

TERMS YOU MAY HIT · PLAIN ENGLISH ONLY

# Plain-English Glossary

Reference · flip to as needed · no narrative

*Plain English. If you see a word in the packet and you're not sure what it means, look it up here first. If it's still unclear, flag it for the attorney.*

## Terms

Term	Plain meaning
<b>BESS</b>	Battery Energy Storage System. A field of large battery cabinets that charge when power is cheap and discharge when the grid needs it. SunVest wants to build a 10-megawatt one on 1.5 acres of Lot 27.
<b>Megawatt (MW)</b>	A unit of power — how fast electricity flows. 1 MW can power roughly 750 to 1,000 homes for the moment it's flowing. SunVest is targeting 10 MW.
<b>Megawatt-hour (MWh)</b>	A unit of energy — how much electricity total. 1 MW flowing for 1 hour = 1 MWh. BESS facilities are usually described in both: SunVest's would likely store 20 to 40 MWh depending on the battery design.
<b>NPV (Net Present Value)</b>	What a future stream of payments is worth in today's dollars. Money next year is worth less than money this year because of inflation, opportunity cost, and risk. NPV does that math. The SunVest lease has an NPV of about \$1.36M as drafted.
<b>Discount rate</b>	The interest rate used to convert future dollars into today's dollars inside an NPV calculation. The packet uses 5% as the base case (typical for a long-dated land lease).
<b>Monte Carlo simulation</b>	A way of testing thousands of "what if" futures at once. The packet ran 10,000 simulated paths for the lease and reported average, worst, and best cases.

<b>CPI (Consumer Price Index)</b>	The federal government's measure of inflation. If CPI rises 3% in a year, prices on average rose 3%. The lease's escalator is "greater of 2% or CPI" — rent rises with inflation when inflation is above 2%, and never less than 2%.
<b>Escalator</b>	The clause that increases rent each year. SunVest's is 2% floor or CPI, whichever is higher — a good structure for the landowner.
<b>Option period</b>	The first 3 years of the lease. SunVest pays \$52,500 across those years for the right to decide whether to build. They can walk away with no further obligation.
<b>Option payment</b>	The non-refundable money SunVest pays during the option period: \$10K at signing, \$17,500 on the 1st anniversary, \$25,000 on the 2nd. Yours to keep even if they walk.
<b>Operating term</b>	The 25 years that start once SunVest exercises the option and commercial operation begins. This is when the \$150K/year rent flows.
<b>Renewal option</b>	SunVest's right (not yours) to extend the operating term by 5 years, twice. Maximum lease life: 35 years from commercial operation.
<b>Commercial operation</b>	The day the BESS facility is built, tested, and connected to the grid for the first time. The clock on the operating term starts here.
<b>Parcel ID</b>	The county's unique number for a piece of land. Lot 27 is parcel 14-33-226-016 in McHenry County.
<b>Easement</b>	A right to use someone else's land for a specific purpose, like utility lines or an access road. The lease grants SunVest various easements across the parcel.
<b>Fee simple</b>	The strongest form of land ownership — you own the dirt outright. The lease does NOT transfer fee simple. You still own the land. SunVest is renting use of it.
<b>Tenants in common</b>	A form of co-ownership where each owner has an undivided share. Steve and Fano own Lot 27 50/50 as tenants in common — both signatures required.

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<b>Spousal signature</b>	Illinois law requires the spouse of a landowner to sign certain long-term land instruments. The lease explicitly requires this — Fano's and Steve's spouses both sign.
<b>Assignment</b>	When the original tenant (SunVest) transfers the lease to a different company. The draft allows this above a financial threshold without your approval — one of the items the amendments raise.
<b>Indemnification (indemnity)</b>	A promise to cover the other party's costs if something goes wrong. "Mutual indemnification" means both parties cover each other for their own actions. "One-way indemnification" means only one party covers the other. The amendment asks for one-way environmental indemnification flowing from SunVest to you.
<b>Hold harmless</b>	Same family as indemnification — a promise that the other party won't end up paying for something. "Defend, indemnify, and hold harmless" is the standard formula.
<b>Additional insured</b>	When you're named on the tenant's insurance policy, your costs are covered too. The draft says you'll be named "promptly upon written request" — the amendment makes it automatic.
<b>CERCLA</b>	The federal Superfund cleanup law. If a property is contaminated, the EPA can name the property owner as a "Potentially Responsible Party" — even if a tenant caused the contamination. This is why one-way environmental indemnification matters.
<b>RCRA</b>	Resource Conservation and Recovery Act. Federal hazardous-waste law. Battery cells at end-of-life can fall under RCRA.
<b>Decommissioning</b>	Tearing down the facility at end of life. Equipment removed, soil restored to pre-project condition. The lease requires this within 12 months of termination.

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<b>Decommissioning bond</b>	The money set aside up front to guarantee decommissioning gets paid for even if the tenant goes bankrupt. The draft permits three forms (surety bond, letter of credit, corporate guarantee). The amendments ask to remove "corporate guarantee."
<b>Surety bond</b>	A bond issued by an insurance company guaranteeing performance. If SunVest fails to decommission, the surety company pays. Backed by an insurance carrier's balance sheet — strong protection.
<b>Letter of credit (LOC)</b>	A bank's promise to pay a specific amount on demand. Like a surety bond, backed by a regulated bank balance sheet. Strong protection.
<b>Corporate guarantee</b>	A parent company's promise to back its subsidiary's obligations. Worthless if the parent itself goes under — which has happened repeatedly in renewable-developer bankruptcies. The amendments remove this option.
<b>Salvage value</b>	What the equipment is worth as scrap or resale at end of life. Subtracted from removal cost when sizing the bond. Developers routinely overstate salvage value to reduce the bond — the amendments require independent appraisal every 3 years.
<b>Force majeure</b>	"Act of God" — fire, flood, war, earthquake. Excuses performance during the event. The lease has a force majeure clause; standard, not a concern.
<b>Severability</b>	If one clause of the contract is found unenforceable, the rest still stands. Standard boilerplate.
<b>Subordination (SNDA)</b>	"Subordination, Non-Disturbance, and Attornment" agreement. The side agreement between you, SunVest, and SunVest's lender. Spells out what happens to the lease if the lender forecloses — does the lease survive? Do you keep getting paid? The amendments protect your rights, not just the lender's.

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<b>Statutory liens</b>	Liens automatically granted by law. Illinois landlords have a statutory lien on a tenant's property for unpaid rent. The draft waives this — the amendments preserve it.
<b>Lien waiver</b>	An agreement giving up the right to file a lien. Should be limited to specific operational liens (mechanics, materialmen) — never your statutory landlord's lien for unpaid rent.
<b>Mechanics lien</b>	A lien filed by a contractor who didn't get paid for work on the property. The lease shields the landowner from these for SunVest's own contractors.
<b>Material breach</b>	A breach serious enough to justify terminating the contract. The amendments give you termination rights for material non-monetary breach — you currently don't have those.
<b>Non-monetary breach</b>	A breach that isn't about missed rent — e.g., environmental violation, insurance lapse, abandonment. The draft says only SunVest can terminate for these; the amendments make it parallel.
<b>Cure period</b>	The time a party gets to fix a breach before the other party can terminate. The lease has long cure periods for SunVest; the amendments cap lender cure at 60 days total.
<b>Rollback taxes</b>	Illinois imposes back-taxes when agricultural land is converted to non-agricultural use — typically several years of the higher tax bill owed at conversion. The amendments make SunVest pay these.
<b>Tax reclassification</b>	When the county assessor changes the parcel's tax category (from agricultural to commercial/utility, for example). The reclassification can multiply the property tax bill several times over. The lease has a reimbursement clause; the amendments fix the wording.

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<b>Reimbursement</b>	A payment that compensates one party for an expense the other caused. The tax reimbursement clause makes SunVest pay you back for tax increases caused by their installation.
<b>Confidentiality clause</b>	A promise not to disclose terms. The draft is one-sided (you keep their info confidential but not the other way around). The amendments make it mutual.
<b>Nuisance waiver</b>	A promise not to sue the tenant for being annoying — noise, light, traffic. Standard for energy facilities, but should be limited to ordinary operational effects, not material harm.
<b>Exclusivity</b>	A clause preventing you from leasing other parts of the parcel to competing tenants. The draft is broad; the amendments preserve your right to install rooftop solar, EV charging for your own use, and geothermal on the rest of the property.
<b>Interconnection</b>	The physical and regulatory connection from the BESS facility to the electric grid. The local substation has to have capacity to accept the power flow. Bill French's email noted the project size depends on what the McHenry County substation can accept.
<b>Substation</b>	The grid facility that steps electricity up or down in voltage and routes it. Capacity at the local substation caps the project size.
<b>PJM</b>	The regional grid operator for Illinois and 12 other states. The wholesale electricity market SunVest's batteries would sell into. PJM grid stress in 2025-2026 is one reason BESS lease rates are rising.
<b>FERC</b>	Federal Energy Regulatory Commission. Oversees wholesale electricity markets and interstate transmission. Some BESS-related filings end up on FERC's docket.

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<b>Thermal runaway</b>	The failure mode of lithium-ion cells where one cell's failure heats neighbors, cascading into a self-sustaining fire. The Moss Landing 2025 fire was thermal runaway.
<b>Moss Landing fire</b>	January 2025 thermal runaway event at the Vistra-operated Moss Landing battery storage facility in California. Deposited ~55,000 pounds of heavy metals within a 1-mile radius. Largest lithium-ion battery cleanup in EPA history. The real-world precedent that justifies the insurance and environmental indemnification amendments.
<b>Investment grade</b>	Credit rating BBB- (S&P) / Baa3 (Moody's) or higher. Strong enough that lenders consider it a low default risk. The amendments add an investment-grade-or-better requirement to the assignment threshold.
<b>Net worth</b>	A company's assets minus its liabilities. The draft's \$10M assignment threshold is by net worth; the amendments raise it to \$50M.
<b>Joint and several liability</b>	When two parties (original SunVest + any assignee) are both legally on the hook for performance. The amendments require this for 5 years post-assignment, so you have recourse against SunVest even if the assignee fails.
<b>Independent appraisal</b>	A valuation done by a licensed appraiser with no financial stake in the deal. The amendments require independent appraisal of salvage value every 3 years.
<b>SV BESS Beechcraft, LLC</b>	The Delaware special-purpose entity SunVest set up to hold this specific project. Standard practice for energy developers — isolates each project's liability.

Source: Terms compiled from LEASE\SUNVEST\_AUDIT\_2026\_05\_10.md, LEASE\SUNVEST\_LEGAL\_BRIEF\_2026\_05\_10.md, LEASE\SUNVEST\_RISK\_SCENARIOS\_2026\_05\_10.md, LEASE\SUNVEST\_FINANCIAL\_MODEL\_2026\_05\_10.md, and the raw lease extraction at LEASE\sunvest\_lease\_extracted.txt. Plain-English definitions are not a substitute for the attorney's reading.