

Skyrocketing solar projects creates demand for desert land

by [Max Jarman](#) - Jun. 4, 2009 12:00 AM
The Arizona Republic

A modern-day land rush is under way in the deserts of Arizona and the Southwest as public utilities and speculators vie for vast tracts of public and private land on which to build massive solar-power plants.

The boom is creating a market and boosting the price for outlying-subdivision land that had become seemingly unsalable after the housing market went bust.

On Saturday, a solar-land auction will be held in [Phoenix](#).

Solar interest

The BLM has 37 applications to use 720,000 acres of public land in Arizona for solar-power plants.



Source: U.S. Bureau of Land Management
MARK WATERS/THE ARIZONA REPUBLIC

So far, more than 40 solar projects have been proposed for Arizona. The plants require a huge amount of land for their vast solar arrays and a considerable amount of water. If built, they would tie up more than 725,000 acres and generate enough electricity to power 25 million homes, far more than Arizona needs.

The rush to claim property has raised concerns from environmental groups that call the process a land grab. They worry that land and water are being tied up by speculators and that not enough care is being given to ensure the projects are viable and that the impact on sensitive sites and groundwater is minimal.

"We are very supportive of a mix of renewable generation," said Sandy Bahr, director of the Sierra Club's Grand Canyon Chapter in Phoenix. "But we're not in favor of paving the desert with mirrors."

The land rush is being driven by rules in Arizona, California and other states that require utilities to generate more power from renewable resources: 15 percent in Arizona by 2025 and 33 percent in California by 2020.

Generous state and federal subsidies, plus billions in economic-stimulus money earmarked for solar power, create an additional incentive to tie up land.

Arizona, which according to the [National Renewable Energy Laboratory](#) has some of the richest solar land in the country, has become the focal point of the land rush. Much of the prime land for solar use is along the Interstate 10 corridor between Buckeye and the California state line. Other hot spots can be found around Kingman and west of [Wickenburg](#).

Potential buyers include utilities such as Sempra Energy and PG&E; investment banker Goldman Sachs; Spanish, Israeli and German solar firms; and speculators.

John Reeder, a member of the Solar Acquisition Group at Sperry Van Ness Real Estate Advisors in California, said most of the sellers he deals with are in distress themselves or have taken the land back in foreclosure.

"We offer these owners the potential to exit from the property years in advance of any housing recovery," he said.

Reeder looks for tracts of several thousand acres that have water rights, are near existing power-transmission lines and preferably have been used for agriculture. Land that has been altered for agriculture generally poses fewer environmental concerns than land in its natural state, he said.

Phoenix investor Kuldib Verma bought thousands of acres in the Harquahala Valley west of Phoenix, thinking it would eventually sprout houses.

Now, he is marketing it to utilities as sites for solar-power plants.

On Saturday, he will offer five parcels, totaling about 2,000 acres, in what could be the first "solar-land auction."

After the housing market tanked, Verma thought he would be stuck with the Harquahala property. Then, San Diego's Sempra Energy approached him with an offer to buy 3,000 acres for a solar-power plant.

Besides Sempra, the Solana Generating Station near Gila Bend and Starwood Solar 1 plant in the Harquahala Valley each has tied up about 2,000 acres. The Duke Energy project near the Palo Verde Nuclear Generating Station has tied up about 3,000 acres. Near Kingman, Mohave Sun Power is negotiating to buy 4,000 acres for a solar-power plant, and Albiasa Solar has tied up 1,400 acres.

Those projects are on private land that has been used for agriculture and will require less water than the crops they now support. But the vast majority of the plants are proposed for pristine desert land controlled by the U.S. [Bureau of Land Management](#).

Since the BLM opened its lands to solar-power development in 2007, more than 117 claims have been staked for more than 1.5 million acres of federal land in Arizona, California and Nevada deserts.

That includes 37 applications for a total of 720,000 acres in Arizona.

Applicants include New Dawn Energy, seeking three parcels totaling 224,000 acres in Maricopa and La Paz counties, and Pacific Solar Investments Inc., which has three applications pending for 77,000 acres near Salome and Quartzsite.

California has 60 applications that total 575,000 acres and Nevada 39 active applications for about 300,000 acres.

Bahr and others are concerned that many of the projects will never get built and that speculators are laying claim to government land with the aim to "flip" it to another buyer.

The applications, which should accompany a \$50,000 deposit, effectively tie up the land during a lengthy approval process that could include a full environmental-impact study. If approved, the applicant gets a 30-year right-of-way for the property. The applicant then pays a rental fee to the BLM for its use.

The BLM is working on a multistate "programmatic" environmental-impact study that will set guidelines for approving the applications. A final report is a year or more away as the agency continues to grant approvals.

Meanwhile, in California, the U.S. Department of the Interior is investigating cases in which the applications are being bought and sold for a profit.

"Theoretically, they are not supposed to have any value because they have not yet been approved," said Jan Bedrosian, deputy director of external affairs for the BLM in California.

The investigation centers on a \$400 million acquisition in March of California's OptiSolar by Tempe-based First Solar Inc. Although OptiSolar is a manufacturer of solar panels, the deal included only the company's pipeline of unfinished solar-power plants and applications for 136,000 acres of BLM land in Southern California. In Arizona, OptiSolar has applications pending to use 14,000 acres for three plants.

First Solar spokesman Alan Bernheimer acknowledged the applications were an important part of the transaction, which he said was "completely aboveboard."