

LANDHOLDER AGREEMENTS

4.2 Forming the Contract

4.2.1 Agreement by Supplier

The Supplier will sign in this section. By signing, the Supplier is offering to enter the Contract on the terms set out in this document. If the Supplier does not execute this document itself, it must (if the Customer requests) provide adequate evidence that the signatory is properly authorised to execute this agreement.

If the parties agree any changes to this document, the date of the signature (but before the Customer accepts the Supplier's offer) and the signature (but before the Customer accepts the Supplier's offer) will replace the original signature and date of the agreement. The Supplier will sign the amended terms.

Date
EXECUTED for and on behalf of:

Name of Supplier
by its authorised representative
presence of:

Signature of witness

Name of witness (block

Address

4.2.2 Agreement

The Customer may
confirm to the

Date

EXECUTED

Authorised representative
this offer the signatory warrants that the
is duly authorised to submit this offer on behalf of
Customer

Name of authorised representative (block letters)
Position of authorised representative

Contract #XXXXX Name of project
Insert Supplier name

Landholder Agreements

5



“

Agreements are complicated and you need to get your head around it.”

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Image Courtesy: Coexistence Queensland.

There are a number of agreements that a developer may use throughout the process to provide them certainty as they undertake their investigation and then develop, operate and decommission the site.

The progress of agreements is generally aligned with key milestones in the development process.

This section outlines the different agreements that a developer may use throughout the process to provide them certainty as they undertake their investigation and then develop and operate the site.

They generally fall into three categories:

1. Initial agreement
2. Option to lease (or to purchase)
3. Lease (or purchase).

By their nature, agreements should capture everything that you have agreed with the developer in your discussions and negotiations.

There are a lot of different types of agreements used by developers at the stages of project development.

The developer may be able to share copies of sample agreements with you early in the discussions.

These are long-term agreements.

1 Initial agreement

2 Option to lease

3 Lease

A Partnership

A renewable energy project is not just a property lease transaction: it is a long-term partnership that will span decades, where the quality of the relationship between the developer and landholder is often as important as the commercial terms themselves. Landholders and developers should approach negotiations with the expectation of an ongoing working relationship built on trust, communication, transparency and shared problem-solving over the life of the project.

1 Initial agreement

2 Option to lease

3 Lease

Initial agreement

An initial agreement will typically take the form of an access agreement, heads of agreement, licence agreement or exclusivity agreement.

The purpose of this initial agreement is to:

- provide for exclusivity over all or part of the land to ensure other renewable energy developers can't run parallel investigations
- allow for consultants and contractors to access the land to conduct investigations and studies required to gain more certainty for the site.

The initial agreement period may provide the time to assess whether you would like to have a development on your property over the long term and to do the necessary preparation and planning for the next stage of discussions and negotiations. It is also important to note that this is the stage where you will have the most influence over the project i.e. before signing an option to lease.

Initial agreements may include confidentiality provisions to protect the developer's interest in the site. The developer may have a staged approach for communication with neighbours and the community and any formal announcement of the project. The confidentiality provisions may restrict who you can share the actual agreement with.

You should ensure that these provisions do not prevent you from taking advice about the project as required. Ensure the confidentiality provisions do not stop you from seeking advice from neighbours, your advisors, family members and your local council.



Initial agreements

Generally, these initial agreements provide the developer with rights over your property for a defined period of time while they conduct investigations.

They will vary according to the developer. Some will be relatively simple to allow site access, while others may be more complex with confidentiality and restrictions about what you may be able to do on the land.

What should be included in the initial agreement?

Refer to [Checklist #2: What should be included in the initial agreement?](#)



Understand the information available at the moment of signing off the agreement – acknowledge that not all information is available so need to consider that before signing off.”

LEGAL ADVISOR

“Need to consider tax impacts on your land.”

LEGAL ADVISOR

“Don't sign anything until you get competent legal advice (...) Make sure there are clauses that cover unknowns – hard to define, but clauses to allow negotiations – so you need a documented process to go through if you don't agree.”

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“Make sure whoever is providing your legal advice actually has experience in renewable energy contracts.”

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Option to lease and Lease

1 Initial agreement

2 Option to lease

3 Lease

Once the development process has progressed to a point where the developer is satisfied that there is a good prospect of a project, they will move to sign long-term agreements with the you.

The next agreement will generally be an option to lease, or option. The option secures the site for a longer period of time and commits both parties to enter into a lease once the pre-conditions of the option are reached. The pre-conditions will include major milestones such as (a) receiving the necessary planning and network approvals and (b) reaching financial close.

In some cases, the developer will want to purchase the land and may also propose to lease back the land that is not used for the project to you for a complementary agricultural use such as grazing.

In most cases the final lease will be attached to the option to lease.

As a result, the terms and conditions of the lease will all be negotiated at the same time as the option other than allowance for some variations that may occur during the later stages of the development process such as micro-siting of the project and access roads.

This period is important as all the key aspects of the project are negotiated at this stage.

It is unlikely that any new matters can be incorporated into the lease once the option is executed so it is essential that all relevant matters are included in the lease at this early stage. It is therefore important to ensure you are comfortable with all aspects of the lease at the time the option is signed.

Where the developer is owned by foreign entities or individuals not residing in Australia, the option to lease (or to purchase) may include a foreign investment approval by the Foreign Investment Review Board (FIRB) as a condition to the final lease or purchase contract being executed.

The FIRB will generally make a decision on an application within 30 days. However, you should be aware that the Australian Treasurer can extend the 30 day deadline by up to an additional 90 days, which can delay your agreement with the developer being finalised.

The checklist on page 46 includes details and considerations for each stage of the development.

Australian Government Australian Energy Infrastructure Commissioner Considerations for Landholders before entering into Commercial Agreements

Version 1.2 – January 2021

Agree this document

This document has been prepared by the Office of the Australian Energy Infrastructure Commissioner (the Commissioner) for use by the general community. It is intended to provide information and guidance to landholders who are considering entering into commercial agreements with a developer. It is not intended to provide legal advice. Landholders should seek legal advice before entering into any commercial agreement.

Key points to consider

- Understand the project and the developer's credentials.
- Consider the impact of the project on your land and community.
- Negotiate the terms of the agreement carefully.
- Seek independent legal advice.
- Consider the need for planning and network approvals.
- Consider the need for financial close.
- Consider the need for foreign investment approval (FIRB).
- Consider the need for a lease back arrangement.
- Consider the need for a complementary agricultural use.

For more information, refer to the "Considerations for Landholders before entering into Commercial Agreements" by the Australian Energy Infrastructure Commissioner (AEIC).

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Extending the lease

Check whether the lease includes extension provisions that allow the lease to continue beyond its initial term. This may enable the project to continue if the infrastructure remains in good working condition or to be repowered by replacing or upgrading its assets. Also check whether these provisions allow you to renegotiate any lease terms when the extension is exercised.

What should be included in the agreements?

Refer to Checklist #3: What should be included in the agreements?



Western Downs Green Power Hub. Image Courtesy: Queensland Government.

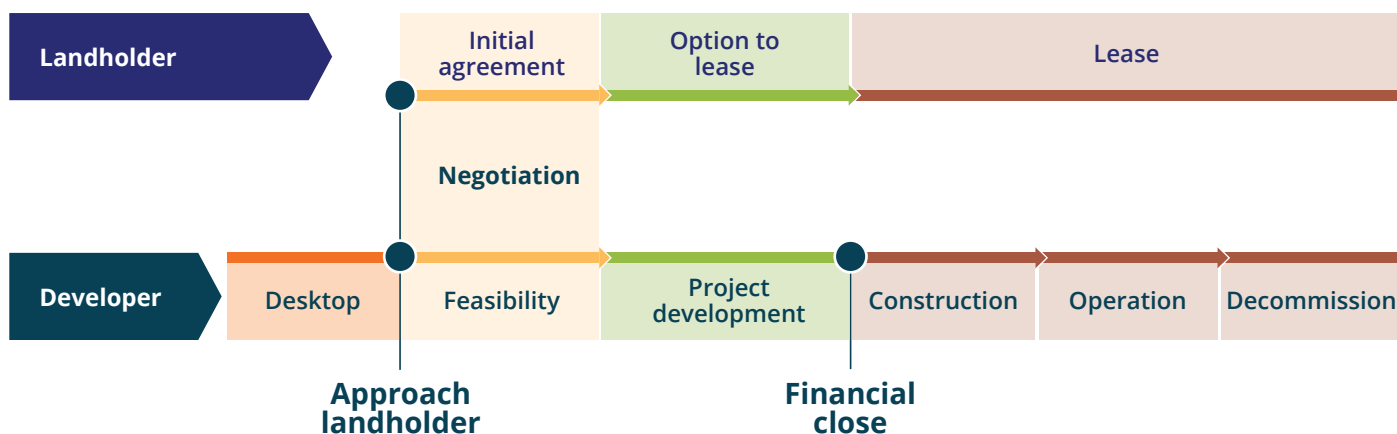
Negotiations



You have more control and negotiating power at the time the option agreement is being negotiated."

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Image Courtesy: Coexistence Queensland.



Any discussions you have with the developer about a project forms part of the negotiations. It is during this time that the main discussions and negotiations are held about the project and most of the agreed items are included into the option and lease agreement.

There is very little opportunity to negotiate after the option is signed unless the option provides for adjustments at later stages (micro-siting for example).

The negotiations held during this relatively short period of time determine the contractual factors that exist for the life of the project so it is important to discuss all important matters during this time.

An option agreement will often have a signed lease agreement attached so that it can be signed by the company once Financial Close is reached. There will generally only be provision for minor changes once the option is signed, which will relate to amendments that might be made during the feasibility process (such as slight changes to position of turbines or roads).

The key components during this period are to:



Ensure that you seek out expert legal, financial and taxation advice.



Discuss any issues or questions with the developer and keep written notes about conversations.



Document all your requirements and any commitments from the developer into the agreements.



Understand the project in detail: know where all the infrastructure will go and what it will look like.

[Refer to Checklist 4: What should I consider during negotiations?](#)

Getting the right advice

It is important to obtain expert legal, tax and financial advice to understand the implications of the project and how it will fit with your existing farm family and business arrangements. It is important that your legal advisor is an expert in reviewing and negotiating renewable energy land contracts.



Legal Advice

You will need to seek legal advice to assist with the discussions and negotiations and will need a legal advisor that has relevant experience in dealing with these negotiations and agreements.

Some considerations are below.

- Is it the right type of agreement(s)?
- Has the agreement been specifically prepared for your site and the particular project?
- While less detailed, has the initial agreement been checked for inclusions and exclusions?
- Are your mortgages, insurance policies, superannuation etc. impacted?
- How does this impact any other rights or interests over your land such as easements or resource interests?
- Have you had all aspects of the agreements explained to you so that you understand and accept or agree with all of them?
- Do you understand what rights other parties will have over the property once the agreements are signed?
- You may become a commercial landlord. The agreements create contractual obligations. Once you add a lease income to your primary production income, you are effectively renting it on a commercial basis.
- The obligations of both the landholder landlord and the energy company tenant should be clearly set out. Consider whether you need insurance, indemnification against liability or any special conditions.



Be aware that any agreements provided by the developer have been prepared for the developer.”

LEGAL ADVISOR



Financial and Taxation Advice

Before signing any agreements or lease arrangements, it is important to ensure the proposed renewable energy project is financially beneficial for you as the landholder. Payments from renewable energy developments can differ significantly from traditional farming income and may change the taxation status of the property or associated business entities.

Landholders should seek professional financial and taxation advice to understand the potential implications of receiving income from a renewable energy project. These may include, but are not limited to:

- Capital gains tax (CGT) implications if long-term rights or interests are granted over the land as in some cases, these arrangements may affect eligibility for existing CGT concessions that could otherwise reduce the capital gains tax payable when the property is later sold or transferred.
- Whether payments are treated as primary production income or another form of income.
- Possible changes to local government rates and rateable value of the property.
- Land tax obligations that may arise if land use changes from primary production.
- Company or business taxation implications where the property is owned through a company, trust, or other entity.

In Queensland, land tax does not normally apply to farming land owned by an Australian citizen when it is used for primary production. However, land used for renewable energy generation may be treated differently, and landholders should confirm the potential land tax implications before entering into an agreement.

[Refer to Checklist #5: Financial and tax considerations.](#)

Understanding the project and potential impacts

It is important to understand the proposed renewable energy project to ensure that you are able to discuss the project in detail with the developer. It is recommended that you visit an established site or one in construction phase if you have never been to one before.

Work with the developer to discuss and understand in detail:



All the aspects of the project and their potential location such as generators, substations, access roads, laydown areas and workers' camp sites



The phases and timing of the project including planning, early works, construction, operation and repowering or decommissioning



The contractors, consultants and advisors that need to attend the site through each of the phases.

Walk the parts of the land that will be impacted. Ensure you and the developer have been to the locations on the farm where each part of the project will be developed to ensure you both understand each other's expectations and mitigate potential problems.

You may need some technical advice, or be able to meet with the developers' designers, engineers or planners to discuss parts of the development. Your local knowledge and insights might improve the development, reduce planning and construction risks, improving the viability of the project.



Image Courtesy: Queensland Farmers' Federation.

The importance of community and stakeholder engagement

Legislation passed in July 2025 requires developers of wind farms; solar farm development with a maximum instantaneous output of 1MW or more; and battery storage facilities with a maximum instantaneous output of 50MW or more to consult with the community and stakeholders likely to be impacted, before they can submit their development application for assessment. Choosing a developer with strong community engagement skills and a proven ability to build social licence is critical, as it can reduce the risk of project delays caused by community concerns or opposition.



Early consultation with neighbouring properties by the developer will assist in identifying issues that may develop into a dispute or potential nuisance complaint if they are not addressed. You should work with the developer to address issues that are raised by neighbours and encourage the developer to take appropriate action.



Developers can take landholders to a site to see what it looks like."

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Payment to host landholders

The fees paid to landholders are a key part of the agreements and need to be carefully considered by both parties. It is a commercial negotiation between the parties and there are no guidelines available to assist.

Fees are paid to the landholders in a number of forms for:

1 The use of space occupied by renewable energy projects; and/or

2 The installed capacity or yield; and

3 Any other aspects agreed by the parties.

The amounts will vary depending on the property, the project and technology and depend on the stage of the agreement.

Initial agreements

There is some variation in the payment amounts offered by developers for initial agreements. There are sometimes one-off payments or annual fees.

You should consider the following.

- ☐ What restrictions will be in place on you during the agreement period and what is that worth?
- ☐ What works and visits will occur on the site during the agreement period, and will that cost the farm any additional time or funds such as management, maintenance, supervision?
- ☐ What are your plans for the land; and will those plans need to be placed on hold during the initial agreement period?
- ☐ How valuable the land is as a renewable energy site?
- ☐ The frequency of payments – are annual payments proposed?
- ☐ Considering any obligations and restrictions that are required during the initial agreement period may assist in determining a suitable value.

Refer to [Checklist 2: What should be included in the initial agreement in determining what might be a fair value for the initial agreement period.](#)



Whitsunday Solar Farm. Image Courtesy: Edify Energy.

Longer-term agreements

There will be a difference in fees payable for the duration of the option agreement and for the ongoing lease.

As with the initial agreements, you should consider the extent of activity that is likely to occur on site while the option agreement is in place and the potential impacts on the value and operations of the property. The option may also be in place for many years while the project is planned.

Considering any obligations and restrictions that are required during the initial agreement period may assist in determining a suitable value.

Review Checklist 3: What should be included in the agreements in determining what might be a fair value for the initial agreement period.

There are a lot of factors that go into calculating a suitable lease payment that the landholder should consider, including:



What use does the land have now and what revenue or profit does it generate?

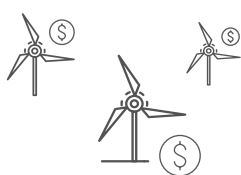


How could that revenue or profit change over the life of the agreement?



What are the future plans for the site and their potential value?

For renewable energy projects, the fee paid to the landowner could be either:



A flat annual fee per turbine, which may be related to the size or capacity.



A fee based on the generating capacity or the annual yield of the turbine.

Solar farm host landholders could be compensated on a fixed annual amount per hectare leased to the developer over a similar long-term leasing arrangement.

Review the Checklists about matters to consider and whether the proposed fee suitably covers any costs and represents fair value.

Advances in wind turbine and solar panel technologies provide advantages to project developers to include new, larger scale and more efficient turbines and consequently requiring fewer turbines or panels to achieve the same energy output. There may therefore be fewer wind turbines, but they might be taller, with larger construction footprints.



Chinchilla Battery. Image Courtesy: CS Energy.

The Australian Energy Infrastructure Commissioner (AEIC) advises that landholders should check their existing agreements and ensure any new agreements have provision to adjust the fees in the event that a developer later opts to re-power the site by increasing the capacity of the project – such as where larger generators can be retrofitted to wind turbines, or higher-capacity solar panels installed.

The timing of the payment of fees during option and lease should also be discussed including whether lease payments:

- **commence** at the start of project construction; and
- **cease** at the completion of decommissioning and restoration at the landholder's property.

Fee agreements should also include provisions to increase with the Consumer Price Index (CPI).

Other fee arrangements/agreements may also be required for:

- hosting the land required for electrical substations, batteries, transmission line easements, access easements, road access, transportation of blades and towers across property boundaries, location of project offices and the like
- allowing for any additional costs such as land tax, rates increases or other fees and charges
- use of resources on site such as water and fill.



Neighbours

Neighbours may experience a number of impacts but not have the benefits associated with the development such as income.

Some developers have introduced the concept of “neighbour payments”. These agreements can provide a commercial arrangement between the project and neighbour, that recognises the potential impacts of the project on the neighbour and to gain the neighbour’s support.

Best-practice guidance for renewable energy developments emphasises early, transparent and ongoing engagement with landholders, neighbours and local communities, recognising that long-term project success depends on trusted relationships and a clear understanding of impacts and benefits.

Depending on the circumstances of the project and the preferences of the parties, a voluntary neighbour agreement can provide a commercial arrangement between the project and neighbour, that recognises the potential impacts of the project on the neighbour and to gain the neighbour’s support.

Neighbours should consider the impact that the development may have on their property and operations in determining what to include in the agreement and the fair value of any neighbour payments. Consider the issues raised in the landholder checklists.

Depending on the circumstances of the project and the preferences of the parties, a voluntary neighbour agreement may include one or more of the following:

- one-off or annual payments to the neighbour for the life of the project,
- reimbursement of reasonable legal or professional fees incurred by the neighbour for the review of the agreement,
- reimbursement for, or provision of, items such as visual screening, insulation, double-glazing, airconditioning, energy efficiency programs, solar panels or electricity consumption,
- commitments relating to construction activities, traffic management and communication,
- arrangements for consultation, complaints handling and dispute resolution,
- reimbursement for increased insurance costs directly attributable to the development, and
- an option for the neighbour to request that the developer acquire the neighbour’s property, and ability for a neighbour to terminate an agreement without penalty.

See also information in [Useful Resources relating to Community Consultation and Engagement, Benefit Sharing and renewable energy resources.](#)

Bottle Tree Energy Park. Image Courtesy: Westwind

Group negotiation

If there are a number of properties within the footprint of a project, such as in the case of a large solar or wind farm, there may be some benefit in landholders to working together as a group to negotiate.

Host landholders negotiating collectively with developers normally occurs with the aim of reaching a collective agreement where the landholders will each host parts of the project on the same or similar terms. Some matters can be left to individual negotiations without compromising the integrity of group negotiations (such as access routes or clauses to acknowledge different tenures).

Where the developer keeps the group informed on the development process and investigations can mitigate the risk of landholders feeling like winners and losers as the development layout changes and landholders gain or lose turbines or solar arrays. The developer can have an open conversation with all landholders to transparently keep them informed of changes.



Discuss with the neighbours maybe is a better option (...) group negotiation could be very powerful.”

LEGAL ADVISOR



Image Courtesy: Westwind.

What does the group negotiate?

A landholder group could decide the following:

- ☐ What will be negotiated – the actual lease agreements or just an overarching agreement on key matters (e.g. revenue) that individual leases will then be separately negotiated under?
- ☐ Who will negotiate? Will everyone be at the negotiating table or just a smaller group of representatives? If representatives are to negotiate, what authority do they have and how will they consult with the group?
- ☐ How binding will the negotiated agreement be? Can individual landholders opt out of the group negotiation and negotiate separately, or are they obliged to proceed with the negotiated agreement?
- ☐ Will the group prepare the first draft of the lease agreement or will this be the developer's responsibility?
- ☐ What will happen if the development proposal is changed and the location/number of turbines/solar arrays on the different landholders' land parcels is changed?
- ☐ Is there a minimum number of turbines/or solar array area that must be developed for the agreement to be binding?
- ☐ How will payment be apportioned between properties? Will there be a flat rate per turbine, or will it vary with different levels of suitability for development such as different wind speeds? Will payment be performance related or will there be a standardised payment regardless of performance?
- ☐ What happens when land ownership changes? Does the agreement run with the land? Will additional landholders be allowed to become parties to the agreement once it is finalised with the developer?
- ☐ How will costs incurred by the group (not covered by the developer) be apportioned between members of the group?
- ☐ How does the group make decisions to avoid conflict? Consider documenting the group's decision making and dispute resolution processes.
- ☐ Is the group jointly represented by the same lawyer or does each party have their own representative.

Benefit sharing

The concept of benefit sharing acknowledges that the siting of renewable energy projects results in changes in the local landscape and community. Sharing the financial and other benefits that a renewable energy project offers may enhance the social and economic outcomes for the local community.

The *Planning Act 2016 (Qld)* and *Planning Regulation 2017 (Qld)* requires developers of wind farms, solar farms with a maximum instantaneous output of 1MW or greater, and battery storage facilities that have a maximum instantaneous electricity output of 50MW or more to undertake a social impact assessment and enter into a community benefit agreement with local government prior to applying for any development approval.

The Development Assessment Rules also outline the public notification requirements for development requiring social impact assessment, which include posting a notice on a community notice board in each township in the affected local government area, giving notice to all adjoining lot owners and lots within 1500m of the property, giving notice to all local governments identified as being affected by social impacts from the development, and giving notice on the assessment manager's website, which most of the time would be Department of State Development, Infrastructure and Planning, but occasionally local government.

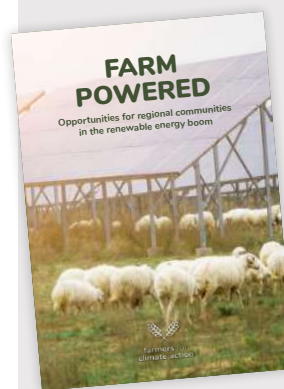
The requirements in a community benefit agreement can impose obligations on you as the landholder if you agree to be party to the agreement, or if you consent to certain responsibilities under the agreement attaching to the land. For this reason, it is important that you have reviewed and received legal advice about your obligations under any community benefit agreement that is entered into in relation to a project on your land.

You may have some ideas about what local benefits the projects can support, and suggestions about who the developer could consult with in meeting these obligations.

There are a number of community impacts that arise from the construction and operation of some projects and a cumulative impact where a number of projects are developed in one area. These impacts may include wear and tear on roads, and additional heavy vehicle traffic.

The **Community Benefit System** has been developed by the Queensland Government and sets out a developer's requirements to ensure developments contribute positively to the communities they impact and align with local expectations.

There are a number of publications listed in **Useful Resources** relating to community consultation and engagement, benefit sharing and renewable energy resources.



The Farm Powered report provides a number of case studies and recommendations including benefit sharing opportunities in regional communities. You can read the [report](#) for more information on the plan, the recommendations and case studies outlined.

“(There is a) need to capture more wealth for the local communities. A new conversation that needs to be had in communities.”

CONSULTEE



Tanby Battery. Image Courtesy: Energy Queensland.