

## Lease/Lease Option Key Terms

Dominion prefers to purchase real estate pursuant to purchase options for renewable energy projects that it develops and owns, but Dominion understands that some landowners prefer to lease land rather than sell that land for development of renewable energy projects. For real estate that will be leased for development of a new project, Dominion’s preference is to acquire the project with a lease option or a lease in place that is still terminable without penalty and does not require significant payments to the landowner until the commencement of construction of the project. **Real property agreements purporting to be lease options that do not include an agreed form of lease or do not otherwise include all of the terms of a fully-formed and typical solar project lease are strongly disfavored.** Dominion expects each lease to be comprehensive and consistent with industry practices. Notwithstanding that fact, the following are some key terms that Dominion expects to be included in any lease/lease option to be included as part of a project acquisition. Note that this is not an exhaustive list of terms that Dominion expects to see included in each lease. Dominion reserves the right to review and comment on other lease terms that are not otherwise addressed below.

Category	Terms	Notes
Property	The portion of the landowner’s land to be subject to the lease (the “Property”) should only include the portions of the landowner’s land dedicated to the project. Land not used for the project should not be included within the definition of “Property” for purposes of the lease.	In the alternative, all of the land owned by landowner can be included in as part of the Property provided that any rent is only paid on the portions of the Property being used for the project and the landowner has no retained rights as to those portions of the Property.
Development Term	The Development Term should include a sufficient amount of time for the Project to have completed all required due diligence, all permitting and all engineering and design as necessary to issue a final notice to proceed (“FNTP”) for construction of the project.	This provision is more critical for projects being sold to Dominion on or before FNTP.
Construction Term	The Construction Term should be sufficient to ensure that construction of the project can occur prior to any requirements to paying full rent	For most projects, a two-year period is preferred for the Construction Term.
Operations Term	The Operations Term should commence no sooner than the commercial operations date for the project and should include a total of thirty-five years.	The structure of the Operations Term should reflect tenant’s right to one time termination.
Restoration Term	The Restoration Term should commence on the expiration of the Operations Term and should be sufficiently long to complete the restoration.	The length of the Restoration Term will be analyzed on a case-by-case basis.

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Early Termination	Dominion prefers to have the right to terminate the lease at any time during the Operations Term.	
Development Rent/Fees	Lease structure shall provide an option for a development and/or construction term prior to the operations term. Rent for the pre-operations period will be paid on a gross basis. Rent shall be a percentage of the operation rent and will be analyzed by Dominion on a case-by-case basis.	If any Development Rent/Fees remain due after closing, those costs should be nominal.
Construction Term Rent	Lease structure shall provide an option for a development and/or construction term prior to the operation term. Rent for this period will be paid on a gross basis. Rent shall be a percentage of the operation rent and will be analyzed by Dominion on a case-by-case basis.	
Operations Term Rent	Operations Term Rent, and any escalation of that rent, shall be analyzed by Dominion on a case-by-case basis.	
Restoration Term Rent	Restoration term rent will be analyzed by Dominion on a case-by-case basis.	Restoration Term Rent should be paid on a monthly basis and end once the restoration work has been completed.
Permitted Uses	The grant to Tenant for the project should include the right for tenant to develop, construct, operate, maintain, repair and replace a solar power generation facility, inclusive of all appurtenant associated facilities, including inverters, collector lines, transmission and distribution facilities, stormwater facilities, energy storage facilities (whether integrated with the solar power generation facility or standalone on the same property) and other facilities typically associated with a solar power generation facility. Dominion will accept leases that include the right to develop agri-voltaic-related uses along with the other permitted uses.	

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Restoration Obligation	Restoration obligations should include measures typically required under Virginia law. Further, if the applicable governmental authority either requires or imposes restoration obligations, the restoration obligations under the lease/lease option should default to the obligations required or imposed by the applicable governmental authority.	
No Restoration Surety	For so long as Dominion is the Tenant, Dominion should not be required to provide surety to the Owner for the Restoration Obligations.	
Taxes	Landowner shall be responsible for all real property taxes, provided that Tenant will pay any increase in taxes on pro rata share of lease area upon commencement of lease.	
Assignment	An assignment to an affiliate of Tenant or to an entity that acquires all or substantially all of Tenant's interest in the project facilities or a sublease to an entity that will install an energy storage facility as an ancillary use of the Property shall not require landowner consent, and upon such assignment the assignor will be relieved of its obligations under the agreement.	
Right to Encumber and Lender Protections	Tenant should have the right to encumber, collaterally assign, pledge, etc. its leasehold interest and/its interest in the project facilities without landowner's consent.	
Insurance	Dominion shall have the right to self-insure for the required coverages.	

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Utility Lot Purchase and Temporary or Permanent Easements	<p>Tenant shall have the option to purchase up to 10 acres of land for construction of the permanent substation or switching station to be owned by the connecting utility as required for the project. Tenant also shall have the right to acquire temporary and permanent access, utility, stormwater, sheet flow, preservation, open space and other easements necessary for the owner of such parcel to access, operate and maintain the substation/switching station, to extend and/or relocate any existing transmission lines as necessary to connect the permanent substation or switching station with such existing transmission lines, and to satisfy permitting and other, related requirements for the project. Tenant shall have the unilateral right to purchase. Purchase price shall be commensurate with market rate and analyzed by Dominion on a case-by-case basis.</p>	
Environmental Provisions	<p>Tenant shall be subject to typical environmental obligations relative to Hazardous Substances. In addition, Tenant shall have the right to register the Project or the Project Facilities under RCRA due the presence of Hazardous Materials that are contained within, or are part of the construction of, the Project Facilities</p>	

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Timbering	<p>The Lease/Lease Option should not contain any provisions that direct Owner to timber any portion of the Property. Owner shall have the right to timber the Property during the Lease/Lease Option Term prior to the submission of certain permits (as described below), subject to the following: (i) Tenant can designate certain buffer and other reserve areas where owner cannot timber, subject to compensating Owner for the value of that timber at the commencement of the Operations Term; (ii) Owner cannot timber any portion of the Property from and after the date Tenant submits an application for a certificate of public convenience and necessity (“CPCN”, a Permit by Rule (“PBR”) or a land disturbance permit; and (iii) Tenant will compensate Owner for the market value, if any, of any harvestable timber remaining on the Property upon the commencement of construction.</p>	
Crop Damages	<p>Tenant will pay Owner reasonable crop damages for any crops damaged during the Tenant’s exercise of the Permitted Use. If, as of the Lease Execution Date, no field preparation, fertilization or planting shall have occurred, then no Crop Buyout Fee shall be due or payable. The Crop Buyout Fee should be on standard terms generally accepted in the renewable energy industry.</p>	<p>As of the Effective Date of the Lease, neither the landowner nor its farm tenant should have access to the property for any purpose. Landowner’s or its farm tenant’s exclusive remedy for damage to crops should be the payment by Tenant of the Crop Buyout Fee.</p>