

SEVEN WHAT-CAN-GO-WRONG WALKTHROUGHS

SunVest BESS Lease — Risk Scenarios

Each scenario maps to which amendments fix it · 15 min read

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The financial model in SUNVEST_FINANCIAL_MODEL_2026_05_10.md shows what the deal pays if everything goes well. This document walks through what happens if it doesn't. For each scenario I describe what the lease delivers under the current draft and how the eight critical amendments (detailed in SUNVEST_AUDIT_2026_05_10.md) change the outcome.

These are not hypothetical worst cases pulled from anxiety. They are documented patterns from the energy-lease research at ENERGY_LEASE_AUDIT_RESEARCH.md and from real cases including Vistra's Moss Landing fire, the SDG&E Otay Mesa fire, and multiple developer bankruptcies in the 2024-2026 wave.

Scenario A: SunVest never exercises the option

The most common downside. SunVest spends the three-year option period studying interconnection capacity, financing, and permitting. They conclude the project doesn't pencil out, deliver no Option Notice, and the agreement terminates at the end of the option period. You collect \$52,500 in option payments and the parcel returns to your control with no equipment installed.

Under the current draft this works fine — option payments are non-refundable to SunVest and the agreement automatically terminates. The amendments don't change this scenario. This is a clean exit and the option payments compensate for the three-year exclusivity lock-in.

Probability: meaningful. Industry observers report a substantial fraction of optioned projects never reach construction, particularly as interconnection queues lengthen and tax-credit markets shift.

Scenario B: SunVest exercises but goes bankrupt during construction

SunVest exercises the option, begins construction, and during the construction year files for bankruptcy. The property has partially-installed equipment, soil disturbance from grading, possibly poured foundations and trenched cabling. SunVest's lender forecloses on the leasehold interest.

Under the current draft, the consequences are bad. The decommissioning bond is established "beginning on the first day of the Operating Term" — which has not yet started. There is no money posted for

cleanup of partially-installed equipment. The lender can either complete construction (unlikely if the project economics didn't work for SunVest) or assign the leasehold to a third party. Section 7.2(c) allows assignment to any entity with \$10M net worth and 10 MW under management — easily a shell company. If the shell company also fails, you have abandoned construction debris on your land and no funded path to remove it.

Under the amendments, the consequences are much better. The decommissioning bond is posted before construction begins, in surety bond or letter-of-credit form (not corporate guarantee). The lender cure period is capped at 60 days total. If the lender fails to cure or assign to a qualified buyer, you can terminate and access the bond to fund cleanup. The assignment threshold is \$50M net worth and 100 MW under management, which excludes shell companies.

Probability: smaller than Scenario A but real. The 2024-2026 period has seen a meaningful uptick in renewable-developer bankruptcies as interest rates rose and tax-credit markets shifted.

Scenario C: Moss Landing-type fire after several years of operation

A thermal runaway event in the battery installation triggers a fire. Cells release fluorinated electrolyte and heavy metals. Firefighting water becomes contaminated and runs off into surrounding soil. Smoke deposits heavy metals over a one-mile radius (per the San Jose State University study of the January 2025 Vistra fire at Moss Landing, 55,000 pounds of heavy metals were deposited within one mile of the facility). EPA initiates a CERCLA cleanup.

Under the current draft, the indemnification structure is mutual (Article VI) — each party indemnifies the other only for its own operations and negligence. If EPA names you as a Potentially Responsible Party under CERCLA (which can attach to property owners regardless of fault), you may face direct enforcement. Insurance is limited to \$4M aggregate general liability with no environmental or pollution liability coverage at all. SunVest's insurance does not cover environmental remediation. Your defense costs in any EPA action come out of your own pocket unless you can recover from SunVest.

Under the amendments, the consequences flow the other way. The one-way environmental indemnification clause forces SunVest to indemnify you for all contamination including CERCLA, RCRA, and state environmental statute liability, regardless of negligence. Defense costs are paid by SunVest upfront, not by reimbursement. You select your own counsel. Insurance includes a \$5M minimum environmental and pollution liability policy with you as automatic additional insured.

Probability: small per facility per year (EPRI tracks roughly one BESS failure per month industry-wide as of 2024-2025, with 0.3% of operating projects experiencing fires with safety concerns), but the consequences when it happens are severe enough that the amendment is non-negotiable.

Scenario D: SunVest sells to a shell company in year fifteen

Year-fifteen rent is approximately \$200,000 (at 2% escalation) and the project has completed depreciation. SunVest sells the operating asset to a third-party LLC formed for the acquisition. Two years later, the LLC fails to make a rent payment. You investigate and discover the LLC has \$5M in equity, has stopped responding to insurance certificate requests, and the parent company that nominally guarantees performance no longer has any operations.

Under the current draft, Section 7.2(c)'s \$10M net worth and 10 MW threshold permitted exactly this kind of shell company. The original SunVest entity was released from liability at assignment under Section 7.2 (no continuing-liability requirement in the current language). You can terminate for non-payment after 30 days, but at that point you are dealing with an empty LLC for cleanup. The decommissioning bond may have lapsed if not actively renewed. Salvage value claimed at the original bond posting may have evaporated.

Under the amendments, this scenario is meaningfully harder for SunVest to engineer. The assignment threshold of \$50M net worth and 100 MW excludes shell companies. The original SunVest entity remains jointly and severally liable for five years post-assignment, so even if the assignee fails, you have recourse against SunVest itself for that period. Any assignee posts a new decommissioning bond at assignment, refreshing the financial assurance. Bond is adjusted every three years for inflation and salvage value is independently re-verified — so by year 15 the bond reflects current cleanup costs, not 2026 estimates.

Probability: moderate over a 35-year term. Energy infrastructure is routinely sold and refinanced multiple times across its operating life; the question is not whether the asset gets transferred but whether the transferee has the resources to honor the lease.

Scenario E: Tax reclassification triggers larger increase than reimbursed

The county assessor reclassifies the parcel from agricultural or open-space to commercial/utility-use after construction completes. Annual property tax jumps from a few thousand dollars to twelve to twenty thousand dollars per year, depending on the assessment methodology.

Under the current draft, Section 3.2(b) requires SunVest to reimburse "any increase to the extent caused by such installation" — but only if the increase is "solely as a result of" the installation. If the assessor characterizes part of the increase as a market-driven reassessment unrelated to the BESS installation, SunVest can decline to reimburse that portion.

Additionally, Illinois imposes "rollback" taxes when agricultural property is converted to non-agricultural use — typically multiple years of back-taxes owed on conversion. The current draft is silent on rollback tax responsibility.

Under the amendments, "solely" becomes "substantially as a result of, or contributed to by," which captures partial-cause increases. SunVest is explicitly responsible for any rollback taxes owed on

conversion.

Probability: high. Property tax reclassification on energy-leased land is consistently identified as the number-one regret of landowners who signed solar and battery storage leases without proper reimbursement language. Documented cases include a retired farmer whose taxes jumped from approximately \$4,000 to over \$18,000 per year on a solar-leased parcel.

Scenario F: SunVest builds a smaller project than planned

SunVest's interconnection study concludes the substation can only accept 5 MW instead of 10 MW. They proceed with construction at the smaller size.

Under the current draft, the rent formula is \$75,000 base for the first 5 MW plus \$15,000 per MW above 5. At 5 MW, year-one rent is exactly \$75,000 — half the 10 MW figure. Twenty-five-year cumulative rent at 2% escalation is \$2,402,250 instead of \$4,804,500.

The amendments don't change this directly — project size is determined by SunVest's interconnection study, not by the lease. What the amendments do is ensure that even at the smaller size, you have full landowner protections.

Probability: moderate. Interconnection capacity is the binding constraint for most BESS projects in 2026, and there is real risk the McHenry County substation cannot accept the full 10 MW SunVest is targeting. Bill French's April 3 email said "depending on the available capacity at the substation, we think we can build a 10 MW battery" — which acknowledges the uncertainty.

Scenario G: SunVest exercises and operates uneventfully for 35 years

Everything works. SunVest exercises the option, builds at 10 MW, operates without incident, exercises both renewals, and at year 35 they remove the equipment, the salvage value covers part of the cleanup cost, the bond covers the rest, and the parcel returns to your heirs in approximately the condition it left.

Under both the current draft and the amendments, this scenario plays out fine. The lease pays what it says it pays — \$7.51M nominal across the operating term plus option payments. After tax, present value at 5% discount, this is roughly \$1.9M to \$2.2M to your descendants in today's dollars, accumulated across 35 years.

This is the case the lease is designed for and the case SunVest is selling. It's also the case where the amendments matter least — most of the protective language is unused. But the amendments are insurance against scenarios B through F, all of which have non-trivial probability across a 35-year term.

Probability: moderate-to-likely if SunVest exercises (Scenario A is the alternative). Industry data on battery storage longevity is still maturing; some projects will reach 35 years with re-investment in cell replacement, others will be retired earlier.

What the amendment letter is actually buying you

The amendments cost you nothing. SunVest's legal team has seen all of these requests in dozens of leases; most will be accepted with minimal pushback. They might counter on a few items (typically the assignment threshold and the lender cure period) but the negotiation is usually a 5-to-10-day cycle ending in a redline that captures most of what you asked for.

What the amendments buy you is protection against scenarios B, C, D, and E — which collectively represent the realistic downside risk over a 25-to-35-year term. Without the amendments you are taking SunVest's word that none of these scenarios will happen, and accepting financial exposure if they do. With the amendments you transfer the risk back to SunVest, which is where it belongs.

The cost of NOT amending the draft is asymmetric. If everything goes well (Scenario G), you've paid nothing for protections you didn't need. If anything goes wrong (B through E), you save somewhere between \$50,000 (a tax-reimbursement gap) and \$5M+ (a CERCLA action) depending on which scenario hits.

This is straightforward expected-value math. The amendments dominate the un-amended draft in every realistic scenario except the one where everything works perfectly — and even there, they cost nothing.

What you can't amend

Some risks are not in the lease. The parcel could appreciate substantially over 25 years and the lease becomes a below-market deal — the amendments don't change that, you accepted long-dated rent in exchange for current cash. SunVest's parent company SunVest Solar LLC could be acquired by a different operator with different practices — the amendments require qualified successors but can't prevent quality drift over decades. Federal energy policy could shift in ways that change the economics of battery storage — outside everyone's control.

The amendments are about transferring risk that should be SunVest's, not eliminating risk that comes with any long-dated lease. The deal makes sense at \$4.8M-\$7.5M nominal revenue across 25-35 years if and only if you've adequately controlled the downside scenarios that the amendments address.

Cross-reference: [SUNVEST_AUDIT_2026_05_10.md](#) for the clause-by-clause analysis, [SUNVEST_FINANCIAL_MODEL_2026_05_10.md](#) for the dollar projections, [BILL_FRENCH_AMENDMENT_REQUEST_DRAFT_2026_05_10.md](#) for the actual amendment language to send Bill, and [ENERGY_LEASE_AUDIT_RESEARCH.md](#) for the underlying research framework with documented case citations.