites Can  
Offer Unique Potential

# Power Offtaker

- RFP Processes
- Bilateral Negotiations
- Utilities
- Corporate and Industrial Customers



# Energy Storage Systems

- New Technology
- Contracts are Immature
- Reliability and Performance Guarantees Have Been Uncertain
- Long-Term Maintenance TBD
- Limited Domestic Supply Sources

# Operations, Reliability, and Output

# M&A Activity

- Early Stage Projects
  - Real Estate, Interconnection and Permitting
- Shovel Ready
  - Power Contract
- Build-Transfer

# Power Purchase Contracts

- Physical PPAs
- Virtual PPAs
- Uncovered Projects

# Long-Term Maintenance O&M, LTSA, EXTENDED WARRANTIES

- Do I need all 3?
- What is the right scope for me?
- Other operating contracts
  - QSE
  - EMA
  - Asset Management
  - Remote Operations

# Decommissioning OPTIONS at END OF LIFE

- Are you ready?
  - Avoid early mistakes
- Opportunities for monetizing decommissioning
  - Reuse of site
  - Recycling major materials
- Decommissioning structures
  - Services versus Equity Sale

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- 
- **Returning to this point from earlier.**

# Interaction of Diligence and the Nation's Energy Policy

- How does the project fit with broader policy goals?
  - Environmental
  - Jobs
  - Transportation
  - Economic Development
- Is the project owner reliable?
  - Ongoing tax revenue
  - A good employer
  - Remediation
- Will new load co-locate with the power project?



# Interaction of Diligence and Enterprises

- Will the project operate as anticipated?
- PPA default risk
- Regulatory and compliance risk

# The Nation as a Landlord

- Compare to the current leases for coal-fired plants, mines, etc.
- Is the power project a good tenant?
  - Timely rent payments
  - Good steward of the land
  - Good neighbor to adjoining properties

# Thank you!

Stay connected with us.



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# Thank You!

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