New York State Assessors Association

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The New York State Assessors Association's (NYSAA) Renewable Energy Task Force respectfully requests that the New York State Department of Taxation and Finance (NYS DTF) and the New York State Energy Research and Development Authority (NYSERDA) revise the 2025 Wind and Solar Appraisal Model (the "Model"). Additionally, we urge both agencies to issue a request for proposal for appraisal services to enhance accuracy, particularly in determining a proper weighted average cost of capital ("WACC").

Not only does the model abrogate the assessor's ability to complete their duty of finding the market value for every parcel in their jurisdiction, but the model is in complete contravention of how NYS DTF values all other utility properties. The discounted cash flow model fails to account for any State or Federal subsidies, grants, or other funding that is being provided to solar and wind developers to build installations. As with the initial Model, there is no mechanism to ensure local municipalities receive proper inventory information from developers, which in effect will nullify any utility of the current Model.

First and foremost, developers receive New York State and Federal Energy Credits (RECs), subsidies, grants, and other incentives to build solar, but the NYS DTF Model does not include these credits in the cash flow. There is no manner in which the Model can be deemed accurate when it includes all expenses, including decommissioning expenses that will not occur until the facility is no longer producing electricity, but fails to include the incentives and credits that allowed the developer to build the installation, and to build it profitably at that.

The discount also appears too high, particularly when compared to PV

Value and other sources that are regularly used in the industry.[1] While the rate should be lower and currently guaranteed to the benefit of the developers, it also needs to be specific to each municipality and each New York Independent System Operator Zone. Simply put, the same discount rate for a solar or wind system cannot be used in the North Country and in Rockland or Westchester County. These Zones have different electricity rates and economics. Future cash flows cannot be based on the same discount rate when there are very clear differences in electricity prices in each Zone. This is another reason the Model does not function properly, and valuation should be left to each local assessing unit to apply a methodology that is actually specific to each municipality.

NYS DTF provides the Model and discount rates based on documentation provided by individual developers. However, the local assessing units often are not provided the documentation the State will use to determine the Model and discount rates. This puts local assessing units in a difficult place and unable to confirm the data and discount rates they are receiving from the State. There is no process to verify the accuracy of the data received. NYS DTF is asking assessors, with no verification or ability to confirm its validity, to blindly accept information from each solar or wind developer, which likely will be self-serving to ensure lower assessments. For the Model to work, there needs to be mandatory reporting to both NYS DTF and local municipalities, as well as a mechanism to enforce disclosure against any developer that is providing faulty information or no information at all.

Sales of solar and wind farms also do occur in the marketplace, often after five (5) years have passed the Investment Tax Credit (ITC) recapture exposure is no longer relevant. Assessors should use the sale prices to factor into their valuation of solar and wind farms, as the arm's length sale of a subject facility is the best indicator of value. Wind and solar projects also have energy contracts ("Power Purchase Agreements") with local utilities that have higher pricing than spot pricing. If such a contract exists, it should be used for the electricity price in the Model, not lower pricing that is not actually used.

Finally, while the Model does not account for subsidies and grants, it does account for decommissioning expenses during the life of each project – although this is an end-of-life expense. With changes in technology, panels will last longer for solar arrays and are more easily/cheaply replaced. This may result in an indefinite life of solar arrays in particular. Therefore, decommissioning should not be an expense during the Project life nor included in the cash flows. Conversely, if this expense is included, all

1 The State of Vermont currently uses PV Value to value solar arrays at a statewide level.

income should also be included, including subsidiaries and grants.

Under the statute calling for a Solar and Wind Model, NYSAA was mandated to be part of the process, so therefore NYSAA provides this memorandum. NYSAA's position is that this mandate violates an assessor's constitutional duty to value all property in their municipalities. The renewable energy goals of the State can be met through further discussion, information sharing, and guidance from expert appraisers. Let's not create a model that favors the industry at the expense of the average New York State taxpayer but rather work together to create methodology that reflects a more accurate value for solar and wind projects.